

**NEUROFIBROMATOSIS MIDWEST
ST. CHARLES, ILLINOIS
FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

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KOLNICKI



PETERSON



WIRTH

Board of Directors
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, 2019 and 2018, and the related statements of activities, 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, 2019 and 2018, 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, appearing to read "KOLNICKI PETERSON WIRTH LLC", written in a cursive style.

KOLNICKI, PETERSON, WIRTH LLC
Certified Public Accountants

Downers Grove, Illinois
March 10, 2020

**NEUROFIBROMATOSIS MIDWEST
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2019 AND 2018**

Statement 1

	<u>2019</u>	<u>2018</u>
CURRENT ASSETS		
Cash	\$ 117,185	\$ 78,118
Investments	<u>232,501</u>	<u>217,261</u>
Total current assets	<u>349,686</u>	<u>295,379</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>\$ 350,786</u></u>	<u><u>\$ 296,479</u></u>
CURRENT LIABILITIES		
Accounts payable	\$ 6,211	\$ 10,957
Accrued payroll	<u>2,115</u>	<u>2,331</u>
Total current liabilities	<u>8,326</u>	<u>13,288</u>
NET ASSETS		
Without donor restrictions	<u>342,460</u>	<u>283,191</u>
Total net assets	<u>342,460</u>	<u>283,191</u>
Total liabilities and net assets	<u><u>\$ 350,786</u></u>	<u><u>\$ 296,479</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
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Special events	\$ 133,141	\$ -	\$ 133,141
Contributions	119,726	-	119,726
Other income	21,856	-	21,856
Grant	-	20,000	20,000
Net assets released from restrictions:			
Restrictions satisfied by payments	20,000	(20,000)	-
 Total revenues	 294,723	 -	 294,723
EXPENSES			
Program services	147,448	-	147,448
Management and general	33,196	-	33,196
Fundraising	44,510	-	44,510
Lobbying expense	10,300	-	10,300
 Total expenses	 235,454	 -	 235,454
 (Decrease) increase in net assets	 59,269	 -	 59,269
 Net assets, beginning of year	 283,191	 -	 283,191
 Net assets, end of year	 \$ 342,460	 \$ -	 \$ 342,460

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

NEUROFIBROMATOSIS MIDWEST
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Special events	\$ 157,240	\$ -	\$ 157,240
Contributions	117,391	-	117,391
Other income	4,832	-	4,832
Grant	-	20,000	20,000
Net assets released from restrictions:			
Restrictions satisfied by payments	21,664	(21,664)	-
Total revenues	301,127	(1,664)	299,463
EXPENSES			
Program services	260,290	-	260,290
Management and general	34,762	-	34,762
Fundraising	46,948	-	46,948
Lobbying expense	10,250	-	10,250
Total expenses	352,250	-	352,250
(Decrease) increase in net assets	(51,123)	(1,664)	(52,787)
Net assets, beginning of year	334,314	1,664	335,978
Net assets, end of year	<u>\$ 283,191</u>	<u>\$ -</u>	<u>\$ 283,191</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, 2019 AND 2018**

	2019			2018			Total
	Program Services	Management & General	Fund-raising	Program Services	Management & General	Fund-raising	
OPERATING EXPENSES							
Advertising and awareness expense	\$ 156	\$ -	\$ -	\$ 2,608	\$ -	\$ -	\$ 2,608
Bank and credit card fees	1,248	1,257	1,247	1,125	1,227	1,182	3,534
Camp	13,000	-	-	12,737	-	-	12,737
NF education	762	391	-	10,465	-	50	10,515
Grants	12,800	-	-	100,568	-	-	100,568
Insurance	839	1,225	419	989	1,301	494	2,784
Meeting expense	7	39	-	258	-	-	258
Merchandise expense	2,317	-	-	2,426	-	-	2,426
Miscellaneous expenses	7,520	16	171	2,452	127	166	2,745
Office expense	3,709	714	576	6,109	1,477	1,873	9,459
Occupancy	6,155	5,966	3,077	10,698	2,237	2,237	15,172
Professional fees	2,400	-	2,250	5,800	750	1,750	8,300
Payroll taxes	6,749	2,112	3,168	7,691	2,528	2,591	12,810
Postage	939	311	311	2,052	613	201	2,866
Salaries	42,514	18,729	23,823	69,254	22,763	23,328	115,345
Scholarships	10,000	-	-	7,000	-	-	7,000
Special event expenses	24,798	829	6,939	14,032	15	12,620	26,667
Technology	2,200	1,127	2,049	825	978	24	1,827
Telephone	1,899	480	480	1,297	432	432	2,161
Travel	6,932	-	-	1,904	-	-	1,904
Workers Compensation	504	-	-	-	314	-	314
Total operating expenses	\$ 147,448	\$ 33,196	\$ 44,510	\$ 260,290	\$ 34,762	\$ 46,948	\$ 342,000

