

AMERICAN STROKE FOUNDATION
BASIC FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEARS ENDED
DECEMBER 31, 2009 AND 2008

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
American Stroke Foundation
Overland Park, KS

We have audited the accompanying statements of financial position of American Stroke Foundation (a non-profit organization) as of December 31, 2009 and 2008, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the American Stroke Foundations' management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Stroke Foundation as of December 31, 2009 and 2008, and the changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Unger & Associates P.C.

Unger & Associates, P.C.
Certified Public Accountants
Platte City, Missouri
May 10, 2010

**AMERICAN STROKE FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2009 AND 2008**

ASSETS

	<u>2009</u>	<u>2008</u>
Current assets:		
Cash and cash equivalents	\$ 115,856	\$ 8,932
Pledges receivable	26,803	187,050
Prepaid expenses	<u>8,052</u>	<u>-</u>
Total current assets	<u>150,711</u>	<u>195,982</u>
Capital assets:		
Office furniture and equipment	171,877	157,830
Less accumulated depreciation	<u>(142,013)</u>	<u>(123,661)</u>
Net capital assets	<u>29,864</u>	<u>34,169</u>
 Total assets	 <u>\$ 180,575</u>	 <u>\$ 230,151</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 15,230	\$ 8,973
Line of credit	950	-
Accrued expenses	<u>4,614</u>	<u>5,151</u>
Total current liabilities	<u>20,794</u>	<u>14,124</u>
Net assets:		
Unrestricted	76,575	124,127
Temporarily restricted	<u>83,206</u>	<u>91,900</u>
Total net assets	<u>159,781</u>	<u>216,027</u>
 Total liabilities and net assets	 <u>\$ 180,575</u>	 <u>\$ 230,151</u>

The accompanying notes are an integral part of these financial statements.

**AMERICAN STROKE FOUNDATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
Unrestricted revenue		
Contributions	\$ 223,692	\$ 423,826
Fundraising event income	54,699	79,333
In-kind donations	13,761	10,008
Membership dues	5,629	7,139
Grant income	10,000	5,000
Wellness and fitness fees	31,794	34,055
Administration fees	-	4,540
Interest income	<u>2</u>	<u>58</u>
Total unrestricted revenue	339,577	563,959
Net assets released from (restricted for) purpose restrictions	<u>24,681</u>	<u>(73,910)</u>
Total unrestricted revenue and net assets released from purpose restrictions	364,258	490,049
Expenses		
Program	340,816	390,048
Fundraising	47,209	47,492
Management	15,757	21,656
Membership development	<u>8,028</u>	<u>4,857</u>
Total expenses	<u>411,810</u>	<u>464,053</u>
Increase (decrease) in unrestricted net assets	(47,552)	25,996
Change in temporarily restricted net assets		
Grant income	15,987	31,060
Net assets released from (restricted for) purpose restrictions	<u>(24,681)</u>	<u>73,910</u>
Increase (decrease) in temporarily restricted net assets	<u>(8,694)</u>	<u>104,970</u>
Increase (decrease) in net assets	(56,246)	130,966
Net assets beginning of year	<u>216,027</u>	<u>85,061</u>
Net assets at end of year	<u>\$ 159,781</u>	<u>\$ 216,027</u>

The accompanying notes are an integral part of these financial statements.

**AMERICAN STROKE FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities		
Increase (decrease) in net assets	\$ (56,246)	\$ 130,966
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation	18,352	20,076
Change in pledges receivable	160,247	(187,050)
Change in prepaid expenses	(8,052)	472
Change in accounts payable	6,257	6,252
Change in line of credit	950	-
Change in accrued expenses	<u>(538)</u>	<u>983</u>
Net cash provided by (used in) operating activities	<u>120,970</u>	<u>(28,301)</u>
Cash flows from investing activities		
Purchase of equipment	(8,472)	(4,960)
Purchase of leasehold improvements	<u>(5,574)</u>	<u>(415)</u>
Net cash used in investing activities	<u>(14,046)</u>	<u>(5,375)</u>
Net increase (decrease) in cash and cash equivalents	106,924	(33,676)
Beginning cash and cash equivalents	<u>8,932</u>	<u>42,608</u>
Ending cash and cash equivalents	<u>\$ 115,856</u>	<u>\$ 8,932</u>

The accompanying notes are an integral part of these financial statements.

