

**NEUROFIBROMATOSIS MIDWEST
ST. CHARLES, ILLINOIS
FINANCIAL STATEMENTS
SEPTEMBER 30, 2014 AND 2013**

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KOLNICKI



PETERSON



Board of Directors

WIRTH Neurofibromatosis Midwest
St. Charles, Illinois

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Neurofibromatosis Midwest (a non-profit organization), which comprise the statements of financial position as of September 30, 2014 and 2013, and the related statements of activities, changes in net assets, functional expenses and cash flows for the years 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 audits. 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

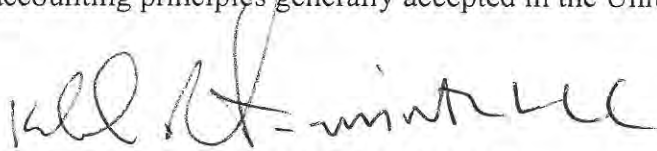
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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 Neurofibromatosis Midwest as of September 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "KOLNICKI, PETERSON, WIRTH LLC". The signature is written in a cursive, somewhat stylized font.

KOLNICKI, PETERSON, WIRTH LLC
Certified Public Accountants

Downers Grove, Illinois
February 5, 2015

NEUROFIBROMATOSIS MIDWEST
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2014 AND 2013

Statement 1

	<u>2014</u>	<u>2013</u>
CURRENT ASSETS		
Cash	\$ 212,793	\$ 103,837
Pledges receivable	20	60
Investments	112,191	111,825
Inventory	<u>(318)</u>	<u>(249)</u>
Total current assets	<u>324,686</u>	<u>215,473</u>
OTHER ASSETS		
Security deposit	<u>1,100</u>	<u>1,100</u>
Total other assets	<u>1,100</u>	<u>1,100</u>
Total assets	<u><u>\$ 325,786</u></u>	<u><u>\$ 216,573</u></u>
CURRENT LIABILITIES		
Accounts payable	\$ 9,665	\$ 14,331
Accrued payroll	<u>3,981</u>	<u>3,986</u>
Total current liabilities	<u>13,646</u>	<u>18,317</u>
NET ASSETS		
Unrestricted:		
Undesignated	174,969	98,256
Board designated	<u>137,171</u>	<u>100,000</u>
Total net assets	<u>312,140</u>	<u>198,256</u>
Total liabilities and net assets	<u><u>\$ 325,786</u></u>	<u><u>\$ 216,573</u></u>

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements.

**NEUROFIBROMATOSIS MIDWEST
STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

	<u>Unrestricted Net Assets</u>		
	<u>Unrestricted</u>	<u>Board Designated</u>	<u>Total Net Assets</u>
Balance - October 1, 2012	\$ 137,260	\$ 100,000	\$ 237,260
Change in Net Assets	<u>(39,004)</u>	<u>-</u>	<u>(39,004)</u>
Balance - September 30, 2013	98,256	100,000	198,256
Change in Net Assets	<u>76,713</u>	<u>37,171</u>	<u>113,884</u>
Balance - September 30, 2014	<u>\$ 174,969</u>	<u>\$ 137,171</u>	<u>\$ 312,140</u>

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements

**NEUROFIBROMATOSIS MIDWEST
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
REVENUES		
Special events	\$ 278,297	\$ 261,028
Contributions	219,718	38,250
Other income	<u>8,407</u>	<u>18,064</u>
Total revenues	<u>506,422</u>	<u>317,342</u>
EXPENSES		
Program services	280,277	236,960
Management and general	42,412	38,746
Fundraising	47,067	56,559
Lobbying expense	<u>22,782</u>	<u>24,081</u>
Total expenses	<u>392,538</u>	<u>356,346</u>
Increase decrease in net assets	<u>\$ 113,884</u>	<u>\$ (39,004)</u>

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements.

NEUROFIBROMATOSIS MIDWEST
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013

