EisnerAmper

THE ASSOCIATION FOR FRONTOTEMPORAL DEGENERATION

FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

THE ASSOCIATION FOR FRONTOTEMPORAL DEGENERATION

Contents

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Association for Frontotemporal Degeneration

Report on the Financial Statements

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, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for each of the years then ended, and the related notes to the financial statements.

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.

Auditor's 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 audits 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 auditor's 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 on the previous page present fairly, in all material respects, the financial position of The Association for Frontotemporal Degeneration as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the each of the years then ended in accordance with accounting principles generally accepted in the United States of America.

EisnerAmper LLP

EISNERAMPER LLP
Philadelphia, Pennsylvania
September 13, 2019

THE ASSOCIATION FOR FRONTOTEMPORAL DEGENERATION

Statements of Financial Position

	June 30 2019	June 30 2018
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 7,029,660**	$ 6,165,087
Accounts receivable	**22,148**	11,195
Contributions receivable	**1,855,000**	3,820,264
Investments	**3,966,729**	-
Prepaid expenses	**114,459**	114,014
Total current assets	**12,987,996**	10,110,560
Contributions receivable, net	**8,157,880**	7,412,743
Equipment, net of accumulated depreciation of $2,665 in 2019 and $11,750 in 2018	**1,825**	11,770
Security deposit	**8,672**	8,672
	$ 21,156,373	$ 17,543,745
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	**$ 130,678**	$ 86,625
Deferred revenues	**35,000**	47,500
Research grants payable	**1,103,403**	610,672
Total current liabilities	**1,269,081**	744,797
Research grants payable	**764,386**	**-**
Total liabilities	**2,033,467**	744,797
NET ASSETS		
Net assets without donor restrictions:		
Undesignated	**3,895,429**	1,792,053
Board designated	**3,940,589**	3,524,594
	7,836,018	5,316,647
Net assets with donor restrictions	**11,286,888**	11,482,301
Total net assets	**19,122,906**	16,798,948
	$ 21,156,373	$ 17,543,745

THE ASSOCIATION FOR FRONTOTEMPORAL DEGENERATION

Statements of Activities and Changes in Net Assets

	Year Ended June 30					
	2019			2018		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenue and support:						
Contributions	**$ 3,692,787**	**$ 3,501,672**	**$ 7,194,459**	$ 3,436,906	$ 9,397,743	$ 12,834,649
Investment and other income	**463,415**	**-**	**463,415**	249,610	-	249,610
Special event revenue	**1,930,899**	**-**	**1,930,899**	1,898,586	-	1,898,586
Less cost of direct benefit to donors	**(201,551)**	**-**	**(201,551)**	(163,179)	-	(163,179)
Net assets released from restrictions	**3,697,085**	**(3,697,085)**	**-**	1,802,059	(1,802,059)	-
	9,582,635	**(195,413)**	**9,387,222**	7,223,982	7,595,684	14,819,666
Expenses:						
Program services						
Awareness and advocacy	**785,953**	**-**	**785,953**	822,064	-	822,064
Education and support	**927,852**	**-**	**927,852**	807,359	-	807,359
Research	**4,236,708**	**-**	**4,236,708**	2,062,396	-	2,062,396
Total program services	**5,950,513**	**-**	**5,950,513**	3,691,819	-	3,691,819
Management and general	**545,508**	**-**	**545,508**	437,883	-	437,883
Fundraising	**567,243**	**-**	**567,243**	497,140	-	497,140
	1,112,751	**-**	**1,112,751**	935,023	-	935,023
	7,063,264	**-**	**7,063,264**	4,626,842	-	4,626,842
Change in net assets	**2,519,371**	**(195,413)**	**2,323,958**	2,597,140	7,595,684	10,192,824
Net assets at beginning of year	**5,316,647**	**11,482,301**	**16,798,948**	2,719,507	3,886,617	6,606,124
Net assets at end of year	**$ 7,836,018**	**$ 11,286,888**	**$ 19,122,906**	$ 5,316,647	$ 11,482,301	$ 16,798,948