AMERICAN STROKE FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2009 (with 2008 memorandum totals)

	Program Missouri	Program Kansas	Total Program	Fundraising	Management	Membership Development	2009 Total
Compensation and related expenses							
Compensation	\$ 49,686	\$ 105,583	\$ 155,269	\$ 17,847	\$ 3,569	\$ 1,786	\$ 178,471
Payroll taxes	4,098	8,708	12,806	1,472	294	147	14,719
Employee benefits	-	7,167	7,167	824	165	82	8,238
Employee travel	-	3,744	3,744	-	-	-	3,744
Employee training	-	-	-	-	-	-	-
	53,784	125,202	178,986	20,143	4,028	2,015	205,172
Facilities expenses							
Rent	17,095	66,212	83,307	7,934	4,959	2,975	99,175
Equipment rentals	-	3,471	3,471	992	248	247	4,958
Property/Liability insurance	869	5,819	6,688	637	398	239	7,962
Utilities	-	-	-	-	-	-	-
	17,964	75,502	93,466	9,563	5,605	3,461	112,095
Activities expenses							
Therapy services	-	6,963	6,963	-	-	-	6,963
Volunteer expenses	-	1,957	1,957	-	-	-	1,957
In-Kind donations	-	13,761	13,761	-	-	-	13,761
Materials & education supplies	679	6,115	6,794	647	404	244	8,089
	679	28,796	29,475	647	404	244	30,770
Awareness and Enhancement							
Special events	-	2,780	2,780	9,098	126	632	12,636
Accessibility study	-	-	-	-	-	-	-
	-	2,780	2,780	9,098	126	632	12,636
General expenses							
Equipment operation & maintenance	2,033	18,294	20,327	2,336	467	234	23,364
Interest	-	106	106	15	15	15	151
Advertising	-	107	107	108	-	-	215
Dues and subscriptions	-	677	677	678	-	-	1,355
Professional fees	-	2,852	2,852	2,852	3,327	476	9,507
Telephone	1,526	4,126	5,652	1,211	404	808	8,075
Website and computer maintenance	-	2,141	2,141	246	49	25	2,461
Taxes and licenses	-	209	209	24	5	2	240
Bank charges	-	4,038	4,038	288	1,327	116	5,769
	3,559	32,550	36,109	7,758	5,594	1,676	51,137
TOTAL	\$ 75,986	\$ 264,830	\$ 340,816	\$ 47,209	\$ 15,757	\$ 8,028	\$ 411,810

The accompanying notes are an integral part of these financial statements.

**AMERICAN STROKE FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Program Missouri	Program Kansas	Total Program	Fundraising	Management	Membership Development	2008 Total
Compensation and related expenses							
Compensation	\$ 61,182	\$ 135,643	\$ 196,825	\$ 24,545	\$ 3,281	\$ 1,525	\$ 226,176
Payroll taxes	4,786	12,665	17,451	348	251	309	18,359
Employee benefits	-	8,581	8,581	751	491	152	9,975
Employee travel	-	2,215	2,215	-	-	-	2,215
Employee training	-	182	182	7	4	-	193
	65,968	159,286	225,254	25,651	4,027	1,986	256,918
Facilities expenses							
Rent	17,095	67,430	84,525	8,904	5,176	1,134	99,739
Equipment rentals	-	3,970	3,970	1,130	234	267	5,601
Property/Liability insurance	524	4,648	5,172	427	214	67	5,880
Utilities	17,619	101	101	-	-	-	101
	17,619	76,149	93,768	10,461	5,624	1,468	111,321
Activities expenses							
Therapy services	-	9,892	9,892	-	-	-	9,892
Volunteer expenses	-	243	243	-	-	-	243
In-Kind donations	-	8,651	8,651	-	-	-	8,651
Materials & education supplies	126	4,320	4,446	348	207	251	5,252
	126	23,106	23,232	348	207	251	24,038
Awareness and Enhancement							
Special events	-	2,330	2,330	7,620	16	539	10,505
Accessibility study	-	1,822	1,822	-	-	-	1,822
	-	4,152	4,152	7,620	16	539	12,327
General expenses							
Equipment operation & maintenance	2,433	25,015	27,448	507	456	185	28,596
Interest	-	2,295	2,295	270	810	-	3,375
Advertising	-	194	194	5	2	-	201
Professional fees	-	3,618	3,618	426	8,110	121	12,275
Telephone	1,929	5,020	6,949	575	455	84	8,063
Website maintenance	-	1,224	1,224	68	34	-	1,326
Taxes & licenses	-	577	577	-	577	-	1,154
Bank charges	-	1,337	1,337	1,561	1,338	223	4,459
	4,362	39,280	43,642	3,412	11,782	613	59,449
TOTAL	\$ 88,075	\$ 301,973	\$ 390,048	\$ 47,492	\$ 21,656	\$ 4,857	\$ 464,053

The accompanying notes are an integral part of these financial statements.

