

AMERICAN STROKE FOUNDATION

BASIC FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORTS

FOR THE YEARS ENDED
DECEMBER 31, 2015 AND 2014

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
BASIC FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Statements of Functional Expenses	6-7
Notes to Basic Financial Statements	8-11



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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, 2015 and 2014, 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, 2015 and 2014, 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
June 30, 2016

**AMERICAN STROKE FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014**

ASSETS

	<u>2015</u>	<u>2014</u>
Current assets:		
Cash and cash equivalents	\$ 196,403	\$ 219,289
Restricted cash and cash equivalents	76,484	75,147
Prepaid expenses	1,527	1,261
Deposit	<u>1,200</u>	<u>1,200</u>
Total current assets	<u>275,614</u>	<u>296,897</u>
Capital assets:		
Office furniture and equipment	57,071	57,071
Less accumulated depreciation	<u>(47,937)</u>	<u>(45,762)</u>
Net capital assets	<u>9,134</u>	<u>11,309</u>
Total assets	<u>\$ 284,748</u>	<u>\$ 308,206</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 523	\$ 2,451
Accrued expenses	<u>3,329</u>	<u>5,128</u>
Total current liabilities	<u>3,852</u>	<u>7,579</u>
Net assets:		
Temporarily restricted	76,484	75,147
Unrestricted	<u>204,412</u>	<u>225,480</u>
Total net assets	<u>280,896</u>	<u>300,627</u>
Total liabilities and net assets	<u>\$ 284,748</u>	<u>\$ 308,206</u>

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

**AMERICAN STROKE FOUNDATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Unrestricted revenue		
Contributions	\$ 167,340	\$ 223,258
Fundraising event income	95,807	71,243
Wellness and fitness fees	37,348	30,401
Other income	44	1,894
In-Kind donations	<u>19,080</u>	<u>7,150</u>
Total unrestricted revenue	319,619	333,946
Net assets released from purpose restrictions	<u>(1,337)</u>	<u>22,404</u>
Total unrestricted revenue and net assets released from purpose restrictions	318,282	356,350
Expenses		
Program	287,410	230,555
Fundraising	35,300	25,439
Management	<u>16,640</u>	<u>19,467</u>
Total expenses	<u>339,350</u>	<u>275,461</u>
Change in unrestricted net assets	(21,068)	80,889
Change in temporarily restricted net assets		
Net assets released from purpose restrictions	<u>1,337</u>	<u>(22,404)</u>
Change in temporarily restricted net assets	<u>1,337</u>	<u>(22,404)</u>
Change in net assets	(19,731)	58,485
Net assets beginning of year	<u>300,627</u>	<u>242,142</u>
Net assets at end of year	<u>\$ 280,896</u>	<u>\$ 300,627</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, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Change in net assets	\$ (19,731)	\$ 58,485
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation	2,175	10,146
Change in prepaid expenses	(266)	1,721
Change in deposit	-	-
Change in accounts payable	(1,928)	(784)
Change in accrued expenses	<u>(1,799)</u>	<u>3,187</u>
Net cash provided (used) by operating activities	<u>(21,549)</u>	<u>72,755</u>
Cash flows from investing activities		
Disposal of capital assets	<u>-</u>	<u>(5,980)</u>
Net cash used in investing activities	<u>(5,980)</u>	<u>(5,980)</u>
Net change in cash and cash equivalents	(21,549)	66,775
Beginning cash and cash equivalents	<u>294,436</u>	<u>227,661</u>
Ending cash and cash equivalents	<u>\$ 272,887</u>	<u>\$ 294,436</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, 2015 (with 2014 memorandum totals)

