

UNITED COUNCIL FOR NEUROLOGIC SUBSPECIALTIES
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

**UNITED COUNCIL FOR NEUROLOGIC SUBSPECIALTIES
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	2
STATEMENTS OF ACTIVITIES	3
STATEMENTS OF CASH FLOWS	4
NOTES TO FINANCIAL STATEMENTS	5
INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION	9
SUPPLEMENTARY INFORMATION	
STATEMENTS OF FUNCTIONAL EXPENSES	10



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INDEPENDENT AUDITORS' REPORT

Board of Directors
United Council for Neurologic Subspecialties
Saint Paul, Minnesota

We have audited the accompanying statement of financial position of United Council for Neurologic Subspecialties as of December 31, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of UCNS as of December 31, 2008 were audited by other auditors whose report dated July 15, 2009, expressed an unqualified opinion on those statements.

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 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Council for Neurologic Subspecialties as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

LarsonAllen LLP
LarsonAllen LLP

Minneapolis, Minnesota
May 10, 2010



(1)

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**UNITED COUNCIL FOR NEUROLOGIC SUBSPECIALTIES
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 297,123	\$ 445,488
Prepaid Expenses and Other	<u>3,271</u>	<u>1,850</u>
Total Current Assets	<u>\$ 300,394</u>	<u>\$ 447,338</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 65,940	\$ 95,392
Refunds Due to Parent Organizations	3,591	89,671
Deferred Revenue	<u>54,000</u>	<u>85,600</u>
Total Current Liabilities	123,531	270,663
NET ASSETS		
Unrestricted	<u>176,863</u>	<u>176,675</u>
Total Liabilities and Net Assets	<u>\$ 300,394</u>	<u>\$ 447,338</u>

See accompanying Notes to Financial Statements.

**UNITED COUNCIL FOR NEUROLOGIC SUBSPECIALTIES
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
REVENUES		
Net Operating Support Assessments	\$ 376,509	\$ 106,029
Accreditation Fees	107,425	75,250
Membership Dues and Seat Fees	15,500	12,000
Interest Income	564	6,404
Certification Fees	91,300	433,350
Total Revenues	<u>591,298</u>	<u>633,033</u>
EXPENSES		
Program Services	437,058	311,440
Support Services - General and Administrative	<u>154,052</u>	<u>317,425</u>
Total Expenses	<u>591,110</u>	<u>628,865</u>
CHANGE IN NET ASSETS	188	4,168
Net Assets - Beginning of Year	<u>176,675</u>	<u>172,507</u>
NET ASSETS - END OF YEAR	<u><u>\$ 176,863</u></u>	<u><u>\$ 176,675</u></u>

See accompanying Notes to Financial Statements.

**UNITED COUNCIL FOR NEUROLOGIC SUBSPECIALTIES
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 188	\$ 4,168
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Increase (Decreases) in Current Assets:		
Prepaid Expenses and Other	(1,421)	5,160
Increase (Decreases) in Current Liabilities:		
Accounts Payable	(29,452)	55,081
Refunds Due to Parent Organizations	(86,080)	16,087
Deferred Revenue	(31,600)	21,820
Net Cash Provided (Used) by Operating Activities	(148,365)	102,316
NET INCREASE (DECREASE) IN CASH	(148,365)	102,316
Cash - Beginning	445,488	343,172
CASH - ENDING	\$ 297,123	\$ 445,488

See accompanying Notes to Financial Statements.

UNITED COUNCIL FOR NEUROLOGIC SUBSPECIALTIES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

United Council for Neurologic SubsPECIALTIES (UCNS) began operations May 1, 2003 as a non-profit which provides certification and accreditation with the goal of enhancing the quality of training for physicians in neurological subspecialties and improving the quality of patient care.

UCNS was formed by five organizations, including the American Academy of Neurology, American Neurological Association, Association of University Professors of Neurology, Child Neurology Society, and Professors of Child Neurology.

Financial Statement Presentation

Net assets, revenue, expenses, gains and losses are classified based on donor imposed restrictions. Accordingly, net assets of UCNS and changes therein are classified and reported as follows:

Unrestricted – Resources over which the board of directors has discretionary control. Designated amounts represent those revenues which the board has set aside for a particular purpose.

