

**THE ASSOCIATION FOR FRONTOTEMPORAL  
DEGENERATION**

**FINANCIAL STATEMENTS**

***Years Ended June 30, 2014 and 2013***



*Certified Public Accountants and Business Consultants*

TABLE OF CONTENTS

	<u>Page No.</u>
INDEPENDENT AUDITORS' REPORT.....	1
FINANCIAL STATEMENTS	
Statements of Financial Position.....	2
Statements of Activities.....	3
Statement of Functional Expenses (2014).....	4
Statement of Functional Expenses (2013).....	5
Statements of Cash Flows.....	6
Notes to Financial Statements.....	7

## ***Independent Auditors' Report***

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

We have audited the accompanying financial statements of The Association for Frontotemporal Degeneration (a nonprofit organization), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities, functional expenses and cash flows for the years then ended.

### ***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.

### ***Auditors' 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 from 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 auditors' 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 The Association for Frontotemporal Degeneration as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



West Chester, Pennsylvania  
September 26, 2014

**THE ASSOCIATION FOR FRONTOTEMPORAL DEGENERATION****STATEMENTS OF FINANCIAL POSITION***June 30, 2014 and 2013*

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents, including restricted cash of \$1,097,876 (2014) and \$191,941 (2013)	\$ 1,782,603	\$ 1,199,850
Certificate of deposit (0.08%, due April 16, 2015)	600,099	-
Contributions receivable	100,000	-
Prepaid expenses	<u>14,339</u>	<u>22,032</u>
<b>TOTAL CURRENT ASSETS</b>	<b>2,497,041</b>	<b>1,221,882</b>
<b>EQUIPMENT</b> , net of accumulated depreciation of \$10,163 (2014) and \$6,308 (2013)	9,743	12,333
<b>SECURITY DEPOSIT</b>	<u>6,289</u>	<u>4,155</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 2,513,073</u></b>	<b><u>\$ 1,238,370</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 14,557	\$ 5,745
Research grants payable	<u>-</u>	<u>55,000</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>14,557</u>	<u>60,745</u>
<b>NET ASSETS</b>		
Unrestricted	1,300,640	985,684
Temporarily restricted	<u>1,197,876</u>	<u>191,941</u>
<b>TOTAL NET ASSETS</b>	<b><u>2,498,516</u></b>	<b><u>1,177,625</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 2,513,073</u></b>	<b><u>\$ 1,238,370</u></b>

*See accompanying notes.*

**THE ASSOCIATION FOR FRONTOTEMPORAL DEGENERATION****STATEMENTS OF ACTIVITIES***Years Ended June 30, 2014 and 2013*

	<u>2014</u>	<u>2013</u>
<b>UNRESTRICTED NET ASSETS</b>		
Revenue and support		
Contributions	\$ 1,140,578	\$ 874,069
Special events	62,855	71,695
Investment and other income	3,427	6,293
Net assets released from restriction	481,109	258,680
<b>TOTAL REVENUE AND SUPPORT</b>	<u>1,687,969</u>	<u>1,210,737</u>
Expenses		
Program services	1,099,955	947,819
Management and general	88,883	75,007
Fund-raising	184,175	153,860
<b>TOTAL EXPENSES</b>	<u>1,373,013</u>	<u>1,176,686</u>
 <b>CHANGE IN UNRESTRICTED NET ASSETS</b>	 <u>314,956</u>	 <u>34,051</u>
 <b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Contributions	1,487,044	293,882
Net assets released from restrictions	(481,109)	(258,680)
<b>CHANGE IN TEMPORARILY RESTRICTED         NET ASSETS</b>	 <u>1,005,935</u>	 <u>35,202</u>
 <b>CHANGE IN NET ASSETS</b>	 1,320,891	 69,253
 <b>NET ASSETS AT BEGINNING OF YEAR</b>	 <u>1,177,625</u>	 <u>1,108,372</u>
 <b>NET ASSETS AT END OF YEAR</b>	 <u>\$ 2,498,516</u>	 <u>\$ 1,177,625</u>

*See accompanying notes.*

**THE ASSOCIATION FOR FRONTOTEMPORAL DEGENERATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
*Year Ended June 30, 2014*

