


SENSORY PROCESSING DISORDER FOUNDATION

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014



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SENSORY PROCESSING DISORDER FOUNDATION
FINANCIAL STATEMENTS
DECEMBER 31, 2014

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Sensory Processing Disorder Foundation

We have audited the accompanying financial statements of Sensory Processing Disorder Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, 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 of 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 Sensory Processing Disorder Foundation as of December 31, 2014, 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.

A handwritten signature in blue ink that reads 'Whipplewood CPAs'.

April 23, 2015

Sensory Processing Disorder Foundation
Statement of Financial Position
December 31, 2014

ASSETS

Current assets	
Cash	\$ 154,233
Prepaid expense	6,129
Educational merchandise	6,097
Total current assets	166,459
Property, equipment, and leasehold improvements	24,628
Trademark	900
Deposit	5,385
Total other assets	30,913
	\$ 197,372

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable	\$ 3,620
Accrued payroll liabilities	16,943
Current capital lease obligation	4,569
Deferred revenue	16,888
Total current liabilities	42,020
Long-term liabilities	
Deferred rent expense	18,562
Long-term capital lease obligation	1,697
Total long-term liabilities	20,259
Total liabilities	62,279
Net Assets	
Unrestricted	77,743
Temporarily restricted	57,350
Total net assets	135,093
	\$ 197,372

The accompanying notes are an integral part of these financial statements.
See independent auditors' report.

Sensory Processing Disorder Foundation
Statement of Activities
For the Year Ended December 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenues			
Education income	\$ 558,137	\$ -	\$ 558,137
Donations	103,400	-	103,400
Development and events	112,933	-	112,933
Grants and foundations	2,305	57,350	59,655
Promotional income	29,175	-	29,175
Product sales	9,895	-	9,895
Other	711	-	711
	<u>816,556</u>	<u>57,350</u>	<u>873,906</u>
Net assets released from restrictions	<u>103,674</u>	<u>(103,674)</u>	<u>-</u>
Total support and revenues	<u>920,230</u>	<u>(46,324)</u>	<u>873,906</u>
Expenses			
Program services	847,122	-	847,122
General and administrative	67,837	-	67,837
Fundraising	76,075	-	76,075
Total expenses	<u>991,035</u>	<u>-</u>	<u>991,035</u>
Change in net assets	(70,805)	(46,324)	(117,129)
Net assets, beginning of year	<u>148,548</u>	<u>103,674</u>	<u>252,222</u>
Net assets, end of year	<u>\$ 77,743</u>	<u>\$ 57,350</u>	<u>\$ 135,093</u>

The accompanying notes are an integral part of these financial statements.
See independent auditors' report.

Sensory Processing Disorder Foundation
Statement of Cash Flows
For the Year Ended December 31, 2014

Cash flows from operating activities	
Change in net assets	\$ (117,129)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Depreciation and amortization	18,244
Changes in:	
Accounts receivable	2,000
Prepaid expense	(604)
Educational merchandise	(1,674)
Due from related parties	82
Accounts payable	(13,964)
Accrued payroll liabilities	2,982
Deferred revenue	15,638
Deferred rent expense	(15,542)
Cash provided by operating activities	<u>(109,967)</u>
Cash flows used in investing activities	
Payments on capital lease obligation	18,743
Cash used in investing activities	<u>10,973</u>
Net change in cash	<u>(98,994)</u>
Cash, at beginning of period	253,227
Cash, at end of period	<u><u>\$ 154,233</u></u>
Supplemental information:	
Interest paid during the year	<u><u>\$ 4,476</u></u>

The accompanying notes are an integral part of these financial statements.
See independent auditors' report.

