

MACULAR DEGENERATION ASSOCIATION, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2017

MACULAR DEGENERATION ASSOCIATION, INC.
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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 financial statements of Macular Degeneration Association, Inc., which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Macular Degeneration Association, Inc.'s 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 20, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in blue ink that reads "Jakusovas & Company, P.L.".

Jakusovas & Company, P.L.

Sarasota, Florida

February 22, 2018

MACULAR DEGENERATION ASSOCIATION, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2017

ASSETS

	2017	2016 Total (For comparative purposes only)
<u>Current Assets</u>		
Cash & equivalents	\$ 254,356	\$ 311,659
Prepaid expenses	926	816
Total Current Assets	<u>255,282</u>	<u>312,475</u>
Property & equipment, net	<u>29</u>	<u>698</u>
Total Non-Current Assets	<u>29</u>	<u>698</u>
Total Assets	<u>\$ 255,311</u>	<u>\$ 313,173</u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities</u>		
Accounts payables	\$ 65,887	\$ 74,170
Accrued expenses	7,239	-
Loan from related party	1,509	18,455
Total Current Liabilities	<u>74,635</u>	<u>92,625</u>
Total Liabilities	<u>74,635</u>	<u>92,625</u>
<u>Net Assets</u>		
Unrestricted net assets	180,676	220,548
Total Net Assets	<u>180,676</u>	<u>220,548</u>
Total Liabilities and Net Assets	<u>\$ 255,311</u>	<u>\$ 313,173</u>

MACULAR DEGENERATION ASSOCIATION, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2017

	2017	2016 Total (For comparative purposes only)
<u>Support and Revenue</u>		
Contributions	\$ 979,401	\$ 817,704
Bequests	119,089	168,767
Grants	<u>150,000</u>	<u>180,000</u>
Total Support and Revenue	1,248,490	1,166,471
Expenses:		
Program services	786,233	806,893
General and administrative	169,226	176,658
Fundraising and development	<u>332,903</u>	<u>254,059</u>
Total Expenses	1,288,362	1,237,610
Change in unrestricted net assets	(39,872)	(71,139)
Net Assets - beginning of year	<u>220,548</u>	<u>291,687</u>
Net Assets - end of year	<u>\$ 180,676</u>	<u>\$ 220,548</u>

MACULAR DEGENERATION ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Program Services	General & Administrative	Fundraising & Development	Total Expenses	2016 Total (For comparative purposes only)
Advertising	\$ 36,929	\$ -	\$ -	\$ 36,929	\$ 54,248
Automobile	1,921	432	48	2,401	10,421
Bank fees	6,517	1,466	163	8,146	7,382
Conference and education	129,123	-	-	129,123	92,346
Depreciation	535	121	13	669	2,018
Direct mailings	241,628	60,424	331,075	633,127	503,785
Employee benefits	7,583	1,706	190	9,479	2,730
Grants given	50,000	-	-	50,000	-
Office expenses	2,580	583	64	3,227	5,586
Payroll and taxes	129,728	90,714	-	220,442	241,216
Postage	1,270	286	32	1,588	5,546
Printing	-	-	-	-	-
Professional fees	67,448	6,333	315	74,096	143,903
Rent	31,741	4,854	747	37,342	33,441
Supplies	8,528	1,777	197	10,502	16,274
Telephone	1,364	307	34	1,705	1,595
Travel	69,338	223	25	69,586	117,119
Website	-	-	-	-	-
Total Functional Expenses	\$ 786,233	\$ 169,226	\$ 332,903	\$ 1,288,362	\$ 1,237,610

MACULAR DEGENERATION ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>2017</u>	<u>2016 Total (For comparative purposes only)</u>
Cash flow from operating activities:		
Change in net assets	\$ (39,872)	\$ (71,139)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	669	2,018
Changes in operating assets and liabilities:		
Loan receivable	-	-
Prepaid expenses	(110)	498
Accounts payable	(8,283)	37,153
Accrued expenses	7,239	(1,725)
Loan from related party	(16,946)	8,828
Net cash provided (used) by operating activities	<u>(57,303)</u>	<u>(24,367)</u>
Net increase (decrease) in cash	(57,303)	(24,367)
Cash and equivalents at the beginning of the year	<u>311,659</u>	<u>336,026</u>
Cash and equivalents at the end of the year	<u>\$ 254,356</u>	<u>\$ 311,659</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 2017, the Organization conducted 13 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, 2017.

Permanently Restricted – Net assets restricted by the donor to be maintained permanently by the Organization. No permanently restricted assets were held at December 31, 2017.

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 2017 was \$669.

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. Bequest revenue for the year ending December 31, 2017 was \$119,089.

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, 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, 2016, 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, 2017, consisted of the following:

Office furniture and equipment	\$12,851
Less: Accumulated depreciation	<u>(12,822)</u>
Net	<u>\$ 29</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, 2017 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 Organization 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, 2017 were \$4,818.

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, 2017 were \$36,929.

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, 2017. The Organization's federal income tax returns for fiscal years ended December 31, 2016, 2015 and 2014 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, 2017, the Organization owed \$1,509 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 2017, 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 \$633,127 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	\$331,075
Educational programs	241,628
General and administrative	60,424

NOTE 10 – Subsequent Events:

Subsequent events have been evaluated through February 22, 2018, which is the date the financial statements were available to be issued.