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund-Raising</u>	<u>Totals</u>
<b>FUNCTIONAL EXPENSES</b>				
Salaries and wages	\$ 468,935	\$ 37,580	\$ 95,619	\$ 602,134
Payroll taxes	40,904	2,946	10,175	54,025
Employee benefits	26,894	2,074	6,479	35,447
Supplies	7,006	1,109	2,188	10,303
Printing and copying	49,929	317	9,037	59,283
Postage	10,030	1,021	4,818	15,869
Professional fees	55,898	20,359	29,557	105,814
Travel	16,281	153	343	16,777
Conferences and meetings	125,106	4,787	4,018	133,911
Grants	218,348	-	-	218,348
Insurance	3,873	830	830	5,533
Miscellaneous	3,682	823	285	4,790
Bank charges	-	175	9,488	9,663
Rent	36,314	7,781	7,781	51,876
Telephone	9,864	2,110	2,110	14,084
Depreciation	-	3,855	-	3,855
Office expenses	6,477	2,323	1,447	10,247
Website	20,414	640	-	21,054
	<u>\$ 1,099,955</u>	<u>\$ 88,883</u>	<u>\$ 184,175</u>	<u>\$ 1,373,013</u>
<b>TOTAL FUNCTIONAL EXPENSES</b>				

**THE ASSOCIATION FOR FRONTOTEMPORAL DEGENERATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
*Year Ended June 30, 2013*

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund-Raising</u>	<u>Totals</u>
<b>FUNCTIONAL EXPENSES</b>				
Salaries and wages	\$ 370,072	\$ 28,545	\$ 88,018	\$ 486,635
Payroll taxes	34,930	2,541	8,212	45,683
Employee benefits	15,311	1,130	3,653	20,094
Supplies	8,511	1,203	2,201	11,915
Printing and copying	25,273	302	8,334	33,909
Postage	10,696	1,201	3,565	15,462
Professional fees	36,359	21,283	16,595	74,237
Travel	6,868	1,796	26	8,690
Conferences and meetings	85,687	-	2,422	88,109
Grants	264,281	-	-	264,281
Advertising	6,000	-	-	6,000
Insurance	3,771	808	808	5,387
Miscellaneous	5,202	576	1,104	6,882
Bank charges	-	63	7,513	7,576
Rent	33,508	7,180	7,180	47,868
Telephone	9,216	1,975	1,975	13,166
Depreciation	-	3,336	-	3,336
Office expenses	5,781	3,068	2,254	11,103
Website	26,353	-	-	26,353
	<u>\$ 947,819</u>	<u>\$ 75,007</u>	<u>\$ 153,866</u>	<u>\$ 1,176,686</u>
<b>TOTAL FUNCTIONAL EXPENSES</b>				

See accompanying notes.

# THE ASSOCIATION FOR FRONTOTEMPORAL DEGENERATION

## STATEMENTS OF CASH FLOWS

Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,320,891	\$ 69,253
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	3,855	3,336
(Increase) decrease in		
Contributions receivable	(100,000)	-
Prepaid expenses	7,693	(17,374)
Security deposit	(2,134)	-
Increase (decrease) in		
Accounts payable and accrued expenses	8,812	(16,344)
Research grants payable	(55,000)	(5,000)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>1,184,117</u>	<u>33,871</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of certificate of deposit	(600,099)	-
Purchase of fixed assets	(1,265)	(7,143)
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>(601,364)</u>	<u>(7,143)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	582,753	26,728
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>1,199,850</u>	<u>1,173,122</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 1,782,603</u>	<u>\$ 1,199,850</u>

See accompanying notes.



# THE ASSOCIATION FOR FRONTOTEMPORAL DEGENERATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2014 and 2013

### NOTE A ORGANIZATION

The Association for Frontotemporal Degeneration (the "Organization") was incorporated under the laws of the Commonwealth of Pennsylvania in November 2002 as a nonprofit corporation. The Organization is a nationwide organization whose mission is to promote and fund research into finding the cause and cure for frontotemporal degeneration (FTD); 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.

### NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Accounting

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

#### Basis of Presentation

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.

#### 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 equivalents approximates fair value because of the short maturities of those financial instruments.

#### Property and Equipment

Acquisitions of property and equipment in excess of \$500 are capitalized. Equipment is stated at cost or, if donated, at the approximate value at the date of donation. Depreciation of equipment is provided utilizing the straight-line method over the estimated useful life. Depreciation expense for the years ended June 30, 2014 and 2013, was \$3,855 and \$3,336, respectively.

#### Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Temporarily restricted contributions are reported as temporarily restricted support and are reclassified upon expiration of the restriction.

During the year ended June 30, 2014, the Organization began a Named Fund program. Donors contributing a minimum of \$25,000 can establish a named fund for the term of one year, renewable on an annual basis with additional contributions.

