



LEWY BODY DEMENTIA ASSOCIATION, INC.

Financial Statements

at

December 31, 2017 and 2016



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Lewy Body Dementia Association, Inc.
Atlanta, Georgia

We have audited the accompanying financial statements of Lewy Body Dementia Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses 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 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 auditors consider 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 Lewy Body Dementia Association, Inc. as of December 31, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

April 6, 2018

LEWY BODY DEMENTIA ASSOCIATION, INC.
Statement of Financial Position
December 31, 2017 and 2016

	2017	2016
Assets		
Cash and Cash Equivalents	\$ 2,008,067	\$ 1,545,902
Investment	51,414	51,282
Accounts Receivable	-	22,228
Prepaid Expenses	26,872	-
Fixed Assets, Net	17,596	23,518
Total Assets	\$ 2,103,949	\$ 1,642,930
Liabilities and Net Assets		
Liabilities:		
Accounts Payable and Accrued Expenses	\$ 3,624	\$ 18,612
Payroll Compensation Payable	27,296	19,488
Commitment Payable	100,000	125,000
Total Liabilities	130,920	163,100
Unrestricted Net Assets:		
Undesignated	1,909,737	1,416,538
Designated	63,292	63,292
Total Net Assets	1,973,029	1,479,830
Total Liabilities and Net Assets	\$ 2,103,949	\$ 1,642,930

See accompanying notes to the financial statements.

LEWY BODY DEMENTIA ASSOCIATION, INC.
Statement of Activities
For the Year Ended December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue:			
Contributions and Gifts	\$ 1,541,423	\$ -	\$ 1,541,423
Foundation Grants	103,040	-	103,040
Interest Income	232	-	232
	<hr/>	<hr/>	<hr/>
Total Support and Revenue	1,644,695	-	1,644,695
Expenses:			
Programs	735,496	-	735,496
Support Services:			
Management and General	252,624	-	252,624
Fundraising	163,376	-	163,376
	<hr/>	<hr/>	<hr/>
Total Support Services	416,000	-	416,000
	<hr/>	<hr/>	<hr/>
Total Expenses	1,151,496	-	1,151,496
Change in Net Assets	493,199	-	493,199
Net Assets at Beginning of Year	1,479,830	-	1,479,830
	<hr/>	<hr/>	<hr/>
Net Assets at End of Year	<u>\$ 1,973,029</u>	<u>\$ -</u>	<u>\$ 1,973,029</u>

See accompanying notes to the financial statements.

LEWY BODY DEMENTIA ASSOCIATION, INC.
Statement of Activities
For the Year Ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue:			
Contributions and Gifts	\$ 1,070,086	\$ -	\$ 1,070,086
Foundation Grants	88,185	-	88,185
Interest Income	240	76	316
	<hr/>	<hr/>	<hr/>
Total Support and Revenue before Reclassifications	1,158,511	76	1,158,587
Net Assets Released from Restrictions	241,409	(241,409)	-
	<hr/>	<hr/>	<hr/>
Total Support, Revenue and Reclassifications	1,399,920	(241,333)	1,158,587
	<hr/>	<hr/>	<hr/>
Expenses:			
Programs	744,630	-	744,630
Support Services:			
Management and General	163,179	-	163,179
Fundraising	84,696	-	84,696
	<hr/>	<hr/>	<hr/>
Total Support Services	247,875	-	247,875
	<hr/>	<hr/>	<hr/>
Total Expenses	992,505	-	992,505
	<hr/>	<hr/>	<hr/>
Change in Net Assets	407,415	(241,333)	166,082
Net Assets at Beginning of Year	<u>1,072,415</u>	<u>241,333</u>	<u>1,313,748</u>
Net Assets at End of Year	<u>\$ 1,479,830</u>	<u>\$ -</u>	<u>\$ 1,479,830</u>

See accompanying notes to the financial statements.

LEWY BODY DEMENTIA ASSOCIATION, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2017

	Programs	Support Services			Total Expenses
		Management and General	Fundraising	Total	
Salaries and Benefits	\$ 459,929	\$ 120,103	\$ 110,138	\$ 230,241	\$ 690,170
Client Materials, Education and Postage	40,521	-	30,295	30,295	70,816
Conferences, Meetings and Travel	74,093	13,634	828	14,462	88,555
Professional Fees	88,669	59,841	13,098	72,939	161,608
Office Expenses	42,469	49,448	1,596	51,044	93,513
Occupancy	29,815	3,675	7,421	11,096	40,911
Depreciation	-	5,923	-	5,923	5,923
Total Expenses	\$ 735,496	\$ 252,624	\$ 163,376	\$ 416,000	\$ 1,151,496

See accompanying notes to the financial statements.

