

# **Brain Research Foundation**

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**Financial Report  
with Additional Information  
June 30, 2017**

# Brain Research Foundation

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## Independent Auditor's Report

To the Board of Trustees  
Brain Research Foundation

We have audited the accompanying financial statements of Brain Research Foundation (the "Foundation"), which comprise the statement of financial position as of June 30, 2017 and 2016 and the related statements of activities and changes in net assets and cash flows 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 Brain Research Foundation as of June 30, 2017 and 2016 and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Plante & Moran, PLLC*

August 18, 2017

# Brain Research Foundation

## Statement of Financial Position

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 40,059	\$ 66,557
Investments (Note 2)	15,411,581	14,625,406
Accounts receivable	-	9,676
Prepaid expenses	3,000	-
Total current assets	<u>15,454,640</u>	<u>14,701,639</u>
<b>Property and Equipment - Net</b>	10,072	1,698
<b>Security Deposits</b>	<u>5,200</u>	<u>5,200</u>
Total assets	<u><b>\$ 15,469,912</b></u>	<u><b>\$ 14,708,537</b></u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 42,597	\$ 145,277
Grants payable	585,000	780,000
Deferred rent expense	30,905	3,990
Total current liabilities	<u>658,502</u>	<u>929,267</u>
<b>Unrestricted Net Assets</b>	12,975,523	12,004,232
<b>Temporarily Restricted Net Assets</b> (Note 3)	335,887	275,038
<b>Permanently Restricted Net Assets</b> (Note 6)	<u>1,500,000</u>	<u>1,500,000</u>
Total net assets	<u>14,811,410</u>	<u>13,779,270</u>
Total liabilities and net assets	<u><b>\$ 15,469,912</b></u>	<u><b>\$ 14,708,537</b></u>

# Brain Research Foundation

## Statement of Activities and Changes in Net Assets

	Year Ended							
	June 30, 2017			June 30, 2016				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenue, Gains, and Other Support</b>								
Contributions	\$ 132,954	\$ 99,909	\$ -	\$ 232,863	\$ 127,071	\$ 95,676	\$ -	\$ 222,747
Fundraising event revenue - Net of expenses of \$145,132 in 2017 and \$179,195 in 2016	1,009,256	-	-	1,009,256	978,934	-	-	978,934
Net assets released from restrictions	260,380	(260,380)	-	-	529,992	(529,992)	-	-
Total support	1,402,590	(160,471)	-	1,242,119	1,635,997	(434,316)	-	1,201,681
Interest and dividends	427,583	58,544	-	486,127	471,944	68,744	-	540,688
Net realized and unrealized gains (losses) on investments	1,198,038	162,776	-	1,360,814	(1,021,242)	(151,158)	-	(1,172,400)
Total income (loss) from investing activities	1,625,621	221,320	-	1,846,941	(549,298)	(82,414)	-	(631,712)
Total revenue, gains, and other support	3,028,211	60,849	-	3,089,060	1,086,699	(516,730)	-	569,969
<b>Expenses</b>								
Program services	1,631,309	-	-	1,631,309	2,211,435	-	-	2,211,435
General administration	129,149	-	-	129,149	255,864	-	-	255,864
Fundraising	296,462	-	-	296,462	314,761	-	-	314,761
Total expenses	2,056,920	-	-	2,056,920	2,782,060	-	-	2,782,060
<b>Increase (Decrease) in Net Assets</b>	971,291	60,849	-	1,032,140	(1,695,361)	(516,730)	-	(2,212,091)
<b>Net Assets - Beginning of year</b>	12,004,232	275,038	1,500,000	13,779,270	13,699,593	791,768	1,500,000	15,991,361
<b>Net Assets - End of year</b>	<b>\$ 12,975,523</b>	<b>\$ 335,887</b>	<b>\$ 1,500,000</b>	<b>\$ 14,811,410</b>	<b>\$ 12,004,232</b>	<b>\$ 275,038</b>	<b>\$ 1,500,000</b>	<b>\$ 13,779,270</b>

