

Brain Injury Association of Maryland, Inc.

Baltimore, Maryland

**Financial Statements and
Independent Auditor's Report**

September 30, 2014 and 2013

Brain Injury Association of Maryland, Inc.

Towson, Maryland

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William A. Russ, CPA, PC

Independent Auditor's Report

To the Board of Directors
Brain Injury Association of Maryland, Inc.
Baltimore, Maryland

I have audited the accompanying financial statements of Brain Injury Association of Maryland, Inc., which comprise the Statement of Financial Position as of September 30, 2014 and 2013, and the related Statements of Activities, Functional Expenditures, 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 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 audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit 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, 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 Brain Injury Association of Maryland, Inc., as of September 30, 2014 and 2013, 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.

Other Matter

The prior year summarized comparative information has been derived from Brain Injury Association of Maryland, Inc.'s 2013 financial statements and, in my report dated 6 July 2015, I expressed an unqualified opinion on those financial statements.

W.A. Russ

Gwynn Oak, Maryland
6 July 2015

Brain Injury Association of Maryland, Inc.
Baltimore, Maryland

Statements of Financial Position
September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Assets		
Current		
Cash	\$ 48,195	\$ 45,136
Prepaid expenses	1,631	-
Total	<u>49,826</u>	<u>45,136</u>
Non-current		
Fixed assets		
Equipment & fixtures	10,275	10,275
Leasehold improvements	3,160	3,160
Less: accumulated depreciation	<u>(10,955)</u>	<u>(7,688)</u>
Fixed assets, net	2,481	5,747
Total assets	<u><u>52,306</u></u>	<u><u>50,884</u></u>
 Liabilities and Net Assets		
Liabilities		
Current		
Accounts payable	4,387	5,777
Accrued payroll liabilities	5,806	4,780
Accrued benefits	2,674	3,784
Total liabilities	<u>12,867</u>	<u>14,341</u>
Net Assets		
Unrestricted		
Undesignated	39,439	36,543
Board designated	<u>39,439</u>	<u>36,543</u>
Temporarily restricted		
Total net assets	<u>39,439</u>	<u>36,543</u>
Total liabilities and net assets	<u><u>\$ 52,306</u></u>	<u><u>\$ 50,884</u></u>

See independent auditor's report.

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

Brain Injury Association of Maryland, Inc.
Baltimore, Maryland

Statement of Activities
For The Year Ending September 30, 2014 and 2013

	2014			2013
	Unrestricted	Temporarily Restricted	Total	
Revenue				
Grants	\$ 1,000	\$ 155,679	\$ 156,679	\$ 77,632
Contributions	45,545		45,545	127,013
Program revenues	1,506		1,506	2,212
Membership revenue	1,299		1,299	135
Fundraising events	36,800		36,800	21,199
Annual conference	90,538		90,538	76,732
Other	3,860		3,860	1,481
In-kind revenues	16,751		16,751	16,751
Total revenues	<u>197,299</u>	<u>155,679</u>	<u>352,978</u>	<u>323,156</u>
Net assets released from restrictions:				
Satisfaction of program restrictions	155,679	(155,679)	-	-
	<u>352,978</u>	<u>-</u>	<u>352,978</u>	<u>323,156</u>
Expenditures				
Program services	203,681	-	203,681	176,173
Management & general	97,676	-	97,676	96,921
Fund raising	48,726	-	48,726	64,869
Total expenditures	<u>350,083</u>	<u>-</u>	<u>350,083</u>	<u>337,964</u>
Change in net assets from operations	<u>2,895</u>	<u>-</u>	<u>2,895</u>	<u>(14,808)</u>
Net assets at beginning of year	36,543	-	36,543	51,351
Net assets at end of year	<u>\$ 39,439</u>	<u>\$ -</u>	<u>\$ 39,439</u>	<u>\$ 36,543</u>

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

Brain Injury Association of Maryland, Inc.
Baltimore, Maryland

Statement of Functional Expenses
For The Year Ended September 30, 2014 and 2013

	2014				2013
	Program Services	Management & General	Fundraising	Total	
Salaries	\$ 105,137	\$ 55,153	\$ 31,730	\$ 192,021	\$ 184,048
Benefits	2,308	1,211	697	4,215	8,099
Payroll Taxes	8,046	4,221	2,428	14,696	22,832
Temporary help	963	-	-	963	-
Payroll processing	-	814	-	814	2,047
Annual conference	51,936	-	-	51,936	41,693
Other conferences & meetings	1,090	-	-	1,090	820
Travel	659	-	-	659	469
Telephone & Internet	-	10,458	-	10,458	10,281
Postage	-	839	-	839	1,424
Equipment:Office	-	1,840	-	1,840	4,242
Special events	-	-	11,777	11,777	6,392
Supplies	6,287	-	-	6,287	11,610
Printing & Copying	-	513	-	513	997
Insurance	-	2,235	-	2,235	1,787
Transportation	3,742	-	-	3,742	2,994
Accounting fees	-	9,737	-	9,737	1,050
Other professional fees	-	1,770	-	1,770	2,207
BIAA Membership	3,036	-	-	3,036	5,092
Staff development	70	-	-	70	127
Bank Charges & other fees	-	1,800	-	1,800	2,123
Dues & subscriptions	-	908	-	908	120
Web hosting	7,844	-	-	7,844	6,645
Depreciation	-	3,267	-	3,267	2,644
Other costs	-	817	-	817	1,469
In-Kind rent expenditures	12,563	2,094	2,094	16,751	16,751
	<u>\$ 203,681</u>	<u>\$ 97,676</u>	<u>\$ 48,726</u>	<u>\$ 350,083</u>	<u>\$ 337,964</u>

