

American Brain Tumor Association

Financial Statements and Independent Auditors' Report

June 30, 2015 and 2014

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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, 2015 and 2014, 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, 2015 and 2014, 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 to 24 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
November 5, 2015

FINANCIAL STATEMENTS

American Brain Tumor Association
STATEMENTS OF FINANCIAL POSITION
June 30, 2015 and 2014

<u>ASSETS</u>	<u>2015</u>	<u>2014</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,124,683	\$ 1,083,136
Restricted cash equivalents	208,538	238,426
Investments	2,365,727	2,300,735
Receivables		
Grants	47,520	10,000
Other	15,342	48,717
Inventory	49,503	26,868
Prepays and deposits	123,099	76,499
	<hr/>	<hr/>
Total current assets	3,934,412	3,784,381
	<hr/>	<hr/>
PROPERTY AND EQUIPMENT, net	303,012	286,865
	<hr/>	<hr/>
OTHER ASSETS		
Receivables, grants	-	10,000
Security deposits	12,225	12,225
	<hr/>	<hr/>
Total other assets	12,225	22,225
	<hr/>	<hr/>
	\$ 4,249,649	\$ 4,093,471
	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes are an integral part of these statements.

<u>LIABILITIES AND NET ASSETS</u>	<u>2015</u>	<u>2014</u>
CURRENT LIABILITIES		
Accounts payable	\$ 117,110	\$ 165,534
Accrued expenses	37,240	65,845
Grants payable	125,238	60,000
Current portion of deferred rent	36,552	34,069
Unearned revenues	<u>113,508</u>	<u>151,839</u>
Total current liabilities	<u>429,648</u>	<u>477,287</u>
DEFERRED RENT, NET OF CURRENT PORTION	<u>215,735</u>	<u>252,286</u>
NET ASSETS		
Unrestricted	3,233,203	2,960,605
Temporarily restricted	<u>371,063</u>	<u>403,293</u>
Total net assets	<u>3,604,266</u>	<u>3,363,898</u>
	<u>\$ 4,249,649</u>	<u>\$ 4,093,471</u>

American Brain Tumor Association
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2015 and 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues						
Contributions	\$ 1,489,077	\$ 903,142	\$ 2,392,219	\$ 1,452,785	\$ 828,695	\$ 2,281,480
Donated services	78,032	-	78,032	87,000	-	87,000
Contributions from fundraising activities	2,176,435	-	2,176,435	2,149,401	-	2,149,401
Fundraising activities, net of direct costs of \$514,125 in 2015 and \$481,170 in 2014	258,141	-	258,141	283,243	-	283,243
Inventory sales, net of cost of goods sold of \$17,403 in 2015 and \$24,451 in 2014	12,261	-	12,261	14,515	-	14,515
Interest income	83,957	-	83,957	61,503	-	61,503
Net realized and change in unrealized gains on investments	1,547	-	1,547	279,838	-	279,838
Other income	10,828	-	10,828	45,064	-	45,064
Net assets released from restrictions	935,372	(935,372)	-	936,532	(936,532)	-
Total revenues	5,045,650	(32,230)	5,013,420	5,309,881	(107,837)	5,202,044
Expenses						
Program services	3,589,136	-	3,589,136	3,521,443	-	3,521,443
Fundraising	946,123	-	946,123	944,234	-	944,234
Management and general	237,793	-	237,793	215,732	-	215,732
Total expenses	4,773,052	-	4,773,052	4,681,409	-	4,681,409
CHANGE IN NET ASSETS	272,598	(32,230)	240,368	628,472	(107,837)	520,635
Net assets, beginning of year	2,960,605	403,293	3,363,898	2,332,133	511,130	2,843,263
Net assets, end of year	<u>\$ 3,233,203</u>	<u>\$ 371,063</u>	<u>\$ 3,604,266</u>	<u>\$ 2,960,605</u>	<u>\$ 403,293</u>	<u>\$ 3,363,898</u>

The accompanying notes are an integral part of these statements.

