

**NATIONAL EATING DISORDERS
ASSOCIATION**

**FINANCIAL STATEMENTS
AND AUDITOR'S REPORT**

APRIL 30, 2012

NATIONAL EATING DISORDERS ASSOCIATION

TABLE OF CONTENTS

Independent Auditor's Report

Exhibit

A - Balance Sheet

B - Statement of Activities

C - Statement of Functional Expenses

D - Statement of Cash Flows

Notes to Financial Statements

Independent Auditor's Report

Board of Directors National Eating Disorders Association

We have audited the accompanying balance sheet of National Eating Disorders Association as of April 30, 2012, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of National Eating Disorders Association's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of National Eating Disorders Association's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 National Eating Disorders Association as of April 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



September 10, 2012

NATIONAL EATING DISORDERS ASSOCIATION

BALANCE SHEET

APRIL 30, 2012

ASSETS

Cash and cash equivalents	\$ 1,351,292
Investments (Note 3)	14,715
Accounts receivable	769
Contributions receivable - current (Note 4)	259,258
Inventory	24,505
Prepaid expenses	28,969
Fixed assets (Note 6)	<u>162,788</u>
Total assets	<u>\$ 1,842,296</u>

LIABILITIES AND NET ASSETS

Liabilities	
Accounts payable and accrued expenses	\$ 25,932
Accrued payroll and related liabilities	103,240
Deferred revenue	<u>114,100</u>
Total liabilities	<u>243,272</u>
Net assets (Exhibit B)	
Operating	927,961
Board designated	<u>500,000</u>
Total unrestricted	1,427,961
Temporarily restricted (Note 5)	<u>171,063</u>
Total net assets	<u>1,599,024</u>
Total liabilities and net assets	<u>\$ 1,842,296</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

NATIONAL EATING DISORDERS ASSOCIATION
STATEMENT OF ACTIVITIES
YEAR ENDED APRIL 30, 2012

EXHIBIT B

	Unrestricted	Temporarily Restricted	Total
Revenues, gains, losses and other support			
Contributions and grants (includes in-kind contributions of \$199,717) (Note 7)	\$ 1,463,045	\$ 106,960	\$ 1,570,005
Sale of merchandise	18,913		18,913
Registration fees	197,927		197,927
Interest and dividends	11,087		11,087
Special events revenues			
Direct costs of special events	471,890		471,890
Net assets released from restrictions (Note 5)	187,237	(187,237)	471,890
	\$ 579,881.		
	(107,991)		471,890
Total revenues, gains, losses and other support	2,350,099	(80,277)	2,269,822
Expenses (Exhibit C)			
Education and support services	1,672,926		1,672,926
Supporting services			
Management and general	269,726		269,726
Fund raising	228,388		228,388
Total supporting services	498,114		498,114
Total expenses	2,171,040		2,171,040
Change in net assets (Exhibit D)	179,059	(80,277)	98,782
Net assets - beginning of year	1,248,902	251,340	1,500,242
Net assets - end of year (Exhibit A)	\$ 1,427,961	\$ 171,063	\$ 1,599,024

See independent auditor's report.

The accompanying notes are an integral part of these statements.

