

American Brain Tumor Association

Financial Statements and Independent Auditors' Report

June 30, 2013 and 2012

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MILLER COOPER & Co., Ltd

ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
American Brain Tumor Association
Chicago, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the American Brain Tumor Association (the "ABTA") which comprise the statements of financial position, as of June 30, 2013 and 2012, and the related statements of activities 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.

Auditors' 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 audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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.

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the ABTA, as of June 30, 2013 and 2012, 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

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information on page 23 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

MILLER, COOPER & CO., LTD.

Miller, Cooper & Co., Ltd.

Certified Public Accountants

Deerfield, Illinois
October 22, 2013

FINANCIAL STATEMENTS

American Brain Tumor Association
STATEMENTS OF FINANCIAL POSITION
June 30, 2013 and 2012

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 745,186	\$ 662,080
Restricted cash equivalents	238,308	242,321
Investments	2,082,839	2,024,049
Receivables		
Grants	2,500	249,672
Other	70,899	9,810
Inventory	35,480	19,019
Prepays and deposits	<u>80,850</u>	<u>64,782</u>
Total current assets	3,256,062	3,271,733
PROPERTY AND EQUIPMENT , net of accumulated depreciation of \$145,335 in 2013 and \$89,107 in 2012	293,775	341,748
SECURITY DEPOSITS	<u>17,425</u>	<u>18,707</u>
	<u>\$ 3,567,262</u>	<u>\$ 3,632,188</u>

The accompanying notes are an integral part of these statements.

<u>LIABILITIES AND NET ASSETS</u>	<u>2013</u>	<u>2012</u>
CURRENT LIABILITIES		
Accounts payable	\$ 89,790	\$ 48,618
Accrued expenses	34,925	25,778
Agency funds payable	37,486	-
Current portion of grants payable	80,000	36,166
Current portion of deferred rent	31,586	11,368
Unearned revenues	163,859	165,854
	<u>437,646</u>	<u>287,784</u>
LONG-TERM LIABILITIES		
Grants payable, net of current obligations	-	30,000
Deferred rent, net of current portion	286,353	317,944
	<u>286,353</u>	<u>347,944</u>
NET ASSETS		
Unrestricted	2,332,133	2,190,693
Temporarily restricted	511,130	805,767
	<u>2,843,263</u>	<u>2,996,460</u>
	<u>\$ 3,567,262</u>	<u>\$ 3,632,188</u>

American Brain Tumor Association
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2013 and 2012

	2013			2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues						
Contributions	\$ 1,171,094	\$ 815,994	\$ 1,987,088	\$ 1,790,716	\$ 1,191,330	\$ 2,982,046
Contributions from fundraising activities	1,866,727	-	1,866,727	1,453,595	-	1,453,595
Fundraising activities, net of direct costs of \$360,201 in 2013 and \$517,142 in 2012	194,080	-	194,080	154,291	-	154,291
Inventory sales, net of cost of goods sold of \$35,495 in 2013 and \$48,397 in 2012	(6,941)	-	(6,941)	4,651	-	4,651
Interest income	73,099	-	73,099	56,334	-	56,334
Net realized and change in unrealized gains on investments	125,217	-	125,217	108,411	-	108,411
Other income	49,638	-	49,638	40,728	-	40,728
Net assets released from restrictions	1,110,631	(1,110,631)	-	1,032,254	(1,032,254)	-
Total revenues	<u>4,583,545</u>	<u>(294,637)</u>	<u>4,288,908</u>	<u>4,640,980</u>	<u>159,076</u>	<u>4,800,056</u>
Expenses						
Program services	3,407,165	-	3,407,165	3,526,820	-	3,526,820
Fundraising	804,261	-	804,261	725,684	-	725,684
Management and general	230,679	-	230,679	192,955	-	192,955
Total expenses	<u>4,442,105</u>	<u>-</u>	<u>4,442,105</u>	<u>4,445,459</u>	<u>-</u>	<u>4,445,459</u>
CHANGE IN NET ASSETS	141,440	(294,637)	(153,197)	195,521	159,076	354,597
Net assets, beginning of year	2,190,693	805,767	2,996,460	1,995,172	646,691	2,641,863
Net assets, end of year	<u>\$ 2,332,133</u>	<u>\$ 511,130</u>	<u>\$ 2,843,263</u>	<u>\$ 2,190,693</u>	<u>\$ 805,767</u>	<u>\$ 2,996,460</u>

The accompanying notes are an integral part of these statements.