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2015 Total</u>	<u>2014 Memorandum Total</u>
Compensation	\$ 113,841	\$ 6,543	\$ 10,468	\$ 130,852	\$ 111,486
Contract labor	39,875	2,292	3,666	45,833	-
Occupancy	33,408	1,965	3,931	39,304	34,079
Materials and supplies	19,849	-	-	19,849	15,493
Donations	19,080	-	-	19,080	-
Special events	3,406	852	12,773	17,031	10,189
Therapy services	13,100	-	-	13,100	19,973
Accounting	8,799	2,514	1,257	12,570	11,556
Payroll taxes	8,813	507	810	10,130	10,852
Equipment rental	7,010	403	644	8,057	7,432
Computer services	4,705	270	433	5,408	8,721
Insurance	2,666	314	157	3,137	4,821
Bank charges	2,581	304	151	3,036	2,776
Repairs and maintenance	2,718	60	242	3,020	10,335
Office supplies	2,162	124	199	2,485	4,144
Depreciation	1,892	109	174	2,175	9,015
Telephone and internet	1,721	158	99	1,978	2,355
Postage and printing	1,664	153	96	1,913	2,052
Marketing	66	66	196	328	6,496
Miscellaneous	54	6	4	64	3,686
TOTAL	<u>\$ 287,410</u>	<u>\$ 16,640</u>	<u>\$ 35,300</u>	<u>\$ 339,350</u>	<u>\$ 275,461</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**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2014 Total</u>
Compensation	\$ 96,993	\$ 8,919	\$ 5,574	\$ 111,486
Occupancy	28,967	3,408	1,704	34,079
Materials and supplies	15,493	-	-	15,493
Therapy services	19,973	-	-	19,973
Accounting	8,089	1,156	2,311	11,556
Payroll taxes	9,441	543	868	10,852
Repairs and maintenance	9,301	827	207	10,335
Special events	2,038	509	7,642	10,189
Depreciation	7,843	451	721	9,015
Computer services	7,587	436	698	8,721
Equipment rental	6,465	372	595	7,432
Marketing	1,299	1,299	3,898	6,496
Insurance	4,098	482	241	4,821
Office supplies	3,605	207	332	4,144
Bank charges	2,360	277	139	2,776
Telephone and internet	2,049	188	118	2,355
Postage and printing	1,785	164	103	2,052
Small equipment	1,563	90	144	1,797
Dues and subscriptions	853	50	100	1,003
Miscellaneous	753	89	44	886
TOTAL	<u>\$ 230,555</u>	<u>\$ 19,467</u>	<u>\$ 25,439</u>	<u>\$ 275,461</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>2015</u>	<u>2014</u>
Furniture and equipment	\$ 45,400	\$ 45,400
Leasehold improvements	9,171	9,171
Website	<u>2,500</u>	<u>2,500</u>
Subtotal	57,071	57,071
Less accumulated depreciation	<u>(47,937)</u>	<u>(45,762)</u>
	<u>\$ 9,134</u>	<u>\$ 11,309</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 \$76,484 and \$75,147 as of December 31, 2015 and 2014, 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, 2015 at an interest rate of 6.5% annually. The balance of the line of credit was paid in full in September 2014.

NOTE 5 – PREPAID AND ACCRUED EXPENSES

Prepaid expenses at December 31, 2015 and 2014 consisted of periodic commercial insurance payments. Accrued expenses as of December 31, 2015 and 2014 consisted of payroll taxes due in the subsequent fiscal year.

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, 2015 and 2014, there were no uninsured balances.

AMERICAN STROKE FOUNDATION
NOTES TO BASIC FINANCIAL STATEMENTS

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 2015 and 2014 consisted of \$69,235 and \$7,150, respectively.

NOTE 8 – LEASE COMMITMENTS

The lease for the Kansas location expired on June 30, 2014 but was extended on a month-to-month basis through February 2014. As of March 1, 2014, 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, 2015 and 2014 was \$33,357 and \$27,529, respectively.

The lease for the Swope location was terminated in June 2014. 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, 2015 and 2014 were \$2,500 and \$2,250, respectively.

In April 2016, ASF entered into a 62-month lease for a 979 square foot space beginning in August 2016. The monthly rental payment of \$1,469 begins October 2016. The following is a schedule of future minimum lease payments at June 30 as required under the lease:

2016	\$ 4,406
2017	17,622
2018	17,622
2019	17,916
2020	18,307
2021	<u>18,699</u>
Total	<u>\$ 94,572</u>

NOTE 9 – SUBSEQUENT EVENTS

ASF has evaluated subsequent events through June 30, 2016, the date which the financial statements were available to be issued.