



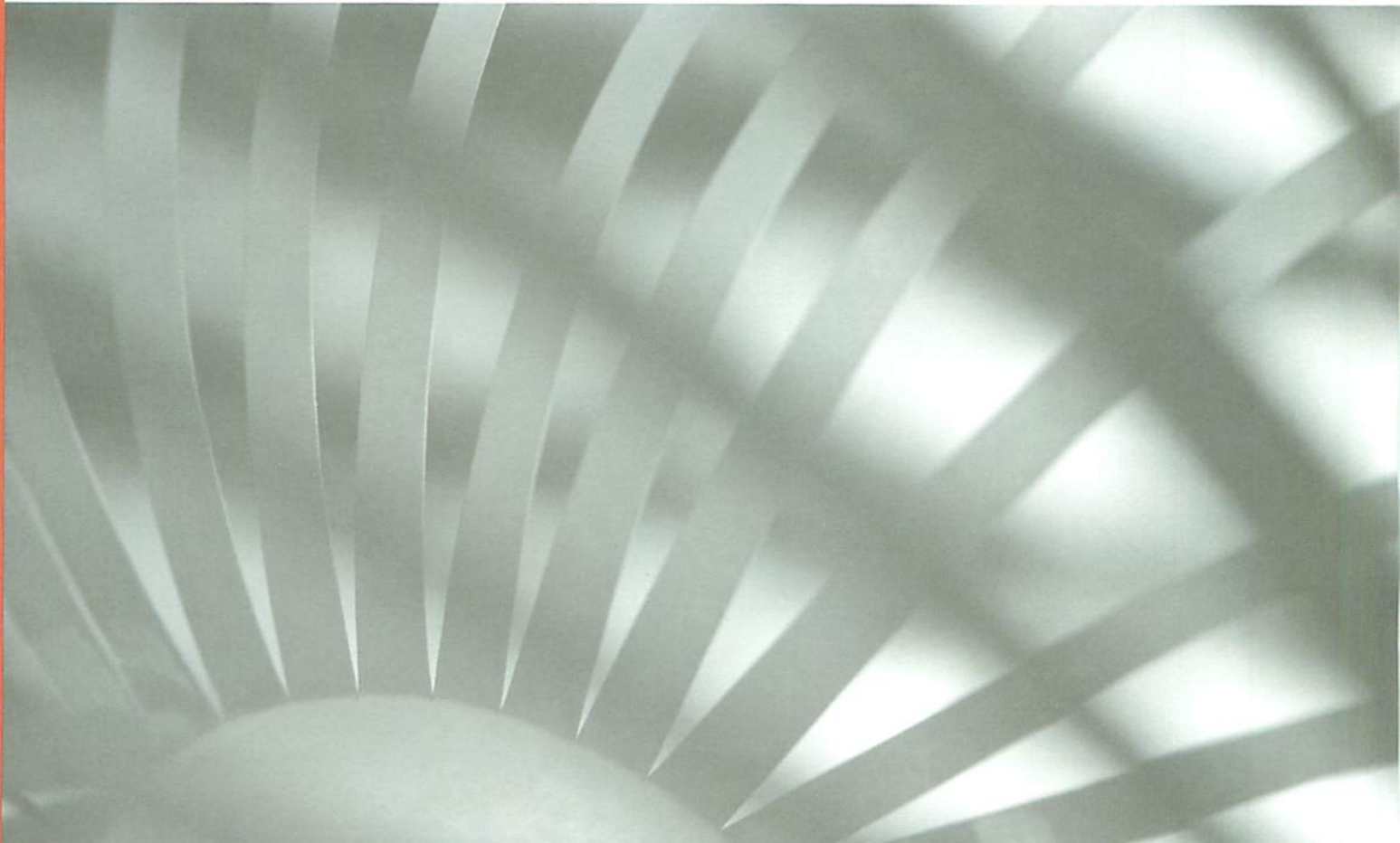
Frost  
Rittenberg &  
Rothblatt PC

*CPAs & Business Advisors*

**Illinois Spina Bifida Association  
(d.b.a. Spina Bifida Association of Illinois)**

**Financial Statements and Auditor's Report**

**December 31, 2012 and 2011**



**Illinois Spina Bifida Association**  
**December 31, 2012 and 2011**

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## **Independent Auditor's Report**

**To the Board of Directors  
Illinois Spina Bifida Association**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Illinois Spina Bifida Association (the "Organization"), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, cash flows, and functional expenses 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 States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our 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 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Illinois Spina Bifida Association as of December 31, 2012, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

**Emphasis-of-Matter**

As discussed in Note 8 to the financial statements, the Organization restated its 2011 financial statements. The Organization had previously recognized certain special events revenue as contribution revenue and not as an exchange transaction as required. Our opinion is not modified with respect to that matter.

