

**AMERICAN STROKE FOUNDATION**

**BASIC FINANCIAL STATEMENTS**  
**AND**  
**INDEPENDENT AUDITOR'S REPORTS**

**FOR THE YEARS ENDED**  
**DECEMBER 31, 2014 AND 2013**

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## **KenneyDHales, CPA, PC**

2 Victory Drive, Suite 230 D, Liberty, MO 64068

P: (816) 679-1331 F: (816) 817-1030

### **INDEPENDENT AUDITOR'S REPORT**

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

#### **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, 2014 and 2013, 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, 2014 and 2013, 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*

Kenney D, Hales, CPA, PC  
Liberty, Missouri  
July 31, 2015

**AMERICAN STROKE FOUNDATION  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2014 AND 2013**

**ASSETS**

	<u>2014</u>	<u>2013</u>
Current assets:		
Cash and cash equivalents	\$ 219,289	\$ 130,110
Restricted cash and cash equivalents	75,147	97,551
Prepaid expenses	1,261	2,982
Deposit	<u>1,200</u>	<u>1,200</u>
Total current assets	<u>296,897</u>	<u>241,843</u>
Capital assets:		
Office furniture and equipment	57,071	199,096
Less accumulated depreciation	<u>(45,762)</u>	<u>(183,621)</u>
Net capital assets	<u>11,309</u>	<u>15,475</u>
 Total assets	 <u>\$ 308,206</u>	 <u>\$ 247,318</u>

**LIABILITIES AND NET ASSETS**

Current liabilities:		
Accounts payable	\$ 2,451	\$ 3,235
Accrued expenses	<u>5,128</u>	<u>1,941</u>
Total current liabilities	<u>7,579</u>	<u>5,176</u>
Net assets:		
Temporarily restricted	75,147	97,551
Unrestricted	<u>225,480</u>	<u>144,591</u>
Total net assets	<u>300,627</u>	<u>242,142</u>
 Total liabilities and net assets	 <u>\$ 308,206</u>	 <u>\$ 247,318</u>

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

**AMERICAN STROKE FOUNDATION  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
Unrestricted revenue		
Contributions	\$ 223,258	\$ 129,280
Fundraising event income	71,243	99,812
Wellness and fitness fees	30,401	31,516
Other income	1,894	5,150
In-Kind donations	<u>7,150</u>	<u>1,700</u>
Total unrestricted revenue	333,946	268,032
Net assets released from purpose restrictions	<u>22,404</u>	<u>-</u>
Total unrestricted revenue and net assets released from purpose restrictions	356,350	268,032
Expenses		
Program	230,555	149,080
Fundraising	25,439	30,050
Management	<u>19,467</u>	<u>9,743</u>
Total expenses	<u>275,461</u>	<u>188,873</u>
Increase in unrestricted net assets	80,889	79,159
Change in temporarily restricted net assets		
Net assets released from purpose restrictions	<u>(22,404)</u>	<u>97,551</u>
Change in temporarily restricted net assets	<u>(22,404)</u>	<u>97,551</u>
Increase in net assets	58,485	176,710
Net assets beginning of year	<u>242,142</u>	<u>65,432</u>
Net assets at end of year	<u>\$ 300,627</u>	<u>\$ 242,142</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, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Increase in net assets	\$ 58,485	\$176,710
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation	10,146	9,278
Change in prepaid expenses	1,721	(1,790)
Change in deposit	-	(1,200)
Change in accounts payable	(784)	619
Change in accrued expenses	<u>3,187</u>	<u>(298)</u>
Net cash provided by operating activities	<u>72,755</u>	<u>183,319</u>
Cash flows from financing activities		
Principal payments on line of credit	<u>-</u>	<u>(13,366)</u>
Net cash used in investing activities	<u>-</u>	<u>(13,366)</u>
Cash flows from investing activities		
Purchase of leasehold improvements	-	(9,171)
Disposal of capital assets	<u>(5,980)</u>	<u>-</u>
Net cash used in investing activities	<u>(5,980)</u>	<u>(9,171)</u>
Net decrease in cash and cash equivalents	66,775	160,782
Beginning cash and cash equivalents	<u>227,661</u>	<u>66,879</u>
Ending cash and cash equivalents	<u>\$ 294,436</u>	<u>\$ 227,661</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, 2014 (with 2013 memorandum totals)**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2014 Total</u>	<u>2013 Memorandum Total</u>
Compensation	\$ 96,993	\$ 8,919	\$ 5,574	\$ 111,486	\$ 63,787
Occupancy	28,967	3,408	1,704	34,079	17,406
Materials and supplies	15,493	-	-	15,493	5,116
Therapy services	19,973	-	-	19,973	16,735
Accounting	8,089	1,156	2,311	11,556	10,143
Payroll taxes	9,441	543	868	10,852	5,867
Repairs and maintenance	9,301	827	207	10,335	17,582
Special events	2,038	509	7,642	10,189	17,626
Depreciation	7,843	451	721	9,015	9,278
Computer services	7,587	436	698	8,721	8,368
Equipment rental	6,465	372	595	7,432	1,893
Marketing	1,299	1,299	3,898	6,496	2,628
Insurance	4,098	482	241	4,821	3,885
Office supplies	3,605	207	332	4,144	425
Bank charges	2,360	277	139	2,776	2,593
Telephone and internet	2,049	188	118	2,355	2,415
Postage and printing	1,785	164	103	2,052	1,063
Small equipment	1,563	90	144	1,797	1,983
Dues and subscriptions	853	50	100	1,003	80
Miscellaneous	753	89	44	886	-
<b>TOTAL</b>	<u>\$ 230,555</u>	<u>\$ 19,467</u>	<u>\$ 25,439</u>	<u>\$ 275,461</u>	<u>\$ 188,873</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>Management and General</u>	<u>Fundraising</u>	<u>2013 Total</u>
Compensation	\$ 55,495	\$ 1,913	\$ 6,379	\$ 63,787
Occupancy	14,795	870	1,741	17,406
Materials and supplies	4,093	256	767	5,116
Therapy services	16,735	-	-	16,735
Accounting	7,100	2,029	1,014	10,143
Payroll taxes	5,104	176	587	5,867
Repairs and maintenanc	14,699	1,030	1,853	17,582
Special events	3,525	881	13,220	17,626
Depreciation	8,072	464	742	9,278
Computer services	7,280	251	837	8,368
Equipment rental	1,610	96	187	1,893
Marketing	-	788	1,840	2,628
Insurance	3,496	118	271	3,885
Office supplies	212	106	107	425
Bank charges	2,075	414	104	2,593
Telephone and internet	2,101	157	157	2,415
Postage and printing	904	74	85	1,063
Small equipment	1,784	40	159	1,983
Dues and subscriptions		80		80
<b>TOTAL</b>	<u>\$ 149,080</u>	<u>\$ 9,743</u>	<u>\$ 30,050</u>	<u>\$ 188,873</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