# THE ASSOCIATION FOR FRONTOTEMPORAL DEGENERATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2014 and 2013

Unconditional promises to give are included in the financial statements as contributions receivable and revenue for the appropriate net asset category and are recorded after discounting to the present value of the expected future cash flows. The Organization does not record conditional pledges until conditions have been met.

### **Expense Allocation**

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

### **Donated Services**

A substantial number of volunteers have donated significant amounts of their time to the Organization and its programs; however, these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

### **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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### **Date of Management's Review**

Management has evaluated subsequent events through September 26, 2014, the date which the financial statements were available to be issued.

## NOTE C INCOME TAXES

The Organization has been granted tax-exempt status as a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, files federal tax Form 990 (Return of Organization Exempt From Income Tax) annually.

The Organization believes it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements. The Organization's federal tax returns filed are subject to examination by the IRS, generally for three years after the tax returns were filed.

# THE ASSOCIATION FOR FRONTOTEMPORAL DEGENERATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2014 and 2013

### NOTE D TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

FTD Drug Discovery Project	\$ 9,070
Research, other	1,068,191
Families with Children	6,129
FTD Treatment Study Group	14,486
Time restricted	<u>100,000</u>
	<u>\$ 1,197,876</u>

### NOTE E LEASE AGREEMENT

The Organization leases office space in a corporate center through August 2017. Total rental expense for the years ended June 30, 2014 and 2013, was \$51,876 and \$47,868, respectively. During the year ended June 30, 2014, the Organization leased additional office space.

Future minimum lease payments are as follows:

<u>Year Ending</u> <u>June 30,</u>	
2015	\$ 73,214
2016	77,484
2017	77,484
2018	<u>12,914</u>
	<u>\$ 241,096</u>

### NOTE F FUND-RAISING EXPENSES

Total fund-raising expenses for the year ended June 30, 2014, were \$184,175, representing 7.1% of total support revenue. Total fund-raising expenses for the year ended June 30, 2013, were \$153,860, representing 12.4% 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 DEGENERATION**  
**NOTES TO FINANCIAL STATEMENTS**  
*June 30, 2014 and 2013*

**NOTE G      CONCENTRATIONS**

During the year ended June 30, 2014, contributions from one contributor were \$1,170,880, representing 45.2% of total support. Contributions from one donor in the year ended June 30, 2013, were \$243,715, representing 19.7% of total support.

**NOTE H      FAIR VALUE MEASUREMENTS**

Generally accepted accounting principles establish a valuation hierarchy for disclosure of the inputs to the valuation used to measure fair value. This hierarchy prioritizes the inputs into three broad levels.

*Level 1* inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. *Level 2* inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument. *Level 3* inputs are unobservable inputs based on assumptions used to measure assets and liabilities at fair value. A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

Investments in shares of corporate equities have quoted prices for identical assets in active markets; therefore, the investments are measured at fair value using these readily available Level 1 inputs.

Donations of marketable securities are recorded as contributions (\$1,163,550 and \$272,177 for the years ended June 30, 2014 and 2013, respectively) on the date of donation at their fair values, which are based on quoted market prices (Level 1 inputs).

**NOTE I      CONTINGENT GRANT AWARDS**

The Organization awards respite grants to reimburse caregivers for expenses incurred in acquiring respite. These grants are contingent upon the caregiver requesting reimbursement for eligible costs incurred and providing the Organization with proper documentation. The grants expire six months after the award date. At June 30, 2014, there was \$9,896 of unexpired grants awarded; however, the Organization has not received any reimbursement requests.

# THE ASSOCIATION FOR FRONTOTEMPORAL DEGENERATION

## NOTES TO FINANCIAL STATEMENTS

*June 30, 2014 and 2013*

### NOTE J SIMPLE IRA PLAN

Effective January 1, 2012, the Organization began a SIMPLE IRA Plan available to all employees earning at least \$5,000 per year. Eligible employees are able to contribute 3% of their total compensation up to a maximum of \$12,000 for calendar years 2014 and 2013. The Organization must match 3% in at least three out of every five consecutive years. For the years ended June 30, 2014 and 2013, the employer match was \$14,077 and \$12,176, respectively.

### NOTE K RELATED-PARTY TRANSACTIONS

During the years ended June 30, 2014 and 2013, Board members directly provided \$76,229 and \$46,432 in contributions to the Organization, respectively. Contributions of \$200,000 received in the year ended June 30, 2014 and contributions receivable of \$100,000 as of June 30, 2014 were from a Foundation to which a Board member is related.