**Report on Summarized Comparative Information**

We have previously audited the Organization's 2011 financial statements, and our report dated March 6, 2013 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Frost, Ruttenberg & Rothblatt, P.C.*

November 12, 2013

## **Financial Statements**

**Illinois Spina Bifida Association**  
**Statements of Financial Position**  
**December 31, 2012 and 2011**

<b>ASSETS</b>	<b>2012</b>	<b>Restated 2011</b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 75,683	\$ 110,608
Pledges receivable	13,648	9,084
Accounts receivable - other	-	1,781
Prepaid expenses	2,101	2,617
<b>Total Current Assets</b>	<b>91,432</b>	<b>124,090</b>
<b>Investments</b>	<b>173,440</b>	<b>166,733</b>
<b>Property, Plant and Equipment, Net</b>	<b>67</b>	<b>218</b>
<b>Other Assets</b>		
Security deposit	3,366	3,366
<b>Total Other Assets</b>	<b>3,366</b>	<b>3,366</b>
<b>TOTAL ASSETS</b>	<b>\$ 268,305</b>	<b>\$ 294,407</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade accounts payable	\$ 9,185	\$ 5,018
Payroll taxes payable	2,113	2,676
Deferred revenue	10,750	11,421
<b>Total Current Liabilities</b>	<b>22,048</b>	<b>19,115</b>
<b>Long-Term Liabilities</b>		
Deferred rent	2,500	3,347
<b>Total Long-Term Liabilities</b>	<b>2,500</b>	<b>3,347</b>
<b>TOTAL LIABILITIES</b>	<b>24,548</b>	<b>22,462</b>
<b>NET ASSETS</b>		
Unrestricted	187,921	258,580
Temporarily restricted	55,836	13,365
<b>Total Net Assets</b>	<b>243,757</b>	<b>271,945</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 268,305</b>	<b>\$ 294,407</b>

See accompanying notes.



# Illinois Spina Bifida Association

## Statement of Activities

For the Year Ended December 31, 2012

(With Summarized Comparative Information for the Year Ended December 31, 2011)

	2012			Restated 2011
	Unrestricted	Temporarily Restricted	Total	Total
<b>Revenue and Other Support</b>				
Contributions	\$ 120,963	\$ 46,257	\$ 167,220	\$ 142,166
Dues	3,570	-	3,570	4,065
Special events revenue	219,936	-	219,936	198,051
Net investment earnings	6,707	-	6,707	11,645
Interest income	12	-	12	287
Net assets released from restrictions	3,786	(3,786)	-	-
<b>Total Revenue and Other Support</b>	<b>354,974</b>	<b>42,471</b>	<b>397,445</b>	<b>356,214</b>
<b>Expenses</b>				
Program expenses	183,903	-	183,903	218,709
General and administrative expenses	67,935	-	67,935	34,828
Fundraising expenses	173,795	-	173,795	165,906
<b>Total Expenses</b>	<b>425,633</b>	<b>-</b>	<b>425,633</b>	<b>419,443</b>
Change in Net Assets	(70,659)	42,471	(28,188)	(63,229)
<b>Net Assets - Beginning of Year as Restated</b>	<b>258,580</b>	<b>13,365</b>	<b>271,945</b>	<b>335,174</b>
<b>Net Assets - End of Year as Restated</b>	<b>\$ 187,921</b>	<b>\$ 55,836</b>	<b>\$ 243,757</b>	<b>\$ 271,945</b>

See accompanying notes.

**Illinois Spina Bifida Association**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2012 and 2011**

	2012	Restated 2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (28,188)	\$ (63,229)
<b>Adjustments To Reconcile Change In Net Assets To Net Cash Used In Operating Activities</b>		
Depreciation	151	1,595
Bad debt expense	1,781	-
Net unrealized and reinvested earnings on investments	(6,707)	(11,645)
(Increase) Decrease in Assets		
Pledges receivable	461	(3,959)
Accounts receivable - other		(1,781)
Prepaid expense and other assets	(1,265)	155
Increase (Decrease) in Liabilities		
Accounts payable	923	(1,100)
Accrued expenses and other liabilities	(2,081)	8,263
<b>Total Adjustments</b>	<b>(6,737)</b>	<b>(8,472)</b>
<b>Net Cash Used In Operating Activities</b>	<b>(34,925)</b>	<b>(71,701)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(34,925)</b>	<b>(71,701)</b>
Cash and cash equivalents - beginning of year	110,608	182,309
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 75,683</b>	<b>\$ 110,608</b>

See accompanying notes.



