



NATIONAL FRAGILE X FOUNDATION

# NATIONAL FRAGILE X FOUNDATION

## Financial Statements

*For the Years Ended*

*December 31, 2015 and 2014*

**With Independent Auditors' Report**

# NATIONAL FRAGILE X FOUNDATION

(A California Not-For-Profit Corporation)  
December 31, 2015

## CONTENTS

	<u>Page</u>
<b>Independent Auditors' Report</b>	1
<b>Financial Statements:</b>	
Statement of Financial Position	2
Statement of Activities and Changes in Net Assets	3
Statements of Cash Flows	4
Statement of Functional Expenses	5
Notes to Financial Statements	6 - 11

### **NATIONAL FRAGILE X FOUNDATION**

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**REGALIA & ASSOCIATES**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT**

**The Board of Directors**  
**National Fragile X Foundation**

We have audited the accompanying financial statements of National Fragile X Foundation (a nonprofit organization) which comprise the statement of financial position as of December 31, 2015 and 2014 and the related statements of activities and changes in net assets, cash flows and functional expenses for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 Fragile X Foundation as of December 31, 2015 and 2014 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

We have previously audited National Fragile X Foundation's December 31, 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 24, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Danville, California***  
***May 10, 2016***

*Regalia & Associates*

# THE NATIONAL FRAGILE X FOUNDATION

## Statement of Financial Position

December 31, 2015

*(with Summarized Financial Information as of December 31, 2014)*

	<b>Unrestricted Net Assets</b>	<b>Temporarily Restricted Net Assets</b>	<b>2015 Total</b>	<b>2014 Total</b>
<b><u>ASSETS</u></b>				
Current assets:				
Cash and cash equivalents	\$ 271,374	\$ 221,570	\$ 492,944	\$ 529,935
Investments	-	-	-	2,468
Program and accounts receivable	117,524	-	117,524	55,767
Prepaid expenses	58,337	-	58,337	10,805
Total current assets	447,235	221,570	668,805	598,975
Noncurrent assets:				
Property and equipment	28,561	-	28,561	72,733
Accumulated depreciation	(20,234)	-	(20,234)	(60,770)
Security deposit	-	-	-	2,500
Total noncurrent assets	8,327	-	8,327	14,463
	455,562	221,570	677,132	\$ 613,438
<b><u>LIABILITIES AND NET ASSETS</u></b>				
Accounts payable and accruals	40,166	-	40,166	\$ 24,086
Managed funds	279,857	-	279,857	213,223
Total liabilities	320,023	-	320,023	237,309
Net assets:				
Unrestricted:				
Board-designated reserves	-	-	-	192,878
Undesignated	135,539	-	135,539	15,679
Temporarily restricted	-	221,570	221,570	167,572
Total net assets	135,539	221,570	357,109	376,129
	\$ 455,562	\$ 221,570	\$ 677,132	\$ 613,438

# THE NATIONAL FRAGILE X FOUNDATION

## Statement of Activities and Changes in Net Assets For the Year Ended December 31, 2015

*(with Summarized Financial Information for the Year Ended December 31, 2014)*

<i>Changes in net assets:</i>	<b>Unrestricted Net Assets</b>	<b>Temporarily Restricted Net Assets</b>	<b>2015 Total</b>	<b>2014 Total</b>
Revenue and support:				
<i>Contributed income:</i>				
Grants and contributions	\$ 973,772	\$ 104,925	\$ 1,078,697	\$ 963,548
Special events	125,814	-	125,814	237,106
Net assets released from restrictions	50,927	(50,927)	-	-
Total contributed income	<u>1,150,513</u>	<u>53,998</u>	<u>1,204,511</u>	<u>1,200,654</u>
Program revenue:				
Registration and earned income	6,602	-	6,602	476,181
Receipts from affiliates	87,430	-	87,430	197,194
Memberships	8,296	-	8,296	28,570
Fees for service	21,839	-	21,839	7,371
Educational sales	1,912	-	1,912	1,808
Total program revenue	<u>126,079</u>	<u>-</u>	<u>126,079</u>	<u>711,124</u>
Realized gains (losses)	(3,105)	-	(3,105)	5,142
Interest and dividends	209	-	209	443
Total revenue and support	<u>1,273,696</u>	<u>53,998</u>	<u>1,327,694</u>	<u>1,917,363</u>
Expenses:				
Programs and activities	992,216	-	992,216	1,704,995
Fundraising	107,337	-	107,337	73,088
Management and general	247,161	-	247,161	212,733
Total expenses	<u>1,346,714</u>	<u>-</u>	<u>1,346,714</u>	<u>1,990,816</u>
Increase (decrease) in net assets	(73,018)	53,998	(19,020)	(73,453)
Net assets at beginning of year	208,557	167,572	376,129	449,582
Net assets at end of year	<u>\$ 135,539</u>	<u>\$ 221,570</u>	<u>\$ 357,109</u>	<u>\$ 376,129</u>

