

**THE ASSOCIATION FOR
FRONTOTEMPORAL
DEMENTIAS**

Financial Statement

December 31, 2009

*O'Hara, Ward and Associates
Certified Public Accountants*

**THE ASSOCIATION FOR FRONTOTEMPORAL DEMENTIAS
DECEMBER 31, 2009 AND 2008**

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REPORT OF INDEPENDENT ACCOUNTANT

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

We have audited the accompanying statement of financial position of The Association for Frontotemporal Dementias (a nonprofit corporation) as of December 31, 2009, 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, 2009, 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, 2008 is presented for comparative purposes only and was extracted from the financial statements presented for that year, on which an unqualified opinion dated May 21, 2009 was expressed.

O'Hara, Ward & Associates

April 7, 2010

THE ASSOCIATION FOR FRONTOTEMPORAL DEMENTIAS
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and Cash Equivalents (includes restricted cash of \$166,079 in 2009, and \$365,897 in 2008)	\$ 854,931	\$768,003
Accounts Receivable	1,682	2,411
Prepaid Insurance	<u>902</u>	<u>678</u>
TOTAL CURRENT ASSETS	<u>857,515</u>	<u>771,092</u>
Security Deposit	<u>1,500</u>	<u>950</u>
TOTAL ASSETS	<u>\$ 859,015</u>	<u>\$772,042</u>
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 784	\$ 3,582
Research Grant Payable	<u>125,750</u>	<u>60,000</u>
TOTAL CURRENT LIABILITIES	<u>126,534</u>	<u>63,582</u>
NET ASSETS		
Unrestricted	563,443	342,563
Temporarily Restricted	<u>169,038</u>	<u>365,897</u>
TOTAL NET ASSETS	<u>732,481</u>	<u>708,460</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 859,015</u>	<u>\$772,042</u>

See Notes to Financial Statements

**THE ASSOCIATION FOR FRONTOTEMPORAL DEMENTIAS
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
UNRESTRICTED NET ASSETS		
Support		
Contributions	\$ 573,510	\$ 503,904
Investment Income	11,473	10,398
Other Income	<u>3,031</u>	<u>891</u>
TOTAL UNRESTRICTED SUPPORT	588,014	515,193
Net Assets Released from Restrictions	<u>338,998</u>	<u>124,770</u>
TOTAL UNRESTRICTED SUPPORT AND RECLASSIFICATIONS	927,012	639,963
EXPENSES		
Program Services	610,870	353,607
Management and General	51,826	58,784
Fundraising	<u>43,436</u>	<u>24,835</u>
TOTAL EXPENSES	<u>706,132</u>	<u>437,226</u>
INCREASE IN UNRESTRICTED NET ASSETS	220,880	202,737
TEMPORARILY RESTRICTED NET ASSETS		
Support Designated for Future Period	142,139	305,353
Net Assets Released from Restrictions	<u>(338,998)</u>	<u>(124,770)</u>
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	<u>(196,859)</u>	<u>180,583</u>
INCREASE IN NET ASSETS	24,021	383,320
NET ASSETS AT BEGINNING OF YEAR	<u>708,460</u>	<u>325,140</u>
NET ASSETS AT END OF YEAR	<u>\$ 732,481</u>	<u>\$ 708,460</u>

See Notes to Financial Statements

THE ASSOCIATION FOR FRONTOTEMPORAL DEMENTIAS
STATEMENT OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>2009</u>	<u>Memorandum Only 2008</u>
Salaries and Wages	\$105,592	\$17,385	\$18,478	\$141,455	\$90,910
Payroll Taxes	8,723	1,436	1,527	11,686	7,652
Supplies	2,840	567	164	3,571	2,781
Printing and Copying	17,018	1,861	1,998	20,877	13,940
Postage	4,695	902	1,759	7,356	2,331
Professional Fees	18,136	11,419	12,499	42,054	12,651
Travel	10,705	20	997	11,722	15,732
Conferences and Meetings	48,330	2,870	1,193	52,393	26,915
Grants	368,386			368,386	232,546
Insurance		3,180		3,180	1,635
Miscellaneous	634	319		953	4,077
Bank Charges	67	82	2,540	2,689	970
Rent	10,522	1,289	1,289	13,100	10,320
Telephone	4,506	1,966	249	6,721	4,236
Office Expense	1,370	6,280	241	7,891	1,984
Website	9,346	2,250	502	12,098	8,546
	<u>\$610,870</u>	<u>\$51,826</u>	<u>\$43,436</u>	<u>\$706,132</u>	<u>\$437,226</u>

