

International Society for Bipolar Disorders

Audited Financial Statements

Year Ended December 31, 2016

and

Six Months Ended December 31, 2015

International Society for Bipolar Disorders

Audited Financial Statements

Year Ended December 31, 2016
and
Six Months Ended December 31, 2015

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Independent Auditors' Report

Board of Directors
International Society for Bipolar Disorders
Pittsburgh, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the International Society for Bipolar Disorders (a nonprofit Pennsylvania corporation) which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, functional expenses and cash flows for the year ended December 31, 2016 and the six months ended December 31, 2015 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 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 Organization'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 Organization's internal control. Accordingly, we express no such opinion. An audit

Beerman, Piper & Associates, LLC

811 Boyd Avenue, Pittsburgh, Pa. 15238

Certified Public Accountants

412-826-8600

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 the International Society for Bipolar Disorders as of December 31, 2016 and 2015, and the changes in its nets assets and cash flows for the year ended December 31, 2016 and the six months ended December 31, 2015 in accordance with accounting principles generally accepted in the United States of America.

Beerman, Piper and Associates, LLC

Pittsburgh, Pennsylvania
March 8, 2017

International Society for Bipolar Disorders

Statements of Financial Position

	December 31	
	2016	2015
Assets		
Cash and cash equivalents	\$ 611,206	\$ 703,417
Investments	1,006,029	946,578
Accounts receivable	4,669	-
Prepaid expenses and other assets	7,771	6,547
Office equipment, net of accumulated depreciation of \$7,034 and \$5,072 at December 31, 2016 and 2015, respectively	1,616	924
Total assets	\$ 1,631,291	\$ 1,657,466
Liabilities and net assets		
Accounts payable	\$ 68,383	\$ 2,216
Net assets		
Unrestricted	1,562,908	1,655,250
Total liabilities and net assets	\$ 1,631,291	\$ 1,657,466

See notes to financial statements.

International Society for Bipolar Disorders

Statements of Activities

	Year Ended December 31 2016	Six Months Ended December 31 2015
Revenue and support		
Membership dues	\$ 117,789	\$ 68,913
Conferences	730,768	47,459
Royalties	28,103	-
Contributions	11,531	1,337
Interest and dividends	30,500	496
Realized gain (loss) on sale of investments	(6,357)	33,676
Unrealized gain (loss) on investments	42,607	(61,203)
Total revenue and support	<u>954,941</u>	<u>90,678</u>
Expenses		
Program services	813,601	119,519
Support, management, and general	233,682	91,006
Total expenses	<u>1,047,283</u>	<u>210,525</u>
Decrease in net assets	(92,342)	(119,847)
Unrestricted net assets at beginning of year	<u>1,655,250</u>	<u>1,775,097</u>
Unrestricted net assets at end of year	<u>\$ 1,562,908</u>	<u>\$ 1,655,250</u>

See notes to financial statements.

International Society for Bipolar Disorders

Statement of Functional Expenses

Year Ended December 31, 2016

	Program Services	Support, Management, and General	Total
Salaries	\$ 161,134	\$ 64,905	\$ 226,039
Employee benefits	-	20,941	20,941
Payroll taxes	13,118	4,856	17,974
Pension plan contributions	-	7,920	7,920
Bank and contract services	21,921	36,196	58,117
Legal and accounting	-	34,374	34,374
Investment management fees	-	9,558	9,558
Advertising and promotion	1,367	5,259	6,626
Conferences	576,440	-	576,440
Office expenses	3,484	14,764	18,248
Occupancy	-	19,892	19,892
Telephone	-	3,557	3,557
Travel	19,177	3,852	23,029
Auto	20	5,646	5,666
Journal	16,940	-	16,940
Depreciation	-	1,962	1,962
Total	<u>\$ 813,601</u>	<u>\$ 233,682</u>	<u>\$ 1,047,283</u>

See notes to financial statements.

International Society for Bipolar Disorders

Statement of Functional Expenses

Six Months Ended December 31, 2015

	Program Services	Support, Management, and General	Total
Salaries	\$ 59,998	\$ 38,050	\$ 98,048
Employee benefits	-	7,441	7,441
Payroll taxes	5,026	3,213	8,239
Pension plan contributions	-	3,679	3,679
Bank and contract services	2,523	4,404	6,927
Legal and accounting	-	6,737	6,737
Investment management fees	-	3,978	3,978
Advertising and promotion	-	929	929
Conferences	23,832	465	24,297
Office expenses	-	5,454	5,454
Occupancy	-	8,611	8,611
Telephone	-	1,471	1,471
Travel	-	2,386	2,386
Auto	-	2,809	2,809
Journal	28,140	-	28,140
Depreciation	-	1,379	1,379
Total	\$ 119,519	\$ 91,006	\$ 210,525

See notes to financial statements.