NATIONAL EATING DISORDERS ASSOCIATION
 STATEMENT OF FUNCTIONAL EXPENSES
 YEAR ENDED APRIL 30, 2012

EXHIBIT C

	Education and Support Services	Management and General	Fund Raising	Direct Costs of Special Events	Total
Salaries	\$ 618,066	\$ 141,988	\$ 75,170	\$	\$ 835,224
Payroll taxes and employee benefits	89,769	20,623	10,918		121,310
Awards and grants	13,187				13,187
Conferences, conventions and meetings	202,219	1,121	5,410	10,500	219,250
Information technology	50,721	11,652	6,169		68,542
Depreciation and amortization	36,978	8,495	4,497		49,970
Advertising	101,582				101,582
Postage and shipping	22,270	5,116	4,575		31,961
Printing, publishing and copying	34,256	1,111	42,679		78,046
Professional fees	272,031	36,772	44,588		353,391
Occupancy (Note 9)	56,686	13,023	6,894		76,603
Supplies	84,825	2,487	1,317	58,685	147,314
Telephone and internet	13,059	3,000	1,588		17,647
Travel	50,323			2,735	53,058
Cost of goods sold	11,315	20,591	23,019	30,061	30,061
Fees		200			200
Bad debt		3,547			
Other expenses	15,639		1,564	6,010	26,760
Total expenses	1,672,926	269,726	228,388	107,991	2,279,031
Less expenses deducted directly from revenues					
Direct costs of special events				(107,991)	(107,991)
Total expenses reported by function on the statement of activities (Exhibit B)	\$ 1,672,926	\$ 269,726	\$ 228,388	\$ -	\$ 2,171,040

See independent auditor's report.

The accompanying notes are an integral part of these statements.

NATIONAL EATING DISORDERS ASSOCIATION

STATEMENT OF CASH FLOWS

YEAR ENDED APRIL 30, 2012

Cash flows from operating activities	
Change in net assets (Exhibit B)	\$ 98,782
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation and amortization	49,970
Decrease (increase) in assets	
Accounts receivable	44,804
Contributions receivable	(82,058)
Inventory	2,070
Prepaid expenses	(12,979)
Increase (decrease) in liabilities	
Accounts payable and accrued expenses	(27,571)
Accrued payroll and related liabilities	59,293
Deferred revenue	85,650
	<hr/>
Net cash provided by operating activities	217,961
	<hr/>
Cash flows from investing activities	
Purchase of investments	(14,910)
Proceeds from sale of investments	260,195
Fixed asset acquisitions	(7,799)
	<hr/>
Net cash provided by investing activities	237,486
	<hr/>
Net change in cash and cash equivalents	455,447
Cash and cash equivalents - beginning of year	895,845
	<hr/>
Cash and cash equivalents - end of year	\$ <u>1,351,292</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

NATIONAL EATING DISORDERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2012

NOTE 1 - NATURE OF ORGANIZATION

National Eating Disorders Association (NEDA) is dedicated to supporting those affected by eating disorders and being a catalyst for prevention, cures and access to quality care.

National Eating Disorders Association is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

NEDA is supported primarily by contributions and special events.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting - The financial statements are prepared on the accrual basis of accounting.

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.

Cash and cash equivalents - Cash and cash equivalents include highly liquid instruments with maturities when acquired of three months or less at the date of purchase.

Investments - Investments are stated at fair value. NEDA invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, based on the markets' fluctuations, and that such changes could affect NEDA's financial statements.

Contributions receivable - Unconditional promises to give that are expected to be collected within one year are recorded at net realized value. Unconditional that promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

-continued-

NATIONAL EATING DISORDERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Allowance for doubtful accounts - NEDA has determined that no allowance for uncollectible accounts for contributions receivable is necessary as of April 30, 2012. Such estimate is based on management's assessments of the creditworthiness of its donors, the aged basis of its receivables, as well as current economic conditions, subsequent collections and historical information.

Inventory - Inventory is stated at the lower of cost or market. Cost is determined by the first-in, first-out ("FIFO") method. Inventory consists of shirts, jewelry and brochures.

Fixed assets - Fixed assets and website development costs are capitalized at cost. Items with a cost in excess of \$1,500 and an estimated useful life greater than one year are capitalized. Depreciation and amortization is provided on the straight-line method over the estimated useful lives of the assets.

Deferred revenues - Deferred revenues consist of advance payments received for services to be rendered in the future.

Unrestricted net assets - Unrestricted net assets include funds having no restrictions as to use or purpose imposed by donors. In addition, resources which are set aside for board-designated purposes are unrestricted.

Temporarily restricted net assets - Temporarily restricted net assets are those whose use by NEDA has been limited by donors to a specific time period or purpose.

Contributions and grants - Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. The gifts are reported as either temporarily or permanently 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 purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

In-kind contributions - NEDA recognizes donated goods and services as support and either expense or capitalized costs if the services received either create or enhance nonfinancial assets, or if they require specialized skills provided by individuals possessing those skills, and would typically need to be purchased if not donated. Donated goods and services are recorded at fair value at date of donation.