See notes to financial statements

THE ASSOCIATION FOR FRONTOTEMPORAL DEGENERATION

Statement of Functional Expenses
Year Ended June 30, 2019

	Program Services				Supporting Services			
	Awareness and Advocacy	Education and Support	Research	Subtotal	Management and General	Fundraising	Subtotal	Total
Expenses:								
Salaries and wages	$ 297,232	$ 416,222	$ 400,345	$ 1,113,799	$ 275,881	$ 241,752	$ 517,633	$ 1,631,432
Payroll taxes	27,849	33,271	20,778	81,898	14,294	27,110	41,404	123,302
Employee benefits	48,632	58,099	41,745	148,476	24,899	46,775	71,674	220,150
Advertising	56,400	-	-	56,400	-	-	-	56,400
Bank and credit card processing fees	-	37	-	37	758	22,084	22,842	22,879
Conferences and meetings	86,627	118,767	131,100	336,494	25,772	-	25,772	362,266
Depreciation	941	1,646	705	3,292	5,948	705	6,653	9,945
Dues and subscriptions	1,660	3,000	5,000	9,660	219	245	464	10,124
Education - training	3,000	9,069	2,250	14,319	3,690	8,900	12,590	26,909
Events	97,225	25	-	97,250	-	91,132	91,132	188,382
Grants awarded	-	125,064	3,473,610	3,598,674	-	-	-	3,598,674
Insurance	2,945	5,154	2,209	10,308	2,209	2,209	4,418	14,726
Management Information Systems	25,178	37,325	52,503	115,006	14,582	42,196	56,778	171,784
Office and supplies	8,454	12,465	7,442	28,361	24,604	11,973	36,577	64,938
Postage and shipping	5,488	10,039	1,529	17,056	1,760	10,511	12,271	29,327
Printing and copying	31,303	16,510	173	47,986	5,189	23,645	28,834	76,820
Professional fees	59,445	24,882	64,105	148,432	123,298	16,298	139,596	288,028
Rent	24,064	42,112	18,048	84,224	18,048	18,048	36,096	120,320
Telecommunications and data	3,017	9,590	2,263	14,870	3,159	2,263	5,422	20,292
Travel	6,493	4,575	12,903	23,971	1,198	1,397	2,595	26,566
Total expenses included in the expense section on the statements of activities and changes in net assets	785,953	927,852	4,236,708	5,950,513	545,508	567,243	1,112,751	7,063,264
Plus expenses included with revenue on the statements of activities and changes in net assets:								
Cost of direct benefits to donors	-	-	-	-	-	201,551	201,551	201,551
Total expenses	$ 785,953	$ 927,852	$ 4,236,708	$ 5,950,513	$ 545,508	$ 768,794	$ 1,314,302	$ 7,264,815

THE ASSOCIATION FOR FRONTOTEMPORAL DEGENERATION

Statement of Functional Expenses
Year Ended June 30, 2018

	Program Services				Supporting Services			
	Awareness and Advocacy	**Education and Support**	**Research**	**Subtotal**	**Management and General**	**Fundraising**	**Subtotal**	**Total**
Expenses:								
Salaries and wages	$ 297,492	$ 355,021	$ 430,922	$ 1,083,435	$ 214,096	$ 230,925	$ 445,021	$ 1,528,456
Payroll taxes	28,429	31,233	30,741	90,403	12,149	18,167	30,316	120,719
Employee benefits	38,548	42,675	41,266	122,489	16,624	24,964	41,588	164,077
Bank and credit card processing fees	-	-	135	135	490	22,425	22,915	23,050
Conferences and meetings	23,157	134,500	214,036	371,693	17,992	-	17,992	389,685
Depreciation	1,551	2,716	1,163	5,430	1,163	1,163	2,326	7,756
Dues and subscriptions	3,600	49	-	3,649	6,924	6,490	13,414	17,063
Education - training	495	900	750	2,145	6,977	-	6,977	9,122
Events	84,864	-	-	84,864	-	84,865	84,865	169,729
Grants awarded	-	96,545	1,261,931	1,358,476	-	-	-	1,358,476
Insurance	2,081	3,642	1,561	7,284	3,122	1,561	4,683	11,967
Management Information Systems	19,045	23,009	9,961	52,015	15,575	27,156	42,731	94,746
Office and supplies	9,655	10,040	9,078	28,773	20,515	9,927	30,442	59,215
Postage and shipping	6,544	12,525	1,574	20,643	1,871	6,176	8,047	28,690
Printing and copying	31,288	27,097	804	59,189	713	22,788	23,501	82,690
Professional fees	232,228	17,463	15,154	264,845	95,906	12,373	108,279	373,124
Rent	20,956	36,673	15,717	73,346	15,717	15,717	31,434	104,780
Telecommunications and data	4,447	7,802	3,336	15,585	5,500	3,336	8,836	24,421
Travel	17,684	5,469	24,267	47,420	2,549	9,107	11,656	59,076
Total expenses included in the expense section on the statements of activities and changes in net assets	822,064	807,359	2,062,396	3,691,819	437,883	497,140	935,023	4,626,842
Plus expenses included with revenue on the statements of activities and changes in net assets:								
Cost of direct benefits to donors	-	-	-	-	-	163,179	163,179	163,179
Total expenses	$ 822,064	$ 807,359	$2,062,396	$ 3,691,819	$ 437,883	$ 660,319	$ 1,098,202	$ 4,790,021

