

**THE ASSOCIATION FOR
FRONTOTEMPORAL
DEMENTIAS**

Financial Statement

December 31, 2007

O'Hara, Ward and Associates
Certified Public Accountants

THE ASSOCIATION FOR FRONTOTEMPORAL DEMENTIAS
DECEMBER 31, 2007

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REPORT OF INDEPENDENT ACCOUNTANT

To the Board of Directors
The Association for Frontotemporal Dementias
Philadelphia, Pennsylvania

We have audited the accompanying statement of financial position of The Association for Frontotemporal Dementias as of December 31, 2007, and the related statements of activities, functional expenses 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.

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 The Association for Frontotemporal Dementias as of December 31, 2007, the results of operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Information for the year ended December 31, 2006 is presented for comparative purposes only and was extracted from the financial statements presented for that year, on which an unqualified opinion dated March 19, 2007 was expressed.

O'Hara, Ward & Associates

March 26, 2008

THE ASSOCIATION FOR FRONTOTEMPORAL DEMENTIAS
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and Cash Equivalents	\$ 415,487	\$127,099
Marketable Securities	1,809	1,994
Prepaid Insurance	<u>-0-</u>	<u>640</u>
TOTAL CURRENT ASSETS	<u>417,296</u>	<u>129,733</u>
TOTAL ASSETS	<u>\$ 417,296</u>	<u>\$129,733</u>
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 32,156	\$ 4,739
Research Grant Payable	<u>60,000</u>	<u>50,000</u>
TOTAL CURRENT LIABILITIES	92,156	54,739
NET ASSETS		
Unrestricted	139,826	74,994
Temporarily Restricted	<u>185,314</u>	<u>-0-</u>
TOTAL NET ASSETS	<u>325,140</u>	<u>74,994</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 417,296</u>	<u>\$129,733</u>

See Notes to Financial Statements

THE ASSOCIATION FOR FRONTOTEMPORAL DEMENTIAS
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
UNRESTRICTED NET ASSETS		
Support		
Contributions	\$ 455,364	\$ 149,761
Investment Income	4,580	4,604
Other Income	<u>563</u>	<u>1,383</u>
TOTAL UNRESTRICTED SUPPORT	460,507	155,748
EXPENSES		
Program Services	337,881	134,200
Management and Fundraising	<u>57,794</u>	<u>33,637</u>
TOTAL EXPENSES	<u>395,675</u>	<u>167,837</u>
INCREASE IN UNRESTRICTED NET ASSETS	64,832	(12,089)
TEMPORARILY RESTRICTED NET ASSETS		
Support Designated for Future Period	<u>185,314</u>	<u>-0-</u>
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	<u>185,314</u>	<u>-0-</u>
INCREASE (DECREASE) IN NET ASSETS	250,146	(12,089)
NET ASSETS AT BEGINNING OF YEAR	<u>74,994</u>	<u>87,083</u>
NET ASSETS AT END OF YEAR	<u>\$ 325,140</u>	<u>\$ 74,994</u>

See Notes to Financial Statements

THE ASSOCIATION FOR FRONTOTEMPORAL DEMENTIAS
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Program Services</u>	<u>Management & Fundraising</u>	<u>2007</u>	<u>2006</u>
Salaries & Wages	\$31,694	\$ 12,554	\$44,248	\$34,910
Payroll Taxes	2,833	1,122	3,955	3,270
Consultants	-	12,665	12,665	182
Supplies	-	1,132	1,132	2,387
Printing and Copying	-	4,994	4,994	17,650
Postage	-	1,920	1,920	948
Professional Fees	-	5,219	5,219	4,688
Travel	-	286	286	218
Conferences & Meetings	36,288	4,671	40,959	29,438
Grants	249,880	-	249,880	55,229
Insurance	-	2,510	2,510	1,968
Miscellaneous	600	2,585	3,185	1,222
Bank Charges	-	776	776	1,150
Rent	-	3,875	3,875	2,300
Telephone	3,270	1,894	5,164	1,480
Office	-	1,441	1,441	-
Newsletter	8,042	-	8,042	7,255
Website	5,274	150	5,424	3,542
	<u>\$337,881</u>	<u>\$57,794</u>	<u>\$395,675</u>	<u>\$167,837</u>