Cash and Cash Equivalents

UCNS considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents. During 2008 UCNS had a sweep account that was invested nightly in U.S. Treasuries. This account was closed during 2009. UCNS maintains cash in bank accounts which exceed federally insured limits. To date, UCNS has not experienced any losses in such accounts.

Refunds Due to Parent Organizations

Refunds consist of amounts due to parent organizations as a result of UCNS generating current year changes in net assets in excess of limits established by the board of directors.

Deferred Revenue

Deferred revenue consists of dues, accreditation and certification payments received in the current year for future periods.

Operating Support Assessments

Operating support consists of amounts contributed by organizations for operating needs.

Accreditation and Certification Fees

Accreditation and certification fees are recognized as revenue in the period to which the fees related. Fees collected in advance are recorded as deferred until they are earned.

Application fees for accreditation and certification are nonrefundable and are recognized as revenue when received.

UNITED COUNCIL FOR NEUROLOGIC SUBSPECIALTIES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Membership Dues

Membership dues are recognized as revenue over the period to which the dues relate. Member dues represent services rendered on a calendar year basis. Dues collected in advance are recorded as deferred until they are earned.

Allocation of Expenses

UCNS costs of providing its various services have been classified on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program and support services benefited. Expenses are allocated based on management's best estimates unless a direct relationship exists between the expense and a particular functional category.

Income Taxes

UCNS is exempt from income taxes under Section 501 (c)(6) of the Internal Revenue Code and applicable state statutes and generally is not subject to income tax.

UCNS adopted the income tax standard for uncertain tax positions on January 1, 2009. No liability was recognized by UCNS as a result of the standards implementation. UCNS' 2009, 2008, and 2007 tax years are open for examination by the IRS. The entity files as a tax-exempt organization. Should that status be challenged in the future, all years since inception could be subject to review by the IRS.

Accounting Estimates

The presentation of financial statements in conformity with generally accepted accounting principles 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

In preparing these financial statements, UCNS has evaluated events and transactions for potential recognition or disclosure through May 10, 2010 the date the financial statements were available to be issued.

UNITED COUNCIL FOR NEUROLOGIC SUBSPECIALTIES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

NOTE 2 REFUNDS DUE TO PARENT ORGANIZATIONS

In October 2005, the Board of Directors of UCNS approved a policy that would return excess profits generated by UCNS to parent organizations. When UCNS generates changes in net assets in excess of budgeted change in net assets, the lesser of 95% of the change in net assets or 95% of parent organization's contributions exclusive of seat fees (dues) will be returned to parent organizations. The amount to be returned is based on the percentage of support contributed by each Parent Organization exclusive of seat fees (dues).

During 2006, the board of directors passed a resolution to reinvest the excess profits generated by UCNS. In March 2008, the Board of Directors passed a resolution to exclude this amount from the calculation of refunds due to parent organizations.

The following schedule shows the amount of refunds due in 2009 and 2008 to each of the parent organizations.

	American Academy of Neurology	American Neurological Association	Association of University Professors of Neurology	Child Neurology Society
Refund Recognized in 2009:				
2009 Contributions Exclusive of Seat Fees	\$ 345,117	\$ 27,983	\$ 3,500	\$ 3,500
Total Refund to Parent Organizations	\$ 3,591	\$ 3,591	\$ 3,591	\$ 3,591
Percentage of Contributions	90.80%	7.36%	0.92%	0.92%
2009 Refund	<u>\$ 3,261</u>	<u>\$ 264</u>	<u>\$ 33</u>	<u>\$ 33</u>
Refund Recognized in 2008:				
2008 Contributions Exclusive of Seat Fees	\$ 173,793	\$ 14,907	\$ 3,500	\$ 3,500
Total Refund to Parent Organizations	\$ 89,671	\$ 89,671	\$ 89,671	\$ 89,671
Percentage of Contributions	88.81%	7.62%	1.79%	1.79%
2008 Refund	<u>\$ 79,633</u>	<u>\$ 6,830</u>	<u>\$ 1,604</u>	<u>\$ 1,604</u>

The net operating support assessment, as recorded in that statement of activities, is calculated as follows.

