

MACULAR DEGENERATION ASSOCIATION, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2020

**MACULAR DEGENERATION ASSOCIATION, INC.
TABLE OF CONTENTS
DECEMBER 31, 2020**

	<u>Page</u>
Independent Auditors' Report	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	5-9

JAKUSOVAS & COMPANY, P.L.

A CERTIFIED PUBLIC ACCOUNTING FIRM

.....
2831 Ringling Blvd, Suite D-114 - Sarasota, Florida 34237
Phone (941) 924-1120 - Facsimile (941) 312-6195 - Email: michael@SarasotaAccounting.com
.....

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Macular Degeneration Association, Inc.
Sarasota, FL

We have audited the accompanying financial statements of Macular Degeneration Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, 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, 2020, 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.



Jakusovas & Company, P.L.

Sarasota, Florida
February 22, 2021

MACULAR DEGENERATION ASSOCIATION, INC
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020

ASSETS

	2020	2019 Total (For comparative purposes only)
<u>Current Assets</u>		
Cash & equivalents	\$ 445,801	\$ 2,550,181
Contributions receivable	12,745	-
Dividends receivable	1,793	-
Due from related party	1,231	-
Prepaid expenses	980	760
Total Current Assets	462,550	2,550,941
 Property & equipment, net	 7,337	 2,469
Total Non-Current Assets	7,337	2,469
 <u>Other Assets</u>		
Investments	2,951,487	-
Total Other Assets	2,951,487	-
 Total Assets	 \$ 3,421,374	 \$ 2,553,410

LIABILITIES AND NET ASSETS

<u>Current Liabilities</u>		
Accounts payables	\$ 75,211	\$ 81,871
PPP loan	56,714	-
Due to related party	-	1,244
Total Current Liabilities	131,925	83,115
 Total Liabilities	 131,925	 83,115
 <u>Net Assets</u>		
Net assets without donor restrictions	3,289,449	2,470,295
 Total Net Assets	 3,289,449	 2,470,295
 Total Liabilities and Net Assets	 \$ 3,421,374	 \$ 2,553,410

MACULAR DEGENERATION ASSOCIATION, INC
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019 Total (For comparative purposes only)
	<u>2020</u>	<u>purposes only)</u>
<u>Support and Revenue</u>		
Contributions	\$ 1,418,517	\$ 1,212,062
Bequest	37,329	1,750,423
Grants	<u>570,215</u>	<u>378,530</u>
 Total Support and Revenue	 2,026,061	 3,341,015
<u>Expenses</u>		
Program services	993,915	914,296
General and administrative	274,330	237,664
Fundraising and development	<u>298,597</u>	<u>291,815</u>
Total Expenses	1,566,842	1,443,775
<u>Other Income and Expenses</u>		
Dividend/Interest income	27,184	-
Realized gain/loss on investments	(1,381)	-
Unrealized gain/loss on investments	<u>334,132</u>	<u>-</u>
	359,935	
 Change in net assets	 819,154	 1,897,240
 Net Assets - beginning of year	 <u>2,470,295</u>	 <u>573,055</u>
 Net Assets - end of year	 <u>\$ 3,289,449</u>	 <u>\$ 2,470,295</u>

MACULAR DEGENERATION ASSOCIATION, INC
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services	General & Administrative	Fundraising & Development	Total Expenses	2019 Total (For comparative purposes only)
Advertising	\$ 29,165	\$ -	\$ -	\$ 29,165	\$ 70,975
Automobile	6,312	1,420	158	7,890	30,612
Bank fees	6,477	1,457	162	8,096	5,790
Conference and education	212,259	4,490	20,205	236,954	127,169
Depreciation	-	541	-	541	753
Direct mailings	236,216	52,492	274,967	563,675	682,580
Office expenses	9,502	2,138	238	11,878	17,516
Payroll and taxes	379,307	162,560	-	541,867	366,467
Postage	3,349	753	84	4,186	5,089
Professional fees	-	23,429	-	23,429	15,850
Rent	34,397	7,739	860	42,996	39,006
Supplies	32,446	7,300	811	40,557	16,189
Telephone	2,586	582	65	3,232	2,187
Travel	9,020	2,030	226	11,276	63,284
Website	32,880	7,398	822	41,100	308
Total Functional Expenses	\$ 993,915	\$ 274,330	\$ 298,597	\$ 1,566,842	\$ 1,443,775

MACULAR DEGENERATION ASSOCIATION, INC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019 Total (For comparative purposes only)
Cash flow from operating activities:		
Change in net assets	\$ 819,154	\$ 1,897,240
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	541	754
Unrealized gain/loss on investments	(334,132)	-
Changes in operating assets and liabilities:		
Contributions receivable	(12,745)	-
Dividends receivable	(1,793)	-
Due from related party	(1,231)	-
Prepaid expenses	(220)	83
Accounts payable	(6,660)	(27,239)
Accrued expenses	-	(4,585)
Deferred revenue	-	(100,000)
Due to/from related party	(1,244)	18,597
Net cash provided by operating activities	461,670	1,784,850
Cash flow from investing activities:		
Purchase of investments	(2,617,355)	-
Purchase of property and equipment	(5,409)	-
Net cash provided (used) by investing activities	(2,622,764)	-
Cash flow from financing activities:		
PPP loan	56,714	-
Net cash provided by financing activities	56,714	-
Net increase (decrease) in cash	(2,104,380)	1,784,850
Cash and equivalents at the beginning of the year	2,550,181	765,331
Cash and equivalents at the end of the year	\$ 445,801	\$ 2,550,181
Supplemental disclosure of cash flow information:		
Cash paid for:		
Interest	\$ -	\$ -
Taxes	\$ -	\$ -

**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 2020, the Organization provided one off-site education symposium before Covid-19 caused the remaining programs to be cancelled. Six virtual educational symposiums were offered in the fall of 2020. These events were provided through the support of two major pharmaceutical companies 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:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors

Net Assets With Donor Restrictions – Net assets with donor restrictions are to be maintained permanently by the Organization. No permanently restricted assets were held at December 31, 2020.

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 \$2,500. 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 2020 was \$541.

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 net assets with donor restrictions. When the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions 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, 2020 was \$37,329.

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, 2019, 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, 2020, consisted of the following:

Office furniture and equipment	\$22,030
Less: Accumulated depreciation	<u>(14,693)</u>
Net	<u>\$ 7,337</u>

NOTE 3 – Leases:

The Organization leases office space shared with a related nonprofit organization. The Organization's share of rent expense for the year ending December 31, 2020 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, 2020 were \$195,800.

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, 2020 were \$29,165.

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, 2020. The Organization’s federal income tax returns for fiscal years ended December 31, 2019, 2018 and 2017 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, 2020, the Organization is owed \$1,231 from PRF. The Organization also paid Malvern Group, LLC \$41,100 for website design which is owned by a relative of the CEO. The CEO’s daughter is employed by the Organization and earned \$28,150.

NOTE 9 – Allocation of Joint Costs:

The Organization allocates expenditures between program services, general and administrative, and fundraising 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 2020, 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 \$608,575 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:

Fundraising	\$295,172
Educational programs	256,421
General and administrative	56,982

NOTE 10 – Loans Payable:

The Organization has received a Paycheck Protection Program (PPP) Loan from the SBA in the amount of \$56,714. The Organization will meet the conditions to have the loan forgiven and plans to apply for the forgiveness of debt offered by the SBA.

**MACULAR DEGENERATION ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 11 – Subsequent Events:

Subsequent events have been evaluated through February 22, 2021, which is the date the financial statements were available to be issued.