# Brain Research Foundation

## Statement of Cash Flows

	Year Ended	
	June 30, 2017	June 30, 2016
<b>Cash Flows from Operating Activities</b>		
Increase (decrease) in net assets	\$ 1,032,140	\$ (2,212,091)
Adjustments to reconcile increase (decrease) in net assets to net cash from operating activities:		
Depreciation	3,383	1,827
Net realized and unrealized (gains) losses on investments	(1,360,814)	1,172,400
Noncash donation of stock	(190,292)	(12,305)
Changes in operating assets and liabilities which (used) provided cash:		
Prepaid expenses	(3,000)	-
Contributions receivable	-	127,500
Accounts receivable	9,676	(9,676)
Accounts payable and accrued expenses	(102,680)	11,186
Grants payable	(195,000)	115,000
Deferred rent	26,915	3,990
Net cash used in operating activities	(779,672)	(802,169)
<b>Cash Flows from Investing Activities</b>		
Capital expenditures	(11,757)	-
Sale of investment securities	9,369,205	6,998,940
Purchase of investment securities	(8,604,274)	(6,210,873)
Net cash provided by investing activities	753,174	788,067
<b>Net Decrease in Cash</b>	(26,498)	(14,102)
<b>Cash - Beginning of year</b>	66,557	80,659
<b>Cash - End of year</b>	<u>\$ 40,059</u>	<u>\$ 66,557</u>

# Brain Research Foundation

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## Notes to Financial Statements June 30, 2017 and 2016

### Note I - Nature of Business and Significant Accounting Policies

**Organization Purpose** - Brain Research Foundation (the "Foundation") is a corporation organized under the Illinois Not-for-Profit Corporation Act. The Foundation is committed to promoting basic research and knowledge concerning the human brain.

**Basis of Accounting** - The financial statements have been prepared on the accrual basis of accounting, whereby revenue is recognized when earned and expenditures are recognized when the related liabilities are incurred and certain measurement and matching criteria are met.

**Classification of Net Assets** - Net assets of the Foundation are classified as unrestricted, temporarily restricted, or permanently restricted depending on the presence and characteristics of donor-imposed restrictions limiting the Foundation's ability to use or dispose of contributed assets or the economic benefits embodied in those assets.

Donor-imposed restrictions that expire with the passage of time or can be removed by meeting certain requirements result in temporarily restricted net assets. Permanently restricted net assets result from donor-imposed restrictions that limit the use of net assets in perpetuity.

**Contributions** - Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received and measured at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows.

Contributions without donor-imposed restrictions are reported as unrestricted support. Other restricted gifts are reported as restricted support and temporarily or permanently restricted net assets. When a donor restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and are reported in the statement of activities and changes in net assets as net assets released from restriction.

Contributions of marketable securities are recorded at fair value as of the date of the gift. It is the Foundation's practice to determine appropriate disposition of such gifts of securities at the time of receipt.

Income from special events is recognized when earned.

# Brain Research Foundation

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## Notes to Financial Statements June 30, 2017 and 2016

### **Note 1 - Nature of Business and Significant Accounting Policies (Continued)**

**Contributions Receivable** - Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. An allowance for uncollectible contributions is provided when evidence indicates amounts promised by donors may not be collectible. There were no contributions receivable as of June 30, 2017 or 2016.

**Investments** - Investments in common and preferred stock, corporate bonds, convertible bonds, mutual funds, and money market funds are stated at fair value. Purchases and sales of investments are recorded as of the trade date. Gain or loss on the sale of investments is computed using the specific recorded cost of each security. Investment income is recorded on the accrual basis and is reported in the statement of activities and changes in net assets.

**Property and Equipment** - Property and equipment are stated at their estimated fair value at the date donated or at cost, if purchased. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Cost of maintenance and repairs are charged to expense when incurred.