THE ASSOCIATION FOR FRONTOTEMPORAL DEGENERATION

Statements of Cash Flows

	Year Ended June 30	
	2019	**2018**
Cash flows from operating activities:		
Change in net assets	**$ 2,323,958**	$ 10,192,824
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	**9,945**	7,756
Amortization of discount on contributions receivable	**(159,780)**	-
Donated securities	**(113,309)**	(31,191)
Proceeds from sale of donated securities	**115,416**	31,161
Realized and unrealized (gain) loss on investments	**(145,823)**	30
(Increase) decrease in assets:		
Accounts receivable	**(10,953)**	(1,875)
Contributions receivable, net	**1,379,907**	(8,178,007)
Prepaid expenses	**(445)**	(32,645)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	**44,053**	47,777
Deferred revenues	**(12,500)**	(75,500)
Research grants payable	**1,257,117**	(580,555)
Net cash provided by operating activities	**4,687,586**	1,379,775
Cash flows from investing activities:		
Proceeds from sale of investments	**808,927**	-
Purchase of investments	**(4,631,940)**	-
Net cash used in investing activities	**(3,823,013)**	-
Net increase in cash and cash equivalents	**864,573**	1,379,775
Cash and cash equivalents at beginning of year	**6,165,087**	4,785,312
Cash and cash equivalents at end of year	**$ 7,029,660**	$ 6,165,087

NOTE A - NATURE OF ACTIVITIES

The Association for Frontotemporal Degeneration (the “Organization” or “AFTD”) is a nonprofit corporation incorporated under the laws of the Commonwealth of Pennsylvania in November 2002.

Frontotemporal degeneration (“FTD”) is the most common cause of dementia for people under age 60 in the United States. Despite that fact, today, FTD is still far too little known and poorly understood. Currently incurable and without approved treatments, FTD has profound effects on the lives of all it touches. It strikes at the heart of how individuals express themselves and relate to others, bringing a gradual, progressive decline in behavior, language and/or movement.

In response, the Organization dedicates itself to bringing help for individuals and families affected, and hope for a future in which this disease is effectively understood, diagnosed, treated, cured and ultimately prevented.

With a community of volunteers, donors, advocates and professionals, the Organization works every day to advance FTD research, awareness, support for those directly impacted and education for health professionals, while advocating for appropriate, affordable services.

AFTD’s research team works with leading and emerging FTD scientists to identify promising areas of research that will one day lead to effective treatments and a cure. AFTD provides support for people diagnosed in the form of grants, practical information and the comfort that comes in talking to someone who understands FTD, and AFTD works to educate health care professionals to provide appropriate care for this unique disease. AFTD also works to spread awareness of a disease that is still too little known, and to advocate for higher-quality care for families who find themselves with FTD in their lives.

The Organization’s major source of support is contributions.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] Basis of accounting:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

[2] Classification of net assets:

Resources in the financial statements are classified for accounting and reporting purposes in classes of net assets according to the existence or absence of donor-imposed restrictions. The accompanying financial statements may include the following classes of net assets:

- ***Net assets without donor restrictions***

  Net assets without donor restrictions are used to account for funds which have not been restricted by donors and over which the Board of Directors has discretionary control. In May 2010, the Board voted to create an operating reserve fund. The reserve balance is reviewed and updated annually. Board designated reserve fund balances as of June 30, 2019 and 2018 were $940,589 and $1,524,594, respectively. In December 2017, the Board voted to create the David Geffen investment fund in order to sustain long-term funding. Board designated David Geffen investment fund balances as of June 30, 2019 and 2018 were $3,000,000 and $2,000,000, respectively.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[2] Classification of net assets (continued):

- ***Net assets with donor restrictions***

  Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

[3] Use of estimates:

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of 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.