**THE NATIONAL FRAGILE X FOUNDATION**

**Statements of Cash Flows  
For the Years Ended December 31, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<i>Operating activities:</i>		
Decrease in net assets	\$ (19,020)	\$ (73,453)
Adjustments to reconcile to cash provided by (used for) operating activities:		
Depreciation	5,473	7,640
Unrealized losses (gains) on investments	3,105	(5,142)
Changes in:		
Program and accounts receivable	(61,757)	(8,824)
Prepaid expenses	(47,532)	12,583
Security deposit	2,500	-
Accounts payable and accruals	16,080	(19,420)
Managed funds	66,634	37,542
Cash used for operating activities	<u>(34,517)</u>	<u>(49,074)</u>
<i>Investing activities:</i>		
Net proceeds from disposition of investments	(637)	2,674
Additions to property and equipment	(1,837)	(1,197)
Cash provided by (used for) investing activities	<u>(2,474)</u>	<u>1,477</u>
Decrease in cash and cash equivalents	(36,991)	(47,597)
Cash and cash equivalents at beginning of year	529,935	577,532
Cash and cash equivalents at end of year	<u>\$ 492,944</u>	<u>\$ 529,935</u>
<i>Additional cash flow information:</i>		
State registration fees paid	\$ 150	\$ 150
Interest paid	\$ -	\$ -

**THE NATIONAL FRAGILE X FOUNDATION**

**Statement of Functional Expenses  
For the Year Ended December 31, 2015**

*(with Summarized Financial Information for the Year Ended December 31, 2014)*

	Programs and Activities	Fundraising	Manage- ment and General	<b>Totals Year Ended Dec. 31 2015</b>	<b>Totals Year Ended Dec. 31 2014</b>
Bank and credit card fees	\$ -	\$ -	\$ 11,707	\$ 11,707	\$ 8,426
Conferences	-	-	-	-	406,208
Depreciation	-	-	5,473	5,473	7,640
Equipment rental and repairs	-	-	959	959	1,327
Fundraising and marketing	-	37,698	-	37,698	40,822
Grants, awards and research expenses	19,135	-	-	19,135	30,189
Insurance	5,362	335	1,005	6,702	7,437
Miscellaneous	-	-	11,478	11,478	4,918
Outside and professional fees	278,042	-	91,494	369,536	554,392
Payments to affiliates	87,431	-	-	87,431	197,194
Postage and shipping	5,818	364	1,091	7,273	4,392
Printing and reproduction	1,848	-	7,390	9,238	20,074
Programs and events	9,338	37,058	-	46,396	29,343
Rent	4,056	254	761	5,071	28,404
Salaries, taxes and related benefits	472,733	29,546	88,638	590,917	568,578
Software licenses and maintenance	12,391	-	-	12,391	14,089
Supplies and office	22,620	1,414	4,241	28,275	5,873
Telephone, internet and technology	10,679	668	2,003	13,350	12,460
Travel, meals and entertainment	62,763	-	20,921	83,684	49,050
<b>Totals</b>	<b>\$ 992,216</b>	<b>\$ 107,337</b>	<b>\$ 247,161</b>	<b>\$ 1,346,714</b>	<b>\$1,990,816</b>

**Notes to Financial Statements**  
**December 31, 2015 and 2014**

**1. Organization**

National Fragile X Foundation (“National Fragile X”) was created and incorporated in 2001 as a California tax-exempt, non-profit public benefit corporation. National Fragile X unites the Fragile X community to enrich lives through educational and emotional support, promote public and professional awareness, and advance research toward improved treatments and a cure for Fragile X. Fragile X is a family of genetic conditions which can impact individuals and families in various ways. These genetic conditions are related in that they are all caused by changes in the same DNA material known as the FMR1 gene.

**2. Summary of Significant Accounting Policies**

*Basis of Accounting*

The financial statements of National Fragile X have been prepared on the accrual basis of accounting in accordance with the Financial Accounting Standards in its Accounting Standards Codification (ASC) 958.205, *Presentation of Financial Statements of Not-for-Profit Entities*.

*Basis of Presentation*

Financial statement presentation follows the recommendations of ASC 958.605, *Revenue Recognition of Not-for-Profit Entities*. Under ASC 958.605, National Fragile X 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.

