

CHARCOT-MARIE-TOOTH ASSOCIATION  
FINANCIAL STATEMENTS &  
AUDITORS' REPORT

DECEMBER 31, 2011 & 2010

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# Peterson, Fieo & Co.

*Certified Public Accountants*

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Richard M. Peterson, CPA  
Giorgio E. Fieo, CPA\*, CFE  
*\* also licensed in New Jersey*

113 No. Olive Street  
Media, Penna. 19063  
(610) 565-6307 office  
(610) 565-6920 fax

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Charcot-Marie-Tooth Association

We have audited the accompanying statement of financial position of Charcot-Marie-Tooth Association as of 31<sup>st</sup> December 2011 & 2010 and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of Charcot-Marie-Tooth Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Charcot-Marie-Tooth Association as of 31<sup>st</sup> December 2011 & 2010 and the changes in its net assets, functional expenses and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Peterson, Fieo & Co.*

2<sup>nd</sup> March 2012

**CHARCOT-MARIE-TOOTH ASSOCIATION**

**STATEMENT of FINANCIAL POSITION**

	as of December 31,	
	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Current Assets		
Cash & cash equivalents	\$ 775,165	\$ 353,736
Accounts receivable	-	6,700
Prepaid Insurance	-	2,463
Total Current Assets	<u>775,165</u>	<u>362,899</u>
Fixed Assets		
Office equipment, website, etc. (net of depreciation)	<u>90,382</u>	<u>145,592</u>
Total Assets	<u>\$ 865,547</u>	<u>\$ 508,491</u>
<u>Liabilities &amp; Net Assets</u>		
<u>Liabilities</u>		
Accounts payable	\$ 24,935	\$ 107,475
<u>Net Assets</u>		
Unrestricted	675,230	230,424
Unrestricted - Fixed Assets	<u>90,382</u>	<u>145,592</u>
Total Unrestricted Net Assets	765,612	376,016
Temporarily Restricted Net Assets	<u>75,000</u>	<u>25,000</u>
Total Net Assets	<u>840,612</u>	<u>401,016</u>
Total Liabilities & Net Assets	<u>\$ 865,547</u>	<u>\$ 508,491</u>

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

**CHARCOT-MARIE-TOOTH ASSOCIATION**

**STATEMENT of ACTIVITIES**

	<u>Year Ended December 31, 2011</u>			<u>Year Ended Dec. 31, 2010</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
Revenues				
Contributions	\$ 1,087,223	\$ 50,000	\$ 1,137,223	\$ 504,246
Special events revenue <i>(net of expenses)</i>	335,777		335,777	438,603
Sale of Promotional Products <i>(net of expenses)</i>	-		-	4,526
Support group revenue	141,742		141,742	15,362
Investment income	1,290		1,290	2,057
Net assets released from restrictions	-		-	-
Total Revenues	<u>1,566,032</u>	<u>50,000</u>	<u>1,616,032</u>	<u>964,794</u>
Expenses				
Program services	558,671	-	558,671	499,599
Management and general	518,080		518,080	258,579
Fundraising	99,685		99,685	143,788
Total Expenses	<u>1,176,436</u>	<u>-</u>	<u>1,176,436</u>	<u>901,966</u>
Increase (decrease) in net assets	389,596	50,000	439,596	62,828
Net assets - beginning of year	<u>376,016</u>	<u>25,000</u>	<u>401,016</u>	<u>338,188</u>
Net assets - end of year	<u>\$ 765,612</u>	<u>\$ 75,000</u>	<u>\$ 840,612</u>	<u>\$ 401,016</u>

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

**CHARCOT-MARIE-TOOTH ASSOCIATION**

**STATEMENT of FUNCTIONAL EXPENSES**

	<u>Year Ended December 31, 2011</u>				<u>Year Ended Dec. 31, 2010</u>
	<u>Program Services</u>	<u>Management &amp; General</u>	<u>Fundraising</u>	<u>Total</u>	<u>Total</u>
Salaries & benefits	\$ 233,374	\$ 113,952	\$ 69,426	\$ 416,752	\$ 445,723
Publications & supplies	32,825	-	12,309	45,134	29,844
Occupancy & admin	14,782	105,095	17,950	137,827	116,474
Direct program expenses	127,147	-	-	127,147	183,785
Conference expenses	-	107,956	-	107,956	67,520
Consulting & lobbying	150,543	191,077	-	341,620	58,620
Total Expenses	<u>\$ 558,671</u>	<u>\$ 518,080</u>	<u>\$ 99,685</u>	<u>\$ 1,176,436</u>	<u>\$ 901,966</u>

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

**CHARCOT-MARIE-TOOTH ASSOCIATION**

**STATEMENT of CASH FLOWS**

	<u>Year Ended December 31</u>	
	<u>2011</u>	<u>2010</u>
Cash flows from operating activities		
Increase (decrease) in net assets	\$ 439,596	\$ 62,828
Depreciation expense	55,977	20,335
Decrease (increase) in assets		
Grants receivable	6,700	(6,700)
Prepaid expenses & security deposits	2,463	337
Increase (decrease) in liabilities		
Accounts payable	(82,541)	98,930
Research grants payable	-	(301,833)
Net cash provided (used) by operating activities	<u>422,195</u>	<u>(126,103)</u>
Cash flows from investing activities		
Expenditures for computer equipment	<u>(766)</u>	<u>(151,624)</u>
Cash flows from financing activities	-	-
Net increase (decrease) in Cash & cash equivalents	421,429	(277,727)
Cash & cash equivalents - beginning of year	<u>353,736</u>	<u>631,463</u>
Cash & cash equivalents - end of year	<u>\$ 775,165</u>	<u>\$ 353,736</u>
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -

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

# CHARCOT-MARIE-TOOTH ASSOCIATION

## NOTES to FINANCIAL STATEMENTS

DECEMBER 31, 2011

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### 1. Nature of the Organization

The Charcot-Marie-Tooth Association (the "Association") was established to create awareness of Charcot-Marie-Tooth ("CMT") disorders within the health care community and the general public, and to be a leading source of information regarding CMT disorders. The Association encourages, promotes and supports research into the cause, treatment and cure of CMT. The Association also facilitates education and support for persons affected by CMT.