American Brain Tumor Association
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities		
Change in net assets	\$ (153,197)	\$ 354,597
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	56,228	53,005
Deferred rent	42,048	42,048
Net realized and change in unrealized gains on investments	(125,217)	(108,411)
(Increase) decrease in assets		
Restricted cash equivalents	4,013	80,060
Grants receivable	247,172	(42,545)
Other receivables	(61,089)	57,576
Inventory	(16,461)	15,609
Prepays and deposits	(16,068)	29,508
Security deposits	1,282	-
Increase (decrease) in liabilities		
Accounts payable	41,172	(70,589)
Accrued expenses	9,147	181
Agency funds payable	37,486	-
Grants payable	13,834	(123,834)
Deferred rent	(53,421)	-
Unearned revenues	(1,995)	30,040
Net cash provided by operating activities	<u>24,934</u>	<u>317,245</u>
Cash flows from investing activities		
Sales of investments	200,130	115,431
Purchases of investments	(133,703)	(247,090)
Purchases of property and equipment	(8,255)	(36,998)
Net cash provided by (used in) investing activities	<u>58,172</u>	<u>(168,657)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	83,106	148,588
Cash and cash equivalents, beginning of year	<u>662,080</u>	<u>513,492</u>
Cash and cash equivalents, end of year	<u>\$ 745,186</u>	<u>\$ 662,080</u>

The accompanying notes are an integral part of these statements.

American Brain Tumor Association
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013 and 2012

NOTE A - NATURE OF ASSOCIATION

The American Brain Tumor Association (the "ABTA"), a not-for-profit association, is a national independent organization dedicated to funding brain tumor research and providing patient services and education. The ABTA solicits contributions and grants from individuals, trusts, corporations, and other not-for-profit organizations throughout the United States of America.

In order to attain the above stated goals, the ABTA awards basic research fellowships and translational and project grants based on the recommendations of its distinguished Scientific Advisory Council. The ABTA provides patient services, including educational literature that explains relevant medical terms, basic information about the brain and brain tumors and treatment options.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

The financial statements of the ABTA have been prepared on the accrual basis of accounting, which recognizes revenue when earned and expenses when incurred.

2. Cash Equivalents

For purposes of the statement of cash flows, the ABTA considers all highly liquid investments with a maturity of three months or less at the date of purchase to be cash equivalents.

3. Restricted Cash Equivalents

The restricted cash equivalents balances of \$238,308 and \$242,321, as of June 30, 2013 and 2012, respectively, consist of contributions that are restricted for research and are required by the donors to be deposited in separate bank accounts. These funds are invested in money market funds and are included in temporarily restricted net assets (see Note I).

American Brain Tumor Association
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013 and 2012

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Investments

Investments consist of fixed income and equity securities and mutual funds and are primarily stated at fair values using quoted prices in active markets in the statements of financial position. Interest and dividends earned and realized and unrealized gains and losses on investments are included in operating revenues in the accompanying statements of activities.

5. Grants and Other Receivables

Grants and other receivables, which include unconditional promises to give, are measured at their fair values and are reported as increases in net assets and receivables if not yet received. Management deems all receivables to be fully collectible.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected over periods in excess of one year are recorded at the present value of the estimated cash flows beyond one year. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

6. Inventory

Inventory consists of educational publications and clothing and is valued at the lower of cost (weighted average cost method) or market.

7. Property and Equipment

Property and equipment is stated at cost if purchased, and at fair value if contributed. Depreciation is provided on a straight-line basis over the estimated useful lives of three to fifteen years.

Leasehold improvements are amortized over the shorter of its lease term or useful life.

American Brain Tumor Association
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013 and 2012

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Revenue Recognition

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions that are designated for future periods, or restricted by the donor for specific purposes, are reported as increases in temporarily or permanently restricted net assets. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is fulfilled), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. At June 30, 2013 and 2012, there were no permanently restricted net assets.

Fundraising Activities

Sponsorships, registration fees, and other revenues received from ABTA and non-ABTA sponsored events are included in the statements of activities as fundraising activities.

9. Advertising

The ABTA expenses advertising costs as incurred. Total advertising expense was \$14,224 and \$34,682 for the years ended June 30, 2013 and 2012, respectively.