-continued-

NATIONAL EATING DISORDERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In addition, many volunteers have donated time to NEDA's activities which do not meet the criteria for recognition and, therefore, the value of those volunteer hours are not recorded in the accompanying financial statements.

Advertising expense - Advertising costs are expensed as incurred.

Registration fees - Registration fees are recognized when earned. Revenues are recognized at the date of the event.

Awards and grants - Awards and grants are expensed in the year granted and are subject to an annual review and renewal process.

Functional expenses - The costs of providing NEDA's services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Uncertainty in income taxes - NEDA has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. Periods ending April 30, 2009 and subsequent remain subject to review by applicable taxing authorities.

Subsequent events - Subsequent events have been evaluated through September 10, 2012, which is the date the financial statements were available to be issued.

NOTE 3 - INVESTMENTS*Fair Value Measurements and Disclosures*

Accounting Standards Codification (ASC) Section 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below. Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that NEDA has the ability to access. Level 2 inputs to the valuation methodology include:

-continued-

NATIONAL EATING DISORDERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2012

NOTE 3 - INVESTMENTS (continued)

Fair Value Measurements and Disclosures (continued)

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodology used for assets measured at fair value. There has been no change in the methodology used at April 30, 2012 as compared to earlier periods.

Money market mutual funds - Valued at the net asset value (NAV) of shares held by NEDA at year end.

	<u>Level 1</u>
Money market mutual funds	\$ <u>14,715</u>

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while NEDA believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE 4 - CONTRIBUTIONS RECEIVABLE

NEDA received unconditional promises to give from annual sponsorships and the fundraising gala. Contributions receivable are all due within one year.

-continued-

NATIONAL EATING DISORDERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2012

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

Young Investigator	\$ 30,983
Proud to Be Me	56,951
Scholarship	1,169
Conference - Tendler Memorial Foundation	75,000
Ides of March	<u>6,960</u>
	<u>\$ 171,063</u>

Net assets were released from restrictions by incurring expenses satisfying the following restricted purpose:

Proud to Be Me	\$ 43,048
Conference - Anchors Away	36,624
Conference - Tendler Memorial Foundation	2,000
Conference - various	55,476
NEDAW - event	31,500
Young Investigator	11,458
Toolkit	2,576
Other	<u>4,555</u>
	<u>\$ 187,237</u>

NOTE 6 - FIXED ASSETS

		<u>Estimated Useful Lives</u>
Website development	\$ 166,400	3 years
Computers and equipment	134,455	3-5 years
Furniture and fixtures	<u>2,151</u>	5 years
	303,006	
Less accumulated depreciation and amortization	<u>(140,218)</u>	
	<u>\$ 162,788</u>	

-continued-

NATIONAL EATING DISORDERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2012

NOTE 7 - IN-KIND CONTRIBUTIONS

In-kind contributions consisted of the following:

Media	\$ 90,000
Occupancy costs	33,592
Professional services	2,125
Goods	<u>74,000</u>
	<u>\$ 199,717</u>

NOTE 8 - CONCENTRATIONS

Financial instruments which potentially subject NEDA to a concentration of credit risk are cash accounts with financial institutions in excess of FDIC insurance limits.

NOTE 9 - OCCUPANCY

NEDA leased office space in Seattle, Washington under an operating lease that expired September 30, 2011. In addition, NEDA rents office space in New York on a month-to-month basis. For the year ended April 30, 2012, rent expense was \$43,011 and in-kind rent expense was \$33,592.

NOTE 10 - PENSION PLAN

NEDA has established a SIMPLE Individual Retirement Plan for its employees. All employees who are 21 years of age or older and have worked at least six months are eligible to participate in the plan. Upon becoming eligible, an employee can choose whether or not to contribute up to \$16,500 in earned income to the plan. Effective February 1, 2010, NEDA matches up to three percent of the employee's compensation. NEDA contributed \$8,192 for the year ended April 30, 2012.