



LBDA

LEWY BODY DEMENTIA ASSOCIATION

Financial Statements

at

December 31, 2018 and 2017



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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 statements of financial position as of December 31, 2018 and 2017, 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, 2018 and 2017, 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 8, 2019

LEWY BODY DEMENTIA ASSOCIATION, INC.
 Statements of Financial Position
 December 31, 2018 and 2017

	2018	2017
Assets		
Cash and Cash Equivalents	\$ 2,071,188	\$ 2,008,067
Investment	51,308	51,414
Prepaid Expenses	2,102	26,872
Fixed Assets, Net	13,749	17,596
Total Assets	\$ 2,138,347	\$ 2,103,949
Liabilities and Net Assets		
Liabilities:		
Accounts Payable and Accrued Expenses	\$ 7,560	\$ 3,624
Payroll Compensation Payable	34,717	27,296
Commitment Payable	75,000	100,000
Total Liabilities	117,277	130,920
Net Assets:		
Without Donor Restrictions:		
Undesignated	1,551,638	1,909,737
Designated by the Board for Research Programs	313,292	63,292
Total Net Assets Without Donor Restrictions	1,864,930	1,973,029
With Donor Restrictions	156,140	-
Total Net Assets	2,021,070	1,973,029
Total Liabilities and Net Assets	\$ 2,138,347	\$ 2,103,949

See accompanying notes to the financial statements.

LEWY BODY DEMENTIA ASSOCIATION, INC.
Statement of Activities
For the Year Ended December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue:			
Contributions and Gifts	\$ 1,432,154	\$ -	\$ 1,432,154
Foundation Grants	126,094	200,000	326,094
Interest Income	1,071	-	1,071
	<u>1,559,319</u>	<u>200,000</u>	<u>1,759,319</u>
Total Support before Reclassifications			
Net Assets Released from Restrictions	<u>43,860</u>	<u>(43,860)</u>	<u>-</u>
Total Support, Revenue and Reclassifications	1,603,179	156,140	1,759,319
Expenses:			
Programs:			
Awareness	795,809	-	795,809
Scientific Research	<u>334,026</u>	<u>-</u>	<u>334,026</u>
Total Programs	1,129,835	-	1,129,835
Support Services:			
Management and General	341,446	-	341,446
Fundraising	<u>239,997</u>	<u>-</u>	<u>239,997</u>
Total Support Services	<u>581,443</u>	<u>-</u>	<u>581,443</u>
Total Expenses	<u>1,711,278</u>	<u>-</u>	<u>1,711,278</u>
Change in Net Assets	(108,099)	156,140	48,041
Net Assets at Beginning of Year	<u>1,973,029</u>	<u>-</u>	<u>1,973,029</u>
Net Assets at End of Year	<u>\$ 1,864,930</u>	<u>\$ 156,140</u>	<u>\$ 2,021,070</u>

See accompanying notes to the financial statements.

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</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
	<u>1,644,695</u>	<u>-</u>	<u>1,644,695</u>
Expenses:			
Programs:			
Awareness	602,434	-	602,434
Scientific Research	142,552	-	142,552
	<u>744,986</u>	<u>-</u>	<u>744,986</u>
Support Services:			
Management and General	238,577	-	238,577
Fundraising	167,933	-	167,933
	<u>406,510</u>	<u>-</u>	<u>406,510</u>
	<u>1,151,496</u>	<u>-</u>	<u>1,151,496</u>
Change in Net Assets	493,199	-	493,199
Net Assets at Beginning of Year	<u>1,479,830</u>	<u>-</u>	<u>1,479,830</u>
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 Functional Expenses
For the Year Ended December 31, 2018

	Programs			Support Services			Total Expenses
	Awareness	Scientific Research	Total	Management and General	Fundraising	Total	
Salaries and Benefits	\$ 433,289	\$ 103,333	\$ 536,622	\$ 230,589	\$ 163,041	\$ 393,630	\$ 930,252
Payments to Academic Research Centers	-	194,500	194,500	-	-	-	194,500
Educational Printed Materials and Media	107,307	19,919	127,226	328	16,478	16,806	144,032
Professional Fees	67,751	12,227	79,978	44,736	12,454	57,190	137,168
Conferences, Meetings and Travel	92,476	4,047	96,523	12,681	-	12,681	109,204
Technology	50,584	-	50,584	9,381	11,251	20,632	71,216
Office Expenses	14,112	-	14,112	21,205	18,111	39,316	53,428
Occupancy	18,988	-	18,988	16,578	7,881	24,459	43,447
Postage and Shipping	11,302	-	11,302	-	10,781	10,781	22,083
Depreciation	-	-	-	5,948	-	5,948	5,948
Total Expenses	\$ 795,809	\$ 334,026	\$ 1,129,835	\$ 341,446	\$ 239,997	\$ 581,443	\$ 1,711,278

