

MACULAR DEGENERATION ASSOCIATION, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2016

MACULAR DEGENERATION ASSOCIATION, INC.
TABLE OF CONTENTS
DECEMBER 31, 2016

Independent Auditors' Report	<u>Page</u> N/A
Financial Statements	
Statement of Financial Position	1
Statement of Activities and Changes in Net Assets	2
Statement of Functional Expenses	3
Statement of Cash Flows	4
Notes to Financial Statements	5-8

JAKUSOVAS & COMPANY, P.L.

A CERTIFIED PUBLIC ACCOUNTING FIRM

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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. as of December 31, 2016, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits. The financial statements of Macular Degeneration Association, Inc. as of December 31, 2015, were audited by other auditors whose report dated February 16, 2016, expressed an unqualified opinion on those statements.

We conducted our audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the 2016 financial statements referred to above present fairly, in all material respects, the financial position of Macular Degeneration Association, Inc. at December 31, 2016, 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.

Jakusovas & Company, P.L.

Sarasota, Florida
February 20, 2017

MACULAR DEGENERATION ASSOCIATION, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2016

ASSETS

	2016	2015 Total (For comparative purposes only)
<u>Current Assets</u>		
Cash & equivalents	\$ 311,659	\$ 336,026
Prepaid expenses	816	1,314
Total Current Assets	<u>312,475</u>	<u>337,340</u>
Property & equipment, net	698	2,717
Total Non-Current Assets	<u>698</u>	<u>2,717</u>
Total Assets	<u>\$ 313,173</u>	<u>\$ 340,057</u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities</u>		
Accounts payables	\$ 74,170	\$ 37,017
Accrued expenses	-	1,725
Loan from related party	18,455	9,628
Total Current Liabilities	<u>92,625</u>	<u>48,370</u>
Total Liabilities	<u>92,625</u>	<u>48,370</u>
<u>Net Assets</u>		
Unrestricted net assets	220,548	291,687
Total Net Assets	<u>220,548</u>	<u>291,687</u>
Total Liabilities and Net Assets	<u>\$ 313,173</u>	<u>\$ 340,057</u>

MACULAR DEGENERATION ASSOCIATION, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015 Total (For comparative purposes only)
<u>Support and Revenue</u>		
Contributions	\$ 1,166,471	\$ 1,034,441
Bequest	-	15,000
	<hr/>	<hr/>
Total Support and Revenue	1,166,471	1,049,441
 Expenses:		
Program services	806,893	554,891
General and administrative	176,658	136,071
Fundraising and development	254,059	268,043
Total Expenses	<hr/> 1,237,610	<hr/> 959,005
 Change in unrestricted net assets	(71,139)	90,436
 Net Assets - beginning of year	<hr/> 291,687	<hr/> 201,251
 Net Assets - end of year	<hr/> \$ 220,548	<hr/> \$ 291,687

MACULAR DEGENERATION ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Program Services	General & Administrative	Fundraising & Development	Total Expenses	2015 Total (For comparative purposes only)
Advertising	\$ 54,248	\$ -	\$ -	\$ 54,248	\$ 37,164
Automobile	8,337	1,876	208	10,421	5,083
Bank fees	5,905	1,329	148	7,382	8,410
Conference and education	92,346	-	-	92,346	65,372
Depreciation	1,615	363	40	2,018	3,068
Direct mailings	201,514	50,379	251,892	503,785	533,558
Employee benefits	-	2,730	-	2,730	-
Office expenses	4,470	1,004	112	5,586	6,257
Payroll and taxes	135,486	105,730	-	241,216	192,636
Postage	5,546	-	-	5,546	3,218
Printing	-	-	-	-	604
Professional fees	137,516	5,748	639	143,903	13,325
Rent	28,425	4,347	669	33,441	31,113
Supplies	13,090	2,865	319	16,274	8,589
Telephone	1,276	287	32	1,595	3,469
Travel	117,119	-	-	117,119	46,991
Website	-	-	-	-	148
Total Functional Expenses	\$ 806,893	\$ 176,658	\$ 254,059	\$ 1,237,610	\$ 959,005