American Brain Tumor Association
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Change in net assets	\$ 240,368	\$ 520,635
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	60,089	52,549
Deferred rent - straight-line expense	42,046	42,046
Net realized and change in unrealized gains on investments	(1,547)	(279,838)
(Increase) decrease in assets		
Restricted cash equivalents	29,888	(118)
Grants receivable	(27,520)	(17,500)
Other receivables	33,375	22,182
Inventory	(22,635)	8,612
Prepays and deposits	(46,600)	4,351
Security deposits	-	5,200
Increase (decrease) in liabilities		
Accounts payable	(48,424)	75,744
Accrued expenses	(28,605)	30,920
Agency funds payable	-	(37,486)
Grants payable	65,238	(20,000)
Deferred rent	(76,114)	(73,630)
Unearned revenues	(38,331)	(12,020)
Net cash provided by operating activities	<u>181,228</u>	<u>321,647</u>
Cash flows from investing activities		
Sales of investments	691,309	819,851
Purchases of investments	(754,754)	(757,909)
Purchases of property and equipment	(76,236)	(45,639)
Net cash (used in) provided by investing activities	<u>(139,681)</u>	<u>16,303</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	41,547	337,950
Cash and cash equivalents, beginning of year	<u>1,083,136</u>	<u>745,186</u>
Cash and cash equivalents, end of year	<u>\$ 1,124,683</u>	<u>\$ 1,083,136</u>

The accompanying notes are an integral part of these statements.

American Brain Tumor Association
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015 and 2014

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 \$208,538 and \$238,426 as of June 30, 2015 and 2014, 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, 2015 and 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Investments

Investments consist of fixed income and equity securities and mutual funds that 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. Investment-related income is reported net of management fees of \$21,822 and \$20,566 for 2015 and 2014, respectively.

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 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, 2015 and 2014

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, 2015 and 2014, 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 and are presented as net against the related fundraising activity expenses.

9. Advertising

The ABTA expenses advertising costs as incurred. Total advertising expense was \$64,492 and \$30,117 for the years ended June 30, 2015 and 2014, 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, 2015 and 2014

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, 2015 and 2014, 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.

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 2015 and 2014, donated service revenues of approximately \$78,000 and \$87,000, respectively, were recognized as donated services in the accompanying statements of activities related to the creation of internal policies and strategies regarding the Board of Directors as well as website enhancements. These services were valued at the fair value of the services provided if they had been purchased.

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, 2015 and 2014

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, 2015 and 2014

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, 2015 and 2014.

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.

Equities and mutual funds: Valued at the closing price reported on the active market on which the individual securities are traded.

Corporate and municipal bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

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.

American Brain Tumor Association
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

14. Fair Value of Financial Instruments (Continued)

The following tables set forth by level, within the fair value hierarchy, the ABTA's investments at fair value as of June 30, 2015 and 2014.

Plan Investments at Fair Value as of June 30, 2015				
	Level 1	Level 2	Level 3	Total
Fixed income				
Corporate bonds	\$ -	\$ 73,305	\$ -	\$ 73,305
Municipal bonds	-	47,226	-	47,226
Asset-backed securities	-	5,935	-	5,935
Equities	1,164,836	-	-	1,164,836
Mutual funds	1,074,425	-	-	1,074,425
Investments, at fair value	\$ 2,239,261	\$ 126,466	\$ -	\$ 2,365,727

Plan Investments at Fair Value as of June 30, 2014				
	Level 1	Level 2	Level 3	Total
Fixed income				
Corporate bonds	\$ -	\$ 76,289	\$ -	\$ 76,289
Municipal bonds	-	50,485	-	50,485
Asset-backed securities	-	7,541	-	7,541
Equities	1,143,695	-	-	1,143,695
Mutual funds	1,022,725	-	-	1,022,725
Investments, at fair value	\$ 2,166,420	\$ 134,315	\$ -	\$ 2,300,735

It is the ABTA's policy, in general, to measure nonfinancial assets and liabilities at fair value on a nonrecurring basis. These items 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, 2015 and 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

15. Functional Allocation of Expenses

Expenses that can be specifically identified with program, fundraising, and management and general activities are charged directly to those categories. The ABTA allocates certain remaining administrative expenses, such as salary costs, amongst these categories based on management's best estimate of time incurred, historical experience, and programs benefited.

NOTE C - INVESTMENTS

Investments consisted of the following as of June 30, 2015 and 2014:

	2015		2014	
	Cost	Fair Value	Cost	Fair Value
Fixed income				
Corporate bonds	\$ 68,414	\$ 73,305	\$ 69,329	\$ 76,289
Municipal bonds	54,858	47,226	55,681	50,485
Asset-backed securities	5,632	5,935	7,107	7,541
Equities	1,009,451	1,164,836	878,515	1,143,695
Mutual funds	1,033,415	1,074,425	903,767	1,022,725
	<u>\$ 2,171,770</u>	<u>\$ 2,365,727</u>	<u>\$ 1,914,399</u>	<u>\$ 2,300,735</u>

At June 30, 2015 and 2014, \$28,893 and \$31,610 of cash and cash equivalents were included in the investment brokerage account, respectively, which are included in cash and cash equivalents on the statement of financial position.