KOLNICKI PETERSON & WIRTH, L.L.C

	2014			2013				
	Program Services	Management & General	Fund-raising	Total	Program Services	Management & General	Fund-raising	Total
OPERATING EXPENSES								
Advertising expense	\$ 2,445	\$ -	\$ -	\$ 2,445	\$ 1,963	\$ -	\$ -	\$ 1,963
Ask the Doctor event expense	-	-	-	-	383	-	-	383
Bank and credit card fees	4,048	1,350	1,350	6,748	3,146	1,049	1,049	5,244
Family Day event expense	-	-	-	-	2,533	-	-	2,533
Grants	50,671	-	-	50,671	74,232	-	-	74,232
Great Steps event expense	15,281	-	6,045	21,326	9,529	-	3,770	13,299
Insurance	1,265	419	419	2,103	1,095	362	363	1,820
Meeting expense	33	15	16	64	114	19	85	218
Merchandise expense	3,522	-	-	3,522	3,235	-	-	3,235
Miscellaneous expenses	520	-	-	520	555	-	-	555
Office equipment	3,674	3,673	-	7,347	3,059	3,058	-	6,117
Occupancy	10,739	3,579	-	14,318	12,065	4,021	-	16,086
Professional fees	4,500	-	-	4,500	3,500	-	-	3,500
Payroll taxes	7,378	7,378	-	14,756	4,548	4,548	-	9,096
Postage	1,247	624	624	2,495	760	380	380	1,520
Salaries	145,933	23,644	23,645	193,222	71,688	23,897	23,896	119,481
Special event expenses	14,725	-	14,725	29,450	26,492	-	26,491	52,983
Supplies	1,169	195	195	1,559	672	112	112	896
Symposium	8,459	-	-	8,459	11,676	-	-	11,676
Technology	1,723	256	48	2,027	3,115	137	413	3,665
Telephone	922	921	-	1,843	903	902	-	1,805
Travel	950	-	-	950	916	-	-	916
Workers Compensation	1,073	358	-	1,431	781	261	-	1,042
Total operating expenses	\$ 280,277	\$ 42,412	\$ 47,067	\$ 369,756	\$ 236,960	\$ 38,746	\$ 56,559	\$ 332,265

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements.

**NEUROFIBROMATOSIS MIDWEST
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

CASH FLOWS FROM OPERATING ACTIVITIES	2014	2013
Increase in net assets	\$ 113,884	\$ (39,004)
Adjustments to reconcile increase in net assets to net cash used by operating activities:		
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	40	295
Decrease in prepaid expenses	---	1,290
Decrease in due from affiliate	69	---
Increase (decrease) in accounts payable	(4,666)	13,133
Decrease in deposits	---	1,950
Increase (decrease) in accrued expenses	(5)	1,633
	<u>109,322</u>	<u>(20,703)</u>
Net cash provided (used) by operating activities		
	<u>109,322</u>	<u>(20,703)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchase) sale of investments	<u>(366)</u>	<u>13,212</u>
Net cash provided (used) by investing activities	<u>(366)</u>	<u>13,212</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	108,956	(7,491)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>103,837</u>	<u>111,328</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 212,793</u>	<u>\$ 103,837</u>

These financial statements should be read only in
connection with the accompanying summary of significant
accounting policies and notes to financial statements.

**NEUROFIBROMATOSIS MIDWEST
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
SEPTEMBER 30, 2014 AND 2013**

Neurofibromatosis Midwest (the Organization) is a not-for-profit organization incorporated under the laws of Illinois, and established exclusively for charitable purposes. The Organization provides people with neurofibromatosis, and their families, with information about the disorder and helps them locate medical, social and genetic counseling. The Organization acts as an information source for physicians, health workers and the general public on neurofibromatosis and related disorders, and stimulates and supports scientific research on the cause, prevention and treatment of neurofibromatosis.

ACCOUNTING METHOD

Contribution revenue is recognized when the Organization is notified of the existence of a pledge or receives a contribution. The contributions are recognized as income in the period to which they relate. Expenses are recognized in the period in which the related liability is incurred.

CASH AND CASH EQUIVALENTS

The Organization considers all liquid investments with an original maturity of three months or less, when purchased, to be cash equivalents.

PLEDGES RECEIVABLE

Pledges receivable are presented at the fair value of the promises and are estimated by management to be fully collectable.

DONATED SERVICES

Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by people with those skills, and would otherwise be purchased by the Organization. During the years ended September 30, 2014 and 2013, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

NET ASSET CLASSIFICATIONS

The financial statements have been prepared in accordance with FASB Accounting Standards Codification FASB (ASC) No. 958-210-45-9, *Not-for-Profit Entities, Balance Sheet*. FASB (ASC) No. 958-210-45-9 requires, among other things, that the financial statements report the changes in and total of each of the net asset classes, based upon donor restrictions, as applicable. Net assets are to be classified as unrestricted, temporarily restricted, and permanently restricted.

The unrestricted net asset balance consists of undesignated net assets, and net assets designated by the Board of Directors. The undesignated portion consists of amounts expendable for annual maintenance, preservation and administration of the Organization. Designated funds may be expended only for programs or purposes designated by the Board of Directors.

