

DYSAUTONOMIA FOUNDATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2018

DYSAUTONOMIA FOUNDATION, INC.
TABLE OF CONTENTS
DECEMBER 31, 2018

	<u>PAGE</u>
Independent Accountants' Audit Report	1-2
Financial Statements:	
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Functional Expenses	5
Notes to Financial Statements	6-10



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Dysautonomia Foundation, Inc.
New York, New York

We have audited the accompanying financial statements of Dysautonomia Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position—cash basis as of December 31, 2018, and the related statement of activities, and functional expenses—cash basis 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 the cash basis of accounting as described in Note 2; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 assets, liabilities, and net assets of Dysautonomia Foundation, Inc. as of December 31, 2018, and its support, revenue, and expenses for the year then ended in accordance with the cash basis of accounting as described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Elly Steigman & Co, CPA's P.C.

Brooklyn, New York

July 11, 2019

DYSAUTONOMIA FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

ASSETS

Cash and Cash Equivalents	\$ 895,386
Investments	1,283,794
Fixed Assets, Net	50,453
TOTAL ASSETS	<u>\$ 2,229,633</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Total Liabilities:	-
Net Assets:	
Unrestricted	2,229,633
TOTAL LIABILITIES AND NET ASSETS	<u>2,229,633</u>

See independent accountants' audit report and accompanying notes to the financial statements.

DYSAUTONOMIA FOUNDATION, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018

REVENUES

Contributions	\$ 622,052	
Royalties	126,572	
Event Income, Net	1,200,867	
Total Revenues		\$ 1,949,491

EXPENSES

Program Services		1,523,554
Supporting Services		
General and Administrative	\$ 178,880	
Fundraising	57,743	
Total Supporting Services		236,623
Total Expenses		\$ 1,760,177
Changes in Net Assets from Operations		189,314

OTHER INCOME AND EXPENSES

Interest and Dividend Income	\$ 35,470	
Unrealized Losses	(72,203)	
Changes in Net Assets from Capital Investment		\$ (36,733)
CHANGE IN UNRESTRICTED NET ASSETS		152,581
NET ASSETS – BEGINNING OF YEAR (UNRESTRICTED)		2,077,052
NET ASSETS – END OF YEAR (UNRESTRICTED)		\$ 2,229,633

See independent accountants' audit report and accompanying notes to the financial statements.

DYSAUTONOMIA FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Supporting Services				
	Program Services	General and Administrative	Fundraising	Total Support Services	Total
Salaries, Related Taxes and Fringes	\$ 205,323	\$ 83,412	\$ 32,082	\$ 115,494	\$ 320,817
Grants	1,090,636	-	-	-	1,090,636
Public Education	79,379	200	-	200	79,579
Advertising and Promotion	352	440	148	588	940
Office Expenses	19,129	23,725	10,916	34,641	53,770
Professional Services	91,855	34,588	387	34,975	126,830
Insurance	2,571	3,214	643	3,857	6,428
Storage Expense	3,598	-	-	-	3,598
Rent Expense	11,530	14,413	2,882	17,295	28,825
Phone Expense	564	705	141	846	1,410
Bank Charges	8,297	10,372	2,074	12,446	20,743
Licensing and Fees	1,994	2,773	323	3,096	5,090
Postage	913	1,141	228	1,369	2,282
Depreciation Expense	2,118	2,647	7,919	10,566	12,684
Travel and Entertainment	5,295	1,250	-	1,250	6,545
Total Expenses	\$ 1,523,554	\$ 178,880	\$ 57,743	\$ 236,623	\$ 1,760,177

See independent accountants' audit report and accompanying notes to the financial statements.

DYSAUTONOMIA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 – NATURE OF ORGANIZATION

Organization – Dysautonomia Foundation, Inc. (the Organization), incorporated in 1954, supports and operates programs focused on the medical care, research, social services, and public education for the benefit of people effected by or at risk for Familial Dysautonomia (FD).

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The financial statements of the Organization have been prepared on the cash basis whereby revenues are recognized when received and expenses are recognized when paid.

The financial statements are presented in accordance with Financial Accounting standards Board (FASB) Accounting Standards Codification (ASC) 958 and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). (ASC) 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

As of December 31, 2018, all Net assets of the Organization were without donor restrictions.

Cash and Cash Equivalents – Cash and cash equivalents consist of cash on deposit and term deposits in money market instruments with maturity dates of three months or less from the date they are acquired.