**Research Grant Programs - Seed Grants** - Contributions restricted for seed grant awards are recorded as temporarily restricted net assets and are released from restriction as the purpose restriction is met. The women's council seed grants remain temporarily restricted to provide funding for an annual seed grant to a female researcher. See Note 3 for additional disclosures on the temporarily restricted net assets balance.

**Special Gift Program** - The special gift program includes donations that have temporary donor restrictions that are not related to the seed grants or the women's council seed grant programs. Amounts are released from restriction when the purpose restriction has been met.

**Grants Payable** - The Foundation recognizes grants made to others as expenses in the period the unconditional promises to give are made. Grants payable represents grants approved for payment, but not yet paid.



### **Note I - Nature of Business and Significant Accounting Policies (Continued)**

**Federal Income Taxes** - The Foundation is exempt from income tax under provisions of Internal Revenue Code Section 501(c)(3). Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Foundation and recognize a tax liability if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Foundation and has concluded that, as of June 30, 2017 and 2016, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

**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 revenue, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

**Risks and Uncertainties** - The Foundation 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 certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

**Reclassification** - Board-designated investments totaling \$3,519,762 were reclassified to investments in the 2016 financial statements conform to the classification used in 2017.

**Subsequent Events** - The financial statements and related disclosures include evaluation of events up through and including August 18, 2017, which is the date the financial statements were available to be issued.

# Brain Research Foundation

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## Notes to Financial Statements June 30, 2017 and 2016

### **Note 1 - Nature of Business and Significant Accounting Policies (Continued)**

**Upcoming Accounting Change** - The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, in August 2016. ASU No. 2016-14 requires significant changes to the financial reporting model of organizations that follow FASB not-for-profit rules, including changing from three classes of net assets to two classes: net assets with donor restrictions and net assets without donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by the Foundation, including required disclosures about the liquidity and availability of resources. The new standard is effective for the Foundation's year ending June 30, 2019 and thereafter and must be applied on a retrospective basis. The Foundation is currently gathering the appropriate information to implement these disclosure changes in a timely manner. Management expects an impact to the classification of net assets and an enhancement of disclosures about liquidity, including qualitative and quantitative information.

**Upcoming Accounting Change** - In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease-related expenses in the statements of operations and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Foundation's year ending June 30, 2021 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The new lease standard is expected to have a significant effect on the Foundation's financial statements as a result of the lease for office space classified as an operating lease. The effect of applying the new lease guidance is expected to increase long-term assets by about \$79,000, increase short-term and long-term liabilities by about \$48,000 and \$46,000, respectively, and decrease net assets by about \$15,000. The effects on the results of operations are not expected to be significant.

### **Note 2 - Fair Value Measurements**

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

# Brain Research Foundation

## Notes to Financial Statements June 30, 2017 and 2016

### Note 2 - Fair Value Measurement (Continued)

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Foundation has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

The Foundation currently has no Level 3 investments.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Foundation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The following tables present information about the Foundation's assets measured at fair value on a recurring basis as of June 30, 2017 and 2016 and the valuation techniques used by the Foundation to determine those fair values.

#### Assets Measured at Fair Value on a Recurring Basis at June 30, 2017

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2017
Money market funds	\$ 468,219	\$ -	\$ -	\$ 468,219
Common stock - Large-cap	6,916,478	-	-	6,916,478
Common stock - Mid-cap	1,860,385	-	-	1,860,385
Common stock - Small-cap	454,708	-	-	454,708
Common stock - Emerging markets	1,793,948	-	-	1,793,948
Common stock - Opportunistic funds	905,167	-	-	905,167
Preferred stock	282,205	921,494	-	1,203,699
Convertible bonds	161,320	-	-	161,320
Corporate bonds	-	1,647,657	-	1,647,657
Total assets	<u>\$ 12,842,430</u>	<u>\$ 2,569,151</u>	<u>\$ -</u>	<u>\$ 15,411,581</u>