# Illinois Spina Bifida Association

## Statements of Functional Expenses

For the Year Ended December 31, 2012

(With Summarized Comparative Information for the Year Ended December 31, 2011)

	2012				2011
	Program	General and Administrative	Fundraising	Total	Total
Advertising and promotion	\$ -	\$ -	\$ -	\$ -	\$ 4,180
Special events:					
CATA	-	-	19,075	19,075	18,903
Golf outing	-	-	18,022	18,022	23,693
Other	-	-	18,801	18,801	19,813
Conferences and travel	4,192	-	-	4,192	5,012
Depreciation	73	24	54	151	1,595
Direct program expenses	32,437	-	-	32,437	22,833
Employee benefits	7,559	1,972	6,902	16,433	14,344
Executive director expenses	2,454	818	1,841	5,113	4,360
Grants and scholarships	13,500	1,586	-	15,086	10,000
Insurance	3,241	1,080	2,431	6,752	7,397
Interest and bank charges	-	5,841	-	5,841	5,821
Newsletter/printing and postage	4,833	1,611	3,625	10,069	15,555
Other expenses	-	384	-	384	1,694
Payroll tax expense	6,280	1,638	5,734	13,652	15,593
Professional fees	-	23,340	-	23,340	11,115
Rent	9,973	3,324	7,480	20,777	25,094
Salaries and wages	93,890	24,493	85,726	204,109	203,107
Supplies	2,278	760	1,709	4,747	4,305
Utilities	3,193	1,064	2,395	6,652	5,029
<b>Total Expenses</b>	<b>\$ 183,903</b>	<b>\$ 67,935</b>	<b>\$ 173,795</b>	<b>\$ 425,633</b>	<b>\$ 419,443</b>

See accompanying notes.

**Illinois Spina Bifida Association**  
**Notes to Financial Statements**  
**December 31, 2012 and 2011**

**Note (1) Nature of Operations and Summary of Significant Accounting Policies**

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**A. Nature of Operations**

Illinois Spina Bifida Association (d.b.a Spina Bifida Association of Illinois) (the "Organization"), incorporated on September 23, 1969, is an Illinois not for profit corporation that promotes the understanding of Spina Bifida and the ability of children and adults afflicted with the disability to lead full and meaningful lives. The Organization's support primarily comes from donor contributions, public grants and various fundraising activities.

Approximately 26% and 27% of the Organization's revenue came from one special event in 2012 and 2011, respectively.

**B. Basis of Presentation**

The accounts of the Organization are maintained in accordance with the principles of fund accounting, whereby resources are classified for accounting and reporting purposes into net assets established according to their nature and purpose.

Unrestricted Net Assets – Represents the portion of expendable funds that are available for the daily operations of the Organization, which are not limited by donor restriction on use.

Temporarily Restricted Net Assets – Consist of donor-restricted contributions received with specific time or purpose restrictions. Upon satisfaction of time or purpose restrictions, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets – Subject to the restrictions of the gift instruments requiring that the principal be invested in perpetuity, and that income only be utilized in the operations of the Organization. There were no permanently restricted net assets as of December 31, 2012 and 2011, respectively.

**C. Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents.

**Illinois Spina Bifida Association**  
**Notes to Financial Statements**  
**December 31, 2012 and 2011**

**Note (1) Nature of Operations and Summary of Significant Accounting Policies - Continued**

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**D. Revenue and Support Recognition**

Contributions, including unconditional promises to give, are reported at fair value when received. All contributions are available for unrestricted use unless explicit donor stipulations specify how or when the contributions may be used. Unconditional promises to give due in subsequent years are reported at the present value of their estimated future cash flows, using risk-free interest rates applicable to those years in which the promises are to be received. Contributions that are subject to donor-imposed restrictions that are met in the same year as the contributions are made, are recognized and reported as unrestricted support and included in changes in unrestricted net assets.

