

THE BRAIN ANEURYSM FOUNDATION, INC.

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2011 AND 2010**

Table of Contents

	Page
Independent Auditor’s Report	1
Financial Statements	
Statement of Financial Position.....	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6-11

S. J. Dennen, CPA, P.C.

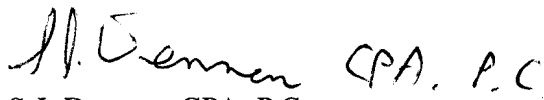
INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
The Brain Aneurysm Foundation, Inc.
Boston, Massachusetts

I have audited the accompanying statements of financial position of The Brain Aneurysm Foundation, Inc. (a not-for-profit corporation), as of December 31, 2011 and 2010 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

I conducted our audit in accordance with generally accepted auditing standards 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 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. I believe that our audit provides a reasonable basis for our opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Brain Aneurysm Foundation, Inc. as of December 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended, in conformity with generally accepted accounting principles in the United States of America.



S.J. Dennen, CPA, P.C.
Andover, Massachusetts
September 6, 2012

THE BRAIN ANEURYSM FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2011 AND 2010

	ASSETS	
	2011	2010
Current Assets		
Cash and cash equivalents	\$ 563,546	\$ 457,454
Pledges receivable	195	0
Prepaid expenses	2,070	594
Total Current Assets	565,811	458,048
Property and Equipment-Net	5,318	3,981
Total Assets	\$ 571,129	\$ 462,029

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable and accrued expenses	\$ 18,516	\$ 19,338
Total Liabilities	18,516	19,338
Net Assets		
Unrestricted		
Undesignated-available for general activities	552,613	442,691
Total Net Assets	552,613	442,691
Total Liabilities and Net Assets	\$ 571,129	\$ 462,029

See accompanying notes.

THE BRAIN ANEURYSM FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011			2010		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues and Support						
Contributions	\$ 325,586	-	\$ 325,586	\$ 269,952	-	\$ 269,952
Special events - net	338,105	-	338,105	237,397	-	237,397
Promotional item sales	7,689	-	7,689	6,853	-	6,853
Interest	130	-	130	140	-	140
Total Revenues and Support	<u>671,510</u>	<u>-</u>	<u>671,510</u>	<u>514,342</u>	<u>-</u>	<u>514,342</u>
Functional Expenses						
Program Services	447,557	-	447,557	376,374	-	376,374
Management and General	73,521	-	73,521	56,064	-	56,064
Fundraising	40,510	-	40,510	34,105	-	34,105
Total Expenses	<u>561,588</u>	<u>-</u>	<u>561,588</u>	<u>466,543</u>	<u>-</u>	<u>466,543</u>
Increase in Net Assets	109,922	-	109,922	47,799	-	47,799
Net Assets, Beginning of Year	<u>442,691</u>	<u>-</u>	<u>442,691</u>	<u>394,892</u>	<u>-</u>	<u>394,892</u>
Net Assets, End of Year	<u>\$ 552,613</u>	<u>\$ 0</u>	<u>\$ 552,613</u>	<u>\$ 442,691</u>	<u>\$ 0</u>	<u>\$ 442,691</u>

See accompanying notes.

THE BRAIN ANEURYSM FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2011 WITH
COMPARATIVE TOTALS FOR 2010

	Program Services	Management and General	Fundraising	2011 Total Expenses	2010 Total Expenses
Expenses					
Awareness and education	\$ 107,685	\$ -	\$ -	\$ 107,685	\$ 59,686
Bank and credit card fees	-	9,347	-	9,347	10,430
Cleaning	-	650	-	650	800
Conferences and meetings	21,552	-	-	21,552	27,371
Depreciation	-	1,371	-	1,371	239
Insurance	-	1,859	-	1,859	1,783
Miscellaneous	595	3,045	-	3,640	6,642
Newsletter	9,197	-	1,022	10,219	17,589
Payroll	101,107	14,444	28,888	144,439	141,566
Payroll processing	-	1,210	-	1,210	933
Postage	6,451	3,225	6,451	16,127	12,460
Printing and copying	658	329	658	1,645	1,028
Professional fees - accounting	-	4,600	-	4,600	5,600
Professional fees - other	-	6,908	-	6,908	0
Rent	2,738	6,387	-	9,125	7,950
Research grants and awards	177,129	-	-	177,129	120,303
Software and internet	-	12,792	-	12,792	10,207
Staff development	462	-	-	462	576
Supplies	-	5,415	-	5,415	6,519
Taxes-payroll	10,108	1,444	2,888	14,440	12,609
Telephone	4,451	495	-	4,946	5,295
Utilities	-	-	-	-	230
Website	5,424	-	603	6,027	16,727
Total Expenses	\$ 447,557	\$ 73,521	\$ 40,510	\$ 561,588	\$ 466,543

