

**THE ASSOCIATION FOR FRONTOTEMPORAL  
DEGENERATION**

**FINANCIAL STATEMENTS**

*Years Ended December 31, 2010 and 2009*

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## Independent Auditors' Report

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

We have audited the accompanying statement of financial position of The Association for Frontotemporal Degeneration (formerly The Association for Frontotemporal Dementias) (a nonprofit organization) as of December 31, 2010, 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. The financial statements of The Association for Frontotemporal Degeneration as of December 31, 2009, were audited by other auditors whose report dated April 7, 2010, 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 2010 financial statements referred to above present fairly, in all material respects, the financial position of The Association for Frontotemporal Degeneration as of December 31, 2010, 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.

*Maillie Falconiero + Company, LLP*

West Chester, Pennsylvania  
April 5, 2011

# THE ASSOCIATION FOR FRONTOTEMPORAL DEGENERATION

## STATEMENTS OF FINANCIAL POSITION

December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents, including restricted cash of \$162,884 (2010) and \$166,079 (2009)	\$ 1,100,485	\$ 854,931
Accounts receivable	-	1,682
Prepaid insurance	<u>1,288</u>	<u>902</u>
TOTAL CURRENT ASSETS	1,101,773	857,515
EQUIPMENT, net of accumulated depreciation of \$484 (2010)	3,039	-
SECURITY DEPOSIT	<u>2,072</u>	<u>1,500</u>
TOTAL ASSETS	<u>\$ 1,106,884</u>	<u>\$ 859,015</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 3,523	\$ 784
Research grants payable	<u>51,355</u>	<u>125,750</u>
TOTAL CURRENT LIABILITIES	54,878	126,534
NET ASSETS		
Unrestricted	889,122	563,443
Temporarily restricted	<u>162,884</u>	<u>169,038</u>
TOTAL NET ASSETS	<u>1,052,006</u>	<u>732,481</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,106,884</u>	<u>\$ 859,015</u>

See accompanying notes.

# THE ASSOCIATION FOR FRONTOTEMPORAL DEGENERATION

## STATEMENTS OF ACTIVITIES

Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
UNRESTRICTED NET ASSETS		
Revenue and support		
Contributions	\$ 876,763	\$ 573,510
Investment and other income	9,828	14,504
Net assets released from restriction	282,511	338,998
TOTAL REVENUE AND SUPPORT	<u>1,169,102</u>	<u>927,012</u>
Expenses		
Program services	715,660	610,870
Management and general	54,629	51,826
Fund-raising	73,134	43,436
TOTAL EXPENSES	<u>843,423</u>	<u>706,132</u>
 CHANGE IN UNRESTRICTED NET ASSETS	 325,679	 220,880
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	276,357	142,139
Net assets released from restrictions	<u>(282,511)</u>	<u>(338,998)</u>
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	<u>(6,154)</u>	<u>(196,859)</u>
 CHANGE IN NET ASSETS	 319,525	 24,021
NET ASSETS AT BEGINNING OF YEAR	<u>732,481</u>	<u>708,460</u>
 NET ASSETS AT END OF YEAR	 <u>\$ 1,052,006</u>	 <u>\$ 732,481</u>

See accompanying notes.

**THE ASSOCIATION FOR FRONTOTEMPORAL DEGENERATION**

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended December 31, 2010 and 2009