*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 support, revenues, and expenses during the reporting period. Actual results could differ from those estimates.

*Fair Value of Financial Instruments*

Unless otherwise indicated, the fair values of all reported assets and liabilities, which represent financial instruments, none of which are held for trading purposes, approximate carrying values of such amounts.

*Cash and Cash Equivalents*

National Fragile X considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. National Fragile X maintains its cash balances in high quality financial institutions, which at times may exceed federally insured limits. National Fragile X has not experienced any losses in such accounts.



Notes to Financial Statements

2. Summary of Significant Accounting Policies *(continued)*

*Investments*

Investments consist of temporary positions in various instruments, including cash equivalents, stocks, and mutual funds. Investments received by gift are recorded at market value at the date of contribution. National Fragile X follows the provisions of ASC 958.320, *Investments – Debt and Equity Securities of Not-for-Profit Entities*, and has estimated the fair value of its investments using available market information and other valuation methodologies. Accordingly, the estimates presented are not necessarily indicative of the amounts that National Fragile X could realize in a current market exchange. The use of different assumptions and/or estimation methods may have a material effect on the estimated fair value amounts. The estimates are based on pertinent information available to management as of December 31, 2015.

*Property and Equipment*

Property and equipment are valued at cost or, if donated, at fair market value on the date of donation. Depreciation is provided by use of the straight-line method over the estimated useful lives of the assets. The cost of property and equipment greater than \$1,500 is capitalized and depreciated over the estimated useful life of each class of depreciable asset.

*Net Assets*

In accordance with accounting principles generally accepted in the United States of America, financial statements must present classes of net assets based on the following categories: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Grants and contributions are classified in the appropriate net asset category based on the absence or existence of donor-imposed restrictions that limit the use of the donated assets if they are designated as support for future periods or future projects when they are received.

National Fragile X reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets or if they are designated as support for future periods. When a donor's intended purpose is met or a time restriction expires, the temporarily restricted net asset is transferred to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions where restrictions are met in the same reporting period in which they are contributed are reported as unrestricted support.

Permanently restricted net assets include those net assets that must be maintained in perpetuity in accordance with donor restrictions. The investment return from such assets may be used for purposes as specified by the donor or, if the donor has not specified a purpose, the income from such investments is not restricted and is included in unrestricted net assets. National Fragile X had no permanently restricted net assets as of December 31, 2015 and 2014.

Unrestricted net assets include all of those donated assets that have no restrictions or limitations imposed on their use. The Board of Directors may elect certain unrestricted funds to be set aside as Board designated funds, which may not be spent without approval by the Board.

**Notes to Financial Statements**

**2. Summary of Significant Accounting Policies** *(continued)*

*Revenue and Support Recognition*

Revenues from restricted grants and donations are recognized as income in the temporarily restricted fund in the period in which received and then transferred to unrestricted net assets when donor conditions are met and grant proceeds are considered earned. Grants which require the completion of certain feedback (and/or other reporting) as a precondition to funding are not recorded in the financial statements because, in the opinion of management, such funds are not “earned” until the final approval is obtained from the donor funding source.

*Contributions*

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in unrestricted net assets. National Fragile X reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets or if they are designated as support for future periods. When a donor’s intended purpose is met or a time restriction expires, the temporarily restricted net asset is transferred to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributions in which the donor restrictions are never relieved are recorded as permanently restricted support. National Fragile X had no permanently restricted net assets of as December 31, 2015 and 2014. Donor-restricted contributions where restrictions are met in the same reporting period in which they are contributed are reported as unrestricted support.

Donated property is recorded at the estimated fair value at the date of receipt. National Fragile X reports gifts of property as unrestricted support unless explicit donor stipulations specify how the donated assets are to be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as temporarily restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, National Fragile X reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

*Contributed Services and Costs*

Contributed services and costs are reflected at the fair value of the contribution received. The contributions of services and costs are recognized if they (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

There were no in-kind contributions for the years ended December 31, 2015 and 2014.

**Notes to Financial Statements**

**2. Summary of Significant Accounting Policies** *(continued)*

*Income Taxes*

Financial statement presentation follows the recommendations of ASC 740, *Income Taxes*. Under ASC 740, National Fragile X is required to report information regarding its exposure to various tax positions taken by National Fragile X and requires a two-step process that separates recognition from measurement. The first step is determining whether a tax position has met the recognition threshold; the second step is measuring a tax position that meets the recognition threshold. Management believes that National Fragile X has adequately evaluated its current tax positions and has concluded that as of December 31, 2015 and 2014, National Fragile X does not have any uncertain tax positions for which a reserve or an accrual for a tax liability would be necessary.