**E. Investments**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values based on quoted prices in active markets in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

**F. Property, Plant and Equipment**

Property, plant and equipment are carried at cost. The Organization capitalizes any additions that exceed \$1,000 and have a useful life of more than one year. Depreciation is provided using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Office and computer equipment	3-5

The Organization reviews the recoverability of long-lived assets when circumstances dictate that the carrying amount may not be recoverable. The carrying amount of assets held and used is generally not recoverable if it exceeds the undiscounted sum of cash flows expected to result from the use and eventual disposition of the asset, or for assets held for sale if it exceeds market value. If the Organization identifies impairment for long-lived assets to be held and used, the Organization compares the assets' current carrying value to the assets' fair value. Fair value is based on current market values or discounted future cash flows. The Organization records impairment when the carrying value exceeds fair value. There were no impairment indicators during the years ended December 31, 2012 and 2011.

**Illinois Spina Bifida Association**  
**Notes to Financial Statements**  
**December 31, 2012 and 2011**

**Note (1) Nature of Operations and Summary of Significant Accounting Policies - Continued**

**G. Deferred Rent**

Rent expense is being recognized on a straight-line basis over the life of the lease. The difference between rent expense recognized and rental payments as stipulated in the lease is reflected as deferred rent in the statements of financial position.

**H. Income Taxes**

The Organization is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. Therefore, the Organization has made no provision for income taxes in the accompanying financial statements.

The Organization accounts for any potential interest or penalties related to the possible future liabilities for unrecognized income tax benefits as income/other expenses. The Organization is no longer subject to examination by tax authorities for federal, state or local income taxes for periods before 2009.

**I. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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. While actual results may differ from those estimates, management does not expect the differences, if any, to have a material effect on the financial statements.

**Illinois Spina Bifida Association**  
**Notes to Financial Statements**  
**December 31, 2012 and 2011**

**Note (1) Nature of Operations and Summary of Significant Accounting Policies - Continued**

**J. Concentrations of Credit Risk**

At times, the Organization may maintain cash accounts with amounts in excess of insured limits. The Organization has not experienced any losses due to these limits.

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents and investments.

**K. Advertising Expense**

The Organization expenses advertising as incurred. Advertising expense was \$0 and \$4,180 for the years ended December 31, 2012 and 2011, respectively.

**L. Summarized Comparative Information**

The financial statements include certain prior-year summarized comparative information in total, but not by detail and net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2011, from which the summarized information was derived.

**M. Functional Expenses**

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic 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.

**N. Reclassifications**

Certain amounts as reported in the 2011 financial statements have been reclassified to the 2012 presentation.

**O. Subsequent Events**

The Organization evaluated all significant events or transactions that occurred through November 12, 2013, the date that the financial statements were available to be issued.

**Illinois Spina Bifida Association**  
**Notes to Financial Statements**  
**December 31, 2012 and 2011**

**Note (2) Investments**

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Investments in debt and equity securities with readily determinable fair values are carried at fair value based on quoted prices in active markets (all Level 1 measurements). Investments at December 31, 2012 and 2011 were comprised of the following:

	<b>2012</b>	<b>2011</b>
Bond mutual funds	\$ 172,442	\$ 165,735
Money market	998	998
<b>Total</b>	<b>\$ \$173,440</b>	<b>\$ \$166,733</b>

Investment earnings were comprised of the following for the years ended December 31, 2012 and 2011, respectively:

	<b>2012</b>	<b>2011</b>
Interest and dividends	\$ 5,358	\$ 5,632
Net unrealized gains	1,349	5,913
<b>Total</b>	<b>\$ 6,707</b>	<b>\$ 11,645</b>

**Note (3) Property, Plant and Equipment**

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Property, plant and equipment are comprised of the following at December 31, 2012 and 2011.

	<b>2012</b>	<b>2011</b>
Office and computer equipment	\$ 18,916	\$ 18,916
<b>Total Cost</b>	<b>18,916</b>	<b>18,916</b>
Less: Accumulated depreciation	(18,849)	(18,698)
<b>Property, Plant and Equipment, Net</b>	<b>\$ 67</b>	<b>\$ 218</b>

Depreciation expense for the years ending December 31, 2012 and 2011 was \$151 and \$1,595, respectively.