**NEUROFIBROMATOSIS MIDWEST
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
SEPTEMBER 30, 2014 AND 2013**

INCOME TAXES

The Internal Revenue Service has ruled that the Organization is exempt from the payment of federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code as an educational and charitable organization.

The Financial Accounting Standards Board (FASB) issued ASC 740-10-05 "Accounting for Uncertainty in Income Taxes" that clarified the accounting and recognition for income tax positions taken or expected to be taken in the Organization's income tax returns. The Organization adopted the standard in 2010.

The Organization's income tax filings are subject to audit by various taxing authorities. The Organization's open audit periods are 2010 through 2013. In evaluating the Organization's tax provisions and accruals, future taxable income and the reversal of temporary differences, interpretations of tax planning strategies are considered. The Organization believes their estimates are based on current facts and circumstances.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

INVESTMENTS

The Organization is required to provide additional information in the financial statements, based on the implementation of the FASB Accounting Standards Codification FASB (ASC) No. 820-10-35-1: *Fair Value Measurements and Disclosures*. This Standard defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurement.

INVENTORIES

Inventories consist of informational supplies and are stated at the lower of cost or market determined by the first-in, first-out method.

DATE OF MANAGEMENT'S REVIEW

Subsequent events were evaluated through the date of this report and the date the financial statements were available to be issued was February 5, 2015.

This information is an integral part
of the accompanying financial statements.

**NEUROFIBROMATOSIS MIDWEST
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014 AND 2013**

NOTE 1 – NET ASSETS**UNRESTRICTED NET ASSETS – BOARD DESIGNATED**

In 2006, the Board of Directors established a designated fund for donations to the Organization. The balance of this fund was \$100,000 at September 30, 2014. In 2013, the Board also designated funds in the amount of \$37,171 to the Marty Ginsberg Grant. Board Designated Net Assets totaled \$137,171 and \$100,000 as of September 30, 2014 and 2013, respectively.

NOTE 2 - INVESTMENTS

Investments consist of the following:

	<u>September 30, 2014</u>		<u>September 30, 2013</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Brokerage acct. mutual funds	\$ 112,191	\$ 112,191	\$ 111,825	\$ 111,825
Totals	<u>\$ 112,191</u>	<u>\$ 112,191</u>	<u>\$ 111,825</u>	<u>\$ 111,825</u>

The following schedule summarizes the investment return and its classification in the statement of financial position and activities for the years ended September 30, 2014 and 2013:

	<u>2014</u> <u>Undesignated</u>	<u>2013</u> <u>Undesignated</u>
Dividend and interest (net of expenses of \$0 for 2014 and 2013)	\$ 2,486	\$ 3,157
Total return on investments	<u>\$ 2,486</u>	<u>\$ 3,157</u>

NOTE 3 - CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balances in two financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At September 30, 2014, the Organization's uninsured balance was zero.

The Organization maintains its investments in a brokerage firm located in Maryland. The balances are insured by the Securities Investor Protection Corporation up to \$500,000. At September 30, 2014, the Organization's uninsured balance was zero.

**NEUROFIBROMATOSIS MIDWEST
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014 AND 2013**

NOTE 4 –FAIR VALUE MEASUREMENTS

The Organization's assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with FASB (ASC) No. 820-10-35-1. See Note 2 – Investments for additional information on the Organization's investment policies.

	Significant Other Observable Inputs (Level 2)	Balance as of Sept. 30, 2014
Assets		
Investments in mutual funds, at fair value	\$ <u>112,191</u>	\$ <u>112,191</u>

	Significant Other Observable Inputs (Level 2)	Balance as of Sept. 30, 2013
Assets		
Investments in mutual funds, at fair value	\$ <u>111,825</u>	\$ <u>111,825</u>

FASB Accounting Standards Codification (ASC) No. 820-10-35-1: Fair Value Measurement and Disclosure establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three board levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. Observable inputs are those that reflect the assumptions market participants would use in pricing the asset developed on market data. Level 2 inputs were only used when Level 1 inputs were not available.

Level 2 fair measurements: the fair value of mutual funds is based on quoted net asset values of the shares held by the Organization at year end.

**NEUROFIBROMATOSIS MIDWEST
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014 AND 2013**

NOTE 5 - LEASE AGREEMENTS

The Organization leases its current office space under an operating lease which was renewed until January 31, 2017. This lease calls for base monthly payments of \$1,100. Total rent expense under this lease was \$13,200 and \$13,200 for 2014 and 2013, respectively. Future minimum lease payments are as follows:

2015	\$ 13,200
2016	13,200
2017	<u>4,400</u>
Total	<u>\$ 30,800</u>

This information is an integral part
of the accompanying financial statements.