[4] Cash and cash equivalents:

The Organization considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents. Due to the short-term maturity of such investments, the carrying amounts are a reasonable estimate of the fair value. Cash and short-term investments include cash on-hand and highly-rated U.S. government backed money market fund investments.

[5] Concentration of credit and market risk:

The Organization maintains its cash and cash equivalents in amounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts, and management believes that the Organization is not exposed to any significant risk of loss on these accounts.

[6] Investments:

Investments consist primarily of assets invested in corporate stocks, bonds, mutual funds and exchange traded funds. All investments are stated at fair value. Unrealized and realized gains and losses are reflected in the accompanying statements of activities and changes in net assets.

The Organization's investment securities are subject to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of those securities could occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

[7] Functional allocation of expenses:

Directly identifiable expenses are charged to program services, general and administrative, and fundraising. Salaries, payroll taxes, and benefits are charged to the different functions based on the employee's actual functions performed. Expenses related to more than one function including computer/software expense, licenses and fees, office supplies, professional fees, travel, office rent, office repairs and maintenance, office utilities, insurance, telephone, depreciation, and amortization are allocated among the functions based on an estimated level of employee effort expended for each function.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[8] Federal tax status:

The Internal Revenue Service has classified the Organization as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Accounting for uncertainty in income taxes clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements. Management has analyzed the tax positions taken by the Organization, and has concluded that as of June 30, 2019 and 2018, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization recognizes accrued interest and penalties associated with uncertain tax positions, if any. There were no income tax related interest or penalties recorded for either of the years ended June 30, 2019 or 2018.

[9] Prepaid expenses:

Prepaid expenses represent expenditures related to insurance, conferences, and fundraising events conducted in the subsequent year.

[10] Grants payable:

Unconditional grants to be awarded to others are recorded as an expense and liability when approved and communicated to the grantee.

Conditional commitments and intentions to award grants to others that are not promises to give are not recorded as an expense and liability unless they become unconditional promises.

[11] Equipment and depreciation:

Equipment is stated at cost or, if donated, at the estimated fair value at the date of donation less accumulated depreciation. Acquisitions of property and equipment in excess of $2,500 are capitalized. Depreciation of equipment is provided for on the straight-line method over the estimated useful lives of the assets ranging from three to five years. Depreciation for the years ended June 30, 2019 and 2018 was $9,945 and $7,756, respectively.

[12] Contributions:

Contributions are recognized as revenue when such amounts are received by the Organization. Other contributions, including unconditional promises to give, are recognized as revenue in the period the promises to give are received, 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.

Donations of marketable securities received by the Organization are recorded at fair market value at the time of the donation and sold as soon as possible.

Special event revenue is recognized when the event takes place. Deferred revenue consists of amounts received in advance for a gala event to be held in the next fiscal year. Amounts will be recognized as revenue when such event occurs.

Contributions received are recorded as net assets without donor restrictions and net assets with donor restrictions support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the same reporting period in which the support is recognized.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[13] Donated services:

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization receives pro bono general counsel legal services. The fair market value of services provided, based upon the law firm's standard rates, was $86,295 and $17,667 for the years ended June 30, 2019 and 2018, respectively, which is included in the statements of activities and changes in net assets with contributions and in the statements of functional expenses with professional fees. In addition to the donated legal services recognized, the Organization also received donated advertising and video production services during the year ended June 30, 2018 that did not meet the criteria for recognition under U.S.GAAP.

[14] New accounting pronouncement:

In August 2016, Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.* ASU 2016-14 amends the presentation and disclosures to help not-for-profit organizations provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. ASU 2016-14 includes qualitative and quantitative requirements in the following areas: a) net asset classes, b) investment return, c) expenses, d) liquidity and availability of resources, and e) presentation of operating cash flows. ASU 2016-14 is effective for annual reporting periods beginning after December 15, 2017. The Organization has adopted ASU 2016-14 as of and for the year ended June 30, 2019 and has retroactively applied its provisions to all periods presented. The adoption of ASU 2016-14 required reclassification of net asset classes and additional disclosures related to liquidity and availability of resources and enhanced disclosures relating to allocation of functional expenses and Board designated net assets.