MACULAR DEGENERATION ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>2016</u>	<u>2015 Total (For comparative purposes only)</u>
Cash flow from operating activities:		
Change in net assets	\$ (71,139)	\$ 90,436
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	2,018	3,068
Changes in operating assets and liabilities:		
Loan receivable	-	241
Prepaid expenses	498	(391)
Accounts payable	37,153	(10,093)
Accrued expenses	(1,725)	1,725
Loan from related party	8,828	6,774
Net cash provided (used) by operating activities	<u>(24,367)</u>	<u>91,760</u>
Net increase (decrease) in cash	(24,367)	91,760
Cash and equivalents at the beginning of the year	<u>336,026</u>	<u>244,266</u>
Cash and equivalents at the end of the year	<u>\$ 311,659</u>	<u>\$ 336,026</u>
Supplemental disclosure of cash flow information:		
Cash paid for:		
Interest	<u>\$ -</u>	<u>\$ -</u>
Taxes	<u>\$ -</u>	<u>\$ -</u>

MACULAR DEGENERATION ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

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 2015, the Organization conducted 12 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 receivables, 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 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, 2016.

Permanently Restricted – Net assets restricted by the donor to be maintained permanently by the Organization. No permanently restricted assets were held at December 31, 2016.

Cash and Cash Equivalents

For purposes 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.

MACULAR DEGENERATION ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

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

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 2016 was \$2,018.

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 the decedent's representative. There was no Bequest revenue for the year ending December 31, 2016.

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 and In-kind Contributions

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.

MACULAR DEGENERATION ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

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

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, 2015, 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, 2016, consisted of the following:

Office furniture and equipment	\$12,851
Less: Accumulated depreciation	<u>(12,153)</u>
Net	<u>\$ 698</u>

NOTE 3 – Leases:

The Organization leases office space shared with a related nonprofit organization. The organizations share of rent expense for the year ending December 31, 2016 was \$30,000.

NOTE 4 – Uninsured Cash Balance:

The Organization's financial instruments that are exposed to concentrations of credit risk consist primarily of cash deposits. The places its cash and cash equivalents with local financial institutions. At times, cash balances may be in excess of the Federal Deposit Insurance Corporation limit. Management considers the risk to be minimal. Cash balances in excess of FDIC limits as of December 31, 2016 were \$61,659.

NOTE 5 – Concentrations:

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

NOTE 6 – Advertising Costs:

Advertising costs are expensed as incurred. The costs incurred for the year ending December 31, 2016 were \$54,248.

MACULAR DEGENERATION ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – 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 an accounting standard relating to accounting for uncertainty in income taxes. 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, 2016. The Organization's federal income tax returns for fiscal years ended December 31, 2015, 2014 and 2013 are subject to examination by the Internal Revenue Service, generally for three years after the federal income tax returns were filed.

NOTE 8 – Related Party Transactions:

The Organization shares rent expense with a related nonprofit organization Parkinson Research Foundation (PRF). As of December 31, 2015, the Organization owed \$18,455 to PRF.

NOTE 9 – Allocation of Joint Costs:

The Organization allocates expenditures between program services, general and administrative, and fund raising activities, in accordance with the provisions of the American Institute of Certified Public Accountants' Statement of Position (SOP 98-2) "Accounting for Costs of Activities of Not-For-Profit Organizations That Includes Fundraising". The mission of the foundation is to help find a cure for Macular Degeneration disease through funding research, while providing education and services that improve the quality of life for Macular patients and caregivers.

In 2016, the Organization conducted activities that included (a) requests for contributions, (b) program services and (c) general and administrative components. These activities included direct mail fund raising campaigns and distribution of and introduction to educational information. The cost of conducting activities included a total of \$503,785 of joint costs which are not specifically attributable to a particular component of the activities. Joint cost for these activities have been allocated pursuant to SOP 98-2 as set forth in the Statement of Functional Expenses and include:

Fund Raising	\$251,893
Educational programs	201,514
General and administrative	50,378

NOTE 10 – Subsequent Events:

Subsequent events have been evaluated through February 20, 2017, which is the date the financial statements were available to be issued.