International Society for Bipolar Disorders

Statements of Cash Flows

	Year Ended December 31, 2016	Six Months Ended December 31, 2015
Cash flows from operating activities:		
Decrease in net assets	\$ (92,342)	\$ (119,847)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Depreciation	1,962	1,379
Unrealized (gain) loss on investments	(42,607)	61,203
Changes in operating assets and liabilities:		
Accounts receivable	(4,669)	18,842
Prepaid expenses and other assets	(1,224)	(1,432)
Accounts payable	66,167	1,078
Net cash used by operating activities	<u>(72,713)</u>	<u>(38,777)</u>
Cash flows from investing activities:		
Purchase of office equipment	(2,654)	-
Investments	(16,844)	(29,697)
Net cash used by investing activities	<u>(19,498)</u>	<u>(29,697)</u>
Decrease in cash and cash equivalents	(92,211)	(68,474)
Cash and cash equivalents at beginning of year	703,417	771,891
Cash and cash equivalents at end of year	<u>\$ 611,206</u>	<u>\$ 703,417</u>

See notes to financial statements.

International Society for Bipolar Disorders

Notes to Financial Statements

December 31, 2016 and 2015

Note 1—Organization

The International Society for Bipolar Disorders is a nonprofit organization whose purpose is to become the internationally recognized forum to foster ongoing international collaboration on education and research with an objective to advance the treatment of all aspects of bipolar disorders, resulting in improvements in outcomes/quality of life for those with bipolar disorder and their significant others.

The Society is open to the entire spectrum of mental healthcare professionals including basic and clinical researchers, psychiatrists, pharmacologists, psychologists, social workers, students, trainees, and interested lay groups and individuals.

The objectives of the organization are as follows:

- to create an information network among mental health professionals interested in bipolar disorders.
- to provide role models and international collaboration in the field of bipolar disorders.
- to promote awareness of this condition in society at large.
- to promote awareness and education about this condition among mental healthcare professionals, and
- to foster research in all aspects of bipolar disorder.

Note 2—Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, revenues are recognized when earned and expenses are recognized when incurred. Unconditional promises to give are recorded as received as either unrestricted or temporarily restricted support dependent upon the existence of a donor-imposed restriction. When a donor restriction expires, that is, when a purpose or time restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

International Society for Bipolar Disorders

Notes to Financial Statements

December 31, 2016 and 2015

Note 2—Summary of Significant Accounting Policies (continued)

Net Assets

To ensure observance of limitations and restrictions placed on the uses of the Organization's available resources, the accounts of the Organization are organized in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Resources are classified for accounting and reporting purposes into classes of net assets established according to their nature and purpose. There are three types of net assets.

Unrestricted—Used to accumulate all unrestricted and board-designated resources. It represents the part of net assets that is neither permanently restricted nor temporarily restricted by donor-imposed restrictions.

Temporarily restricted—Represents a portion of the net assets resulting from (a) contributions and other inflows of assets whose use is limited by donor-imposed stipulations that can be fulfilled and removed by actions of the Organization pursuant to those stipulations and (b) reclassifications to (or from) other classes of net assets as a consequence of donor-imposed stipulations, and their fulfillment and removal by action pursuant to those stipulations. Donor restrictions that are met within the same year as received are reflected as unrestricted contributions in the statements of activities. The Organization has no temporarily restricted net assets.

Permanently Restricted—Represents a portion of the net assets resulting (a) from contributions of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization, (b) from other asset enhancements and diminishments subject to the same kinds of stipulations, and (c) from reclassifications from other classes of net assets as a consequence of donor-imposed stipulations. The Organization has no permanently restricted net assets.

Cash and Cash Equivalents

Cash and cash equivalents include all short-term highly liquid investments with maturities from the date of purchase of three months or less. The Organization maintains its cash balances in one financial institution located in Pittsburgh, Pennsylvania. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The cash balances fluctuate from time to time. At December 31, 2016, the Organization's uninsured balance amounted to \$359,622.