Sensory Processing Disorder Foundation
Statement of Functional Expenses
For the Year Ended December 31, 2014

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries, taxes and benefits expense	\$ 445,613	\$ 26,097	\$ 20,680	\$ 492,390
Education program expense	240,263	-	-	240,263
Rent expense	61,589	3,607	2,858	68,054
Consultants and professional fees	22,390	30,386	533	53,309
Office expense	24,894	1,458	1,155	27,507
Development and events expense	-	-	46,671	46,671
Bank and credit card fees	13,535	-	2,389	15,924
Depreciation and amortization expense	16,511	967	766	18,244
Telephone	6,246	366	290	6,902
Educational merchandise	3,185	-	-	3,185
Advertising and marketing	2,530	-	52	2,582
Insurance	1,962	1,313	343	3,618
Research	3,448	-	-	3,448
Dues, licenses, permits	905	1,679	150	2,734
Interest expense	4,051	237	188	4,476
Board meetings	-	1,728	-	1,728
Total	<u><u>\$ 847,122</u></u>	<u><u>\$ 67,837</u></u>	<u><u>\$ 76,075</u></u>	<u><u>\$ 991,035</u></u>

The accompanying notes are an integral part of these financial statements.
See independent auditors' report.

Sensory Processing Disorder Foundation
Notes to Financial Statements
December 31, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Sensory Processing Disorder Foundation (“SPDF”) is a world leader in research, education, and advocacy for Sensory Processing Disorder (“SPD”), a neurological condition that disrupts the daily lives of many children and adults. Based in Denver, Colorado, SPDF strives to improve the lives of children with SPD and their families by conducting research, educating caregivers, pediatric professionals, and educators, and empowering scientists throughout the world to study the diagnosis and treatment of SPD.

Basis of Presentation

SPDF reports its activities and financial position according to classes of net assets. Unrestricted net assets are available for use at the discretion of SPDF. Restricted net assets are subject to donor imposed restrictions. When donor imposed restrictions end or are otherwise satisfied, the assets are reclassified to unrestricted net assets and recorded in the statement of activities as assets released from restriction. SPDF had no permanently restricted net assets as of December 31, 2014.

Cash

SPDF maintains cash in accounts which may, at times, exceed federally insured limits. SPDF has not experienced any losses in such accounts.

Property, Equipment, and Leasehold Improvements

Property, equipment, and leasehold improvements with a value greater than \$1,000 are recorded at cost or, if donated, at the fair value at the date of receipt. Depreciation and amortization are computed using the straight-line method based on estimated useful lives ranging from three to seven years.

Property and equipment and intangible assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying values of an asset or asset group may not be recoverable. The amount of potential impairment loss is calculated by the excess of fair value over the assets carrying value. Fair value is generally determined using a discounted cash flow analysis. No impairments were recognized for the year ended December 31, 2014.

Deferred Revenue

Deposits and prepayments for the mentorship program and educational seminars are deferred and recognized as revenue when earned. As of December 31, 2014, SPDF had deferred revenue comprised of \$4,325 related to the mentorship program, and \$12,563 related to an educational event held in March 2015.

Sensory Processing Disorder Foundation
Notes to Financial Statements
December 31, 2014

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Contributions

Contributions are considered available for unrestricted use unless specifically restricted by the donor. Unrestricted contributions are recognized when delivered or unconditionally promised to SPDF. Contributions specifically restricted by the donor are recorded as restricted assets until the restriction is satisfied.

Numerous individuals volunteer their time and effort in support of SPDF and its mission. The amount of contributed time and effort received by SPDF does not meet the reporting criteria specified by accounting principles generally accepted in the United States of America, and has therefore not been recorded in these financial statements.

Income Taxes

SPDF is a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified as a publicly supported organization under Section 509(a)(2). Accordingly, no provision is made for federal, state, or local income taxes.

SPDF has adopted accounting guidance related to uncertainty in income taxes. After evaluating the tax positions taken, management of SPDF has determined no amounts are required to be recognized related to uncertain tax positions as of December 31, 2014.

With few exceptions, income tax years before 2011 are no longer subject to examination by federal, state, or local taxing authorities.

Advertising

SPDF expenses advertising costs as incurred. Advertising costs for the year ended December 31, 2014 were \$2,582.

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, 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.

Reclassification

Certain reclassifications have been made to the 2014 Statement of Functional Expenses. Net assets and changes in net assets did not change as a result of these reclassifications.