See accompanying notes.

THE BRAIN ANEURYSM FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Cash Flows from Operating Activities		
Increase in Net Assets	\$ 109,922	\$ 47,799
<i>Adjustments to reconcile increase in net assets to net cash provided by operating activities:</i>		
Depreciation	1,372	239
Pledges receivable	(195)	0
Prepaid expenses	(1,476)	(594)
Accounts payable and other liabilities	(822)	4,910
Net Cash Provided by Operating Activities	<u>108,801</u>	<u>52,354</u>
Cash Flows from Investing Activities		
Purchase of property and equipment	(2,709)	(4,220)
Net Cash Provided (Used) by Investing Activities	<u>(2,709)</u>	<u>(4,220)</u>
Net Increase in Cash	106,092	48,134
Cash, at Beginning of Year	457,454	409,320
Cash, at End of Year	<u>\$ 563,546</u>	<u>\$ 457,454</u>

See accompanying notes.

THE BRAIN ANEURYSM FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of The Brain Aneurysm Foundation, Inc., (the Organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Nature of Business

The Organization is a Non-Profit Organization established in Boston, MA in 1994. The Foundation developed from the close relationship between patients and healthcare professionals who identified the need for comprehensive information and support for brain aneurysm patients, their families and the medical community. The mission of the Organization is to provide support networks and educational resources to raise public awareness regarding early detection and treatment of brain aneurysms. The Foundation receives its support from voluntary donations and fundraising events.

Financial Statement Presentation

The Organization accounts for contributions received and presents its financial statements in accordance with Financial Accounting Standards Board Accounting Standards Codification No. 958 (ASC 958), *Not-for-Profit Entities*. In accordance with ASC 958, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted depending on the existence and/or nature of any donor restrictions. Additionally, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. At December 31, 2011 and 2010, the Organization had no permanently restricted net assets.

Method of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

The accounts of the Organization are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds have been combined and presented for the Organization as a whole in accordance with Accounting Standards for *Not-For-Profit Entities – Presentation of Financial Statements*.

Accompanying notes are an integral part of these financial statements.

THE BRAIN ANEURYSM FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers as “cash equivalents” all highly liquid debt instruments purchased with a maturity date of three months or less.

Investments

The Organization reflects investments at fair value in the statement of financial position. Interest, dividends, and gains and losses on investments are reflected in the Statements of Activities as increases and decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law. Gains and investment income that are limited to specific uses by donor-imposed restrictions are reported as increases in unrestricted net assets if the restrictions are met in the same year in which the gains and income are recognized.

Contributions and Unconditional Promises to Give

The Organization reports contributions received in accordance with accounting standards *Not-For-Profit Entities – Receivables*. Under this accounting standard, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily- or permanently-restricted net assets, depending on the nature of the restrictions. When a restriction is met, temporarily-restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible promises to give. The allowance is based on prior years’ experience and management’s analysis of specific promises made.

Advertising Costs

The Organization’s policy is to charge advertising costs to expense as incurred.

THE BRAIN ANEURYSM FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Property and Equipment

Property and Equipment are recorded at cost. Equipment is capitalized if it has a cost of \$1,000 or more and a useful life when acquired of more than 1 year. Depreciation is provided on a straight-line basis over the estimated lives of the assets. Maintenance and repairs are expensed as incurred while major additions and improvements are capitalized. The estimated useful life of the assets is as follows:

Furniture and Equipment	5-7 years
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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. Actual results could differ from those estimates.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal or state income tax has been made.