10. Tax Status

The ABTA is exempt from income taxes under 501(c)(3) of the Internal Revenue Code. The ABTA also has no taxable unrelated business income.

Accounting principles generally accepted in the United States of American (GAAP) requires management to evaluate tax positions by the ABTA and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities.

American Brain Tumor Association
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013 and 2012

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. Tax Status (Continued)

Management has analyzed the tax position taken by the ABTA, and has concluded that as of June 30, 2013 and 2012, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The ABTA is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations prior to 2010.

11. Donated Services

The ABTA recognizes the estimated fair value of donated services as both revenue and expense if either (a) a nonfinancial asset is created or enhanced or (b) the ABTA would have more likely than not purchased the service if not otherwise provided. In 2013, donated service revenues of \$55,000 were recognized in the accompanying statement of activities related to the creation of internal policies regarding the Board of Directors. No donated service revenue or expense was recorded in 2012.

The ABTA also receives donated services from a variety of unpaid volunteers assisting with fundraising activities. No amounts have been recognized in the accompanying statements of activities because the criteria for recognition of such volunteer efforts under applicable accounting literature have not been satisfied.

12. Grants Payable

Grants payable represent unconditional promises to give cash and are recorded as liabilities when they are authorized by the Board of Directors. Grants that are payable in one year or less are recorded at their net settlement value. Grants that are payable in greater than one year are recorded at fair value using the net present value of their corresponding future cash flows. Discounts on grants payable, based on risk-adjusted interest rates, are amortized over the term of those grants and are recorded as grant expense and included in program expenses in the accompanying statements of activities.

American Brain Tumor Association
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013 and 2012

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

13. Use of Estimates

In preparing financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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. Actual results could differ from those estimates.

14. Fair Value of Financial Instruments

The ABTA adopted the accounting standard that establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the accounting standard are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted market prices for identical assets or liabilities in active markets that the ABTA has the ability to access.
- Level 2 Inputs to the valuation methodology include the following:
 - * Quoted prices for similar assets or liabilities in active markets;
 - * Quoted prices for identical or similar assets or liabilities in inactive markets;
 - * Inputs other than quoted prices that are observable for the asset or liability;
 - * Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

American Brain Tumor Association
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013 and 2012

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

14. Fair Value of Financial Instruments (Continued)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for the ABTA's financial instruments measured at fair value. There have been no changes in the methodologies used at June 30, 2013 and 2012.

Cash and cash equivalents, other receivables, accounts payable, accrued expenses, and unearned revenues: Approximate fair value due to the nature or short maturity of these instruments.

Grants receivable and grants payable: Approximate fair value because the interest rate used to calculate the discounts is based on current market rates on similar financing arrangements.

Corporate and U.S. government bonds, equities and mutual funds: Valued at the closing price reported on the active market on which the individual securities are traded.

Asset-backed securities: Valued at fair value using discounted cash flow models and inputs related to interest rates, prepayment speeds, loss curves and market discount rates that would be required by investors in the current market given the specific characteristics and inherent credit risk of underlying collateral.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the ABTA believes that its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the ABTA's investments at fair value as of June 30, 2013 and 2012.

American Brain Tumor Association
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013 and 2012

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

14. Fair Value of Financial Instruments (Continued)

Plan Investments at Fair Value as of June 30, 2013				
	Level 1	Level 2	Level 3	Total
Fixed income				
Corporate bonds	\$ 77,598	\$ -	\$ -	\$ 77,598
Municipal bonds	52,495	-	-	52,495
Asset-backed securities	-	10,015	-	10,015
Equities	971,983	-	-	971,983
Mutual funds	970,748	-	-	970,748
Investments, at fair value	\$ 2,072,824	\$ 10,015	\$ -	\$ 2,082,839
Plan Investments at Fair Value as of June 30, 2012				
	Level 1	Level 2	Level 3	Total
Fixed income				
Corporate bonds	\$ 192,367	\$ -	\$ -	\$ 192,367
U.S. government bonds	54,364	-	-	54,364
Asset-backed securities	-	18,079	-	18,079
Equities	982,192	-	-	982,192
Mutual funds	777,047	-	-	777,047
Investments, at fair value	\$ 2,005,970	\$ 18,079	\$ -	\$ 2,024,049

It is the ABTA's policy, in general, to measure nonfinancial assets and liabilities at fair value on a nonrecurring basis. These instruments are not measured at fair value on an ongoing basis, but are subject to fair value adjustments in certain circumstances (such as evidence of impairment) which, if material, are disclosed in the accompanying notes to the financial statements.