At June 30, 2015, fixed income investments mature in the following years:

2016	\$ 5,098
2017	-
2018	55,321
2019	-
2020	47,226
Thereafter	<u>18,821</u>
	<u>\$ 126,466</u>

American Brain Tumor Association
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE C - INVESTMENTS (Continued)

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.

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30, 2015 and 2014:

	2015	2014
Furniture and fixtures	\$ 114,109	\$ 94,465
Computer software and equipment	186,012	141,259
Leasehold improvements	252,075	248,185
	552,196	483,909
Less accumulated depreciation	249,184	197,044
Property and equipment, net	\$ 303,012	\$ 286,865

NOTE E - GRANTS RECEIVABLE

In 2014, the ABTA was awarded a \$30,000 grant to fund the Patient & Family Conferences which was recorded in temporarily restricted contributions revenue. The grant is due in annual installments of \$10,000 over three years. In 2015, the ABTA was awarded a \$69,675 grant to fund the Alumni Research Network which was also recorded in temporarily restricted contributions revenue. Of that amount, \$32,155 was paid in 2015 and the remaining \$37,520 is included grants receivable at June 30, 2015.

American Brain Tumor Association
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE F - CONDITIONAL GRANT RECEIVABLE

In 2014, the ABTA was awarded a conditional grant, to be used for research grants, in an amount up to \$500,000 for the period December 9, 2013 through December 8, 2015. 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 \$250,000 of contribution revenue related to this grant recorded and paid in 2015, and \$250,000 of contribution revenue related to this grant recorded and paid in 2014.

NOTE G - NOTE PAYABLE, BANK

The ABTA has an agreement with a bank for a \$250,000 line of credit, with interest at the prime rate (3.25% at June 30, 2015) plus 0.25%, which expires on November 26, 2016. 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, 2015 and 2014, respectively.

NOTE H - DEFERRED RENT

As of June 30, 2015 and 2014, deferred rent consisted of the following:

	2015	2014
Landlord-financed leasehold improvements and additional allowances	\$ 167,891	\$ 196,267
Straight-line expense in excess of rent payments	84,396	90,088
	252,287	286,355
Less current portion	36,552	34,069
	\$ 215,735	\$ 252,286

American Brain Tumor Association
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE I - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following purposes as of June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Research	\$ 295,455	\$ 304,526
Publications	5,530	5,000
Patient services	30,000	46,050
Others	<u>40,078</u>	<u>47,717</u>
	<u>\$ 371,063</u>	<u>\$ 403,293</u>

Temporarily restricted net assets were released from restrictions for the following purposes during 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Research	\$ 812,662	\$ 731,727
Publications	19,720	82,000
Patient Services	16,050	10,500
Staffing	-	68,655
Others	<u>86,940</u>	<u>43,650</u>
	<u>\$ 935,372</u>	<u>\$ 936,532</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 \$24,545 and \$24,692 to the plan in 2015 and 2014, respectively.

American Brain Tumor Association
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE K - COMMITMENTS AND CONTINGENCIES

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, 2015 and 2014.

Amounts expected to be paid are as follows for the years ending June 30, 2015 and 2016:

2016	\$	446,000
2017		<u>150,000</u>
	\$	<u><u>596,000</u></u>

2. Office Lease

The ABTA leases office space in Chicago, Illinois, under an operating lease agreement 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 rental payments payable under the lease are as follows:

<u>Year ending June 30:</u>		
2016	\$	78,596
2017		81,079
2018		83,561
2019		86,044
2020		88,527
Thereafter		<u>83,236</u>
	\$	<u><u>501,043</u></u>

American Brain Tumor Association
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE K - COMMITMENTS AND CONTINGENCIES (Continued)

2. Office Lease (Continued)

Total rent expense, which included common area maintenance related expenses of \$70,563 and \$60,277, was \$112,607 and \$102,321 for the years ended June 30, 2015 and 2014, respectively.

3. Litigation

The ABTA received a \$247,517 bequest from a Trust, which was recorded in cash and revenues for the year ended June 30, 2014. Subsequent to receiving the cash, lawsuits were filed against the ABTA, nine other non-profit organizations which were beneficiaries of the Trust, the trustees of the Trust, and two Banks. The lawsuits seek to recover damages from the Trust and those entities, including the ABTA, which received bequests from the Trust. At this time, management and legal counsel are unable to provide an evaluation of the likelihood of an unfavorable outcome or the potential range of loss.