	Years Ended	
	2009	2008
Contributions	\$ 380,100	\$ 195,700
Refunds	(3,591)	(89,671)
Net Operating support assessment	<u>\$ 376,509</u>	<u>\$ 106,029</u>

**UNITED COUNCIL FOR NEUROLOGIC SUBSPECIALTIES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 3 MEMBERSHIP DUES

UCNS received operating support and dues from organizations in the following amounts for the years ended December 31:

	2009	2008
American Academy of Neurology	\$ 1,500	\$ 1,500
American Neurological Association	1,500	1,500
Association of University Professors of Neurology	1,500	1,500
Child Science Neurology	1,500	1,500
Professors of Child Neurology	1,500	1,500
Subtotal Seat Fees	<u>7,500</u>	<u>7,500</u>
Subspecialty Membership Dues	8,000	4,500
Total Membership Dues and Seat Fees	<u>\$ 15,500</u>	<u>\$ 12,000</u>

NOTE 4 RELATED PARTY TRANSACTION

UCNS receives services and facilities from American Academy of Neurology (Academy) for a management fee. Total amount of services provided to UCNS from the Academy as of December 31, 2009 and 2008 was \$139,000 and \$86,000, respectively. UCNS receives services from the Academy for time incurred by Academy employees on UCNS projects. The total amount of contracted salaries and related benefits as of December 31, 2009 and 2008, was approximately \$315,300 and \$293,700, respectively. As of December 31, 2009 and 2008, UCNS owed the Academy \$57,916 and \$57,302, respectively, which is included in accounts payable in the statement of financial position.

NOTE 5 SUBSEQUENT EVENT

Subsequent to year-end, four of UCNS' five parent organizations have indicated that they wish to reduce the amount of financial support provided to UCNS in 2010. The American Neurological Association has indicated it will only provide \$2,500 of support in 2010. Association of University Professors of Neurology has also indicated that it will reduce its support by \$3,500. Child Neurology Society and Professors of Child Neurology has indicated that they would like to be represented as one, providing \$1,500 of support in total. This is an overall revenue loss of nearly \$30,000.

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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Directors
United Council for Neurologic Subspecialties
Saint Paul, Minnesota

Our report on our audit of the basic financial statements of United Council for Neurologic Subspecialties for the year ended December 31, 2009 appears on page 1. That audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The information on the following pages is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

LarsonAllen LLP
LarsonAllen LLP

Minneapolis, Minnesota
May 10, 2010

UNITED COUNCIL FOR NEUROLOGIC SUBSPECIALTIES
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)

	2009		
	General and Administrative	Program Services	Total Expenses
EXPENSES			
Management Fee and Contracted Services	\$ 113,584	\$ 340,755	\$ 454,339
Professional Services	16,766	62,048	78,814
Creative Development Expenses	3,298	-	3,298
Travel	4,535	16,466	21,001
Lodging	4,008	10,430	14,438
Food and Beverage	3,284	6,047	9,331
Audio and Visual Expenses	850	-	850
Postage	45	625	670
Telephone	689	672	1,361
Miscellaneous	6,950	-	6,950
Office Supplies	43	15	58
Total Expenses	<u>\$ 154,052</u>	<u>\$ 437,058</u>	<u>\$ 591,110</u>

UNITED COUNCIL FOR NEUROLOGIC SUBSPECIALTIES
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2008
(UNAUDITED)

EXPENSES	<u>General and Administrative</u>	<u>Program Services</u>	<u>Total Expenses</u>
Management Fee and Contracted Services	\$ 218,240	\$ 161,417	\$ 379,657
Professional Services	36,705	103,048	139,753
Creative Development Expenses	18,756	1,066	19,822
Travel	17,019	26,491	43,510
Lodging	7,314	9,295	16,609
Food and Beverage	5,426	6,409	11,835
Printing and Copying	1,091	317	1,408
Audio and Visual Expenses	3,959	867	4,826
Postage	233	670	903
Telephone	476	1,247	1,723
Miscellaneous	8,206	532	8,738
Office Supplies	-	81	81
Total Expenses	<u>\$ 317,425</u>	<u>\$ 311,440</u>	<u>\$ 628,865</u>