Sensory Processing Disorder Foundation
Notes to Financial Statements
December 31, 2014

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Fair Value

SPDF's financial instruments are cash and accounts payable. The recorded values of these instruments approximate their fair values based on their short-term nature.

Functional Expenses

Expenses incurred directly for a function are charged to such function. Salaries and related fringe benefits are allocated to all functions based on estimated time expended. Allocations of certain overhead costs are also allocated to functions based on estimated use of resources.

Subsequent Events

Subsequent events have been evaluated for potential recognition and disclosure through the date of the auditors' report, which is also the date the financial statements were available to be issued. Management has identified no subsequent events that require modification of the financial statements or related disclosures.

NOTE 2 PROPERTY, EQUIPMENT, AND LEASEHOLD IMPROVEMENTS

Property, equipment, and leasehold improvements at December 31, 2013 are as follows:

Leasehold improvements	\$ 14,602
Furniture and fixtures	13,130
Computers and equipment	31,407
eLearning	30,438
	<hr/>
	89,577
Less accumulated depreciation and amortization	(64,949)
	<hr/>
	\$ 24,628

Depreciation and amortization expense for the year ending December 31, 2014 was \$18,244.

NOTE 3 RELATED PARTY TRANSACTIONS

During January 2011, STAR Center Foundation entered into an operating lease for office space extending through October 2018. SPDF occupies 30% of the office space leased by STAR Center Foundation. SPDF pays 30% of the total required monthly lease payments for the office space directly to the lessor, an unrelated third party.

During February 2014, STAR Center Foundation entered into a loan agreement, the proceeds of which were used to acquire computer equipment jointly used by STAR Center Foundation and SPDF. Under an agreement with STAR Center Foundation, SPDF pays \$270 per month, or 30% of the total required monthly loan payments, to STAR Center Foundation.

Sensory Processing Disorder Foundation
Notes to Financial Statements
December 31, 2014

NOTE 3 RELATED PARTY TRANSACTIONS (CONTINUED)

SPDF's total rental expense payments for the year ended December 31, 2014 were \$68,054. SPDF's total loan payments to STAR Center during 2014 were \$2,700.

Future combined minimum payments for rent and equipment are as follows:

Year ending December 31,	
2015	\$ 60,553
2016	62,148
2017	69,242
2018	58,242
2019	3,240
	<u>\$ 253,425</u>

For purposes of soliciting donations through the Combined Federal Campaign during 2015 and going forward, SPDF registered the trade name "Children's Autism and Sensory Research Foundation" with the Colorado Secretary of State during November 2014. Children's Autism and Sensory Research Foundation had no significant activity during 2014.

SPDF had an agreement with KID Foundation ("KID"), a related party. Under the agreement, KID solicited and collected donations of used clothing and other personal items in the name of SPDF. KID sold the donated items to a third party thrift store operator, and remitted \$500 per week to SPDF. The agreement terminated during 2014. Total contributions from KID to SPDF during 2014 were \$8,000.

NOTE 4 CAPITAL LEASE

SPDF leases telephone equipment under a capital lease expiring in February 2016. The assets and liability under the capital lease are recorded at the lower of the present value of minimum lease payments or the fair value of the asset. The asset is depreciated over its estimated productive life. Depreciation of the asset under capital lease is included in depreciation expense for the year ended December 31, 2014.

Following is a summary of property held under capital lease:

Telephone equipment	\$ 12,875
Less accumulated depreciation	<u>(9,656)</u>
	<u>\$ 3,219</u>

Sensory Processing Disorder Foundation
Notes to Financial Statements
December 31, 2014

NOTE 4 CAPITAL LEASE (CONTINUED)

Minimum future lease payments under the capital lease as of December 31, 2013, were as follows:

	<u>Amount</u>
2015	\$ 4,092
2016	<u>1,023</u>
Net minimum lease payments	5.115
Amount representing interest	727
Present value of net minimum lease payments	<u>\$ 4,388</u>

The interest rate on the capitalized lease is 23.75%. The lease transfers ownership and provides for a purchase price of \$1.

NOTE 5 TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2014, temporarily restricted net assets consist of a time restriction of \$57,350.



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