**AMERICAN STROKE FOUNDATION
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

American Stroke Foundation (ASF) was created in 1997 as a nonprofit organization in response to the growing health care issues and lack of available resources for stroke victims. The mission of ASF is to support stroke survivors, their families, caregivers and friends by providing resources, services, education and information that improves their quality of life and helps meet ongoing challenges of life after stroke.

B. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

C. Financial Statement Presentation

ASF has adopted Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, ASF is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

D. Cash and Cash Equivalents

For purposes of the statements of cash flows, ASF considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

E. Contributions

ASF receives substantially all of its grant and contribution revenue from individuals and private foundations.

Contributions and grants, including unconditional promises to give, are recorded when they are received. All contributions and grants are available for unrestricted use unless specifically restricted by the donor or grantor. Conditional promises to give are recognized when the conditions upon which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give not expected to be collected in one year are recorded at their net realizable value discounted to their present value.

**AMERICAN STROKE FOUNDATION
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ASF has also adopted SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted revenue depending on the existence or nature of any donor restrictions.

F. Management Estimates

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

G. Income Tax Status

ASF is a not-for-profit organization that is exempt from income taxes under Internal Revenue Code Section 501 (c)(3). ASF has also been classified as an entity that is not a private foundation within the meaning of Section 509 (a) and qualifies to receive tax-deductible contributions as provided by Section 170 (b) (1) (A) (vi).

H. Capitalization and Depreciation

ASF follows the practice of capitalizing all costs for property, furniture, fixtures and office equipment in excess of \$500. Depreciation or amortization of such items is computed on the straight-line or double-declining balance method over the estimated useful lives of the assets generally as follows:

Leasehold improvements	40 years
Furniture and fixtures	5 years
Equipment	3-7 years

I. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting activities benefited.

**AMERICAN STROKE FOUNDATION
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 2 - CAPITAL ASSETS

Capital assets are summarized by major classifications as follows:

	<u>2009</u>	<u>2008</u>
Furniture and fixtures	\$ 37,072	\$ 37,072
Equipment	100,720	92,247
Website	5,000	5,000
Leasehold improvements	25,350	19,776
Software	<u>3,735</u>	<u>3,735</u>
	171,877	157,830
Less accumulated depreciation	<u>(142,013)</u>	<u>(123,661)</u>
	<u>\$ 29,864</u>	<u>\$ 34,169</u>

NOTE 3 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for renovation and capital improvements to the Missouri facility. The amounts restricted for this purpose were \$83,206 and \$91,900 as of December 31, 2009 and 2008, respectively.

NOTE 4 – IN-KIND DONATIONS

SFAS No. 116 requires the fair value of donated services to be recognized if the services received either (a) create or enhance a nonfinancial asset or (b) require specialized skills, are provided by persons possessing those skills, and would need to be purchased if they were not donated. In-kind donations for 2009 and 2008 consisted of the following:

	<u>2009</u>	<u>2008</u>
W.O.W.S. door prizes/expenses	\$ 9,161	\$ 2,925
Professional services	1,000	1,000
Equipment and supplies	2,090	1,755
Miscellaneous donations	<u>1,510</u>	<u>4,328</u>
Total	<u>\$ 13,761</u>	<u>\$ 10,008</u>

**AMERICAN STROKE FOUNDATION
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 5 – CONCENTRATION OF CREDIT RISK

ASF maintains its bank accounts at Metcalf Bank and Premier Bank. The balances of these accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2009 and 2008, there were no uninsured balances.

NOTE 6 – LEASE COMMITMENTS

ASF has two operating lease agreements for its office space. The lease for the Kansas location expires June 30, 2011. The monthly rental expense is \$6,887 for each year of the leasing period. Rent expense for the years ended December 31, 2009 and 2008 were \$82,644 and \$82,644, respectively.

The lease for the Swope location was renewed on June 1, 2009. The monthly rental expense is \$1,615 plus \$20 per space for the use of three parking spaces per month. The base rental amount is increased by two percent each year on June 1. Rent expense for the years ended December 31, 2009 and 2008 were \$17,095 and \$17,160, respectively.

The following is a schedule of future minimum lease payments required under the leases:

2010	\$ 102,924
2011	61,686
2012	20,772
2013	<u>10,488</u>
	<u>\$ 195,870</u>

NOTE 7 – ACCRUED EXPENSES

Accrued expenses as of December 31, 2009 and 2008 are as follows:

	<u>2009</u>	<u>2008</u>
Wages	\$ 2,334	\$ 3,234
Payroll taxes	<u>2,280</u>	<u>1,917</u>
Total	<u>\$ 4,614</u>	<u>\$ 5,151</u>

NOTE 8 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through May 10, 2010, the date which the financial statements were available to be issued.