### 2. Significant Accounting Policies

Basis of Presentation. The Association follows Statement of Financial Accounting Standards ("SFAS") #117 *Financial Statements for Not-for-Profit Organizations* to prepare its financial statements. Under SFAS #117, the Association is required to report information regarding its financial position and activities according to three classes of assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Furthermore, several Statements of Financial Accounting Standards have been deemed inapplicable due to materiality (e.g., SFAS #106 "Employers' Accounting for Post-Employment Benefits Other Than Pensions" and SFAS #112 "Employers' Accounting for Post-Employment Benefits").

Measurement Focus. The Statement of Financial Position and the Statement of Activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

Use of Estimates. The preparation of financial statements in conformity with generally accepted accounting principles 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. Actual results could differ from these estimates.

Revenue Recognition. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of restrictions. When a restriction expires, or when the purpose of the 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. Investment earnings are recorded in unrestricted net assets. There are no permanently restricted net assets.

Income Taxes. The Association is organized as a Pennsylvania not-for-profit corporation and as such, is exempt from income taxes. Further, the U.S. Internal Revenue Service has granted the corporation permanent status as an organization categorized under Internal Revenue Code (IRC) Section 503(c)(3). Accordingly, contributions to the Association qualify as deductible charitable contributions as provided in IRC Section 170(b)(1)(a)(vi). Accordingly, no provision has been made for income taxes with respect to this period, nor any prior period.

Other Filings. The Association is registered with the Pennsylvania Bureau of Charitable Organizations and files an annual registration and report therewith.

Cash & Cash Equivalents. The organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.



# CHARCOT-MARIE-TOOTH ASSOCIATION

## NOTES to FINANCIAL STATEMENTS

DECEMBER 31, 2011

Capital Assets. The Association defines capital assets as tangible assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year. Capital assets of the Association are recorded at either their actual cost or estimated historical cost. Donated assets are valued at their estimated fair value on the date donated.

Donated Services & Materials. The Association receives donated services from a variety of unpaid volunteers assisting it in its mission. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort under SFAS #116 have not been satisfied. Donated materials, supplies, and other items have however, been recognized in the financial statements at an arms length cost.

### 3. Concentration of Credit Risk.

During the year the Association had deposits with a major commercial bank that exceeded Federal Depository Insurance (FDIC) limit of \$250,000 per depositor, per bank. At December 31, 2011, these balances were \$525,165 in excess of the FDIC insured limits. Management believes the credit risk related to these deposits is minimal.

### 4. Property & Equipment.

Acquisition of property and equipment are capitalized at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. These range from three to ten years. Depreciation expense was \$55,977 and \$20,335 for 2011 and 2010, respectively.

Changes in the property and equipment accounts are as follows:

Year Ended	Beginning			End
December 31, 2011	of year	Additions	Deletions	of year
Office Equipment	74,801	767		75,568
Website & Software	150,775			150,775
Less: Accumulated Depreciation	79,984	55,977		135,961
Net Value	145,592	(55,210)	-	90,382

Year Ended	Beginning			End
December 31, 2010	of year	Additions	Deletions	of year
Office Equipment	73,952	849		74,801
Website & Software	-	150,775		150,775
Less: Accumulated Depreciation	59,649	20,335		79,984
Net Value	14,303	131,289	-	145,592

**CHARCOT-MARIE-TOOTH ASSOCIATION**  
**NOTES to FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**

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5. Temporarily Restricted Net Assets

At December 31, 2011, the temporarily restricted net assets of \$75,000 is comprised of \$25,000 received for specific research grants and education and \$50,000 received for the Development Board.

6. Leases

By December 31, 2010, the Association's lease for its business offices in Chester, Pennsylvania had expired. As of said date, the Association rents no real estate.

In December 2010, the Association leased an automobile for the use of the executive director. The future payment obligations under this lease are as follows:

2012	6,432
2013	6,432
2014	-
Total	<u>12,864</u>

This lease replaced a similar three-year automobile lease begun in 2007.

7. Tax-Deferred Annuity Plan

The Association has a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers full-time employees of the Association. The Association contributes 3% of gross salaries for qualified employees to the plan. Plan expense was \$8,399 for 2011.

8. Special Events.

The Association runs numerous special events activities as part of its fundraising activities, the largest two being the CMTA Golf Outing and the CMTA Swim for the Cure. The recap for these special events is as follows:

	Total	CMTA Golf Outing	CMTA Swim for the Cure	Other
Revenues	421,517	161,200	129,261	131,056
Expenses	85,740	84,476	805	459
Net	<u>335,777</u>	<u>76,724</u>	<u>128,456</u>	<u>130,597</u>

**CHARCOT-MARIE-TOOTH ASSOCIATION**  
**NOTES to FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**

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9. Functional Reporting of Expenses

The cost of providing the various programs and activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

10. Compensated Absences

The organization provides paid vacation for its full-time employees. The amount of unused vacation was immaterial and no liability has been recorded.