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
	Awareness	Scientific Research	Total	Management and General	Fundraising	Total	
Salaries and Benefits	\$ 345,438	\$ 114,651	\$ 460,089	\$ 120,103	\$ 110,136	\$ 230,239	\$ 690,328
Educational Printed Materials and Media	28,804	-	28,804	-	10,716	10,716	39,520
Professional Fees	91,914	-	91,914	56,596	13,098	69,694	161,608
Conferences, Meetings and Travel	44,556	27,901	72,457	13,693	744	14,437	86,894
Technology	39,277	-	39,277	2,435	827	3,262	42,539
Office Expenses	22,694	-	22,694	24,131	16,508	40,639	63,333
Occupancy	18,176	-	18,176	15,696	7,505	23,201	41,377
Postage and Shipping	11,575	-	11,575	-	8,399	8,399	19,974
Depreciation	-	-	-	5,923	-	5,923	5,923
Total Expenses	\$ 602,434	\$ 142,552	\$ 744,986	\$ 238,577	\$ 167,933	\$ 406,510	\$ 1,151,496

See accompanying notes to the financial statements.

LEWY BODY DEMENTIA ASSOCIATION, INC.
 Statements of Cash Flows
 For the Years Ended December 31, 2018 and 2017

	2018	2017
Cash Flows from Operating Activities:		
Cash Received from Donors	\$ 1,759,319	\$ 1,666,923
Cash Paid to Employees for Services	(922,831)	(682,520)
Cash Paid to Suppliers for Goods and Services	(771,372)	(522,105)
Net Cash Provided by Operating Activities	65,116	462,298
 Cash Flows from Investing Activities:		
Purchase of Equipment	(2,101)	-
Interest Received on Certificate of Deposit	106	-
Net Reinvestment of Interest Earned on Certificate of Deposit	-	(133)
Net Cash Used in Investing Activities	(1,995)	(133)
 Net Increase in Cash	63,121	462,165
 Cash and Cash Equivalents at Beginning of Year	2,008,067	1,545,902
 Cash and Cash Equivalents at End of Year	\$ 2,071,188	\$ 2,008,067

See accompanying notes to the financial statements.

LEWY BODY DEMENTIA ASSOCIATION, INC.
 Statements of Cash Flows
 For the Years Ended December 31, 2018 and 2017

	2018	2017
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 48,041	\$ 493,199
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation	5,948	5,923
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	-	22,228
(Increase) Decrease in Prepaid Expenses	24,770	(26,872)
(Decrease) in Accounts Payable and Accrued Expenses	3,936	(14,988)
Increase in Payroll Compensation Payable	7,421	7,808
Increase (Decrease) in Commitment Payable	(25,000)	(25,000)
Net Cash Provided by Operating Activities	\$ 65,116	\$ 462,298

See accompanying notes to the financial statements.

LEWY BODY DEMENTIA ASSOCIATION, INC.

Notes to the Financial Statements

December 31, 2018 and 2017

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. Awareness activities 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. Scientific research activities include support of LBD related research consortia and international conferences as well as a focus on LBDA's Research Centers of Excellence ("RCOE") program. The RCOE is a nationwide network of academic research centers delivering clinical care, outreach, and education of public and professionals, with an aim to become a LBD clinical trial-ready network.

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.

Change in Accounting Principle

Effective January 1, 2018, LBDA adopted the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. LBDA has implemented ASU 2016-14 and has adjusted the presentation in the financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

Financial Statement Presentation

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

Net Assets Without Donor Restrictions - Net assets that are available for use in general operations and not subject to donor restrictions. The governing Board has designated, from net assets without donor restrictions, net assets for two research related programs as described in Note 7.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that the resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions. LBDA's net assets with donor restrictions are described in Note 8.