International Society for Bipolar Disorders

Notes to Financial Statements

December 31, 2016 and 2015

Note 2—Summary of Significant Accounting Policies (continued)

Investments

Investments are valued at fair market value, and realized and unrealized gains and losses are reflected in the statement of activities. An impairment loss will be recognized and will reduce an investment's carrying amount to its fair market value when a decline in the fair market value of an individual security below its cost or carrying value is determined to be other than temporary based on management's review of the events and circumstances that may have a significant adverse effect on fair market value. Realized gains are computed by deducting from the proceeds of the sale or the fair value of investment the historical cost of the investment.

Investments are exposed to various risks such as credit and overall volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in risks and values of investments will occur in the near-term and that such changes could materially affect the amounts reported on the balance sheet.

Office Equipment

Office equipment is recorded at cost. The Organization capitalizes office equipment purchases which are valued at \$500 or more. Expenses for maintenance and repairs that do not extend the life of the assets are charged to expense as incurred. Depreciation of office equipment is computed on the straight-line method over the estimated useful life of the asset.

Income Taxes

The Organization is exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986 (the Code) and has been classified as an organization which is not a private foundation under Sections 509 (a)(1) and 170 (b)(1)(A)(vi) of the Code. As such, no provision for federal income tax has been made in the financial statements.

U.S. GAAP requires that a tax position be recognized or derecognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. The Organization does not believe its financial statements include any uncertain tax positions for the open tax years of 2015, 2014, and 2013.

International Society for Bipolar Disorders

Notes to Financial Statements

December 31, 2016 and 2015

Note 2—Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising Costs

The Organization expenses the cost of advertising and promotions as incurred. Advertising expense was \$6,626 and \$929 for the year ended December 31, 2016 and the six months ended December 31, 2015, respectively.

Fair Value Measurements

The Organization carries various assets and liabilities at fair value. The accounting standard for fair value provides a framework for measuring fair value, clarifies the definition of fair value and expands disclosures regarding fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the reporting date.

The accounting standard establishes a three-tier hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The carrying values of financial instruments consisting of cash and cash equivalents, accounts receivable, notes receivable, prepaid expenses and accounts payable approximate their fair values due to the short-term nature of such instruments. The Company's cash and cash equivalents are classified in the Level I hierarchy.

International Society for Bipolar Disorders

Notes to Financial Statements

December 31, 2016 and 2015

Note 2—Summary of Significant Accounting Policies (continued)

Fair Value Measurements (continued)

Financial instruments consisting of investments in mutual funds are considered Level 1 assets in the fair value hierarchy and are reported at fair value based on quoted prices in active markets for identical assets at the measurement date.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The Organization has evaluated subsequent events through March 8, 2017, the date the financial statements were available to be issued, and has concluded that no recognized subsequent events have occurred since the year ended December 31, 2016.

Note 3—Investments

Investments of the Organization are comprised of the following:

	December 31, 2016		December 31, 2015	
	Fair Value	Cost	Fair Value	Cost
Mutual funds	\$1,006,029	\$1,022,928	\$946,578	\$1,006,084

The components of investment return are summarized as follows for the year ended December 31, 2016 and the six months ended December 31, 2015:

	2016	2015
Interest and dividends	\$ 30,500	\$ 496
Realized gain (loss)	(6,357)	33,676
Unrealized gain (loss)	42,607	(61,203)
	<u>\$ 66,750</u>	<u>(\$ 27,031)</u>

International Society for Bipolar Disorders

Notes to Financial Statements

December 31, 2016 and 2015

Note 4—Operating Lease

The Organization has an operating lease for its office space. Rent expense amounted to \$19,892 and \$8,611 for the year ended December 31, 2016 and the six months ended December 31, 2015, respectively. This agreement stipulates that the annual rent payment will be \$21,250 and the lease expires on March 1, 2018.

Note 5—Retirement Plan

The Organization maintains a qualified retirement plan under Section 401(k) of the Internal Revenue Code which covers all eligible employees. Contributions to the plan by the Company are discretionary. Total contributions to the plan totaled \$7,920 and \$3,679 for the year ended December 31, 2016 and the six months ended December 31, 2015, respectively.

Note 6—Fair Value Measurements

The following summarizes assets measured at fair value by classification within the fair value hierarchy on a recurring basis as of December 31, 2016 and December 31, 2015.

December 31, 2016

	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Mutual funds	\$ 1,006,029	\$ 1,006,029	-	-
	<u>\$ 1,006,029</u>	<u>\$ 1,006,029</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2015

	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Mutual funds	\$ 946,578	\$ 946,578	-	-
	<u>\$ 946,578</u>	<u>\$ 946,578</u>	<u>\$ -</u>	<u>\$ -</u>