Investments - Net appreciation (depreciation) in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments, is presented in the statement of activities in accordance with donor restrictions as investment return. Investment return is presented net of investment fees. The average cost method is primarily used to determine the basis for computing realized gains or losses.

DYSAUTONOMIA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Property & Equipment – Property and equipment are valued at cost. Improvements and replacements of property and equipment are capitalized. Maintenance and repairs that do not improve or extend the lives of property and equipment are charged to expense as incurred. Depreciation is computed using straight line and accelerated methods of depreciation over the estimated useful lives of the assets as follows:

Equipment	5 years
Improvements	5 years

Measure of Operations - The statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature.

New Accounting Pronouncement - On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Income Tax Status – The Organization is exempt from income tax under Section 501 (c) (3) of the Internal Revenue Code.

Tax Uncertainties – The Organization accounts for income taxes in accordance with the income tax accounting guidance, as set forth in FASB ASC Topic 740, Income Taxes, which requires that tax positions initially need to be recognized in the financial statements when it is more likely than not that the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of December 31, 2018, the Organization had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Organization's policy is to record interest expense and penalties related to income taxes as operating expenses.

The Organization's income tax returns are subject to examinations by taxing authorities for a period of three years from the date they are filed. As of December 31, 2018, the tax years from December 31, 2015 to December 31, 2017 are subject to examination.

DYSAUTONOMIA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Contributions – Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a restriction expires, that is, when a stipulated time restriction ends, or a purpose 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. Donor-restricted contributions those restrictions are met in the same reporting period are reported as net assets without donor restriction support. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation.

Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without donor restriction upon acquisition of the assets and the assets are placed in service. For the year ended December 31, 2018, all contributions were unrestricted. Stock Contributions are recorded at Fair Market Value at the time of the donation.

Fair Value of Financial Instruments – The carrying value of the Organization's financial instruments, including cash and short-term investments approximate fair value due to their short-term nature.

Functional Expenses – The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and benefits	Time and Effort
Office Expenses	Time and Effort
Professional Fees	Time and Effort
Rent Expense	Time and Effort
Depreciation	Time and Effort

Concentration of Credit Risk – Financial instruments that potentially subject the Organization to a concentration of credit risk principally consist of cash and Investments. The Organization places its cash and investments with high credit qualified financial institutions, which at times exceed federally insured limits. The Organization has not experienced any losses on such accounts.

DYSAUTONOMIA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Advertising – The Organization follows the accounting for advertising costs in accordance with FASB Statement of Position No. 93-7, "Reporting on Advertising costs". Advertising costs are expensed as incurred and amounted to \$940 for the year ended December 31, 2018.

Subsequent Events – In connection with the preparation of the financial statements for the year ended December 31, 2018, the Organization has evaluated subsequent events for potential recognition and disclosures through July 11, 2019, the date the financial statements were available to be issued.

NOTE 3 – LIQUIDITY

The Organization regularly monitors liquidity required to meet its operating needs over the next 12 months, while also striving to maximize the investments of its portfolio. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents and mutual fund investments that can be used in the event that its revenues are not able to cover its costs.

NOTE 4 – FIXED ASSETS

Equipment consist of the following:

Video	\$36,950
Computers	24,319
Improvements	4,300
Less: Accumulated depreciation	<u>(15,116)</u>
Fixed Assets, Net	<u>\$50,453</u>

Depreciation for the year ended December 31, 2018 amounted to 12,684

NOTE 5 – COMMITMENTS AND CONTINGENCIES

The Organization has a real property lease for its program and administrative use. This lease which commenced April 01, 2016 calls for monthly rental payments excluding utilities of \$1,800 thru March of 2018 and \$2,200 from April 2018 expiring March 31, 2020. Rent expense for this lease was \$28,825 for the year ended December 31, 2018.

Annual future minimum rental payments as of December 31, 2018 for this lease is as follows:

<u>For the Year ending December 31,</u>	
2019	26,400
2020 (three months)	<u>6,600</u>
	33,000

DYSAUTONOMIA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 6 – EVENTS INCOME

Special events generate revenue for the Organization as well as raise awareness about the organization's mission. Some events are annual, and some are incidental to the Organization's central activities and do not happen regularly. Incidental events are recorded net in the accompanying Statement of Activities.

The Organization held multiple events during the year ended December 31, 2018 as follows:

Changes in net assets without donor restrictions:

Revenues:	\$ 1,316,413
Expenses:	<u>(115,546)</u>
Increase in net assets without donor restrictions	<u>1,200,867</u>