# Brain Research Foundation

## Notes to Financial Statements June 30, 2017 and 2016

### Note 2 - Fair Value Measurement (Continued)

#### Assets Measured at Fair Value on a Recurring Basis at June 30, 2016

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2016
Money market funds	\$ 536,809	\$ -	\$ -	\$ 536,809
Common stock - Large-cap	6,927,567	-	-	6,927,567
Common stock - Mid-cap	1,161,987	-	-	1,161,987
Common stock - Small-cap	105,700	-	-	105,700
Common stock - Emerging markets	698,673	-	-	698,673
Common stock - Opportunistic funds	118,680	-	-	118,680
Preferred stock	206,337	1,356,885	-	1,563,222
Convertible bonds	139,256	-	-	139,256
Corporate bonds	-	3,319,860	-	3,319,860
Government bonds	53,652	-	-	53,652
Total assets	<u>\$ 9,948,661</u>	<u>\$ 4,676,745</u>	<u>\$ -</u>	<u>\$ 14,625,406</u>

The fair value of preferred stock and corporate bonds at June 30, 2017 and 2016 was determined primarily based on Level 2 inputs. The Foundation estimates fair value of these investments based on similar investments traded on the secondary market.

### Note 3 - Temporarily Restricted Net Assets

The temporarily restricted fund represents contributions received by the Foundation whereby the donor has specified the purpose or period for which the contribution may be used plus the accumulated investment returns on the restricted contributions.

Temporarily restricted net assets as of June 30, 2017 and 2016 include the following:

	2017	2016
Purpose restrictions:		
Women's Council Seed Grant Fund	\$ 243,263	\$ 250,087
Endowment fund investment income	91,174	11,053
Special Gift Diseases	1,450	13,898
Total temporarily restricted net assets	<u>\$ 335,887</u>	<u>\$ 275,038</u>

See Note 1 for additional seed grant disclosures. Investment income earned on permanently restricted net assets, noted above as endowment fund investment income, is restricted for research of the Foundation.

# Brain Research Foundation

## Notes to Financial Statements June 30, 2017 and 2016

### Note 4 - Lease Commitments

The Foundation amended the lease for the office space effective June 1, 2016. This lease expires on May 31, 2022.

The future minimum lease payments are as follows:

Year Ending June 30	Amount
2018	\$ 48,773
2019	49,599
2020	50,424
2021	51,250
2022	47,673
Total	<u>\$ 247,719</u>

Rent expense for 2017 and 2016 was \$45,476 and \$51,692, respectively.

### Note 5 - Defined Contribution Plan

The Foundation has a 401(k) retirement plan (the "Plan"). Substantially all employees are eligible to make contributions at their own discretion. Upon the date an employee commences employment, he or she is immediately eligible to make pretax contributions to the Plan. Employees may annually contribute a percentage of their compensation on a pretax basis up to the limits imposed by the current IRS regulations.

All employees become eligible after one year of service to receive employer matching contributions equal to \$2.67 for every one dollar an employee defers. In addition, the Foundation may elect to make discretionary contributions to the Plan as determined by the board of trustees. Employees are 100 percent vested in all their accounts in the Plan.

Total contributions to the Plan for the years ended June 30, 2017 and 2016 amounted to \$51,610 and \$57,004, respectively.

### Note 6 - Donor-restricted Endowment

The Foundation received a \$1,500,000 permanently restricted endowment in 2011 to establish the Helen M. McLoraine Neuroscience Research Fund. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

# Brain Research Foundation

## Notes to Financial Statements June 30, 2017 and 2016

### Note 6 - Donor-restricted Endowment (Continued)

#### Interpretation of Relevant Law

The board of trustees of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Foundation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Foundation
- (7) The investment policies of the Foundation

#### Endowment Net Asset Composition by Type of Fund as of June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 91,174	\$ 1,500,000	\$ 1,591,174