See Accompanying Notes

THE ASSOCIATION FOR FRONTOTEMPORAL DEMENTIAS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ 250,146	\$ (12,089)
(Increase) Decrease in Operating Assets		
Prepaid Insurance	640	19
Increase (Decrease) in Operating Liabilities		
Accounts Payable	27,417	(13,935)
Research Grants Payable	<u>10,000</u>	<u>32,500</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	288,203	6,495
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Marketable Securities	(1,809)	(1,994)
Sale of Marketable Securities	<u>1,994</u>	<u>-0-</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	185	(1,994)
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-0-</u>	<u>-0-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	288,388	4,501
BEGINNING CASH AND CASH EQUIVALENTS	<u>127,099</u>	<u>122,598</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 415,487</u>	<u>\$ 127,099</u>

See Notes to Financial Statements

THE ASSOCIATION FOR FRONTOTEMPORAL DEMENTIAS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The AFTD is a nationwide non-profit organization whose mission is to promote and fund research into finding the cause and cure for the frontotemporal dementias; to provide information, education and support to persons diagnosed with FTD and their families and caregivers; and to educate physicians and allied health professionals about FTD.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Use of 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.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

THE ASSOCIATION FOR FRONTOTEMPORAL DEMENTIAS
NOTES TO FINACIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Acquisitions of property and equipment in excess of \$2,500 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate value at the date of donation. Depreciation is computed using primarily the straight-line method.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributed Services

The Organization receives a substantial amount of services donated by its members in carrying out its ministry. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under SFAS No. 116.

Income Taxes

The Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501 (c) (3).

THE ASSOCIATION FOR FRONTOTEMPORAL DEMENTIAS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

NOTE 2. MARKETABLE SECURITIES

Marketable securities are stated at market value and consist of the following at December 31, 2007 and 2006:

	<u>2007</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Marketable Securities	<u>\$1,809</u>	<u>\$1,809</u>	<u>\$-0-</u>
	<u>2006</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Marketable Securities	<u>\$1,994</u>	<u>\$1,994</u>	<u>\$-0-</u>

NOTE 3. RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2007</u>	<u>2006</u>
Alzheimer's Drug Discovery Project	\$73,652	\$ -0-
Research	110,052	-0-
Susan Grant Film	<u>1,610</u>	<u>-0-</u>
	<u>\$185,314</u>	<u>\$ -0-</u>

NOTE 4. FUNCTIONAL ALLOCATION OF EXPENSE

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

THE ASSOCIATION FOR FRONTOTEMPORAL DEMENTIAS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

NOTE 4. FUNCTIONAL ALLOCATION OF EXPENSE (Continued)

The statement of functional expenses includes summarized information for the year ended December 31, 2006 to facilitate comparability to the current presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in accordance with the Organization's financial statements for the year ended December 31, 2006, from which the summarized information was derived.

NOTE 5. LEASING ARRANGEMENTS

The Association for Frontotemporal Dementias is obligated under an annual lease for office space at a rate of \$950 per month. The lease contains an option to extend on a month to month basis upon expiration of the initial term. Total rental expense for the years ended December 31, 2007 and 2006 was \$3,875. and \$2,300., respectively. Future minimum lease payments are as follows:

December 31, 2008	\$11,400
2009	<u>1,900</u>
	<u>\$13,300</u>

NOTE 6. FUNDRAISING EXPENSES

Total fundraising expenses for the years ended December 31, 2007 and 2006 were approximately \$16,000. and \$3,000., respectively, representing 2% and 2% of total support revenue. The ratio of expenses to amounts raised is computed using actual expenses and related support on an accrual basis.