

INTERNATIONAL F.O.P. ASSOCIATION, INC.

FINANCIAL REPORT

DECEMBER 31, 2011

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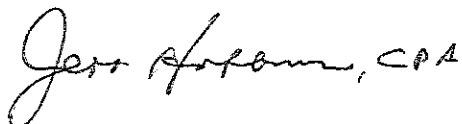
INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
International F.O.P. Association, Inc.
Oviedo, Florida

I have audited the accompanying statement of financial position of the International F.O.P. Association, Inc. (a nonprofit organization) as of December 31, 2011 and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of the Association's management. My responsibility is to express an opinion on these financial statements based on my audit. The prior year summarized comparative information has been derived from the Association's 2010 financial statements and in my report dated May 10, 2011 I expressed an unqualified opinion on those financial statements.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the International F.O.P. Association, Inc. as of December 31, 2011 and the changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



May 13, 2012

INTERNATIONAL F.O.P. ASSOCIATION, INC.
 STATEMENT OF FINANCIAL POSITION
 DECEMBER 31, 2011
 (WITH COMPARATIVE TOTALS FOR 2010)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	
				2011	2010
ASSETS					
Cash and cash equivalents	\$ 1,362,503	\$ 4,373	\$	\$ 1,366,876	\$ 1,175,174
Contributions receivable	10,044			10,044	7,805
Consignment receivable	0			0	500
Interest receivable	470			470	1,121
Prepaid expenses	3,103			3,103	769
Certificates of deposit	25,000			25,000	105,978
Investments	166,000			166,000	168,734
Deposits on leased property	950			950	950
Property and equipment, net	18,591			18,591	23,437
TOTAL ASSETS	\$ 1,586,661	\$ 4,373	\$	\$ 1,591,034	\$ 1,484,468
LIABILITIES AND NET ASSETS					
Liabilities					
Accrued expenses	\$ 12,166	\$	\$	\$ 12,166	\$ 11,958
Deferred revenue				0	50,000
	12,166			12,166	61,958
Net assets	1,574,495	4,373		1,578,868	1,422,510
TOTAL LIABILITIES AND NET ASSETS	\$ 1,586,661	\$ 4,373	\$	\$ 1,591,034	\$ 1,484,468

See Notes to Financial Statements

INTERNATIONAL F.O.P. ASSOCIATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011
(WITH COMPARATIVE TOTALS FOR 2010)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	
				2011	2010
Revenue and public support					
Contributions	\$ 269,264	\$ 188,156	\$	\$ 457,420	\$ 258,269
Membership dues	4,800			4,800	5,375
Total contributions and dues	274,064	188,156		462,220	263,644
Special events	199,458	195,599		395,057	403,562
Goods contributed to events	1,981			1,981	1,661
Direct donor benefit costs	(17,287)	2,175		(15,112)	(62,428)
Other event expenses	(3,391)	(3,412)		(6,803)	(17,758)
Total special events net of expenses	180,761	194,362		375,123	325,037
Net assets released from restrictions	411,390	(411,390)			
Investment income	11,784			11,784	11,641
Sales and service fees	1,451			1,451	1,537
Non-operating gains	(1,861)			(1,861)	1,849
Total other	422,764	(411,390)		11,374	15,027
Contributed goods and services	2,282			2,282	766
Total revenue and public support	879,871	(28,872)		850,999	604,474
Expenses					
Medical research	462,299			462,299	400,700
Public awareness	20,333			20,333	68,645
Education and support	44,963			44,963	125,366
Management and general	115,538			115,538	103,485
Fundraising	51,508			51,508	59,242
	694,641			694,641	757,438
Change in net assets	185,230	(28,872)		156,358	(152,964)
Net assets, beginning of year	1,389,265	33,245		1,422,510	1,575,474
Net assets, end of year	\$ 1,574,495	\$ 4,373	\$	\$ 1,578,868	\$ 1,422,510

