

**ANGIOMA ALLIANCE  
FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

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## 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, 2017 and 2016, 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, 2017 and 2016, 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 24, 2018

**ANGIOMA ALLIANCE**  
**STATEMENT OF NET ASSETS**  
**As of September 30, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b>Assets</b>		
Cash and cash equivalents (Note 2)	\$ 245,210	\$ 283,122
Prepaid expenses	4,000	-
Item held for auction, at cost	58,500	-
Property and equipment, net (Note 5)	<u>11,900</u>	<u>-</u>
<b>Total assets</b>	<b><u>\$ 319,610</u></b>	<b><u>\$ 283,122</u></b>
 <b>Liabilities and net assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 13,739	\$ 13,984
Prepaid conference registration fees	<u>7,850</u>	<u>5,750</u>
Total liabilities	<u>21,589</u>	<u>19,734</u>
Net assets:		
Unrestricted	267,521	157,107
Temporarily restricted (Note 3)	<u>30,500</u>	<u>106,281</u>
Total net assets	<u>298,021</u>	<u>263,388</u>
<b>Total liabilities and net assets</b>	<b><u>\$ 319,610</u></b>	<b><u>\$ 283,122</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, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b>Changes in unrestricted net assets:</b>		
Revenue and support:		
Contributions	\$ 196,290	\$ 148,074
Grants and contracts	11,185	14,025
Special events	187,725	23,508
In-kind contributions (Note 4)	10,573	3,096
Conference registration fees	24,812	8,366
Interest and other income	3,639	3,650
Net assets released from restrictions	<u>146,851</u>	<u>96,316</u>
Total revenue and support	<u>581,075</u>	<u>297,035</u>
Expenses:		
Program services	<u>327,179</u>	<u>263,519</u>
Supporting services:		
General and administrative	23,676	20,237
Development	<u>119,806</u>	<u>83,415</u>
Total supporting services	<u>143,482</u>	<u>103,652</u>
Total expenses	<u>470,661</u>	<u>367,171</u>
Change in unrestricted net assets	<u>110,414</u>	<u>(70,136)</u>
<b>Changes in temporarily restricted net assets:</b>		
Contributions (Note 3)	14,500	98,130
Special events (Note 3)	56,570	54,296
Net assets released from restrictions	<u>(146,851)</u>	<u>(96,316)</u>
Change in temporarily restricted net assets	<u>(75,781)</u>	<u>56,110</u>
Change in net assets	34,633	(14,026)
<b>Net assets at beginning of year</b>	<u>263,388</u>	<u>277,414</u>
<b>Net assets at end of year</b>	<u>\$ 298,021</u>	<u>\$ 263,388</u>

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**ANGIOMA ALLIANCE**  
**STATEMENT OF OPERATING EXPENSES**  
**(Natural and Functional Classifications)**  
**For the years ended September 30, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b>Natural classification:</b>		
Salaries and wages	\$ 171,280	\$ 96,229
Payroll taxes	13,347	8,121
Conferences and meetings	47,563	42,625
Consulting fees	69,646	70,064
Fundraising events	50,751	47,096
Clinical testing	14,125	9,198
Patient registry	31,678	23,426
Research grant	-	22,680
Professional fees	15,191	11,968
Travel	15,311	8,379
Awareness	2,407	2,840
Website	2,946	2,980
Printing/newsletter	8,704	7,029
Postage and shipping	4,595	2,012
Insurance	6,365	3,365
Rent	2,114	1,641
Bank charges	1,433	1,709
Supplies	4,202	2,712
Licenses and permits	1,725	1,125
Telephone	3,145	1,898
Advertising	1,475	-
Depreciation	2,100	-
Other expenses	<u>558</u>	<u>74</u>
Total operating expenses	<u>\$ 470,661</u>	<u>\$ 367,171</u>
<b>Functional classification:</b>		
Program services	<u>\$ 327,179</u>	<u>\$ 263,519</u>
Total program services	<u>327,179</u>	<u>263,519</u>
Supporting services:		
General and administrative	23,676	20,237
Development	<u>119,806</u>	<u>83,415</u>
Total supporting services	<u>143,482</u>	<u>103,652</u>
Total operating expenses	<u>\$ 470,661</u>	<u>\$ 367,171</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, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 34,633	\$ (14,026)
Adjustments to reconcile change in net assets to cash from operating activities:		
Depreciation	2,100	-
Change in receivables	-	54,338
Change in prepaid expense	(4,000)	200
Change in items held for auction	(58,500)	-
Change in accounts payable and accrued expenses	(245)	(13,804)
Change in prepaid conference registration fees	<u>2,100</u>	<u>1,425</u>
Net cash provided by (used for) operating activities	<u>(23,912)</u>	<u>28,133</u>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	<u>(14,000)</u>	<u>-</u>
Net cash used for investing activities	<u>(14,000)</u>	<u>-</u>
Net increase (decrease) in cash	(37,912)	28,133
<b>Cash and cash equivalents:</b>		
Beginning of year	<u>283,122</u>	<u>254,989</u>
End of year	<u>\$ 245,210</u>	<u>\$ 283,122</u>

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

**ANGIOMA ALLIANCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**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, 2017 and 2016 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, 2017 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, 2016, 2015, and 2014 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 24, 2018, the date the financial statements were available to be issued.

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

Cash and cash equivalents at September 30, 2017 and 2016 are as follows:

	<b>2017</b>	<b>2016</b>
Checking – general account	\$ 100,248	\$ 100,897
Checking – CCM3 Action account	-	40,431
Savings	131,553	139,837
PayPal	<u>13,409</u>	<u>1,957</u>
	<u>\$ 245,210</u>	<u>\$ 283,122</u>

### NOTE 3 – TEMPORARILY RESTRICTED NET ASSETS

For the years ended September 30, 2017 and 2016 the Alliance received \$14,500 and \$98,130, respectively, in temporarily restricted contributions and \$56,570 and \$54,296, respectively, in temporarily restricted proceeds from special events. 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, 2017 and 2016 the Alliance had \$30,500 and \$106,281, 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, 2017 and 2016, the Alliance recognized the value of contributed services, facilities, and equipment as follows:

	2017	2016
Items for auction and fundraising events	\$ 6,567	\$ -
Professional services	<u>4,006</u>	<u>3,096</u>
	<u>\$ 10,573</u>	<u>\$ 3,096</u>

### NOTE 5 – PROPERTY AND EQUIPMENT, NET

Property and equipment at September 30, 2017 and 2016 consist of the following:

	2017	2016
Office equipment	\$ 11,113	\$ 11,113
Research equipment	10,088	10,088
Software	12,383	12,383
Automobile	14,000	-
Less: accumulated depreciation	<u>(35,684)</u>	<u>(33,584)</u>
	<u>\$ 11,900</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, 2018. Payments made under the contract totaled \$67,500 for each of the years ended September 30, 2017 and 2016 and are included in consulting fees in the accompanying statement of operating expenses. Payments due during the balance of the contract term total \$80,000.