See Notes to Financial Statements

**THE ASSOCIATION FOR FRONTOTEMPORAL DEMENTIAS
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in Net Assets	\$ 24,021	\$ 383,320
(Increase) Decrease in Operating Assets:		
Accounts Receivable	729	(2,411)
Prepaid Insurance	(224)	(678)
Security Deposit	(550)	(950)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(2,798)	(28,574)
Research Grants Payable	<u>65,750</u>	<u>-0-</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	86,928	350,707
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of Donated Marketable Securities	<u>-0-</u>	<u>1,809</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	-0-	1,809
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-0-</u>	<u>-0-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	86,928	352,516
BEGINNING CASH AND CASH EQUIVALENTS	<u>768,003</u>	<u>415,487</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 854,931</u>	<u>\$ 768,003</u>

See Notes to Financial Statements

THE ASSOCIATION FOR FRONTOTEMPORAL DEMENTIAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

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. The Organization's major source of support is contributions.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting.

Basis of Presentation

The Organization reports 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. None of the Organization's net assets are subject to permanent donor-imposed restrictions. Accordingly, no net assets are accounted for as 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 FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

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.

Contributions

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.

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.

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
DECEMBER 31, 2009 AND 2008

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

Income Taxes

The Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501 (c) (3), and state income taxes under the provisions of Pennsylvania Nonprofit Corporation Law.

Effective January 1, 2009, the Organization adopted Accounting for Uncertainty in Income Taxes. As of January 1, 2009 and December 31, 2009, the Organization had no material unrecognized tax liabilities, accrued interest or penalties. The Organization's policy is to account for interest and penalties as a component of income taxes. Federal tax years 2006 through 2009 were open for examination as of December 31, 2009.

Subsequent Events

The Organization's policy is to review and evaluate subsequent events for disclosure or recognition during the period after its year-end until the date the financial statements are available to be issued, the report date of April 7, 2010.

NOTE 2. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2009</u>	<u>2008</u>
Alzheimer's Drug Discovery Project	\$ 46,079	\$108,345
Research – Laden Family Fellowship	-0-	110,052
Research – other	120,000	147,500
Caregiver Respite	<u>2,959</u>	<u>-0-</u>
	<u>\$169,038</u>	<u>\$365,897</u>

THE ASSOCIATION FOR FRONTOTEMPORAL DEMENTIAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

NOTE 2. TEMPORARILY RESTRICTED NET ASSETS (Continued)

Temporarily restricted net assets were released from restrictions during the years ended December 31, 2009 and 2008 for the following purposes:

	<u>2009</u>	<u>2008</u>
Advocacy	\$ 390	\$ -0-
Caregiver Support	10,415	-0-
Caregiver Respite	15,865	-0-
Research-Laden Family Fellowship	110,052	-0-
Alzheimer's Drug Discovery Project	100,000	100,000
Research-Other	102,276	23,160
Susan Grant Film	<u>-0-</u>	<u>1,610</u>
	<u>\$338,998</u>	<u>\$124,770</u>

NOTE 3. LEASING ARRANGEMENTS

The Association for Frontotemporal Dementias is obligated under a lease for office space until August 2014. Total rental expense for the years ended December 31, 2009 and 2008 was \$13,100 and \$10,320, respectively. Future minimum lease payments are as follows:

Year ending December 31,		
	2010	\$ 18,124
	2011	18,500
	2012	18,880
	2013	19,252
	2014	<u>13,000</u>
		<u>\$ 87,756</u>

NOTE 4. FUNDRAISING EXPENSES

Total fundraising expenses for the years ended December 31, 2009 and 2008 were approximately \$43,000 and \$25,000, respectively, representing 6% and 3% of total support revenue. The ratio of expenses to amounts raised is computed using actual expenses and related support on an accrual basis.

THE ASSOCIATION FOR FRONTOTEMPORAL DEMENTIAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

NOTE 5. CONCENTRATIONS

From time to time, cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation. The Organization deposits its cash with credit worthy institutions and has not experienced any losses on such amounts and believes it is not exposed to any significant credit risk on cash.

During the year ended December 31, 2009, contributions from one contributor was \$222,500, representing 30% of total support.

During the year ended December 31, 2008, contributions from two contributors was \$328,000, representing 40% of total support.