LEWY BODY DEMENTIA ASSOCIATION, INC.
Notes to the Financial Statements
December 31, 2018 and 2017

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 and those differences could be material.

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.

Investment

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

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.

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, 2018 and 2017, the liability for accrued paid time off was \$34,717 and \$27,296, respectively, and is reported as payroll compensation payable in the Statements of Financial Position.

Functional Allocation of Expenses

The costs of programs and support service activities have been summarized on a functional basis in the Statements of Activities. The Statements of Functional Expenses present the natural classification detail of the expenses by function. Accordingly, certain costs have been allocated among the programs and support services benefited. Note 9 has additional information about the Functional Allocation of Expenses.

LEWY BODY DEMENTIA ASSOCIATION, INC.
Notes to the Financial Statements
December 31, 2018 and 2017

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

Reclassifications

Certain reclassifications of amounts previously reported have been made to the financial statements to maintain consistency between the periods presented. The reclassifications had no impact on previously reported net assets.

Accounting Pronouncements Issued but Not Yet Adopted

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606) which supersedes nearly all existing revenue recognition guidance under U.S.GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP.

The standard is effective for fiscal years beginning after December 15, 2018, using either of the following transition methods: (1) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients, or (2) a retrospective approach with the cumulative effect of initially adopting ASU 2014-09 recognized at the date of adoption (which includes additional footnote disclosures). LBDA is currently evaluating the impact of this standard on its financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842). The standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities.

The standard is effective for fiscal years beginning after December 15, 2019. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. LBDA is currently evaluating the impact of this new standard on its financial statements.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of position date, consist of the following:

Cash and Cash Equivalents	\$ 1,601,756
Investment	<u>51,308</u>
	<u><u>\$ 1,653,064</u></u>

LBDA's board has designated \$313,292 for research programs. Although LBDA does not intend to spend from the board designated research programs, these amounts could be made available if necessary.

LEWY BODY DEMENTIA ASSOCIATION, INC.
Notes to the Financial Statements
December 31, 2018 and 2017

Note 3 - Concentration of Credit Risk

LBDA maintains its cash, cash equivalents and investment balances at two banks. Accounts at the institutions 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, 2018, the uninsured cash balance is \$1,501,362. 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 4 – Fixed Assets

Fixed assets at December 31, 2018 and 2017, consist of the following:

	2018	2017
Software	\$ 47,594	\$ 47,594
Computers	3,968	3,968
Office Furniture	5,554	3,453
	57,116	55,015
Less Accumulated Depreciation	(43,367)	(37,419)
Fixed Assets, Net	\$ 13,749	\$ 17,596

Note 5 - Commitment Payable

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 \$75,000 at December 31, 2018.

Note 6 - Lease Commitment

In 2017, LBDA amended its lease agreement for office space. The amendment included additional space and expires July 31, 2021. Rental expense for 2018 and 2017 is \$28,139 and \$25,364, respectively.

Future minimum lease payments are:

Year Ending December 31:		
	2019	\$ 36,495
	2020	32,261
	2021	19,091
		\$ 87,847

LEWY BODY DEMENTIA ASSOCIATION, INC.
Notes to the Financial Statements
December 31, 2018 and 2017

Note 7 - Net Assets Without Donor Restrictions - Designated by the Board

At December 31, 2018 and 2017, total net assets without donor restrictions designated by the Board were as follows:

	2018	2017
Research Centers of Excellence	\$ 250,000	\$ -
LBD Research Clearing House	63,292	63,292
Total Board Designated Net Assets	\$ 313,292	\$ 63,292

Note 8 - Net Assets With Donor Restrictions

In 2018, LBDA received a contribution from a donor in the amount of \$200,000 to fund the "Do You Know Lewy?" awareness campaign. During the year, LBDA spent \$43,860 in media advertising for this campaign. At December 31, 2018, the balance of net assets with donor restrictions is \$156,140.

Note 9 - Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, benefits, and payroll taxes which are allocated on the basis of estimates of time and effort, as well as occupancy which is allocated on an estimated square foot basis.

Note 10 - 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 2018 and 2017, 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, 2018 and 2017 totaled \$2,122 and \$1,742, respectively.

Note 11 - 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 8, 2019, 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.