

**NATIONAL EATING DISORDERS
ASSOCIATION**

**FINANCIAL STATEMENTS
AND AUDITOR'S REPORT**

DECEMBER 31, 2017

NATIONAL EATING DISORDERS ASSOCIATION

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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 December 31, 2017, 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 December 31, 2017, 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.

Loeb & Troper LLP

April 2, 2018

NATIONAL EATING DISORDERS ASSOCIATION

BALANCE SHEET

DECEMBER 31, 2017

ASSETS

Cash and cash equivalents	\$ 997,133
Contributions receivable - current (net of allowance for doubtful accounts of \$940)	93,750
Inventory	13,970
Prepaid expenses and other assets	189,663
Fixed assets (Note 4)	<u>13,779</u>
Total assets	<u>\$ 1,308,295</u>

LIABILITIES AND NET ASSETS

Liabilities	
Accounts payable and accrued expenses	\$ 31,384
Accrued payroll and related liabilities	32,028
Grants payable - current	<u>487,500</u>
Total liabilities	<u>550,912</u>
Net assets (Exhibit B)	
Board designated (Note 2)	<u>559,816</u>
Total unrestricted	559,816
Temporarily restricted (Note 3)	<u>197,567</u>
Total net assets	<u>757,383</u>
Total liabilities and net assets	<u>\$ 1,308,295</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

NATIONAL EATING DISORDERS ASSOCIATION

EXHIBIT B

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and other support			
Contributions and grants (includes in-kind contributions of \$150,016)	\$ 2,901,374	\$ 175,000	\$ 3,076,374
Sale of merchandise	8,231		8,231
Interest and dividends	6,129		6,129
Special events revenues	\$ 959,280		
Direct costs of special events	<u>(173,482)</u>		785,798
Net assets released from restrictions (Note 3)	60,786	<u>(60,786)</u>	785,798
Total revenues and other support	<u>3,762,318</u>	<u>114,214</u>	<u>3,876,532</u>
Expenses (Exhibit C)			
Education and support services	<u>3,006,829</u>		<u>3,006,829</u>
Supporting services			
Management and general	164,579		164,579
Fund raising	<u>1,322,350</u>		<u>1,322,350</u>
Total supporting services	<u>1,486,929</u>		<u>1,486,929</u>
Total expenses	<u>4,493,758</u>		<u>4,493,758</u>
Change in net assets (Exhibit D)	(731,440)	114,214	(617,226)
Net assets - beginning of year	<u>1,291,256</u>	<u>83,353</u>	<u>1,374,609</u>
Net assets - end of year (Exhibit A)	<u>\$ 559,816</u>	<u>\$ 197,567</u>	<u>\$ 757,383</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

NATIONAL EATING DISORDERS ASSOCIATION

EXHIBIT C

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2017

	<u>Education and Support Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Direct Costs of Special Events</u>	<u>Total</u>
Salaries	\$ 1,036,709	\$ 64,021	\$ 528,291		\$ 1,629,021
Payroll taxes and employee benefits	245,090	15,135	124,895		385,120
Awards and grants	488,284				488,284
Conferences, conventions and meetings	54,454	869	1,930		57,253
Information technology	139,628	8,623	71,152		219,403
Depreciation	5,887	363	3,000		9,250
Advertising/media	65,878	4,068	33,570		103,516
Postage and shipping	41,767	2,579	21,284		65,630
Printing, publishing and copying	9,256	1,146	59,609		70,011
Professional fees	499,840	15,540	150,995		666,375
Occupancy (Note 7)	112,816	6,968	57,463		177,247
Supplies	33,552	2,072	17,098		52,722
Telephone and internet	13,416	828	6,837		21,081
Travel	54,328	3,022	27,243		84,593
Staff development and training	32,086	1,981	16,351		50,418
Event rentals and catering	109,414		109,868	\$ 173,482	392,764
Cost of goods sold			4,784		4,784
Fees	38,535	324	38,660		77,519
Bad debt		31,786			31,786
Other expenses	25,889	5,254	49,320		80,463
	<u>3,006,829</u>	<u>164,579</u>	<u>1,322,350</u>	<u>173,482</u>	<u>4,667,240</u>
Total expense					
Less expenses deducted directly from revenues					
Direct cost of special events				<u>(173,482)</u>	<u>(173,482)</u>
Total expenses reported by function on the statement of activities (Exhibit B)	<u>\$ 3,006,829</u>	<u>\$ 164,579</u>	<u>\$ 1,322,350</u>	<u>\$ -</u>	<u>\$ 4,493,758</u>

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 DECEMBER 31, 2017

Cash flows from operating activities	
Change in net assets (Exhibit B)	\$ (617,226)
Adjustments to reconcile change in net assets to net cash used by operating activities	
Depreciation	9,250
Decrease (increase) in assets	
Contributions receivable	46,522
Inventory	3,563
Prepaid expenses and other assets	(134,814)
Increase (decrease) in liabilities	
Accounts payable and accrued expenses	(4,531)
Accrued payroll and related liabilities	27,821
Grants payable	225,000
Deferred rent	(34,817)
Deferred revenue	<u>(50,000)</u>
Net cash used by operating activities	(529,232)
Cash flows from investing activities	
Fixed asset acquisitions	<u>(7,492)</u>
Net change in cash and cash equivalents	(536,724)
Cash and cash equivalents - beginning of year	<u>1,533,857</u>
Cash and cash equivalents - end of year	<u><u>\$ 997,133</u></u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

NATIONAL EATING DISORDERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

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.