American Brain Tumor Association
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013 and 2012

NOTE C - INVESTMENTS

Investments consisted of the following as of June 30, 2013 and 2012:

	<u>2013</u>		<u>2012</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Fixed income				
Corporate bonds	\$ 75,238	\$ 77,598	\$ 182,488	\$ 192,367
Municipal bonds	56,482	52,495	57,263	54,364
Asset-backed securities	9,639	10,015	17,415	18,079
Equities	609,893	971,983	662,497	982,192
Mutual funds	898,708	970,748	786,316	777,047
	<u>\$ 1,649,960</u>	<u>\$ 2,082,839</u>	<u>\$ 1,705,979</u>	<u>\$ 2,024,049</u>

At June 30, 2013 and 2012, \$30,024 and \$15,162 of cash and cash equivalents were included in the investment brokerage account, respectively.

At June 30, 2013, fixed income investments mature in the following years:

2014	\$ 5,147
2015	-
2016	5,546
2017	-
2018	-
Thereafter	<u>129,415</u>
	<u>\$ 140,108</u>

Investments are exposed to various risks such as interest rate, market, and credit risk. Due to the level of risk associated with such investments, it is at least reasonably possible that changes in risks in the near-term would affect investment balances and the amounts reported in the financial statements.

American Brain Tumor Association
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013 and 2012

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30, 2013 and 2012:

	2013	2012
Furniture and fixtures	\$ 92,911	\$ 92,911
Computer software and equipment	100,447	92,692
Leasehold improvements	245,752	245,252
	439,110	430,855
Less accumulated depreciation	145,335	89,107
Property and equipment, net	\$ 293,775	\$ 341,748

NOTE E - GRANTS RECEIVABLE

In 2012, the ABTA was awarded a \$114,500 grant to aid in developing an ABTA Research Alumni Network. In 2012, \$114,500 was recorded in temporarily restricted contributions revenue and the receivable balance was \$0 and \$57,250 at June 30, 2013 and 2012, respectively.

In 2011, the ABTA was awarded a \$190,000 grant to aid in salary support for a Development Officer. The grant was paid in annual installments of \$80,000, \$65,000, and \$45,000. The receivable balance was \$0 and \$45,000 at June 30, 2013 and 2012, respectively.

Grants totaling \$2,500 and \$35,000 are also included in grants receivable at June 30, 2013 and 2012, respectively.

American Brain Tumor Association
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013 and 2012

NOTE F - CONDITIONAL GRANT RECEIVABLE

In 2011, the ABTA was awarded a conditional grant, to be used for research grants, in an amount up to \$500,000 for the period April 11, 2011 through April 10, 2013. For every \$1 of donations from new private donors, and every \$1 of incremental donations from current private donors, the grantor will award \$1 to the ABTA, up to a maximum of \$62,500 per donor per year and up to a maximum of \$250,000 per year for two years in total. There was \$137,578 and \$285,205 of contribution revenue related to this grant recorded in 2013 and 2012, respectively. The grant receivable related to this grant totaled \$0 and \$112,422 at June 30, 2013 and 2012, respectively.

NOTE G - NOTE PAYABLE, BANK

During 2013, the ABTA entered into an agreement with a bank for a \$250,000 line of credit, with interest at the prime rate (3.25% at June 30, 2013) plus 0.25%, which expires on November 26, 2013. The line of credit is collateralized by all assets of the ABTA. There was no outstanding balance on the line of credit at June 30, 2013.

NOTE H - DEFERRED RENT

As of June 30, 2013 and 2012, deferred rent consisted of the following:

	<u>2013</u>	<u>2012</u>
Landlord-financed leasehold improvements and additional allowances	\$ 224,643	\$ 253,019
Straight-line expense in excess of rent payments	<u>93,296</u>	<u>76,293</u>
	<u>\$ 317,939</u>	<u>\$ 329,312</u>

American Brain Tumor Association
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013 and 2012

NOTE I - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following purposes as of June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Research	\$ 322,108	\$ 510,319
Publications	51,318	106,902
Patient Services	10,500	13,500
Other	<u>127,204</u>	<u>175,046</u>
	<u>\$ 511,130</u>	<u>\$ 805,767</u>

Temporarily restricted net assets were released from restrictions for the following purposes during 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Research	\$ 898,325	\$ 871,131
Publications	50,500	22,380
Patient Services	92,686	32,500
Other	<u>69,120</u>	<u>106,243</u>
	<u>\$ 1,110,631</u>	<u>\$ 1,032,254</u>

NOTE J - RETIREMENT PLAN

The ABTA maintains a 401(k) defined contribution plan for all eligible employees. Contributions are made solely through elective deferrals by the employee through salary reduction agreements. The ABTA matches 50% of employee contributions up to a maximum of 6% of the employee's compensation. The ABTA contributed \$20,225 and \$13,694 to the plan in 2013 and 2012, respectively.

