

**NATIONAL EATING DISORDERS
ASSOCIATION**

**FINANCIAL STATEMENTS
AND AUDITOR'S REPORT**

APRIL 30, 2013

NATIONAL EATING DISORDERS ASSOCIATION

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LOEB & TROPER LLP

Independent Auditor's Report

**Board of Directors
National Eating Disorders Association**

Report on the Financial Statements

We have audited the accompanying financial statements of National Eating Disorders Association which comprise the balance sheet as of April 30, 2013, and the related statements of activities, functional expenses 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 National Eating Disorders Association as of April 30, 2013, 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.

Report on Summarized Comparative Information

We have previously audited the April 30, 2012 financial statements of National Eating Disorders Association and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 10, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended April 30, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Loeb & Troper LLP

September 9, 2013

NATIONAL EATING DISORDERS ASSOCIATION

BALANCE SHEET

APRIL 30, 2013

(With Summarized Financial Information
for April 30, 2012)

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and cash equivalents	\$ 1,787,968	\$ 1,351,292
Investments (Note 2)	25,935	14,715
Accounts receivable		769
Contributions receivable - current (Note 3)	219,617	259,258
Inventory	18,451	24,505
Prepaid expenses	14,643	28,969
Fixed assets (Note 5)	<u>97,047</u>	<u>162,788</u>
Total assets	<u>\$ 2,163,661</u>	<u>\$ 1,842,296</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 86,006	\$ 25,932
Accrued payroll and related liabilities	66,684	103,240
Deferred revenue	<u>12,065</u>	<u>114,100</u>
Total liabilities	<u>164,755</u>	<u>243,272</u>
Net assets (Exhibit B)		
Operating	666,675	927,961
Board designated	<u>1,000,000</u>	<u>500,000</u>
Total unrestricted	1,666,675	1,427,961
Temporarily restricted (Note 4)	<u>332,231</u>	<u>171,063</u>
Total net assets	<u>1,998,906</u>	<u>1,599,024</u>
Total liabilities and net assets	<u>\$ 2,163,661</u>	<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, 2013
 - (With Summarized Financial Information
 for the Year Ended April 30, 2012)

EXHIBIT B

Revenues, gains, losses and other support			
Contributions and grants (includes in-kind contributions of \$622,849 in 2013 and \$249,717 in 2012) (Note 6)			
Sale of merchandise			
Registration fees			
Interest and dividends			
Net realized and unrealized loss on investments			
Special events revenues			
Direct costs of special events			
Net assets released from restrictions (Note 4)			
	\$	553,269	
		(88,767)	
		<u>464,502</u>	
		93,627	
		<u>(93,627)</u>	
Total revenues, gains, losses and other support		<u>161,168</u>	
Expenses (Exhibit C)			
Education and support services			
Supporting services			
Management and general			
Fund raising			
Total supporting services		<u>708,108</u>	
Total expenses		<u>3,076,434</u>	
Change in net assets (Exhibit D)		161,168	
Net assets - beginning of year		<u>171,063</u>	
Net assets - end of year (Exhibit A)	\$	<u>332,231</u>	\$

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
	<u>2013</u>	<u>2012</u>	
	\$ 2,503,613	\$ 2,758,408	\$ 1,570,005
	19,005	19,005	18,913
	228,854	228,854	249,717
	5,893	5,893	11,087
	(346)	(346)	
	464,502	464,502	420,100
	93,627	(93,627)	
	<u>3,315,148</u>	<u>3,476,316</u>	<u>2,269,822</u>
	<u>2,368,326</u>	<u>2,368,326</u>	<u>1,672,926</u>
	321,400	321,400	269,726
	386,708	386,708	228,388
	<u>708,108</u>	<u>708,108</u>	<u>498,114</u>
	<u>3,076,434</u>	<u>3,076,434</u>	<u>2,171,040</u>
	238,714	399,882	98,782
	<u>1,427,961</u>	<u>1,599,024</u>	<u>1,500,242</u>
	\$ <u>1,666,675</u>	\$ <u>1,998,906</u>	\$ <u>1,599,024</u>

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, 2013
(With Summarized Financial Information
for the Year Ended April 30, 2012)

	Education and Support Services	Management and General	Fund Raising	Direct Costs of Special Events	Total
	2013	2013	2013	2013	2012
Salaries	\$ 755,493	\$ 119,288	\$ 119,288	\$	\$ 835,224
Payroll taxes and employee benefits	116,722	18,430	18,430		121,310
Awards and grants	127,874				13,187
Conferences, conventions and meetings	178,978	28,260	28,260		155,250
Information technology	107,798	17,021	17,021		68,542
Depreciation and amortization	57,252	9,040	9,040		49,970
Advertising/media/promotional materials	491,155	16,795	16,795		101,582
Postage and shipping	23,347	3,686	3,686		31,961
Printing, publishing and copying	43,417	6,275	13,990		78,046
Professional fees	218,422	63,141	54,221		353,391
Occupancy (Note 8)	96,670	15,264	15,264		76,603
Supplies	84,432	3,010	33,585		147,314
Telephone and internet	14,337	2,264	2,264		17,647
Travel	38,520	1,784	10,920		53,058
Event rentals and catering				54,200	64,000
Cost of goods sold			17,555		30,061
Fees		31,262	20,860		54,925
Bad debt		2,273			200
Other expenses	13,909	402	5,529	34,567	26,760
Total expenses	2,368,326	321,400	386,708	88,767	2,279,031
Less expenses deducted directly from revenues				(88,767)	(107,991)
Direct costs of special events					
Total expenses reported by function on the statement of activities (Exhibit B)	\$ 2,368,326	\$ 321,400	\$ 386,708	\$ -	\$ 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