National Fragile X has received notification from the Internal Revenue Service and the State of California that it qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. The exemptions are subject to periodic review by the federal and state taxing authorities and management is confident that National Fragile X continues to satisfy all federal and state statutes in order to qualify for continued tax exemption status. National Fragile X may periodically receive unrelated business income (such as sublease rental income or advertising revenue) requiring National Fragile X to file separate tax returns under federal and state statutes. Under such conditions, National Fragile X calculates and accrues the applicable taxes.

**3. Cash and Cash Equivalents**

Cash and cash equivalents of \$492,944 and \$529,935 at December 31, 2015 and 2014, respectively, include all funds in banks (checking, savings, and money market) at the time of purchase that have a maturity date of 90 days or less. With the exception of \$181,565 in noninterest-bearing commercial checking accounts, National Fragile X maintains its cash balances in interest-earning accounts at December 31, 2015, generally at rates ranging up to 0.10% per annum. National Fragile X attempts to limit its credit risk associated with cash equivalents by utilizing accounts at highly rated financial institutions.

**4. Investments**

Investments of \$2,468 at December 31, 2014 consist of funds managed by Wells Fargo Advisors and are generally invested in corporate equity securities. There were no investments at December 31, 2015. National Fragile X follows the policy whereby investments are adjusted to reflect realized and unrealized gains and losses. Realized investment gains (losses) for the years ended December 31, 2015 and 2014 amounted to (\$65) and \$5,142, respectively. *continued*

# NATIONAL FRAGILE X FOUNDATION

## Notes to Financial Statements

### 4. Investments *(continued)*

Investments consist of the following at December 31, 2015 and 2014:

	December 31, 2015		December 31, 2014	
	Cost	Fair Value	Cost	Fair Value
Corporate equity securities	\$ -	\$ -	\$ 2,468	\$ 2,468

During the year ended December 31, 2014, earnings on investments were reinvested.

### 5. Property and Equipment

A summary of property and equipment is as follows at December 31, 2015 and 2014:

	Dec. 31, 2015	Dec. 31, 2014
Office equipment	\$ 10,738	\$ 53,833
Software and website	18,900	18,900
Subtotal	29,638	72,733
Less accumulated depreciation	(20,234)	(60,770)
Total property, equipment and improvements (net)	\$ 9,404	\$ 11,963

Total depreciation expense for the years ended December 31, 2015 and 2014 amounted to \$5,473 and \$7,640, respectively, and is reflected on the statement of functional expenses.

During the year ended December 31, 2015, Fragile X disposed of office equipment with original cost basis of \$49,049 and accumulated depreciation of \$46,009, resulting in a loss on disposal in the amount of \$3,040. There were no disposals during the year ended December 31, 2014.

### 6. Managed Funds

Managed funds of \$279,858 and \$213,223 at December 31, 2015 and 2014, respectively, represent revenues and donations collected at various events and programs. National Fragile X receives the funds and disburses them to affiliated Fragile X organizations throughout the United States, in accordance with donor instructions. Amounts collected but not yet disbursed are reflected as a liability on the statement of financial position.

# NATIONAL FRAGILE X FOUNDATION

## Notes to Financial Statements

### 7. Line of Credit

National Fragile X has a revolving line of credit with a bank with an available balance of \$100,000. When utilized, the loan bears interest at a specific margin above the bank's prime rate of interest. The line was not utilized during the years ended December 31, 2015 and 2014, and there was no amount outstanding at December 31, 2015 and 2014.

### 8. Net Assets

Activity in net assets for the years ended December 31, 2015 and 2014 is as follows:

	Dec. 31, 2015	Dec. 31, 2014
<i>Unrestricted Net Assets:</i>		
Beginning balance	\$ 208,557	\$ 234,183
Increase (decrease) in unrestricted net assets	(71,941)	(25,626)
Ending balance - Undesignated	<u>\$ 136,616</u>	<u>\$ 208,557</u>
<i>Temporarily Restricted Net Assets:</i>		
Beginning balance	\$ 167,572	\$ 215,399
Additions	104,925	67,848
Releases from restrictions	(50,927)	(115,675)
Ending balance - Temporarily Restricted	<u>\$ 221,570</u>	<u>\$ 167,572</u>

### 9. Subsequent Events

In compliance with ASC 855, *Subsequent Events*, National Fragile X has evaluated subsequent events through May 10, 2016, the date the financial statements were available to be issued and, in the opinion of management, there are no subsequent events which need to be disclosed.