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

Brain Injury Association of Maryland, Inc.
Baltimore, Maryland

Statement of Cash Flows
For the Years Ended September 30, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Increase in net assets	\$ 2,895	\$ (14,808)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	3,267	2,644
Changes in assets:		
Changes in prepaid expense	(1,631)	-
Changes in liabilities:		
Changes in accounts payable	(1,390)	(1,345)
Changes in payroll liabilities	1,028	4,780
Change in accrued benefits	(1,110)	3,784
Net cash provided by operating activities	3,059	(4,945)
Net increase in cash	3,059	(4,945)
Cash at beginning of year	45,136	50,081
Cash at end of year	\$ 48,195	\$ 45,136

See independent auditor's report.
The accompanying notes are an integral part of these financial statements.

Brain Injury Association of Maryland, Inc.
Notes To Financial Statements
September 30, 2014 and 2013

Note 1 Organization and Nature of Activities

The Brain Injury Association of Maryland, Inc. (Organization) is a non-profit organization founded in 1983 with a mission to create a better future through brain injury prevention, education, advocacy and promotion of research.

Note 2 Summary of Significant Accounting Policies

- A. **Basis of Accounting:** The accompanying financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, prepayments, payables and other liabilities.

To insure the observance of limitations and restrictions placed on the use of resources available to the Organization, the accounts of the Organization are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and recording purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. All the Organization's financial transactions have been recorded as operating funds and are classified as either unrestricted (with or without board designations) or temporarily restricted.

- A. Unrestricted – These operating funds consists of funds received from membership dues, special fund raisers, certain grants, contributions and in-kind donations. These funds carry no donor- imposed restrictions.
- B. Temporarily Restricted – These operating funds consist of funds received from contributors and grantors that are designated for a specific purpose. Temporarily restricted assets cannot be expended by the organization until the terms of the conditions are fulfilled. When a donor restriction expires, that is, when a stipulated time restriction ends or the Organization fulfills the requirements of the gift, these temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

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- B. **Donated Material:** The Organization reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions specifying how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are all reported as restricted support. Absent explicit donor stipulations about how long these long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.
- C. **Donated Services:** A number of volunteers have donated a considerable number of hours to support the operations of the Organization. The value of these donated labor hours are not reflected on these financial statements as there was no objective means of measurement.
- D. **Cash and Cash Equivalents:** All cash and short term investments with an original maturity of three months or less to be cash equivalents.
- E. **Investments:** Marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.
- F. **Property and Equipment:** Fixed assets are carried at cost or donated value less accumulated depreciation. When assets are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the statement of activities for the year. Depreciation of fixed assets is computed using the straight line method over the estimated useful life with no salvage value at the end of that life.
- G. **Revenues and Expenses:** Revenue is recognized when the grant/award is made or the contribution is pledged. Expenses are recorded when incurred. Revenue, gains, and other support are reported as increases in unrestricted or temporarily restricted net assets, depending on the existence and nature of any donor restrictions. Expenses are reported as decreases in unrestricted net assets. Program expenses include costs that are specifically identified with a particular program and an allocation of costs associated with the administration of all of the Organization's programs.
- H. **Reclassification:** Certain balances in the June 30, 2013 financial statements have been reclassified to conform with the current year's presentation.

Brain Injury Association of Maryland, Inc.
Notes To Financial Statements
September 30, 2014 and 2013

- I. **Income Tax Status:** The financial statements do not include a provision for income taxes because the Organization is a tax-exempt organization. Should that status be challenged in the future, the Organization's 2010, 2011 and 2012 tax years are open for examination by the IRS. The IRS has not classified the Organization as a private foundation.
- J. **Use of Estimates:** Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could vary from the estimates that were used.
- K. **Expense Allocation:** The costs of providing 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 services benefited.
- L. **Prior Year Summarized Information:** The financial statements contain certain summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ending September 30, 2013, from which the summarized information was derived.

Note 3 Fixed Assets

Property and equipment as of September 30, 2014 and 2013 consisted of the following:

	2014	2013
Leasehold improvements	\$ 3,160	\$ 3,160
Office equipment	10,275	10,275
Less accumulated depreciation	(10,954)	(7,688)
	\$ 2,481	\$ 5,747

Brain Injury Association of Maryland, Inc.
Notes To Financial Statements
September 30, 2014 and 2013

Note 4 In-Kind Donation of Office Space

The Organization leases its administrative facilities under verbal understanding with its landlord for an indefinite term.

Rent expense recognized as an in-kind donation was \$16,750 for each of the years ending on September 30, 2014 and 2013. Rent expense was offset by a corresponding in-kind donation to the Organization of \$16,750 for each of the years ending on September 30, 2014 and 2013.

Note 5 Concentration of Credit Risk

The Organization receives a substantial amount of its support from a single government agency. A significant reduction in the level of support, if this were to occur, would have a significant effect on the Organization's programs and activities. In addition, the Organization may be under obligation to repay the government if, upon final review by the agency, the funds expended did not meet the established program objectives.

Note 6 Subsequent Events

Management evaluated other subsequent events through 6 July 2015, the date the financial statements were available to be issued. Events or transactions occurring after September 30, 2014, but prior to 6 July 2015, that provided additional evidence about conditions that existed at September 30, 2014, have been recognized in the financial statements for the year ended September 30, 2014. Events or transactions that provided evidence about conditions that did not exist at September 30, 2014 but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended September 30, 2014.