YEARS ENDED APRIL 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities		
Change in net assets (Exhibit B)	\$ 399,882	\$ 98,782
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Net realized and unrealized loss on investments	346	
Depreciation and amortization	75,332	49,970
Decrease (increase) in assets		
Accounts receivable	769	44,804
Contributions receivable	39,641	(82,058)
Inventory	6,054	2,070
Prepaid expenses	14,326	(12,979)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	60,074	(27,571)
Accrued payroll and related liabilities	(36,556)	59,293
Deferred revenue	(102,035)	85,650
Net cash provided by operating activities	<u>457,833</u>	<u>217,961</u>
Cash flows from investing activities		
Purchase of investments	(26,281)	(14,910)
Proceeds from sale of investments	14,715	260,195
Fixed asset acquisitions	(9,591)	(7,799)
Net cash provided (used) by investing activities	<u>(21,157)</u>	<u>237,486</u>
Net change in cash and cash equivalents	436,676	455,447
Cash and cash equivalents - beginning of year	<u>1,351,292</u>	<u>895,845</u>
Cash and cash equivalents - end of year	<u>\$ 1,787,968</u>	<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, 2013

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.

In addition to its ongoing programs, NEDA has expanded the volunteer program, initiated an online screening tool and provides click to chat for support. The NEDA Navigator program has also grown to require full time staff support. NEDA now has 23 Network Members, regional and local 501(c)(3)s with similar missions. In addition, NEDA has launched a new initiative, the Feeding Hope Fund for Clinical Research and Training, which will provide grants to support research and training.

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.

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NATIONAL EATING DISORDERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements

Accounting Standards Codification (ASC) Section 820, *Fair Value Measurements*, 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:

- 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, 2013 as compared to earlier periods.

Equities - Valued at the closing price reported on the active market on which the individual securities are traded.

	<u>Level 1</u>
Equities	\$ <u>25,935</u>

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NATIONAL EATING DISORDERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)***Fair Value Measurements (continued)***

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.

Contributions receivable - Unconditional promises to give that are expected to be collected within one year are recorded at net realized value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured at 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.

Allowance for doubtful accounts - NEDA has determined that no allowance for uncollectible accounts for contributions receivable is necessary as of April 30, 2013. 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. Leasehold improvements are capitalized at cost and amortized on the straight-line basis over the lesser of their useful lives or the term of the lease, whichever is shorter. 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 special events and conferences to be held 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.

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NATIONAL EATING DISORDERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

Summarized financial information - The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with NEDA's financial statements for the year ended April 30, 2012, from which the information was derived.

Reclassifications - Certain revenue and expense accounts were reclassified to match the current year's presentation.

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NATIONAL EATING DISORDERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2010 and subsequent remain subject to review by applicable taxing authorities.

Subsequent events - Subsequent events have been evaluated through September 9, 2013, which is the date the financial statements were available to be issued.

NOTE 3 - CONTRIBUTIONS RECEIVABLE

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

NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

Young Investigator	\$ 13,609
Feeding Hope Fund	105,413
Proud to Be Me	116,602
United Way Education	1,500
Scholarship	33,607
Conference - Tendler Memorial Foundation	58,000
STAR Program	<u>3,500</u>
	<u>\$ 332,231</u>

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

Proud to Be Me	\$ 46,349
United Way Education	1,375
Conference - Tendler Memorial Foundation	17,000
Young Investigator	17,374
Ides of March	6,960
STAR program	4,000
Other	<u>569</u>
	<u>\$ 93,627</u>

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NATIONAL EATING DISORDERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2013

NOTE 5 - 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>11,742</u>	5 years
	312,597	
Less accumulated depreciation and amortization	<u>(215,550)</u>	
	<u>\$ 97,047</u>	

NOTE 6 - IN-KIND CONTRIBUTIONS

In-kind contributions consist of the following:

	<u>2013</u>	<u>2012</u>
Advertising/media	\$ 454,295	\$ 90,000
Occupancy costs	82,783	33,592
Professional services	975	2,125
Event rentals and catering	50,000	50,000
Supplies	<u>34,796</u>	<u>74,000</u>
	<u>\$ 622,849</u>	<u>\$ 249,717</u>

NOTE 7 - 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. At April 30, 2013 NEDA had approximately one million dollars in accounts that were above the FDIC insurance limits.

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NATIONAL EATING DISORDERS ASSOCIATION**NOTES TO FINANCIAL STATEMENTS****APRIL 30, 2013****NOTE 8 - OCCUPANCY**

NEDA rents office space in New York on a month-to-month basis. For the year ended April 30, 2013, rent expense was \$44,415 and in-kind rent expense was \$82,783.

NOTE 9 - 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 \$17,500 in earned income to the plan. Effective February 1, 2010, NEDA matches up to three percent of an employee's compensation. NEDA contributed \$10,023 for the year ended April 30, 2013.