

Macular Degeneration Association, Inc.
December 31, 2013

Financial Statements

John J. Mercurio, CPA LLC
713 South Orange Avenue
Suite 103
Sarasota, FL 34236

December 31, 2013

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John J. Mercurio, CPA. LLC

Certified Public Accountant
713 South Orange Avenue, Suite 103
Sarasota, Florida 34236

Member
American Institute of Certified
Public Accountants
Florida Institute of Certified
Public Accountants

Tel: (941) 706-4632
Fax: (941) 706-4637
Email: john@jjmcpa.net

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Macular Degeneration Association, Inc.

We have audited the accompanying statement of financial position of Macular Degeneration Association, Inc. ("the Organization") as of December 31, 2013, and the related statements of activities and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2012 financial statements and, we express no opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Macular Degeneration Association, Inc. as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

John J. Mercurio CPA LLC

Sarasota, Florida
February 15, 2014

Statement of Financial Position
December 31, 2013

Assets

	<u>2013</u>	<u>2012</u> Total (For comparative purposes only)
Current assets:		
Cash and cash equivalents	\$ 229,617	\$ 430,190
Loan receivable	3,889	-
Prepaid expenses	2,249	4,019
Total current assets	<u>235,755</u>	<u>434,209</u>
Property and equipment, net	<u>9,142</u>	<u>5,201</u>
Total assets	<u><u>244,897</u></u>	<u><u>439,410</u></u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable	114,188	113,113
Payroll taxes payable	-	7,906
Loan from related party	33,255	7,609
Deferred revenue	-	36,014
Total current liabilities	<u>147,443</u>	<u>164,642</u>
Net assets	<u>97,454</u>	<u>274,768</u>
Total liabilities and net assets	<u><u>\$ 244,897</u></u>	<u><u>\$ 439,410</u></u>

See accompanying notes to financial statements.

Statement of Activities and Changes in Net Assets
Year Ended December 31, 2013

	<u>2013</u>	<u>2012</u> Total (For comparative purposes only)
Support and revenue:		
Contributions	1,425,921	\$ 1,233,956
Bequest	<u>57,089</u>	<u>-</u>
Total support and revenue	<u>1,483,010</u>	<u>1,233,956</u>
Expenses:		
Program services	1,140,010	728,518
General and administrative	161,242	143,060
Fund raising and development	<u>359,072</u>	<u>387,248</u>
Total expenses	<u>1,660,324</u>	<u>1,258,826</u>
Change in net assets	(177,314)	(24,870)
Net assets - beginning of year	<u>274,768</u>	<u>299,638</u>
Net assets - end of year	<u>\$ 97,454</u>	<u>\$ 274,768</u>

See accompanying notes to financial statements.

Statement of Functional Expenses
Year Ended December 31, 2013

	2013			2012
	Program Services	General and Administrative	Fund raising and Development	Total (For comparative purposes only
	\$	\$	\$	\$
Grants made	420	-	-	-
Advertising	228,069	-	-	69,811
Auto	3,977	895	99	7,824
Bank fees	-	10,428	-	9,218
Office expenses	10,170	2,288	254	7,281
Payroll and taxes	232,570	47,327	-	240,017
Employee benefits	5,040	-	-	1,236
Licenses and permits	6,858	1,210	12,102	3,802
Direct Mailings	272,792	68,198	340,990	580,417
Miscellaneous	6,849	1,541	171	1,776
Newsletter	-	-	-	4,630
Supplies	15,133	3,141	348	7,999
Telephone	8,236	1,260	193	7,995
Travel	163,477	-	-	31,129
Postage	6,420	-	-	124,022
Professional fees	-	16,593	-	14,220
Conference and education	115,024	-	-	98,092
Website	33,324	4,166	4,167	8,044
Rent	20,488	3,134	482	34,195
Repairs	35	5	2	38
Depreciation expense	1,321	1,056	264	923
Printing	9,807	-	-	6,157
Total functional expenses	\$ 1,140,010	\$ 161,242	\$ 359,072	\$ 1,258,826
				\$ 1,660,324

See accompanying notes to financial statements.

Statement of Cash Flows
Year Ended December 31, 2013

	<u>2013</u>	<u>2012</u> Totals (For comparative purposes only)
Cash flows from operating activities:		
Change in net assets	\$ (177,314)	\$ (24,870)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	2,641	923
(Increase) decrease in assets:		
Prepaid expenses	1,770	(4,019)
Loan receivable	(3,889)	-
Increase (decrease) in liabilities:		
Accounts payable	1,074	112,703
Payroll taxes payable	(7,906)	7,906
Deferred revenue	(36,014)	36,014
Loan from related party	25,646	(135,201)
Net cash flows from operating activities	<u>(193,992)</u>	<u>(6,544)</u>
Cash flows from investing activities:		
Purchase of property and equipment	<u>(6,581)</u>	<u>(4,961)</u>
Net cash flows from investing activities	<u>(6,581)</u>	<u>(4,961)</u>
Net increase (decrease) in cash	(200,573)	(11,505)
Cash and cash equivalents - beginning of year	<u>430,190</u>	<u>9,887</u>
Cash and cash equivalents - end of year	<u>\$ 229,617</u>	<u>\$ (1,618)</u>

See accompanying notes to financial statements.