# Brain Research Foundation

## Notes to Financial Statements June 30, 2017 and 2016

### Note 6 - Donor-restricted Endowment (Continued)

#### Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets - Beginning of year	\$ -	\$ 11,053	\$ 1,500,000	\$ 1,511,053
Investment return:				
Investment income	-	49,818	-	49,818
Realized and unrealized gains	-	138,326	-	138,326
Total investment return	-	188,144	-	188,144
Appropriation of endowment assets for expenditure	-	(108,023)	-	(108,023)
Endowment net assets - End of year	\$ -	\$ 91,174	\$ 1,500,000	\$ 1,591,174

#### Endowment Net Asset Composition by Type of Fund as of June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 11,053	\$ 1,500,000	\$ 1,511,053

#### Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets - Beginning of year	\$ -	\$ 302,648	\$ 1,500,000	\$ 1,802,648
Investment return:				
Investment income	-	57,972	-	57,972
Realized and unrealized losses	-	(131,563)	-	(131,563)
Total investment loss	-	(73,591)	-	(73,591)
Appropriation of endowment assets for expenditure	-	(218,004)	-	(218,004)
Endowment net assets - End of year	\$ -	\$ 11,053	\$ 1,500,000	\$ 1,511,053

### Return Objectives and Risk Parameters

The long-term investment objective for the endowment funds is to generate sufficient income to support the research of the Foundation, in accordance with the terms of the endowment agreement.

# **Brain Research Foundation**

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## **Notes to Financial Statements June 30, 2017 and 2016**

### **Note 6 - Donor-restricted Endowment (Continued)**

#### **Strategies Employed for Achieving Objectives**

The Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

#### **Spending Policy and How the Investment Objectives Relate to Spending Policy**

Consistent with the endowment agreement, the Foundation has a policy of appropriating for distribution each year up to 5 percent of its endowment fund's fair value. At its discretion, the Foundation may approve additional appropriations based on investment performance in the endowment. No additional appropriation was made for the year ended June 30, 2017. For the year ended June 30, 2016, the Foundation appropriated an additional \$109,253. Based on the long-term objectives stated above, the Foundation will only spend the endowment fund to support research of the Foundation.



## **Additional Information**

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## Independent Auditor's Report on Additional Information

To the Board of Trustees  
Brain Research Foundation

We have audited the financial statements of Brain Research Foundation as of and for the years ended June 30, 2017 and 2016 and have issued our report thereon dated August 18, 2017, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Plante & Moran, PLLC*

August 18, 2017

# Brain Research Foundation

## Schedule of Functional Expenses Year Ended June 30, 2017

	Program Services				Support Services			2017 Total
	Research Grant Programs	Special Gift Programs	Public Information, Health, and Education	Total	General Administration	Fundraising Expenses	Total	
Salaries	\$ 65,823	\$ 36,118	\$ 54,300	\$ 156,241	\$ 59,514	\$ 136,613	\$ 196,127	\$ 352,368
Payroll taxes	4,267	2,341	3,520	10,128	3,859	8,856	12,715	22,843
Employee benefits	10,337	5,672	8,527	24,536	9,347	21,452	30,799	55,335
Contributions to 401(k)	9,641	5,290	7,953	22,884	8,717	20,009	28,726	51,610
<b>Total salaries and related expenses</b>	<b>90,068</b>	<b>49,421</b>	<b>74,300</b>	<b>213,789</b>	<b>81,437</b>	<b>186,930</b>	<b>268,367</b>	<b>482,156</b>
Awards, grants, and educational projects	1,201,511	93,550	1,497	1,296,558	1,641	3,768	5,409	1,301,967
Rent and utilities	8,495	4,661	7,008	20,164	7,681	17,631	25,312	45,476
Office expenses	3,309	1,816	2,730	7,855	2,992	6,868	9,860	17,715
Telephone	1,053	578	869	2,500	952	2,185	3,137	5,637
Investment management and professional fees	14,827	8,136	12,231	35,194	13,405	30,774	44,179	79,373
Marketing services	8,859	4,861	7,308	21,028	8,010	18,387	26,397	47,425
Publications	3,911	2,146	3,227	9,284	3,537	8,117	11,654	20,938
Year-end solicitation	1,117	613	922	2,652	1,010	2,318	3,328	5,980
Board meeting	1,179	647	973	2,799	1,066	2,447	3,513	6,312
Computer expense	736	404	607	1,747	664	1,528	2,192	3,939
Postage and shipping	393	216	324	933	354	816	1,170	2,103
Travel and entertainment	260	143	215	618	234	540	774	1,392
Insurance	1,235	678	1,019	2,932	1,117	2,563	3,680	6,612
Depreciation	632	347	521	1,500	571	1,312	1,883	3,383
Repairs and maintenance	186	102	153	441	168	385	553	994
Miscellaneous	4,767	2,616	3,932	11,315	4,310	9,893	14,203	25,518
<b>Total functional expenses</b>	<b>\$ 1,342,538</b>	<b>\$ 170,935</b>	<b>\$ 117,836</b>	<b>\$ 1,631,309</b>	<b>\$ 129,149</b>	<b>\$ 296,462</b>	<b>\$ 425,611</b>	<b>\$ 2,056,920</b>

