

**ANGIOMA ALLIANCE  
FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**ANGIOMA ALLIANCE**  
**FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**

**Table of Contents**

Independent Auditor's Report	1
Statement of Net Assets	2
Statement of Activities and Changes in Net Assets	3
Statement of Operating Expenses	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 8

## Independent Auditor's Report

The Board of Directors  
Angioma Alliance

We have audited the accompanying financial statements of Angioma Alliance (the Alliance), a nonprofit organization, which comprise the statement of net assets as of September 30, 2016 and 2015, and the related statements of activities and changes in net assets, of operating expenses and of 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 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 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 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 financial position of Angioma Alliance as of September 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



January 31, 2017

**ANGIOMA ALLIANCE**  
**STATEMENT OF NET ASSETS**  
**As of September 30, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>Assets</b>		
Cash and cash equivalents (Note 2)	\$ 283,122	\$ 254,989
Receivables	-	54,338
Prepaid expenses	<u>-</u>	<u>200</u>
<b>Total assets</b>	<b><u>\$ 283,122</u></b>	<b><u>\$ 309,527</u></b>
 <b>Liabilities and net assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 13,984	\$ 27,788
Prepaid conference registration fees	<u>5,750</u>	<u>4,325</u>
<b>Total liabilities</b>	<b><u>19,734</u></b>	<b><u>32,113</u></b>
Net assets:		
Unrestricted	157,107	227,242
Temporarily restricted (Note 3)	<u>106,281</u>	<u>50,172</u>
<b>Total net assets</b>	<b><u>263,388</u></b>	<b><u>277,414</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$ 283,122</u></b>	<b><u>\$ 309,527</u></b>

The notes to financial statements are an  
integral part of this statement.

**ANGIOMA ALLIANCE**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**For the years ended September 30, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>Changes in unrestricted net assets:</b>		
Revenue and support:		
Contributions	\$ 148,074	\$ 224,502
Grants and contracts	14,025	10,097
Special events	23,508	45,097
In-kind contributions (Note 4)	3,096	5,372
Conference registration fees	8,366	8,877
Interest and other income	3,650	2,983
Net assets released from restrictions	<u>96,316</u>	<u>89,434</u>
Total revenue and support	<u>297,035</u>	<u>386,362</u>
Expenses:		
Program services	<u>263,519</u>	<u>267,626</u>
Supporting services:		
General and administrative	20,237	15,322
Development	<u>83,415</u>	<u>52,307</u>
Total supporting services	<u>103,652</u>	<u>67,629</u>
Total expenses	<u>367,171</u>	<u>335,255</u>
Change in unrestricted net assets	<u>(70,136)</u>	<u>51,107</u>
<b>Changes in temporarily restricted net assets:</b>		
Contributions (Note 3)	98,130	43,550
Special events (Note 3)	54,296	49,025
Net assets released from restrictions	<u>(96,316)</u>	<u>(89,434)</u>
Change in temporarily restricted net assets	<u>56,110</u>	<u>3,141</u>
Change in net assets	(14,026)	54,248
<b>Net assets at beginning of year</b>	<u>277,414</u>	<u>223,166</u>
<b>Net assets at end of year</b>	<u>\$ 263,388</u>	<u>\$ 277,414</u>

The notes to financial statements are an  
integral part of this statement.

**ANGIOMA ALLIANCE**  
**STATEMENT OF OPERATING EXPENSES**  
**(Natural and Functional Classifications)**  
**For the years ended September 30, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>Natural classification:</b>		
Salaries and wages	\$ 96,229	\$ 66,276
Conferences and meetings	42,625	58,873
Consulting fees	70,064	56,867
Fundraising events	47,096	37,678
Clinical testing	9,198	22,837
Patient registry	23,426	19,369
Professional fees	11,968	11,905
Travel	8,379	10,817
Research grant	22,680	10,000
Awareness	2,840	7,438
Website	2,980	7,244
Printing/newsletter	7,029	6,373
Payroll taxes	8,121	5,070
Postage and shipping	2,012	3,325
Insurance	3,365	3,155
Rent	1,641	2,164
Bank charges	1,709	1,667
Supplies	2,712	1,363
Licenses and permits	1,125	1,225
Telephone	1,898	1,009
Other expenses	<u>74</u>	<u>600</u>
Total operating expenses	<u>\$ 367,171</u>	<u>\$ 335,255</u>
<b>Functional classification:</b>		
Program services	<u>\$ 263,519</u>	<u>\$ 267,626</u>
Total program services	<u>263,519</u>	<u>267,626</u>
Supporting services:		
General and administrative	20,237	15,322
Development	<u>83,415</u>	<u>52,307</u>
Total supporting services	<u>103,652</u>	<u>67,629</u>
Total operating expenses	<u>\$ 367,171</u>	<u>\$ 335,255</u>

The notes to financial statements are an  
integral part of this statement.

**ANGIOMA ALLIANCE**  
**STATEMENT OF CASH FLOWS**  
**For the years ended September 30, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (14,026)	\$ 54,248
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Change in receivables	54,338	(46,554)
Change in prepaid expense	200	(200)
Change in accounts payable and accrued expenses	(13,804)	17,709
Change in prepaid conference registration fees	<u>1,425</u>	<u>248</u>
Net cash provided by operating activities	28,133	25,451
<b>Cash and cash equivalents:</b>		
Beginning of year	<u>254,989</u>	<u>229,538</u>
End of year	<u>\$ 283,122</u>	<u>\$ 254,989</u>

The notes to financial statements are  
an integral part of this statement.