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, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 59,269	\$ (52,787)
Adjustments to reconcile decrease in net assets to net cash used by operating activities:		
Unrealized (gain) loss on investments	(9,514)	7,235
Changes in operating assets and liabilities:		
(Decrease) increase in accounts payable	(4,747)	4,188
Decrease in accrued expenses	(216)	(365)
	<u>44,792</u>	<u>(41,729)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(5,725)	(20,238)
	<u>(5,725)</u>	<u>(20,238)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	39,067	(61,967)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>78,118</u>	<u>140,085</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 117,185</u>	<u>\$ 78,118</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, 2019 AND 2018**

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, 2019 and 2018, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

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 2015 through 2017. 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.

**NEUROFIBROMATOSIS MIDWEST
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
SEPTEMBER 30, 2019 AND 2018**

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 the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. The Organization's management believes that the estimates and assumptions are reasonable in the circumstances; however, the 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.

NET ASSETS

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and a board-designated endowment. Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, such as those that the donor stipulates that resources be maintained in perpetuity.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

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 March 10, 2020.

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

**NEUROFIBROMATOSIS MIDWEST
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

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

In 2006, the Board of Directors established a designated fund for donations to the Organization. In 2016, the Board designated funds in the amount of \$62,272 to the research fund. Board Designated Net Assets totaled \$206,597 and \$211,597 as of September 30, 2019 and 2018, respectively.

NOTE 2 - INVESTMENTS

Investments consist of the following:

	<u>September 30, 2019</u>		<u>September 30, 2018</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Brokerage acct. mutual funds	<u>\$ 230,220</u>	<u>\$ 232,501</u>	<u>\$ 224,495</u>	<u>\$ 217,261</u>
Totals	<u>\$ 230,220</u>	<u>\$ 232,501</u>	<u>\$ 224,495</u>	<u>\$ 217,261</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, 2019 and 2018:

	<u>2019</u> <u>Undesignated</u>	<u>2018</u> <u>Undesignated</u>
Dividends and interest	\$ 5,725	\$ 5,403
Realized and unrealized gain (loss)	<u>11,899</u>	<u>(7,234)</u>
Total return on investments	<u>\$ 17,624</u>	<u>\$ (1,831)</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, 2019, 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, 2019, the Organization's uninsured balance was zero.

**NEUROFIBROMATOSIS MIDWEST
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

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 <u>(Level 2)</u>	Balance as of <u>Sept. 30, 2019</u>
Assets		
Investments in mutual funds, at fair value	\$ <u>232,501</u>	\$ <u>232,501</u>

	Significant Other Observable Inputs <u>(Level 2)</u>	Balance as of <u>Sept. 30, 2018</u>
Assets		
Investments in mutual funds, at fair value	\$ <u>217,261</u>	\$ <u>217,261</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, 2019 AND 2018**

NOTE 5 - LEASE AGREEMENTS

The Organization leases its current office space under an operating lease which was renewed until January 31, 2020. The Organization may extend the lease term for an additional three years to January 31, 2023 with the same terms. This lease calls for base monthly payments of \$1,122. Total rent expense under this lease was \$13,464 and \$13,464 for 2019 and 2018, respectively. Future minimum lease payments are as follows:

2020	\$ <u>4,488</u>
Total	\$ <u>4,488</u>

In 2020 the lease was extended through January 31, 2023. Monthly rent will be \$1,155 through January 31, 2022 and \$1,190 thereafter.

NOTE 6 – CASH FLOW INFORMATION

The Organization paid no cash for interest or income taxes during 2019 and 2018.

NOTE 7 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual, board, or donor-imposed restrictions within one year of the balance sheet date.

Financial assets at year end:	
Cash and cash equivalents	\$ 83,265
Investment	232,501
Board designated	(206,597)
Restricted cash	<u>---</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 109,169</u>

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