NEDA 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 grants.

In addition to its ongoing programs, NEDA has expanded its 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 20 Network Members, regional and local 501(c)(3)s with similar missions.

In 2017, NEDA completed a robust strategic planning process. Over the next five years NEDA will work on the following goals:

1. Make essential prevention, education, support and recovery services accessible to all people affected by eating disorders in every zip code across the United States.
2. Build public awareness about eating disorders and body positivity, in order to destigmatize those affected and make it easier to live in recovery.
3. Catalyze and disseminate impactful research on eating disorders prevention, innovative treatment, and ultimately, cures.
4. Build organizational capacity to allow NEDA to meet impact goals.

Through the guidance of this plan, NEDA will work to enhance its existing programs, including The Body Project, its website, educational materials, online screening tool, the Helpline, grant making, advocacy and strategic partnerships. It will also look to launch new programs and evolve others, such as its National Conference.

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NATIONAL EATING DISORDERS ASSOCIATION**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2017****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 equivalents - All highly liquid instruments with maturities of three months or less at the date of purchase are considered cash equivalents.

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 - Management determines whether an allowance for uncollectibles should be provided for receivables. Such estimates are based on management's assessment of the aged basis of its receivables, current economic conditions, subsequent receipts and historical information. Receivables are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted.

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 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 is provided on the straight-line method over the estimated useful lives of the assets.

Grants payable - Grants payable consist of grants awarded but not paid to fund Feeding Hope Fund for Clinical Research and Training grants.

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NATIONAL EATING DISORDERS ASSOCIATION**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2017****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Deferred rent - For operating leases, rent expense is recognized on the straight-line basis over the terms of the leases and, accordingly, the difference between cash rent payments and the recognition of rent expense is a deferred rent liability. Deferred rent is recorded when material.

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. Board designated funds represent unrestricted funds designated by board action for future program growth and funding of deficits.

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 expensed 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 is not recorded in the accompanying financial statements.

Advertising expense - Advertising costs are expensed as incurred.

Awards and grants - Awards and grants are expensed in the year granted and approved by the Board of Directors.

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.

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NATIONAL EATING DISORDERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

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 December 31, 2014 and subsequent remain subject to review by applicable taxing authorities.

Subsequent events - Subsequent events have been evaluated through April 2, 2018, which is the date the financial statements were available to be issued.

NOTE 3 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes as of December 31, 2017:

The Body Project	\$ 75,000
Helpline Services	50,000
Proud to Be Me	50,000
Conference - Tandler Memorial Fund	<u>22,567</u>
	<u>\$ 197,567</u>

Net assets were released from restrictions during the year ended December 31, 2017 by incurring expenses satisfying the following restricted purposes:

Proud to Be Me	\$ 25,000
The Body Project	25,000
Conference - Tandler Memorial Fund	<u>10,786</u>
	<u>\$ 60,786</u>

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NATIONAL EATING DISORDERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 4 - FIXED ASSETS

		<u>Estimated Useful Lives</u>
Computers and equipment	\$ 38,909	5 years
Less accumulated depreciation	<u>(25,130)</u>	
	<u>\$ 13,779</u>	

NOTE 5 - IN-KIND CONTRIBUTIONS

In-kind contributions for the year ended December 31, 2017 consist of the following:

Advertising/media	\$ 80,800	
Occupancy costs (Note 7)	40,045	
Professional services	2,482	
Supplies	<u>26,689</u>	
	<u>\$ 150,016</u>	

NOTE 6 - CONCENTRATIONS

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

NOTE 7 - OCCUPANCY

NEDA rents office space in New York. NEDA's current lease extends through August 31, 2018. For the year ended December 31, 2017, rent expense was \$104,940 and in-kind rent expense was \$40,045.

Minimum lease payments are due as follows:

<u>Year</u>	<u>Payment</u>
2018	\$ 111,729

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NATIONAL EATING DISORDERS ASSOCIATION**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2017****NOTE 8 - 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 the IRS maximum in earned income to the plan. NEDA matches up to three percent of an employee's compensation. NEDA contributed \$22,200 for the year ended December, 31, 2017.