The Organization 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

The Organization 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 - CAPITAL ASSETS**

Capital assets are summarized by major classifications as follows:

	<u>2014</u>	<u>2013</u>
Furniture and equipment	\$ 45,400	\$139,983
Building	-	29,009
Leasehold improvements	9,171	14,745
Website	2,500	5,000
Software	<u>-</u>	<u>10,359</u>
	57,071	199,096
Less accumulated depreciation	<u>(45,762)</u>	<u>(183,621)</u>
	<u>\$ 11,309</u>	<u>\$ 15,475</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 \$75,147 and \$97,551 as of December 31, 2014 and 2013, respectively.

**NOTE 4 – LINE OF CREDIT**

On March 12, 2009, ASF secured a \$25,000 line of cred from ANB Bank. The terms were modified on June 6, 2012 extending the maturity date to October 12, 2014 at an interest rate of 6.5% annually. The balance of the line of credit was paid in full in September 2013.

**NOTE 5 – PREPAID AND ACCRUED EXPENSES**

Prepaid expenses at December 31, 2014 and 2013 consisted of periodic commercial insurance payments. Accrued expenses as of December 31, 2014 and 2013 consisted of payroll taxes due in the subsequent fiscal year.

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

**NOTE 6 – CONCENTRATION OF CREDIT RISK**

ASF maintains its bank accounts at Commerce Bank and Central Bank. The balances of these accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2014 and 2013, there were no uninsured balances.

**NOTE 7 – DONATED SERVICES**

ASF reports the fair value of donated services to be recognized if the services received that 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. Donated services for 2014 and 2013 consisted of \$7,150 and \$1,700, respectively.

**NOTE 8 – LEASE COMMITMENTS**

The lease for the Kansas location expired on 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 2,447 square feet of office space at 5916 Dearborn in Mission, Kansas. The agreement calls for no lease payment during the first five months and includes a graduated lease payment in the following years. ASF is also responsible for 30% of the water, gas and taxes of the multi-tenant building based on square footage used. Rent expense in Kansas for the years ended December 31, 2014 and 2013 was \$27,529 and \$15,300, respectively.

The lease for the Swope location was terminated in June 2013. The monthly rental expense was \$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 facility requirements on the Missouri side of the greater Kansas City area. Rent expense in Missouri for the years ended December 31, 2014 and 2013 were \$2,250 and \$17,595, respectively.

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

2015	\$ 19,700
2016	<u>11,900</u>
	<u>\$ 31,600</u>

**NOTE 8 – SUBSEQUENT EVENTS**

ASF has evaluated subsequent events through July 31, 2015, the date which the financial statements were available to be issued.