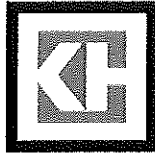


AMERICAN STROKE FOUNDATION
BASIC FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORTS

FOR THE YEARS ENDED
DECEMBER 31, 2013 AND 2012

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying financial statements of American Stroke Foundation, a non-profit organization, which comprise the statements of financial position as of December 31, 2013 and 2012, 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 consolidated 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Stroke Foundation as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



Kenney D. Hales, CPA, PC
Liberty, Missouri
July 7, 2014

**AMERICAN STROKE FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2013 AND 2012**

ASSETS

	<u>2013</u>	<u>2012</u>
Current assets:		
Cash and cash equivalents	\$ 130,110	\$ 66,879
Restricted cash and cash equivalents	97,551	-
Prepaid expenses	2,982	1,192
Deposit	<u>1,200</u>	<u>-</u>
Total current assets	<u>241,843</u>	<u>68,071</u>
Capital assets:		
Office furniture and equipment	199,096	189,925
Less accumulated depreciation	<u>(183,621)</u>	<u>(174,343)</u>
Net capital assets	<u>15,475</u>	<u>15,582</u>
 Total assets	 <u>\$ 247,318</u>	 <u>\$ 83,653</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 3,235	\$ 2,616
Line of credit	-	13,366
Accrued expenses	<u>1,941</u>	<u>2,239</u>
Total current liabilities	<u>5,176</u>	<u>18,221</u>
Net assets:		
Temporarily restricted	97,551	-
Unrestricted	<u>144,591</u>	<u>65,432</u>
Total net assets	<u>242,142</u>	<u>65,432</u>
 Total liabilities and net assets	 <u>\$ 247,318</u>	 <u>\$ 83,653</u>

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

**AMERICAN STROKE FOUNDATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
Unrestricted revenue		
Contributions	\$129,280	\$127,500
Fundraising event income	99,812	61,322
Wellness and fitness fees	31,516	32,229
Grant income	5,150	10,000
Other income	574	2,636
In-kind donations	<u>1,700</u>	<u>-</u>
Total unrestricted revenue	268,032	233,687
Net assets released from purpose restrictions	<u>-</u>	<u>-</u>
Total unrestricted revenue and net assets released from purpose restrictions	268,032	233,687
Expenses		
Program	149,080	154,443
Fundraising	30,050	27,212
Management	<u>9,743</u>	<u>14,242</u>
Total expenses	<u>188,873</u>	<u>195,897</u>
Increase in unrestricted net assets	79,159	37,790
Change in temporarily restricted net assets		
Net assets restricted by purpose restrictions	<u>97,551</u>	<u>-</u>
Increase in temporarily restricted net assets	<u>97,551</u>	<u>-</u>
Increase in net assets	176,710	37,790
Net assets beginning of year	<u>65,432</u>	<u>27,642</u>
Net assets at end of year	<u>\$242,142</u>	<u>\$ 65,432</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, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities		
Increase in net assets	\$ 176,710	\$ 37,790
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation	9,278	9,321
Change in prepaid expenses	(1,790)	2,308
Change in deposit	(1,200)	-
Change in accounts payable	619	(6,240)
Change in accrued expenses	<u>(298)</u>	<u>423</u>
Net cash provided by operating activities	<u>183,319</u>	<u>43,602</u>
Cash flows from financing activities		
Principal payments on line of credit	<u>(13,366)</u>	<u>(7,890)</u>
Net cash used in financing activities	<u>(13,366)</u>	<u>(7,890)</u>
Cash flows from investing activities		
Purchase of equipment	-	(6,624)
Purchase of leasehold improvements	<u>(9,171)</u>	<u>-</u>
Net cash used in investing activities	<u>(9,171)</u>	<u>(6,624)</u>
Net decrease in cash and cash equivalents	160,782	29,088
Beginning cash and cash equivalents	<u>66,879</u>	<u>37,791</u>
Ending cash and cash equivalents	<u>\$ 227,661</u>	<u>\$ 66,879</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, 2013**

	<u>Program</u>	<u>Fundraising</u>	<u>Management</u>	<u>2013 Total</u>	<u>2012 (memorandum) (total)</u>
Compensation and related expenses					
Compensation	\$ 55,495	\$ 6,379	\$ 1,913	\$ 63,787	\$ 72,157
Payroll taxes	5,104	587	176	5,867	7,298
Employee benefits	950	96	46	1,092	960
	<u>61,549</u>	<u>7,062</u>	<u>2,135</u>	<u>70,746</u>	<u>80,415</u>
Facilities expenses					
Occupancy	14,795	1,741	870	17,406	32,895
Equipment rentals	5,645	1,058	353	7,056	7,530
Property/Liability insurance	3,496	271	118	3,884	5,138
	<u>23,936</u>	<u>3,070</u>	<u>1,341</u>	<u>28,346</u>	<u>45,563</u>
Activities expenses					
Therapy services	16,735	-	-	16,735	17,565
Materials & education supplies	4,093	767	257	5,116	3,048
	<u>20,828</u>	<u>767</u>	<u>257</u>	<u>21,851</u>	<u>20,613</u>
Awareness and Enhancement					
Special events	3,525	13,220	881	17,627	12,737
	<u>3,525</u>	<u>13,220</u>	<u>881</u>	<u>17,627</u>	<u>12,737</u>
General expenses					
Maintenance and repairs	16,604	1,476	369	18,449	12,796
Small equipment	1,785	159	40	1,983	-
Interest	631	63	95	789	1,372
Advertising	-	1,840	788	2,628	449
Volunteer expense	270	82	466	818	-
Professional fees	8,500	1,214	2,429	12,143	12,581
Telephone	2,101	157	157	2,415	2,967
Computer services	7,280	837	251	8,368	3,027
Taxes & licenses	-	-	120	120	301
Bank charges	2,072	104	414	2,590	3,076
	<u>39,243</u>	<u>5,931</u>	<u>5,129</u>	<u>50,303</u>	<u>36,569</u>
TOTAL	<u>\$ 149,080</u>	<u>\$ 30,050</u>	<u>\$ 9,743</u>	<u>\$ 188,873</u>	<u>\$ 195,897</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, 2012**