See Notes to Financial Statements

**INTERNATIONAL F.O.P. ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2011
(WITH COMPARATIVE TOTALS FOR 2010)**

	Program Services				Support Services			Combined Totals	
	Medical Research	Public Awareness	Education & Support	Total Program Services	Management & General	Fundraising	Total Support Services	2011	2010
Compensation:									
Salaries & benefits	\$ 805	\$ 8,084	\$ 12,182	\$ 21,071	\$ 62,078	\$ 17,529	\$ 79,607	\$ 100,678	\$ 182,969
Payroll taxes	88	883	1,331	2,302	6,781	1,914	8,695	10,997	14,028
	893	8,967	13,513	23,373	68,859	19,443	88,302	111,675	196,997
Awareness merchandise		710		710		709	709	1,419	1,222
Conference & seminars				0		0	0	0	523
Depreciation	40	1,032	1,234	2,306	3,060	1,181	4,241	6,547	8,192
Dues & subscriptions		400		400	225		225	625	715
Fundraising				0		11,816	11,816	11,816	7,339
Insurance	28	276	417	721	2,123	599	2,722	3,443	3,027
LIFE awards			3,872	3,872				3,872	5,465
Medical binders			7,207	7,207				7,207	5,724
Medical research awards	430,852			430,852				430,852	397,758
Meetings	69	688	12,361	13,118	5,280	1,490	6,770	19,888	10,313
National philanthropy day				0			0	0	2,200
Neurological study				0			0	0	715
Nurses' awareness mailing				0			0	0	2,628
Office expense & supplies	40	917	1,601	2,558	9,789	879	10,668	13,226	18,696
Outsourcing	116	1,165	1,755	3,036	8,943	2,525	11,468	14,504	0
Postage & shipping	52	609		661	1,775	5,390	7,165	7,826	11,930
Printing & publications				0	186	2,517	2,703	2,703	15,913
Professional fees	52	522	787	1,361	4,008	1,131	5,139	6,500	5,500
Rent & utilities	126	1,261	1,901	3,288	9,686	2,735	12,421	15,709	27,030
Scientific symposium	30,010			30,010				30,010	0
Telephone	21	209	315	545	1,604	453	2,057	2,602	4,178
Translation				0				0	28,672
Travel				0		640	640	640	425
Website		3,577		3,577				3,577	2,276
Total functional expenses	\$ 462,299	\$ 20,333	\$ 44,963	\$ 527,595	\$ 115,538	\$ 51,508	\$ 167,046	\$ 694,641	\$ 757,438

See Notes to Financial Statements

INTERNATIONAL F.O.P. ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011
(WITH COMPARATIVE TOTALS FOR 2010)

	2011	2010
Cash flows from operating activities		
Change in net assets	\$ 156,358	\$ (152,964)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	6,547	8,192
Donated stock included in contributions	(482)	(9,677)
Unrealized (gains) losses on investments	1,861	(1,671)
Changes in assets and liabilities:		
Decrease (increase) in:		
Contributions receivable	(2,239)	5,118
Consignment receivable	500	0
Interest receivable	651	3,358
Prepaid expenses	(2,334)	1,116
Increase (decrease) in:		
Accrued expenses	208	(8,549)
Deferred revenue	(50,000)	10,000
Net cash provided by operating activities	111,070	(145,077)
 Cash flows from investing activities:		
Purchase of property and equipment	(1,701)	(3,240)
Purchase of investments		(105,978)
Proceeds from sale of investments	82,333	209,895
Net cash provided by investing activities	80,632	100,677
 Net increase (decrease) in cash	191,702	(44,400)
 Cash at beginning of year	1,175,174	1,219,574
 Cash at end of year	\$ 1,366,876	\$ 1,175,174

See Notes to Financial Statements

INTERNATIONAL F.O.P. ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities - The International F.O.P. Association, Inc. (the IFOPA) is a 501(c)(3) not-for-profit organization established in 1988 in the State of Florida. The IFOPA supports those afflicted by the rare genetic condition Fibrodysplasia Ossificans Progressiva (FOP) and their families by instilling hope worldwide while searching for a cure. The IFOPA's mission is to eliminate FOP as a health concern through education, research, advocacy and support.

A summary of the IFOPA's significant accounting policies follows:

Basis of Accounting – The financial statements of the IFOPA are prepared on the accrual basis of accounting and, accordingly, reflect receivables, payables, and other liabilities.

Financial Statement Presentation - The financial statements are prepared on the accrual basis of accounting. The IFOPA has adopted Financial Accounting Standards Board *FASB ASC 958-205, Financial Statements of Not-for-Profit Organizations*. Under *FASB ASC 958-205*, net assets, revenues, expenses, gains and losses are classified based on the existence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by action or the passage of time. When a donor stipulation expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that are maintained permanently.

Income Taxes – The IFOPA is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) as a charitable organization whereby only unrelated business income, as defined by Section 512(a)(1) of the Code, is subject to federal income tax. The IFOPA is not considered to be a private foundation. Income which is not related to exempt purposes, less applicable deductions, may be subject to federal corporate income taxes. For the year ended December 31, 2011, the IFOPA has no such unrelated business income.