Notes to Financial Statements
December 31, 2013

Note 1 – Organization and Summary of Significant Accounting Policies:

Organization

Macular Degeneration Association, Inc. (“The Organization”), a Virginia Corporation, was founded on June 29, 2010, as a not-for-profit. The main function of the Organization is to support medical research into the cause, cure, and treatment of Macular Degeneration disease and to inform the general public about Macular Degeneration disease. This involves the soliciting of funds via direct mail campaigns and the Organization’s web site in support of its charitable and education programs. The organization is dedicated to funding and developing sophisticated education and outreach programs to Macular Degeneration patients through education symposiums, website and mailing educational materials, and advocacy and awareness programs designed to provide Macular Degeneration patients with an improved quality of life.

In 2013, the Organization conducted 24 patient education symposiums in different locations throughout the United States thru the support of a major pharmaceutical company and others. The program allowed Macular Degeneration the opportunity to provide macular patients and caregivers an introduction to new treatment options, educate participants about the latest therapy and drug advances and provide a forum for physicians, patients and caregivers to share information.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting and reflect all significant receivable, payables, and other liabilities in accordance with generally accepted accounting principles. Net assets, revenues, support, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. If donor-imposed restrictions are met in the same period as the gift or investment income is received, the amount is reported as unrestricted revenues. Accordingly, net assets of the Organization and changes the re in are classified and reported as follows:

Unrestricted – Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted – Net assets whose use by the Organization is subject to donor-imposed restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time. No temporarily restricted assets were held at December 31, 2013.

Permanently Restricted – Net assets restricted by donor to be maintained permanently by the Organization. No permanently restricted assets were held at December 31, 2013.

Notes to Financial Statements
December 31, 2013

Note 1 - Organization and Summary of Significant Accounting Policies - Continued:

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Organization considers money market funds and all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Promises to Give

Unconditional Promises to Give are recognized as revenue in the period received and as assets. Conditional Promises to Give are recognized only when the conditions on which they depend are substantially met and the promise becomes unconditional.

Property and Equipment

Property and equipment is reflected in the financial statements at cost, or if donated, at the estimated fair value on the date of donation. The Organization capitalizes all assets purchased greater than \$500. Depreciation expense is computed using the straight line method over the estimated useful life of the assets which range from three to five years. Depreciation Expense for 2013 was \$2,641.

Deferred Revenue

The organization receives contributions to support educational symposiums which are refundable if the agreed upon number of symposiums are not performed

Grants and Contributions

Grants and contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received with donor stipulations that limit the use of donated assets are treated as temporarily restricted net assets. When the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Bequests

Bequests are contributions that are recognized as revenues when the donor makes an unconditional Promise to give to the organization at the net realizable value as estimated by management after consulting with decedent representatives.

Notes to Financial Statements
December 31, 2013

Note 1 - Organization and Summary of Significant Accounting Policies - Continued:

Functional Expense Allocation

The cost of providing various programs and other activities has been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Donated Services

The Organization recognizes donated services that create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. There were no donated services for the year ended December 31, 2013.

Comparative Financial Statements

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2012, from which the summarized information was derived. Certain prior year accounts have been reclassified in order to conform to current year presentation.

Note 2 – Property and Equipment:

Property and equipment at December 31, 2013, consisted of the following

Office furniture and equipment	\$12,851
Less: Accumulated depreciation	<u>(3,709)</u>
Net	<u>\$ 9,142</u>

Notes to Financial Statements
December 31, 2013

Note 3 – Leases:

The Organization leases office space shared equally with a related nonprofit organization. The organizations share of rent expense for the year ending December 31, 2013 was \$24,000.

Note 4 – Uninsured Cash Balance:

The Organization's financial instruments that are exposed to concentrations of credit risk consist primarily of cash deposits. The Organization places its cash and cash equivalents with local financial institutions. At times, cash balance may be in excess of the Federal Deposit Insurance Corporation limit. Management considers the risk to be minimal. There were no uninsured cash balances as of December 31, 2013.

Note 5 – Concentrations:

The Organization uses different vendors to provide lists of donor leads, postage and mailing coordination services during the year. Payments to these service providers each represent more than ten percent (10%) of the Organization's annual expenses for the year.

Note 6 – Income Tax Status:

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and qualifies for a charitable contribution deduction by individual donors. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private Organization under Section 509(a)(2).

Management has evaluated the effect of a new accounting standard relating to accounting for uncertainty in income taxes that became effective in 2009. Management has determined that the Organization had no uncertain income tax positions that could have a significant effect on the consolidated financial statements for the year ended December 31, 2013. The Organization's federal income tax returns for fiscal years ended December 31, 2010, 2011 and 2012, are subject to examination by the Internal Revenue Service, generally for three years after the federal income tax returns were filed.

Note 7 – Related Party Transactions:

The Organization pays a company owned by a relative of a member of the Board of Directors for State registration filing and monitoring services. This company's fees totaled \$ 20,170 for the State registration filing and monitoring services during the year ended December 31, 2013.

Notes to Financial Statements
December 31, 2013

Note 7 – Related Party Transactions- Continued:

The Organization shares rent expense with related non profit organization Parkinson Research Organization (PRF). As of December 31, 2013, the Organization owed \$33,255 by PRF.

Note 8 – Subsequent Events:

Subsequent events have been evaluated through January 31, 2014, which is the date the financial statements were available to be issued.