American Brain Tumor Association
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013 and 2012

NOTE K - COMMITMENTS

1. **Fellowships**

The ABTA is committed to fund fellowships for brain tumor research. Most commitments are payable semiannually over a two-year period and are contingent on the respective recipients continuing the research for which they originally were awarded the fellowship. As the commitments are contingent, no related liability has been recorded at June 30, 2013 and 2012.

Amounts expected to be paid are as follows for the years ending June 30, 2014 and 2015:

2014	\$ 546,000
2015	<u>125,000</u>
	<u>\$ 671,000</u>

2. **Office Lease**

The ABTA leases office space in Chicago, Illinois, under operating lease agreements expiring in May 2021. The lease agreement includes renewal options.

For financial reporting purposes, lease expense is recognized on a straight-line basis over the term of the lease. The excess of rent and amortization expense over cash paid is shown as a deferred rent liability in the accompanying statements of financial position (see Note H).

Minimum annual rentals subsequent to June 30, 2013 are as follows:

2014	73,630
2015	76,113
2016	78,596
2017	81,079
2018	83,561
Thereafter	<u>257,808</u>
	<u>\$ 650,787</u>

Total rent expense was \$81,130 and \$136,454 for the years ended June 30, 2013 and 2012, respectively.

American Brain Tumor Association
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013 and 2012

NOTE L - CONCENTRATION OF CREDIT RISK

The ABTA maintains its cash balances at various financial institutions located in Illinois. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. The ABTA may, from time to time, have balances in excess of FDIC insured deposit limits.

NOTE M - SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 22, 2013, the date that these financial statements were available to be issued. Management has determined that no events or transactions have occurred subsequent to the statement of financial position date that require disclosure in the financial statements.

SUPPLEMENTAL INFORMATION

American Brain Tumor Association
SCHEDULE OF FUNCTIONAL EXPENSES
Year Ended June 30, 2013

	Program Services				Fundraising	Management and General	Total
	Medical & Scientific Research Grants	Patient & Caregiver Support	Healthcare Professional Outreach	Total			
Grants and other assistance to organizations	\$ -	\$ 25,000	\$ 27,000	\$ 52,000	\$ -	\$ -	\$ 52,000
Grants and other assistance to individuals	1,382,500	180,309	438	1,563,247	-	-	1,563,247
Employee expenses							
Compensation of current officers	68,606	32,511	7,652	108,769	45,320	27,192	181,281
Other salaries and wages	369,925	432,002	98,966	900,893	326,090	37,445	1,264,428
Employee benefit plans	9,382	4,683	1,290	15,355	3,304	1,567	20,226
Health insurance	33,793	31,024	7,813	72,630	37,842	6,604	117,076
Payroll taxes	38,637	37,655	9,417	85,709	42,812	6,828	135,349
Fees for services	76,937	78,851	11,685	167,473	47,707	59,148	274,328
Advertising and promotion	5,279	26,598	10,980	42,857	39,116	535	82,508
Office expenses	75,733	126,660	19,839	222,232	66,804	27,142	316,177
Information technology	65,457	22,822	10,694	98,973	29,372	66	128,411
Travel	232	7,463	19,317	27,012	36,110	2,196	65,318
Conferences/conventions/meetings	643	2,222	11,876	14,741	4,724	5,409	24,874
Depreciation	21,280	10,084	2,373	33,737	14,057	8,434	56,228
Insurance	365	173	41	579	2,770	512	3,861
Other expenses	309	345	304	958	108,233	47,601	156,792
	<u>\$ 2,149,078</u>	<u>\$ 1,018,402</u>	<u>239,685</u>	<u>\$ 3,407,165</u>	<u>\$ 804,261</u>	<u>\$ 230,679</u>	<u>\$ 4,442,105</u>