**Illinois Spina Bifida Association**  
**Notes to Financial Statements**  
**December 31, 2012 and 2011**

**Note (4) Fair Value of Financial Instruments**

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The fair value measurements and disclosures topic defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It describes three approaches to measuring the fair value of assets and liabilities: 1) the market approach, 2) the income approach and 3) the cost approach. Each of these approaches includes multiple valuation techniques. It does not prescribe which valuation technique should be used when measuring fair value, but does establish a fair value hierarchy that prioritizes the inputs used in applying the various techniques. Inputs broadly refer to the assumptions that market participants use to make pricing decisions, including assumption about risk. Level 1 inputs are given the highest priority in the hierarchy while Level 3 inputs are given the lowest priority. Assets and liabilities carried at fair value are classified in one of the following three categories based upon the nature of the inputs to the valuation technique used:

- Level 1 – Observable inputs that reflect unadjusted quoted prices for identical assets or liabilities in active markets as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 – Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3 – Unobservable inputs that are not corroborated by market data. These inputs reflect management's best estimate of fair value using its own assumptions about the assumptions a market participant would use in pricing the asset or liability.

The following table sets forth, by level within the fair value hierarchy, the Organization's assets that were accounted for at fair value on a recurring basis as of December 31, 2012 and 2011. As required by the fair value measurements and disclosures topic, this asset is classified in its entirety based on the lowest level input that is significant to the fair value measurement. The Organization's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect their placement within the fair value hierarchy levels.



**Illinois Spina Bifida Association**  
**Notes to Financial Statements**  
**December 31, 2012 and 2011**

**Note (4) Fair Value of Financial Instruments - Continued**

Description	Fair Values as of December 31, 2012	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments</b>				
Bond Mutual funds	\$ 172,442	\$ 172,442	\$ -	\$ -
<b>Total Investments</b>	<b>\$ 172,442</b>	<b>\$ 172,442</b>	<b>\$ -</b>	<b>\$ -</b>

Description	Fair Values as of December 31, 2011	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments</b>				
Bond Mutual funds	\$ 165,735	\$ 165,735	\$ -	\$ -
<b>Total Investments</b>	<b>\$ 165,735</b>	<b>\$ 165,735</b>	<b>\$ -</b>	<b>\$ -</b>

**Note (5) Related Party Transactions**

Beginning in 2010, the Organization hired a family member of the Executive Director as a consultant for various programming and fundraising activities. Payments to the family member for consulting work amounted to \$46,800 and \$32,251 for the years ended December 31, 2012 and 2011, respectively.

**Illinois Spina Bifida Association**  
**Notes to Financial Statements**  
**December 31, 2012 and 2011**

**Note (6) Lease**

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The Organization leases office space in Chicago, Illinois, under a non-cancelable operating lease through August 31, 2014, with monthly rent escalating from \$1,096 to \$1,303. The Organization is also responsible for increases in real estate taxes and common area maintenance charges.

Future minimum rental payments to be paid by the Organization, for each of the next two years, are as follows:

2013	\$	14,936
2014		10,220
<b>Total</b>	<b>\$</b>	<b>25,156</b>

Rent expense was \$20,777 and \$25,094 for the years ended December 31, 2012 and 2011, respectively.

**Note (7) Temporarily Restricted Net Assets**

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The purposes for which net assets have been temporarily restricted at December 31, 2012 and 2011 are as follows:

	2012	2011
Patrick Juris Scholarship Fund	\$ 28,136	\$ 13,665
YMCA Camp Independence	17,700	-
SB 360	10,000	-
	<b>\$ 55,836</b>	<b>\$ 13,665</b>

Temporarily restricted net assets represents monies received for a scholarship fund and donor restricted contributions to fund future programs.

**Note (8) Restatement**

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Unrestricted net assets and deferred revenue at the beginning of 2011 has been restated to correct an error as a result of a prior year adjustment for special events revenue. The effect of this restatement on the change in net assets and financial position as of January 1, 2011 and for the year ended December 31, 2011 are as follows:

**Illinois Spina Bifida Association**  
**Notes to Financial Statements**  
**December 31, 2012 and 2011**

**Note (8) Restatement - Continued**

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	<b>As Previously Reported</b>	<b>As Restated</b>	<b>Effect of Change</b>
Special events revenue	\$ 200,918	\$ 198,051	\$ 2,867
Deferred revenue	-	11,421	(11,421)
Change in net assets	(60,362)	(63,229)	2,867
Net assets – beginning of year	343,728	335,174	8,554
Net assets – end of year	283,366	271,945	11,421