	<u>Program</u>	<u>Fundraising</u>	<u>Management</u>	<u>Total</u>
Compensation and related expenses				
Compensation	\$ 62,777	\$ 7,513	\$ 1,867	\$ 72,157
Payroll taxes	6,349	730	219	7,298
Employee benefits	835	96	29	960
	<u>69,961</u>	<u>8,339</u>	<u>2,115</u>	<u>80,415</u>
Facilities expenses				
Rent	27,961	3,290	1,644	32,895
Equipment rentals	6,024	1,130	377	7,530
Property/Liability insurance	4,626	384	128	5,138
	<u>38,611</u>	<u>4,804</u>	<u>2,149</u>	<u>45,563</u>
Activities expenses				
Therapy services	17,565	-	-	17,565
Materials & education supplies	2,438	457	153	3,048
	<u>20,003</u>	<u>457</u>	<u>153</u>	<u>20,613</u>
Awareness and Enhancement				
Special events	2,547	9,553	637	12,737
	<u>2,547</u>	<u>9,553</u>	<u>637</u>	<u>12,737</u>
General expenses				
Equipment operation & maintenance	11,516	1,024	256	12,796
Interest	1,098	103	171	1,372
Advertising	-	224	225	449
Professional fees	4,152	1,258	7,171	12,581
Telephone	2,581	193	193	2,967
Computer services	1,514	1,135	378	3,027
Taxes & licenses	-	-	301	301
Bank charges	2,461	123	492	3,076
	<u>23,321</u>	<u>4,060</u>	<u>9,188</u>	<u>36,569</u>
TOTAL	<u>\$ 154,443</u>	<u>\$ 27,212</u>	<u>\$ 14,242</u>	<u>\$ 195,897</u>

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 follows FASB ASC-958-205, "Financial Statements for Not-for-Profit Organizations". Under this standard, the Society 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 restrict 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)

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.

J. Fair Value Measurements

ASF uses FASB ASC 820-10, "Fair Value Measurements", which provides a framework for measuring fair value under generally accepted accounting principles. This measure applies to all financial instruments being measured and reported on a fair value basis.

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

NOTE 2 – 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, 2013 and 2012, there were no uninsured balances.

NOTE 3 - CAPITAL ASSETS

Capital assets are summarized by major classifications as follows:

	<u>2013</u>	<u>2012</u>
Equipment	\$102,911	\$102,911
Building	29,009	29,009
Furniture and fixtures	37,072	37,072
Leasehold improvements	14,745	5,574
Website	5,000	5,000
Software	<u>10,359</u>	<u>10,359</u>
Subtotal	199,096	189,925
Less accumulated depreciation	<u>(183,621)</u>	<u>(174,343)</u>
Net capital assets	<u>\$ 15,475</u>	<u>\$ 15,582</u>

NOTE 4 – LINE OF CREDIT

On March 12, 2009 ASF secured a \$25,000 line of credit from ANB Bank. The terms were modified on June 6, 2012. The maturity date was extended to October 12, 2014 at and interest rate of 6.5%. The balance of the line of credit at December 31, 2013 and 2012, was zero and \$13,366, respectively.

NOTE 5 – ACCRUED EXPENSES

Accrued expenses as of December 31, 2013 and 2012 consisted of the following:

	<u>2013</u>	<u>2012</u>
Wages	\$ -	\$ 700
Payroll taxes	<u>1,940</u>	<u>1,539</u>
Total	<u>\$ 1,940</u>	<u>\$ 2,239</u>

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

NOTE 6 – 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 2013 consisted of donated professional services for the annual appeal.

NOTE 7 – LEASE COMMITMENTS

The lease for the Kansas location expired June 30, 2013 but was extended on a month to month basis through February 2013. As of March 1, 2013, ASF entered into a 41 month agreement to lease approximately 3,447 square feet of office space at 5916 Dearborn in Mission, Kansas. The agreement calls for no lease payments during the first five months and includes a graduated lease payment in the years following. ASF is also responsible for 30% of the water, gas and taxes of the multi-tenant based on square footage used. Rent expense in Kansas for the years ended December 31, 2013 and 2012 was \$15,300 and \$82,644, respectively.

The lease for the Swope location was terminated in June 2013. The monthly rental expense is \$1,660 plus \$20 per space for the use of three parking spaces per month. ASF began leasing space at various YMCA facilities on an as-needed basis to fill the need on the Missouri side of the greater Kansas City area. Rent expense in Missouri for the years ended December 31, 2013 and 2012 was \$17,595 and \$21,410, respectively.

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

2014	\$ 16,400
2015	19,700
2016	<u>11,900</u>
	<u>\$ 48,000</u>

NOTE 8 – SUBSEQUENT EVENTS

ASF has evaluated subsequent events through July 7, 2014, the date which the financial statements were available to be issued.