	2010				2009			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fund-Raising</u>	<u>Totals</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fund-Raising</u>	<u>Totals</u>
FUNCTIONAL EXPENSES								
Salaries and wages	\$ 181,077	\$ 21,500	\$ 35,572	\$ 238,149	\$ 105,592	\$ 17,385	\$ 18,478	\$ 141,455
Payroll taxes	14,685	1,608	3,072	19,365	8,723	1,436	1,527	11,686
Supplies	4,368	871	917	6,156	2,840	567	164	3,571
Printing and copying	16,471	717	2,466	19,654	17,018	1,861	1,998	20,877
Postage	4,724	923	2,361	8,008	4,695	902	1,759	7,356
Professional fees	95,475	13,973	15,557	125,005	18,136	11,419	12,499	42,054
Travel	9,093	76	187	9,356	10,705	20	997	11,722
Conferences and meetings	40,951	2,677	1,556	45,184	48,330	2,870	1,193	52,393
Grants	311,083	-	-	311,083	368,386	-	-	368,386
Insurance	-	2,911	-	2,911	-	3,180	-	3,180
Miscellaneous	2,222	985	399	3,606	634	319	-	953
Bank charges	46	241	4,217	4,504	67	82	2,540	2,689
Rent	16,423	1,968	3,245	21,636	10,522	1,289	1,289	13,100
Telephone	6,879	1,670	777	9,326	4,506	1,966	249	6,721
Depreciation	-	494	-	494	-	-	-	-
Office expenses	6,379	2,763	1,357	10,499	1,370	6,280	241	7,891
Website	5,784	1,252	1,451	8,487	9,346	2,250	502	12,098
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 715,660</b>	<b>\$ 54,629</b>	<b>\$ 73,134</b>	<b>\$ 843,423</b>	<b>\$ 610,870</b>	<b>\$ 51,826</b>	<b>\$ 43,436</b>	<b>\$ 706,132</b>

See accompanying notes.

# THE ASSOCIATION FOR FRONTOTEMPORAL DEGENERATION

## STATEMENTS OF CASH FLOWS

Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 319,525	\$ 24,021
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	494	-
(Increase) decrease in		
Accounts receivable	1,682	729
Prepaid insurance	(386)	(224)
Security deposit	(572)	(550)
Increase (decrease) in		
Accounts payable and accrued expenses	2,739	(2,798)
Research grants payable	<u>(74,395)</u>	<u>65,750</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	249,087	86,928
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	<u>(3,533)</u>	<u>-</u>
 <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	245,554	86,928
 <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>854,931</u>	<u>768,003</u>
 <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$ 1,100,485</u></u>	<u><u>\$ 854,931</u></u>

See accompanying notes.

# THE ASSOCIATION FOR FRONTOTEMPORAL DEGENERATION

## NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

### NOTE A ORGANIZATION

The Association for Frontotemporal Dementias (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.

In February 2011, the Organization legally changed its name to The Association for Frontotemporal Degeneration.

### 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 year ended December 31, 2010, was \$494. There was no depreciation expense for the year ended December 31, 2009.

#### **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.



# THE ASSOCIATION FOR FRONTOTEMPORAL DEGENERATION

## NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

### **Expense Allocation**

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and the statements 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 April 5, 2011, 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 Return of Organization Exempt From Income Tax (Form 990) for tax years 2007, 2008 and 2009 is 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

December 31, 2010 and 2009

### NOTE D TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2010</u>	<u>2009</u>
FTD Drug Discovery Project	\$ 22,302	\$ 46,079
Research, other	140,582	120,000
Susan Grant Film	-	2,959
	<u>\$ 162,884</u>	<u>\$ 169,038</u>

### NOTE E LEASE AGREEMENT

The Organization leases office space in a corporate center through August 2014. Total rental expense for the years ended December 31, 2010 and 2009, was \$21,636 and \$13,100, respectively. Future minimum lease payments are as follows:

<u>Year Ending December 31,</u>	
2011	\$ 25,122
2012	25,632
2013	26,136
2014	<u>13,194</u>
	<u>\$ 90,084</u>

### NOTE F FUND-RAISING EXPENSES

Total fund-raising expenses for the years ended December 31, 2010 and 2009, were \$73,134 and \$43,436, respectively, representing 6.3% and 5.9% 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

December 31, 2010 and 2009

### NOTE G CONCENTRATIONS

From time to time, cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation. The Organization deposits its cash with creditworthy 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, 2010, contributions from one contributor were \$452,595, representing 36% of total support.

During the year ended December 31, 2009, contributions from one contributor were \$222,500, representing 30% 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 as follows:

*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 (\$364,558 in 2010) on the date of donation at their fair values, which are based on quoted market prices (Level 1 inputs).