LEWY BODY DEMENTIA ASSOCIATION, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2016

	Programs	Support Services		Total	Total Expenses
		Management and General	Fundraising		
Salaries and Benefits	\$ 305,458	\$ 96,742	\$ 50,712	\$ 147,454	\$ 452,912
Client Materials, Education and Postage	180,343	-	9,950	9,950	190,293
Conferences, Meetings and Travel	155,509	13,686	2,973	16,659	172,168
Professional Fees	56,412	27,523	11,958	39,481	95,893
Office Expenses	25,842	14,523	3,909	18,432	44,274
Occupancy	21,066	4,782	5,194	9,976	31,042
Depreciation	-	5,923	-	5,923	5,923
Total Expenses	\$ 744,630	\$ 163,179	\$ 84,696	\$ 247,875	\$ 992,505

See accompanying notes to the financial statements.

LEWY BODY DEMENTIA ASSOCIATION, INC.
Statement of Cash Flows
For the Years Ended December 31, 2017 and 2016

	2017	2016
Cash Flows from Operating Activities:		
Cash Received from Donors	\$ 1,666,923	\$ 1,136,359
Cash Paid to Employees for Services	(682,362)	(446,980)
Cash Paid to Suppliers for Goods and Services	(522,263)	(409,897)
Net Cash Provided by Operating Activities	462,298	279,482
 Cash Flows from Investing Activities:		
Reinvestment of Interest Earned on Certificate of Deposit	(133)	(140)
Net Cash Used in Investing Activities	(133)	(140)
 Net Increase in Cash	462,165	279,342
 Cash and Cash Equivalents at Beginning of Year	1,545,902	1,266,560
 Cash and Cash Equivalents at End of Year	\$ 2,008,067	\$ 1,545,902

See accompanying notes to the financial statements.

LEWY BODY DEMENTIA ASSOCIATION, INC.
Statement of Cash Flows
For the Years Ended December 31, 2017 and 2016

	2017	2016
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 493,199	\$ 166,082
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation	5,923	5,923
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	22,228	(22,228)
(Increase) Decrease in Prepaid Expenses	(26,872)	6,851
(Decrease) in Accounts Payable and Accrued Expenses	(14,988)	(8,078)
Increase in Payroll Compensation Payable	7,808	5,932
Increase (Decrease) in Commitment Payable	(25,000)	125,000
	\$ 462,298	\$ 279,482
Net Cash Provided by Operating Activities		

See accompanying notes to the financial statements.

LEWY BODY DEMENTIA ASSOCIATION, INC.
Notes to the Financial Statements
December 31, 2017 and 2016

Note 1 - Organization and Summary of Significant Accounting Policies

Nature of Business

Lewy Body Dementia Association, Inc. (LBDA) is a national 501(c)(3) non-profit organization dedicated to raising awareness of Lewy body dementia (LBD), supporting LBD patients, families and medical professionals, and promoting scientific advances. Services include the LBDA Caregiver Helpline, national support group network, e-newsletter, educational publications and other relevant information for physicians and families in print and on LBDA's website. LBDA is funded primarily through individual, business, organization and foundation contributions and grants.

Basis of Accounting

Basis of accounting refers to the manner in which revenues and expenses are recognized in the accounts and reported in the financial statements. The financial statements are presented on the accrual method of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation

LBDA is required to report information regarding its financial position and activities according to three classes of net assets as follows:

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 will be met either by actions of LBDA and/or the passage of time.

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

At December 31, 2017 and 2016, LBDA did not have any temporarily or permanently restricted net assets.

Contributions, Support and Revenue

All contributions are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

LBDA reports gifts of cash and other assets as 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 the purpose for the restriction is accomplished, temporarily or permanently restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

LBDA records donated noncash assets at their fair value in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair value.

LEWY BODY DEMENTIA ASSOCIATION, INC.
Notes to the Financial Statements
December 31, 2017 and 2016

Note 1 - Organization and Summary of Significant Accounting Policies - continued

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 the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Tax Status

LBDA is a not-for-profit organization exempt from income taxes under the Internal Revenue Code Section 501(c)(3). Therefore, no provision for income taxes has been made. Management believes it has appropriate support for any tax positions taken and as such, does not have any uncertain tax positions material to the financial statements.

Cash and Cash Equivalents

Cash and cash equivalents represent funds in demand deposit accounts with financial institutions or money market accounts held at an investment brokerage firm available within thirty days.