Additionally, the Organization qualifies for charitable contribution deductions under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Organization evaluates all significant tax positions as required by generally accepted accounting principles in the United States. As of August 31, 2011, the Organization does not believe that it has taken any tax positions that would require the recording of any tax liabilities, nor does it believe that there are any unrealized tax benefits that would either increase or decrease within the next twelve months. The Organization's tax returns are subject to examination by the appropriate taxing jurisdictions. As of December 31, 2011, the Organization's federal and state returns are open for the last three years.

THE BRAIN ANEURYSM FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Donated Services

Donated services are recognized as contributions in accordance with ASC 958 if the services (a) create or enhance non-financial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. No amounts have been reflected in the financial statements for donated services since services received do not meet the aforementioned criteria; however, a number of volunteers have donated time to the Organization's activities.

Concentration of Credit Risk

The Organization maintains its cash balances at a financial institution located in Massachusetts. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. On December 31, 2011, all of the Organization's cash deposits were insured. The Organization also maintains certain money funds at a brokerage firm that is insured by Securities Investor Protection Corporation (SIPC).

Functional Allocation of Expense

The cost of providing the various program and supporting services 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.

Compensated Absences

Employees of the Organization are entitled to paid vacations, sick days and other time off depending on job classification, length of service and other factors. The Organization's policy is to recognize the costs of compensated vacation and sick time when paid to employees.

Fair Value of Financial Instruments

The carrying amounts of financial instruments including cash, certificates of deposits, and accounts payable approximated fair value as of December 31, 2011 and 2010.

Restrictions on Assets

Temporarily-Restricted Net Assets

Temporarily-restricted net assets at December 31, 2011 and 2010 are restricted for future programs and are expected to be released from restriction within one year.

Accompanying notes are an integral part of these financial statements.

THE BRAIN ANEURYSM FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Permanently-Restricted Net Assets

Permanently-restricted net assets are used to account for contributions received from donors who direct that the principle be retained and only the income derived there from be used to support the general operations of the Organization.

Release of Restrictions

When a restriction expires or is fulfilled, temporarily restricted assets are reclassified to unrestricted net asset.

Note 2 – Certificates of Deposit

Certificates of deposit totaled \$15,901 and \$15,873 at December 31, 2011 and 2010, respectively. The certificates bear interest at .52% and .60%, respectively, and have maturities ranging to three months with penalties for early withdrawals. Any penalties for early withdrawal would not have a material effect on the financial statements.

Note 3 – Pledges Receivable

Pledges receivable represent donors' promises to pay contributions to the Foundation and are measured at the present value of estimated future cash flows. At December 31, 2011 there were \$195 in pledges receivable. Since the full \$195 was collected in January 2011, no discount has been taken.

Note 4-Prepaid Expenses

Prepaid expenses consists of the unexpired balance on insurance policies.

Note 5 – Property and Equipment

Property and Equipment consists of the following at December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Equipment	\$ 8,329	\$ 5,620
Accumulated Depreciation	<u>(3,011)</u>	<u>(1,639)</u>
Property and Equipment - Net	<u>\$ 5,318</u>	<u>3,981</u>

Accompanying notes are an integral part of these financial statements.

THE BRAIN ANEURYSM FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

Note 5 – Property and Equipment-Continued

Depreciation expense for the years ended December 31, 2011 and 2010 was \$1,372 and \$239, respectively.

Note 6 – Restrictions on Assets

The Organization's Board of Directors has not chosen to place any limitation on unrestricted net assets.

Note 7 – Operating Lease

In February 2008, the Company entered into a two year lease agreement for its office space. In August 2010, the Company entered into a new lease agreement commencing on August 1, 2010 and ending on July 31, 2012. Rent for the year ended December 31, 2011 and 2010 was \$9,125 and \$7,950, respectively.

Minimum future lease payments on the two leases at December 31, 2011, are as follows:

2012	<u>5,425</u>
Total	<u><u>\$ 5,425</u></u>

Note 8 – Subsequent Events

The Organization has evaluated subsequent events through September 6, 2012, the date the financial statements were available to issue. No events occurred during that time which require disclosure.