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. At June 30, 2015, the ABTA had cash balances in excess of these insured deposit limits.

NOTE M - SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 5, 2015, 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, 2015

Miller Cooper & Co., Ltd.

	Program Services							
	Medical & Scientific Research Grants	Patient & Caregiver Support	Public Education & Awareness	Healthcare / Professional Outreach	Total	Fundraising	Management and General	Total
Grants and other assistance to organizations	\$ 58,345	\$ 65,575	\$ -	\$ 5,000	\$ 128,920	\$ -	\$ -	\$ 128,920
Grants and other assistance to individuals	952,768	82,333	-	107,969	1,143,070	-	-	1,143,070
Employee expenses								
Compensation of current officers	85,346	41,116	13,698	25,038	165,198	-	29,153	194,351
Other salaries and wages	437,887	369,070	117,094	201,941	1,125,992	383,855	42,945	1,552,792
Employee benefit plans	5,029	4,765	1,501	2,564	13,859	8,734	1,952	24,545
Health insurance	34,349	32,672	10,287	17,570	94,878	79,038	8,598	182,514
Payroll taxes	33,115	29,548	9,340	16,033	88,036	59,501	9,816	157,353
Fees for services	92,593	81,904	42,010	39,755	256,262	104,500	59,932	420,694
Advertising and promotion	1,570	23,798	26,993	18,550	70,911	76,480	-	147,391
Office expenses	63,381	52,393	34,617	35,645	186,036	64,475	33,173	283,684
Information technology	56,325	54,488	17,704	26,937	155,454	68,495	616	224,565
Travel	2,687	13,557	18,395	26,649	61,288	47,953	2,043	111,284
Conferences/conventions/meetings	10,580	31,166	2,368	13,865	57,979	9,366	21,786	89,131
Depreciation	18,626	8,973	2,989	5,466	36,054	15,022	9,013	60,089
Insurance	-	-	-	-	-	2,595	1,557	4,152
Other expenses	1,668	1,934	598	999	5,199	26,109	17,209	48,517
	<u>\$ 1,854,269</u>	<u>\$ 893,292</u>	<u>\$ 297,594</u>	<u>\$ 543,981</u>	<u>\$ 3,589,136</u>	<u>\$ 946,123</u>	<u>\$ 237,793</u>	<u>\$ 4,773,052</u>

American Brain Tumor Association
SCHEDULE OF FUNCTIONAL EXPENSES
Year Ended June 30, 2014

	Program Services				Total	Fundraising	Management and General	Total
	Medical & Scientific Research Grants	Patient & Caregiver Support	Public Education & Awareness	Healthcare / Professional Outreach				
Grants and other assistance to organizations	\$ -	\$ 10,000	\$ -	\$ 46,000	\$ 56,000	\$ -	\$ -	\$ 56,000
Grants and other assistance to individuals	1,092,251	113,843	1,088	108,362	1,315,544	-	-	1,315,544
Employee expenses								
Compensation of current officers	90,359	42,660	8,593	28,681	170,293	-	30,052	200,345
Other salaries and wages	299,294	362,437	61,145	230,985	953,861	419,975	43,592	1,417,428
Employee benefit plans	6,366	5,850	1,013	3,753	16,982	5,810	1,899	24,691
Health insurance	31,312	24,971	4,439	16,142	76,864	73,655	7,651	158,170
Payroll taxes	32,526	29,685	5,147	19,049	86,407	54,597	7,234	148,238
Fees for services	120,941	153,590	38,149	34,291	346,971	126,224	57,580	530,775
Advertising and promotion	16,834	12,115	14,161	12,110	55,220	57,318	647	113,185
Office expenses	67,390	42,332	35,131	35,643	180,496	79,698	28,090	288,284
Information technology	55,955	63,390	3,558	17,130	140,033	62,089	1,169	203,291
Travel	6,919	3,211	1,670	20,249	32,049	35,469	3,470	70,988
Conferences/conventions/meetings	29,532	9,449	1,863	14,497	55,341	10,959	10,095	76,395
Depreciation	16,730	7,898	1,591	5,310	31,529	13,137	7,882	52,548
Insurance	315	149	30	100	594	3,390	544	4,528
Other expenses	1,793	568	114	784	3,259	1,913	15,827	20,999
	<u>\$ 1,868,517</u>	<u>\$ 882,148</u>	<u>\$ 177,692</u>	<u>\$ 593,086</u>	<u>\$ 3,521,443</u>	<u>\$ 944,234</u>	<u>\$ 215,732</u>	<u>\$ 4,681,409</u>

Miller Cooper & Co., Ltd.