Investments

The investment is a certificate of deposit at a financial institution with an annual maturity date.

Fair Value of Financial Instruments

Due to the short-term nature of cash and cash equivalents, investment in certificate of deposit, accounts payable and accrued expenses, payroll compensation payable and commitment payable, these instruments are carried at amounts on the financial statements which approximate their fair value.

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. LBDA provides for losses on accounts receivable using the allowance method. The allowance is based on experience and other circumstances which may affect the ability of the company to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is LBDA's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Fixed Assets

Fixed assets are stated at cost and depreciated or amortized over the estimated useful life of each asset. Assets with a cost greater than \$2,500 and a useful life over one year are capitalized. Depreciation and amortization are computed using the straight-line method. The estimated useful lives of the assets range between three to seven years.

LEWY BODY DEMENTIA ASSOCIATION, INC.
Notes to the Financial Statements
December 31, 2017 and 2016

Note 1 - Organization and Summary of Significant Accounting Policies - continued

Compensated Absences

Based on tenure, LBDA's employees accrue paid time off and are entitled to that amount if they leave LBDA. At December 31, 2017 and 2016, the liability for accrued paid time off was approximately \$27,296 and \$19,488, respectively, and is reported as accrued liabilities in the Statement of Financial Position.

Note 2 - Concentration of Credit Risk

LBDA maintains its cash, cash equivalents and investment balances at one bank. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. LBDA has not experienced any loss in such accounts. As of December 31, 2017, the uninsured cash balance is \$1,601,305. LBDA believes it is not exposed to any significant credit risk on its cash, cash equivalents and investment balances. LBDA is reviewing investments and other options to reduce its uninsured cash balance.

Note 3 - Accounts Receivable

At December 31, 2016, accounts receivable of \$22,228 were due from pharmaceutical companies for LBDA's notification of pending drug trials related to Lewy bodies dementia treatment options. Management evaluated all accounts receivable and determined they were collectible, therefore, no allowance for doubtful accounts receivable was established in 2016.

Note 4 – Fixed Assets

Fixed assets at December 31, 2017 and 2016, consist of the following:

	<u>2017</u>	<u>2016</u>
Software	\$ 47,594	\$ 47,594
Computers	3,968	3,968
Office Furniture	<u>3,453</u>	<u>3,453</u>
	55,015	55,015
Less Accumulated Depreciation	<u>(37,419)</u>	<u>(31,497)</u>
Fixed Assets, Net	<u><u>\$ 17,596</u></u>	<u><u>\$ 23,518</u></u>

LEWY BODY DEMENTIA ASSOCIATION, INC.

Notes to the Financial Statements

December 31, 2017 and 2016

Note 5 - Commitment Payable

In 2016, LBDA's Board of Directors committed \$125,000 to fund five annual meetings of the Dementia with Lewy Bodies Consortium (DLBC). The DLBC is establishing a research network of nine academic centers who will collectively follow over 200 patients for up to five years, using a common research protocol, in order to identify biomarkers of Lewy body dementias. The outstanding balance of this commitment is \$100,000 at December 31, 2017.

Note 6 - Lease Payable

In 2017, LBDA amended its lease agreement for office space. The new lease includes additional space and expires July 31, 2021. Rental expense for 2017 and 2016 is \$25,364 and \$15,675, respectively.

Future minimum lease payments are:

Year Ending December 31:		
	2018	\$ 30,492
	2019	31,395
	2020	32,261
	2021	<u>19,091</u>
		<u>\$ 113,239</u>

Note 7 - Unrestricted Net Assets - Designated

In 2014, LBDA's Board of Directors designated contributions in the amount of \$63,292 for the purpose of establishing LBDA as a clearinghouse for LBD research in the United States.

Note 8 - Functional Allocation of Expenses

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

Note 9 - Retirement Plan

LBDA has adopted a defined contribution pension plan as defined under Section 401(k) of the U.S. Internal Revenue Code covering all employees. In 2017 and 2016, the LBDA made contributions to this plan at a rate of 1% of the participating employees' compensation. Employer contributions during the year ended December 31, 2017 and 2016 totaled \$2,122 and \$1,742, respectively.

LEWY BODY DEMENTIA ASSOCIATION, INC.
Notes to the Financial Statements
December 31, 2017 and 2016

Note 10 - Subsequent Events

Subsequent events are events or transactions that occur after the statement of financial position date through the date the financial statements are available to be issued. Management has evaluated subsequent events through April 6, 2018, the date on which the financial statements were available to be issued. Management concluded that no subsequent events have occurred that require recognition in the financial statements or disclosure in the notes to the financial statements.