

CHARGE SYNDROME FOUNDATION, INC.

BUFFALO GROVE, ILLINOIS

FINANCIAL STATEMENTS
(Audit)

FOR THE YEAR ENDED
DECEMBER 31, 2017

CHARGE Syndrome Foundation, Inc.
FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
CHARGE Syndrome Foundation, Inc.

We have audited the accompanying financial statements of CHARGE Syndrome Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, 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 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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 CHARGE Syndrome Foundation, Inc. as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Snodgrass of N.E. Ohio, Inc.

Ashtabula, Ohio

March 9, 2018

CHARGE Syndrome Foundation, Inc.
 STATEMENT OF FINANCIAL POSITION
 December 31, 2017

ASSETS	
CURRENT ASSETS	
Cash	\$ 549,326
Cash- restricted for conference scholarships	51,000
Prepaid expense	1,237
Total assets	\$ 601,563
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	\$ 765
Accrued wages	902
Deferred memberships	480
Total liabilities	2,147
NET ASSETS	
Unrestricted net assets	548,416
Temporarily restricted net assets	51,000
Total net assets	599,416
Total liabilities and net assets	\$ 601,563

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

CHARGE Syndrome Foundation, Inc.
STATEMENT OF INCOME
Year Ended December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>2017 Total</u>
REVENUES:			
Conference	\$ 458,634	\$ -	\$ 458,634
Contributions	152,021	51,000	203,021
Dividends	606	-	606
Fundraising	147,843	-	147,843
Membership	29,430	-	29,430
	<u>788,534</u>	<u>51,000</u>	<u>839,534</u>
Total revenues			
EXPENSES:			
Program expenses	670,105	-	670,105
Management expenses	44,243	-	44,243
	<u>714,348</u>	<u>-</u>	<u>714,348</u>
Total expenses			
NET INCREASE IN NET ASSETS	74,186	51,000	125,186
NET ASSETS AT BEGINNING OF YEAR	<u>474,230</u>	<u>-</u>	<u>474,230</u>
NET ASSETS AT END OF YEAR	<u>\$ 548,416</u>	<u>\$ 51,000</u>	<u>\$ 599,416</u>

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

CHARGE Syndrome Foundation, Inc.
 SCHEDULE OF FUNCTIONAL EXPENSES
 Year Ended December 31, 2017

	Program				Total
	Conference	Information and Education	Total Program	Management and General	
Bank fees	\$ -	\$ -	\$ -	\$ 22,511	\$ 22,511
Board meetings	2,345	2,933	5,278	586	5,864
Committee	-	842	842	-	842
Conference	428,468	-	428,468	-	428,468
EWRAP	-	14,208	14,208	-	14,208
Fundraising	-	-	-	11,047	11,047
Insurance	-	2,977	2,977	157	3,134
Miscellaneous	-	-	-	1,789	1,789
Office expense	555	2,913	3,468	1,156	4,624
Outreach	-	3,869	3,869	-	3,869
Payroll taxes	-	4,335	4,335	-	4,335
Postage	-	1,424	1,424	610	2,034
Professional fees	-	-	-	6,341	6,341
Research/grants	-	150,000	150,000	-	150,000
Salary	-	54,814	54,814	-	54,814
Telephone	61	361	422	46	468
Total expenses	\$ 431,429	\$ 238,676	\$ 670,105	\$ 44,243	\$ 714,348

The accompanying notes are integral part of the financial statements. -6-

CHARGE Syndrome Foundation, Inc.
 STATEMENT OF CASH FLOWS
 Year Ended December 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 125,186
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
(Increase) decrease in prepaid expense	7,606
Increase (decrease) in accounts payable	764
Increase (decrease) in accrued wages	6
Increase (decrease) in deferred memberships	(1,530)
Increase (decrease) in deferred conference income	(6,500)
Net cash provided by operating activities	125,532
Net increase in cash and cash equivalents	125,532
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	474,794
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 600,326

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

CHARGE Syndrome Foundation, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the financial statements of CHARGE Syndrome Foundation, Inc.

Background: The CHARGE Syndrome Foundation, Inc. (the “Foundation”) is a non-profit charitable organization. It provides information on CHARGE syndrome to individuals, families, and professionals. Members receive a quarterly newsletter. There are biennial conferences for families and professionals. The Foundation provides educational literature to families, individuals, and professionals. The Foundation promotes and supports research regarding the identification, cause, and management of CHARGE syndrome. The majority of supporting revenue is from voluntary contributions and memberships.

Functional allocation of expenses: The costs of providing the program and activities have been itemized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the program and supporting services benefited.

Basis of accounting: The financial statements of CHARGE Syndrome Foundation, Inc. have been prepared on the accrual basis of accounting and, accordingly, include all significant receivables, payables, and other liabilities.

Tax status: CHARGE Syndrome Foundation, Inc. is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and is not a private foundation pursuant to 509(a) of the code.

The Foundation recognizes interest and penalties, if any, related to unrecognized tax benefits as operating expenses. The Foundation’s tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of December 31, 2017, the year 2016, 2015, and 2014 returns are subject to examination.

Cash: For the purpose of the statement of cash flows, the Foundation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Deferred Revenue: Income from membership dues and subscription fees is deferred and recognized over the periods to which the dues and fees relate.

Financial Statement Presentation

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

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

CHARGE Syndrome Foundation, Inc.
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

Temporarily restricted net assets – Net assets subject to donor imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that may be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

There were no permanently restricted net assets at December 31, 2017.

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Costs are reported by function under program services and support services in the statements of activities and functional expenses

Use of estimates: Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. 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 vary from the estimates that were used.

NOTE 2- CASH

Cash and cash equivalents are composed of the following at December 31, 2017:

Bank of America Checking	\$ 486,142
Ameritrade CD Accounts	111,891
PayPal Accounts	<u>2,293</u>
Total cash and cash equivalents	<u>\$ 600,326</u>

The Ameritrade CD accounts are interest bearing. At December 31, 2017, the interest rate was approximately 1% for the year.

The cash and cash equivalents accounts are held at different banks. The cash account is secured in total by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per account in claims for cash. At December 31, 2017, the Foundation's uninsured cash balance total was \$236,142.

CHARGE Syndrome Foundation, Inc.
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2- CASH (Continued)

The Ameritrade CD accounts are interest bearing. At December 31, 2017, the interest rate was approximately 1% for the year.

The cash and cash equivalents accounts are held at different banks. The cash account is secured in total by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per account in claims for cash. At December 31, 2017, the Foundation's uninsured cash balance total was \$236,142.

NOTE 3- CONTRIBUTED SERVICES

No amounts have been reflected in the financial statements for donated services. The Foundation generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Foundation.

NOTE 4- RESTRICTED CASH

Restricted cash and net asset balances are related to conference scholarships. These amounts are restricted by the donors.

NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS

The activity in temporarily restricted net assets for the year ended December 31, 2017 was as follows:

	<u>2017</u>
Revenue- contributions	\$ 51,000

NOTE 6- SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 9, 2018, the date on which the financial statements were available to be issued.