

**AMERICAN SYRINGOMYELIA
ALLIANCE PROJECT, INC.**

FINANCIAL STATEMENTS

May 31, 2014

KAREN A. JACKS & ASSOCIATES, P.C.

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
American Syringomyelia Alliance Project, Inc.

We have audited the accompanying financial statements of American Syringomyelia Alliance Project, Inc. (a nonprofit organization), which comprise the statement of financial position as of May 31, 2014, and the related statements of activities, functional expenses, and cash flows for the year 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 State 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 audit. We conducted our audit 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 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Syringomyelia Alliance Project, Inc. as of May 31, 2014, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

November 17, 2014
Longview, Texas

Karen A. Jacks & Associates, P.C.

Karen A. Jacks & Associates, P.C.

AMERICAN SYRINGOMYELIA ALLIANCE PROJECT, INC.
STATEMENT OF FINANCIAL POSITION
May 31, 2014

ASSETS		
Cash and cash equivalents		\$ 717,051
Event revenue receivable		2,070
Trust distribution receivable		68,868
Prepaid expenses		21,517
Property and equipment, net of accumulated depreciation		18,763
Condominium timeshare		<u>17,423</u>
Total Assets		<u><u>\$ 845,692</u></u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable		\$ 4,994
Accrued wages and related taxes		1,853
Unearned event revenue		<u>7,701</u>
Total Liabilities		<u>14,548</u>
Net Assets		
Unrestricted		658,845
Temporarily Restricted		<u>172,299</u>
Total Net Assets		<u>831,144</u>
Total Liabilities and Net Assets		<u><u>\$ 845,692</u></u>

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

AMERICAN SYRINGOMYELIA ALLIANCE PROJECT, INC.
STATEMENT OF ACTIVITIES
For the Year Ended May 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Unrestricted Net Assets			
Support			
Contributions	\$ 107,616	\$ 15,270	\$ 122,886
Special events	61,126	19,526	80,652
Annual conference	22,980		22,980
Investment income	1,588		1,588
Oil & gas royalty income	160,909		160,909
Merchandise sales	3,103		3,103
Net assets released from restriction -			
Expiration of purpose restriction	40,944	(40,944)	-
Total Unrestricted Support	<u>398,266</u>	<u>(6,148)</u>	<u>392,118</u>
Expenses and Losses			
Program services			
Information services and research	217,584	-	217,584
Supporting services			
Management and general	51,379	-	51,379
Fundraising	29,561	-	29,561
Total Expenses	<u>298,524</u>	<u>-</u>	<u>298,524</u>
Increase (Decrease) in Net Assets	99,742	(6,148)	93,594
Net Assets at Beginning of Year	<u>559,103</u>	<u>178,447</u>	<u>737,550</u>
Net Assets at End of Year	<u>\$ 658,845</u>	<u>\$ 172,299</u>	<u>\$ 831,144</u>

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

AMERICAN SYRINGOMYELIA ALLIANCE PROJECT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended May 31, 2014

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
	Information Services and Research	Management and General	Fundraising	
Salaries	\$ 68,442	\$ 16,706	\$ 3,690	\$ 88,838
Payroll taxes and benefits	5,797	1,415	313	7,525
Total salaries & related expenses	74,239	18,121	4,003	96,363
Annual convention expenses	63,636	-	-	63,636
Development expenses	7,764	1,135	10,875	19,774
Dues & subscriptions	1,156	934	-	2,090
Equipment lease & maintenance	3,989	-	-	3,989
Governance	-	535	-	535
Insurance	2,222	2,424	115	4,761
Investment expenses	-	1,820	-	1,820
Merchandise & resource materials	1,166	-	3,967	5,133
Miscellaneous	-	-	6	6
Office supplies & expenses	1,249	-	60	1,309
Postage	7,713	59	75	7,847
Printing	4,785	-	-	4,785
Professional fees & outside services	1,506	19,054	-	20,560
Rent	2,792	900	-	3,692
Research grants	40,944	-	-	40,944
Special event expenses	-	-	9,353	9,353
Telephone & internet	4,339	14	1,050	5,403
Travel	84	-	57	141
Total expenses before depreciation	217,584	44,996	29,561	292,141
Depreciation	-	6,383	-	6,383
Total Expenses	<u>\$ 217,584</u>	<u>\$ 51,379</u>	<u>\$ 29,561</u>	<u>\$ 298,524</u>

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

AMERICAN SYRINGOMYELIA ALLIANCE PROJECT, INC.
STATEMENT OF CASH FLOWS
For the Year Ended May 31, 2014

Cash Flows From Operating Activities	
Increase in net assets	\$ 93,594
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	6,383
(Increase) decrease in operating assets:	
Trust distribution receivable	(68,868)
Event revenue receivable	15,328
Prepaid expenses	(11,555)
Increase (decrease) in operating liabilities:	
Accounts payable	(1,931)
Accrued wages and related taxes	(159)
Unearned event revenue	<u>7,701</u>
Net Cash Provided by Operating Activities	<u>40,493</u>
Cash Flows From Investing Activities	
Purchase of capital assets	<u>(4,083)</u>
Net Cash Used by Investing Activities	<u>(4,083)</u>
Net Increase in Cash and Cash Equivalents	36,410
Beginning Cash	<u>680,641</u>
Ending Cash	<u><u>\$ 717,051</u></u>