INTERNATIONAL F.O.P. ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Cash Equivalents – Cash equivalents are highly liquid investments with a maturity of three months or less.

Certificates of Deposit – Certificates of deposit with a maturity of more than three months.

Investments – Investments in debt and equity securities are carried at fair value. The cost assigned to investments received by gift is the fair value at the date the gift is received. The net realized and unrealized gains (losses) on investments are reflected in the statement of activities.

Property and Equipment – Property and equipment are stated at cost and are capitalized when cost exceeds \$500. Donated assets are capitalized at the estimated fair market value at date of receipt. Depreciation is computed on the straight line method over the estimated useful lives of the assets, which range from 3 to 7 years. The cost of maintenance and repairs is recorded as expense as incurred; significant renewals and betterments are capitalized.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Contributed Goods and Services – Contributed goods are reflected as contributions in the statement of activities at their estimated value at date of receipt. Contributed services are reflected in the statement of activities at the fair value of the services received. The contributions of services are recognized if the services received either (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.

Awards and Grants – Awards and grants are recorded as expense in the year for which they are designated, with continuation subject to certain performance requirements.

Functional Allocation – The cost of providing the IFOPA's various programs and supporting services are summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Comparative Data – The financial statements include certain prior-year summarized financial 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 State of America. Accordingly, such financial information should be read in conjunction with the IFOPA's financial statements for the year ended December 31, 2010 from which the summarized financial information is derived.

INTERNATIONAL F.O.P. ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Subsequent Events – Subsequent events have been evaluated through the date on the Auditor’s Report, which is the date the financial statements were available to be issued.

NOTE 2 – INVESTMENTS

Investments are reported at fair market value of \$166,000 at December 31, 2011. The cost basis of these investments is \$172,217 at December 31, 2011.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2011, consist of the following:

Office equipment	Useful Life - 7 years	\$ 36,731
Website	Useful Life - 5 years	21,490
Less accumulated depreciation		<u>(39,630)</u>
		<u>\$ 18,591</u>

Depreciation expense is \$6,547 for the year ended December 31, 2011.

NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2011 are available for the following purposes:

L.I.F.E. Award	<u>\$ 4,373</u>
	<u>\$4,373</u>

NOTE 5 – FUNCTIONAL EXPENSES

Direct expenses are charged to program or support services based on specific identification. Indirect expenses are allocated based on estimated salary costs required to perform various functions and activities.

INTERNATIONAL F.O.P. ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 6 – CONCENTRATIONS OF CREDIT RISK

During the ordinary course of business, the IFOPA's cash and cash equivalents, and investment balances may exceed FDIC and SIPC insurance limits. The accounts are closely monitored by management. The IFOPA has not experienced any losses on such cash accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE 7 – RISKS AND UNCERTAINTIES

The IFOPA invests in various types of marketable securities. Such investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain marketable securities, it is possible that changes in the values of these securities may occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

NOTE 8 – LEASING ACTIVITIES

The IFOPA rents office space under an operating lease expiring on April 30, 2013. Rent expense is \$13,750 for 2011. Minimum lease payments for 2012 and 2013 are \$15,300 and \$5,150 respectively.

NOTE 9 – CONTRIBUTED GOODS AND SERVICES

Non-cash assets are donated to the IFOPA for the use in major special event fund raisers. These items are used in auctions and drawings during the special events. The fair value of donated items totals \$123,073 for 2011. Auction and drawing proceeds total \$37,090 for 2011.

The IFOPA receives donated services from many volunteers who assist in fundraising, education, and various programs. No amounts are recognized in the financial statements since these services do not meet the criteria for recognition as contributed services.

INTERNATIONAL F.O.P. ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 10 - FAIR VALUE MEASUREMENT

The IFOPA has various investments reported in the accompanying statement of assets, liabilities and net assets. *FASB ASC 820-10-50-1 through 50-3* establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels which are:

Level 1: Financial assets and liabilities valued using Level 1 inputs are based on unadjusted quoted market prices within active markets.

Level 2: Financial assets and liabilities valued using Level 2 inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets.

Level 3: Financial assets and liabilities valued using Level 3 inputs are primarily valued using management's judgment or estimation, since there is little, if any, market activity.

The schedule below details the level of the IFOPA's financial investments.

	<u>Total</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates of deposit	\$25,000	\$25,000		
Equity securities	16,345	16,345		
Bond fund	149,655		\$149,655	
	<u>\$191,000</u>	<u>\$41,345</u>	<u>\$149,655</u>	