**ANGIOMA ALLIANCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Angioma Alliance (the Alliance) is incorporated under the laws of the Commonwealth of Virginia as a nonstock corporation organized exclusively for charitable purposes. The Alliance is a voluntary health organization created and directed by people affected by cavernous angiomas (also known as cerebral cavernous malformations). The mission of the Alliance is to improve the quality of life for those affected by cavernous angiomas through education, support, and the promotion of research. The Alliance is closely monitored by a scientific advisory board comprised of leading cerebrovascular neurosurgeons, neuro-geneticists, and neurologists.

**Financial Statement presentation**

The Alliance's financial statements are presented in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Under GAAP, the Alliance reports 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. At September 30, 2016 and 2015 the Alliance had no permanently restricted net assets.

The net assets of the Alliance are reported as follows:

**Unrestricted net assets**

Unrestricted net assets represent available resources over which the Board has discretionary control to use in operating the Alliance in accordance with the limitations of its charter and bylaws. Unrestricted net assets include the operating fund and board designated funds.

**Temporarily restricted net assets**

Temporarily restricted net assets represent resources whose use has been restricted by donors to a specific operating or capital need, or time period.

**Contributions**

Contributions are recognized as revenues when pledged, or when received if unrelated to a pledge, and are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

**Credit risk**

The Alliance's financial instruments that are exposed to concentrations of credit risk consist primarily of its cash and cash equivalents. At September 30, 2016 the Alliance had deposits with a financial institution in excess of federally insured limits.

**Property and equipment**

Property and equipment are stated at cost less an allowance for depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets.



### **In-kind Contributions**

Donated facilities, equipment or materials are recognized as support and as a corresponding asset or expense at the estimated fair value on the date donated. Such donations are not recognized if there is uncertainty about the existence of value or stipulations about ownership of assets. Donated services are recognized in the financial statements only if the services either create or enhance a nonfinancial asset or require specialized skills that would need to be purchased if they were not donated. Under these guidelines the Alliance does not account for the services provided by its members on a voluntary basis.

### **Income taxes**

The Alliance has received a ruling from the Internal Revenue Service that it is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and that, based on its activities, it will not be considered a private foundation. Accordingly, no provision for income or excise taxes has been reflected in the accompanying financial statements.

The Organization's tax returns are generally subject to examination by authorities for a period of three years from the date they are filed and, consequently, the Organization's tax returns filed for the years ended September 30, 2015, 2014, and 2013 remain subject to examination.

### **Use of estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from such estimates.

### **Functional allocation of expenses**

The cost of providing the various program and supporting services has been summarized on a functional basis in the statements of activities. In presenting the Alliance's natural classification of expenses on a functional basis, direct expenses are aggregated by function and indirect expenses, have been allocated among the programs and services benefited.

### **Subsequent Events**

In preparing these financial statements the Alliance has evaluated events and transactions through January 31, 2017, the date the financial statements were available to be issued.

### **NOTE 2 – CASH AND CASH EQUIVALENTS**

Cash and cash equivalents at September 30, 2016 and 2015 are as follows:

	<b>2016</b>	<b>2015</b>
Checking – general account	\$ 100,897	\$ 49,954
Checking – CCM3 Action account	40,431	10,172
Savings	139,837	184,834
PayPal	<u>1,957</u>	<u>10,029</u>
	<u>\$ 283,122</u>	<u>\$ 254,989</u>

### NOTE 3 – RESTRICTED NET ASSETS

For the years ended September 30, 2016 and 2015 the Alliance received \$98,130 and \$43,550, respectively, in contributions and \$54,296 and \$49,025, respectively, in net revenues from special events that were subject to donor restrictions. Amounts that were expended in accordance with donor restrictions were reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. At September 30, 2016 and 2015 the Alliance had \$106,281 and \$50,172, respectively, of net assets that were subject to donor restrictions with regard to their use.

### NOTE 4 – IN-KIND CONTRIBUTIONS

During the years ended September 30, 2016 and 2015, the Alliance recognized the value of contributed services, facilities, and equipment as follows:

	<b>2016</b>	<b>2015</b>
Items for auction and fundraising events	\$ -	\$ 1,593
Professional services	<u>3,096</u>	<u>3,779</u>
	<u>\$ 3,096</u>	<u>\$ 5,372</u>

### NOTE 5 – PROPERTY AND EQUIPMENT, NET

Property and equipment at September 30, 2016 and 2015 consist of the following:

	<b>2016</b>	<b>2015</b>
Office equipment	\$ 11,113	\$ 11,113
Research equipment	10,088	10,088
Software	12,383	12,383
Less: accumulated depreciation	<u>(33,584)</u>	<u>(33,584)</u>
	<u>\$ -</u>	<u>\$ -</u>

### NOTE 6 – RELATED PARTY TRANSACTIONS

The Alliance has entered into an agreement to provide consulting services with an entity whose executive officer is the former President and a board member of the Alliance. The contract currently runs through September 30, 2017. Payments made under the contract for the years ended September 30, 2016 and 2015 totaled \$67,500 and \$54,000, respectively, and are included in consulting fees in the accompanying statement of operating expenses. Payments due during the balance of the contract term total \$67,500.