

**THE BRAIN FOUNDATION**  
**FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**WITH INDEPENDENT AUDITOR'S**  
**AUDIT REPORT**

**Ferguson's Accounting Services, Inc.**  
**Certified Public Accountants**  
**4200 Mayport Lane**  
**Fairfax, VA 22033**

## CONTENTS

	<u>Page</u>
<b>Independent Auditor's Report on Financial Statements .....</b>	<b>1</b>
<b>Statement of Financial Position.....</b>	<b>2</b>
<b>Statement of Activities.....</b>	<b>3</b>
<b>Statement of Functional Expenses .....</b>	<b>4</b>
<b>Statement of Cash Flows .....</b>	<b>5</b>
<b>Notes to Financial Statements .....</b>	<b>6</b>

**Ferguson's Accounting Services, Inc.**  
Certified Public Accountants

**Independent Auditor's Report**

To the Board of Trustees of  
The Brain Foundation, Inc.

We have audited the accompanying financial statements of The Brain Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, 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 The Brain Foundation Organization, Inc. as of June 30, 2015, 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.

*Ferguson's Accounting Services, Inc.*  
**Ferguson's Accounting Services, Inc.**

Fairfax, VA

November 24, 2015

**The Brain Foundation**  
**Statement of Financial Position**  
**June 30, 2015**

**Assets**

Current assets		
Cash and cash equivalents	\$	145,240
VHDA escrow		16,993
Total cash and cash equivalents		<u>162,233</u>
Certificates of deposit		50,094
Total current assets		<u>212,327</u>
Deposit, home purchase pending		5,000
Fixed Assets		
Real estate		1,536,957
Accumulated depreciation		<u>(378,206)</u>
Total fixed assets		<u>1,158,751</u>
Total assets		<u><u>1,376,078</u></u>

**Liabilities and Net Assets**

Liabilities		
Current liabilities		
Accounts payable		4,325
Total current liabilities		<u>4,325</u>
Long term liabilities		
Security deposits		6,252
Mortgages		1,160,051
Total long term liabilities		<u>1,166,303</u>
Total liabilities		<u>1,170,628</u>
Net assets		
Unrestricted		205,450
Temporarily restricted		0
Permanently restricted		0
Total net assets		<u>205,450</u>
Total liabilities and net assets	\$	<u><u>1,376,078</u></u>

See Audit Report and Notes.

**The Brain Foundation**  
**Statement of Activities**  
**For Fiscal Year Ended June 30, 2015**

<b>Revenues and support</b>	<u>Unrestricted</u>
Contributions income	\$ 92,742
Investment interest	144
Rental assistance	36,227
Rental income	<u>105,872</u>
Total revenues and support	<u>234,985</u>
<b>Expenses</b>	
Program services	210,502
Supporting services	
Management and general	10,406
Fundraising	<u>5,579</u>
Total supporting services	<u>15,985</u>
Total expenses	<u>226,487</u>
Change in net assets	8,498
Net assets, beginning of year	<u>196,952</u>
Net assets, end of year	<u>\$ 205,450</u>

See Audit Report and Notes

**The Brain Foundation**  
**Statement of Functional Expenses**  
**For Fiscal Year Ended June 30, 2015**

Expense	Program Services	Support Services		Total
	Unrestricted	Mgmt. & general	Fund raising	
Bank service charge		\$82		\$82
Depreciation	\$40,964			40,964
Equipment rental	232			232
Fund raising			\$5,579	5,579
Home owners dues	9,511			9,511
Insurance	9,619			9,619
Miscellaneous		3,354		3,354
Mortgage interest	64,014			64,014
Professional fees		6,970		6,970
Repairs and maintenance	32,021			32,021
Supplies	591			591
Tax, real estate	21,975			21,975
Utilities	31,575			31,575
<b>Total</b>	<b>\$210,502</b>	<b>\$10,406</b>	<b>\$5,579</b>	<b>\$226,487</b>

See Audit Report and Notes

**The Brain Foundation**  
**Statement of Cash Flow**  
**For Fiscal Year Ended June 30, 2015**

<b>Cash flows from operations:</b>	
Change in net assets	\$ 8,498
Depreciation	40,964
Adjustments to reconcile net income to net cash provided by operations:	
Accounts payable	1,054
Prepaid taxes	4,680
Net cash provided by operating activities	<u>55,196</u>
<b>Cash flows from investing activities:</b>	
Certificates of deposit	(50,094)
Deposit, home purchase pending	(5,000)
Miscellaneous	(3,551)
Net cash provided by investing activities	<u>(58,645)</u>
<b>Cash flows from financing activities</b>	
Security deposits	504
Mortgages	(28,445)
Net cash provided by financing activities	<u>(27,941)</u>
<b>Net cash increase for period</b>	(31,390)
<b>Cash at beginning of period</b>	\$ <u>193,623</u>
<b>Cash at end of period</b>	\$ <u><u>162,233</u></u>

See Audit Report and Notes

**The Brain Foundation**  
**Notes to Financial Statements**  
**June 30, 2015**

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**A. ORGANIZATION**

On December 10, 2003, the Brain Foundation received notice concerning the Internal Revenue Service determination that The Brain Foundation was exempt from federal income tax under Section 501 (a) of the Internal Revenue Code as an organization described in Section 501(c)(3). On June 28, 2006, The Brain Foundation received registration notice from the Commonwealth of Virginia that the organization was in compliance with the registration requirements of Section 57-49 of the Law.

The Brain Foundation's mission is to provide affordable housing for those suffering from serious and persistent brain diseases, such as schizophrenia and bi-polar disorders, and who are homeless or vulnerable to becoming homeless.

**B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting** - The financial statements of The Brain Foundation were prepared on the accrual basis of accounting and accordingly reflect all significant receivables and payables.

**Financial Statement Presentation** - The Brain Foundation uses Accounting Certification 958 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.

**Net assets** — The following is a description of the separate funds and activities within each net asset category:

- **Unrestricted** — Represents amounts that are available for support of The Brain Foundation's mission, including acquisitions of residential homes. Unrestricted donations includes resources designated by the Board of Directors.
- **Temporarily restricted** — Represents resources restricted by contributors to The Brain Foundation for specific uses to support the mission.
- **Permanently restricted** — Represents endowment resources for which the principal is restricted by contributors, and only the earnings may be used for organization purposes.

**Estimates and assumptions** — 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. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

See Audit Report