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

AMERICAN SYRINGOMYELIA ALLIANCE PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
May 31, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of American Syringomyelia Alliance Project, Inc. is to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Nature of the Organization

American Syringomyelia Alliance Project, Inc. is a nonprofit corporation established in 1988 to help those challenged by syringomyelia, Chiari malformations and related disorders. The Organization provides written information, videotapes of prominent neurosurgeons, annual conferences, and a bimonthly newsletter. Through the American Syringomyelia Alliance Project, Inc., members can network and gain peer support.

The American Syringomyelia Alliance Project, Inc. was founded in an effort to learn more about the condition, to promote research and to bring together others diagnosed with syringomyelia. It was the first national support organization for syringomyelia. The American Syringomyelia Alliance Project, Inc. has evolved into an internationally recognized nonprofit organization with a membership in excess of 5,000 individuals.

The American Syringomyelia Alliance Project, Inc. has a medical advisory board and funds specific research projects. The Organization has earned credibility and respect within the research and medical community through its hard work and leadership. The Medical Advisory Board includes specialists in the field of syringomyelia and Chiari malformations who assist in guiding the research mission. The Medical Advisory Board is also instrumental in disseminating new information about the treatment and management of syringomyelia.

The Organization helps people connect with each other through a variety of programs. Throughout the country, local support groups have been formed where the members are able to provide emotional support and information.

Since 1989, The American Syringomyelia Alliance Project, Inc. has held an annual conference to bring together those diagnosed with syringomyelia and Chiari malformations and medical professionals who specialize in the disorders. They are held at different locations throughout the country in an attempt to reach as many of the members as possible. The four day conference format has evolved over the years to a mix of information by leading medical experts, practical and emotional support, organizational awards and information.

Basis of Accounting

The financial statements of American Syringomyelia Alliance Project, Inc. have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

AMERICAN SYRINGOMYELIA ALLIANCE PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
May 31, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets, as follow:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that expire either when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that require the principal to be maintained permanently, but may permit the Organization to use all or part of the income earned from the investments for general or specific purposes.

There were no permanently restricted net assets as of May 31, 2014.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Property and Equipment

All acquisitions of property and equipment in excess of \$500 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over useful lives ranging from 3 to 7 years.

Promises to Give

The Organization provides grants and fellowships to various research centers involved in medical research concerning syringomyelia and Chiari malformation disorders. The contracts contain a number of performance conditions and other stipulations which cause them to be classified as "conditional promises to give".

In accordance with generally accepted accounting principles, the Organization recognizes a liability and related expense for such grants and fellowships in the period in which the conditions they depend on are substantially met.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

AMERICAN SYRINGOMYELIA ALLIANCE PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
May 31, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and the Statement of Functional Expenses. Accordingly, costs have been allocated by an appropriate method among the programs and supporting services benefited.

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services based upon estimated time studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). There was no unrelated business income during the year ended May 31, 2014. The Organization's federal Returns of Organization Exempt from Income Tax (Form 990) for tax years 2010, 2011 and 2012 are subject to examination by the IRS, generally for a period of three years after they are filed.

Restricted and Unrestricted Revenue

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

NOTE B - PROPERTY AND EQUIPMENT

A summary of changes in property and equipment for the year is as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Dispositions</u>	Ending <u>Balance</u>
Office furniture and equipment	\$ 33,438	\$ 4,083	\$ (7,425)	\$ 30,096
Less: accumulated depreciation	<u>(12,375)</u>	<u>(6,383)</u>	<u>7,425</u>	<u>(11,333)</u>
Totals	<u>\$ 21,063</u>	<u>\$ (2,300)</u>	<u>\$ -</u>	<u>\$ 18,763</u>

Depreciation expense for the year was \$6,383.

AMERICAN SYRINGOMYELIA ALLIANCE PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
May 31, 2014

NOTE C - RESEARCH GRANTS AND COMMITMENTS

At May 31, 2014, the Organization had awarded and partially funded certain research grants. The amounts and recipients of those grants are as follow:

	<u>Award</u> <u>Amount</u>	Cumulative <u>Funded</u> <u>Amount</u>	<u>Remaining</u> <u>Commitment</u>
University of Wisconsin	\$ 220,000	\$ 172,500	\$ 47,500
Washington University	25,000	8,250	16,750
University of Akron	53,568	17,677	35,891
Children's National Medical Center	12,025	8,017	4,008
Children's National Medical Center	21,000	7,000	14,000
			<u>\$ 118,149</u>

The University of Wisconsin grant was not funded during the year ended May 31, 2014. Awards to Washington University, University of Akron, and Children's National Medical Center were partially funded during the year.

NOTE D - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were restricted by donors for research activities.

NOTE E - SUBSEQUENT EVENTS

Subsequent events were evaluated through November 17, 2014, which is the date the financial statements were available to be issued.