# Brain Research Foundation

## Schedule of Functional Expenses Year Ended June 30, 2016

	Program Services				Support Services			2016 Total
	Research Grant Programs	Special Gift Programs	Public Information, Health, and Education	Total	General Administration	Fundraising Expenses	Total	
Salaries	\$ 59,699	\$ 36,777	\$ 73,947	\$ 170,423	\$ 99,576	\$ 122,499	\$ 222,075	\$ 392,498
Payroll taxes	3,578	2,204	4,432	10,214	5,969	7,342	13,311	23,525
Employee benefits	10,288	6,338	12,743	29,369	17,161	21,109	38,270	67,639
Contributions to 401(k)	8,670	5,341	10,740	24,751	14,462	17,791	32,253	57,004
<b>Total salaries and related expenses</b>	<b>82,235</b>	<b>50,660</b>	<b>101,862</b>	<b>234,757</b>	<b>137,168</b>	<b>168,741</b>	<b>305,909</b>	<b>540,666</b>
Awards, grants, and educational projects	1,792,271	11,541	23,208	1,827,020	31,252	38,447	69,699	1,896,719
Rent and utilities	7,862	4,844	9,739	22,445	13,114	16,133	29,247	51,692
Office expenses	2,000	1,232	2,477	5,709	3,336	4,103	7,439	13,148
Telephone	980	603	1,213	2,796	1,634	2,010	3,644	6,440
Investment management and professional fees	13,148	8,100	16,285	37,533	21,929	26,979	48,908	86,441
Marketing services	21,029	12,955	26,048	60,032	35,077	43,152	78,229	138,261
Publications	1,791	1,103	2,218	5,112	2,988	3,673	6,661	11,773
Year-end solicitation	14	9	18	41	24	29	53	94
Board meeting	938	578	1,161	2,677	1,564	1,924	3,488	6,165
Computer expense	464	286	575	1,325	773	952	1,725	3,050
Postage and shipping	421	260	522	1,203	702	865	1,567	2,770
Travel and entertainment	184	114	229	527	307	379	686	1,213
Insurance	1,026	632	1,271	2,929	1,712	2,105	3,817	6,746
Depreciation	278	171	344	793	464	570	1,034	1,827
Repairs and maintenance	281	173	348	802	469	577	1,046	1,848
Miscellaneous	2,009	1,237	2,488	5,734	3,351	4,122	7,473	13,207
<b>Total functional expenses</b>	<b>\$ 1,926,931</b>	<b>\$ 94,498</b>	<b>\$ 190,006</b>	<b>\$ 2,211,435</b>	<b>\$ 255,864</b>	<b>\$ 314,761</b>	<b>\$ 570,625</b>	<b>\$ 2,782,060</b>