[15] Upcoming accounting pronouncements:

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. The ASU's core principle is to increase transparency and comparability among organizations by recognizing lease assets and liabilities on the statements of financial position and disclosing key information. ASU 2016-02 will be effective for fiscal years beginning after December 15, 2019, with early adoption permitted. The Organization's lease commitment is through 2031 and management is currently evaluating the effect that this new guidance will have on its financial statements and related disclosures.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies and improves guidance concerning, 1) evaluating whether a transaction should be accounted for as an exchange transaction or as a contribution, and 2) determining whether a contribution received is conditional. ASU 2018-08 is effective for annual periods beginning after December 15, 2018 for entities that are resource recipients and for annual periods beginning after December 15, 2019 for entities that are resource providers, with early adoption permitted. ASU 2018-08 should be applied on a modified prospective basis. The Organization is currently evaluating the effect that the new standard will have on its financial statements and related disclosures.

NOTE C - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of June 30, 2019:

Current financial assets:	
Cash and cash equivalents	$ 7,029,660
Accounts receivable	22,148
Pledges receivable	1,855,000
Investments	3,966,729
Total current financial assets at year-end	12,873,537
Less amounts not available to be used within one year:	
Net assets with donor restrictions subject to expenditures for specified purposes	(3,062,399)
Board designated for specific purpose	(3,940,589)
	(7,002,988)
Financial assets available to meet cash needs for general expenditures within one year	$ 5,870,549

General expenditures include program services expenses, general and administrative expenses, and fundraising expenses expected to be paid in the subsequent year.

As part of the Organization's liquidity management plan, the Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments.

NOTE D - INVESTMENTS

Investments consist of the following as of June 30, 2019:

Investments:	
Common stock	$ 2,368,649
Corporate bonds	1,123,503
Treasury bonds	300,320
Investments measured at fair value	3,792,472
Money Market Funds	174,257
Total investments	$ 3,966,729

NOTE E - FAIR VALUE MEASUREMENTS

FASB Accounting Standard Codification ("ASC") 820, *Fair Value Measurements and Disclosures,* provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, and defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements), and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include (a) quoted prices for similar assets or liabilities in active markets; (b) quoted prices for identical or similar assets or liabilities in inactive markets; (c) inputs other than quoted prices that are observable for the asset or liability; or (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Assets utilizing Level 3 inputs are funds held in trust by others.

The financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The valuation levels are not necessarily an indication of the risk or liquidity associated with the underlying assets.

The following is a description of the valuation methodologies used for assets measured at fair value.

Corporate stock - Valued at the closing market price on the stock exchange where it is traded.

Bonds - Valued at the present value of future cash flows.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth, by level, the Organization's assets at fair value, within the aforementioned fair value hierarchy, as of June 30, 2019:

	Investment Assets at Fair Value as of June 30, 2019			
	Level 1	Level 2	Level 3	Total
Common stock	$ 2,368,649	$ -	$ -	$ 2,368,649
Corporate bonds	-	1,123,503	-	1,123,503
Treasury bonds	-	300,320	-	300,320
Total investment assets at fair value	$ 2,368,649	$ 1,423,823	$ -	$ 3,792,472

NOTE E - FAIR VALUE MEASUREMENTS (CONTINUED)

Changes in fair value levels:

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. For the years ended June 30, 2019 and 2018, there were no transfers into or out of Levels 1, 2 or 3.

NOTE F - CONTRIBUTIONS RECEIVABLE

Contributions receivable outstanding as of June 30, 2019 and 2018 are summarized as follows:

	2019	2018
Contributions receivable expected to be collected:		
Less than one year	**$ 1,855,000**	$ 3,820,264
One to five years	**6,830,000**	5,150,000
More than five years	**2,000,000**	3,000,000
Total gross contributions receivable	**10,685,000**	11,970,264
Discount to present value	**(672,120)**	(737,257)
Total contributions receivable, net	**$ 10,012,880**	$ 11,233,007

The present value for contributions was calculated using discount factors ranging from 2.2% to 2.75%.

NOTE G - CONDITIONAL PROMISES TO GIVE

During the year ended June 30, 2018, the Organization received a conditional commitment of $10 million, in the form of a matching grant, for The David Geffen Fund at AFTD. The pledge, payable in $1 million installments over a ten-year period, is contingent upon the receipt of the annual $1 million installment of a $10 million unconditional pledge, also payable over ten years, made during the year ended June 30, 2018 to establish The David Geffen Fund at AFTD. For each of the years ended June 30, 2019 and 2018, the Organization recognized $1 million of contribution revenue on this conditional commitment due to the receipt of annual installment of the original $10 million pledge. In accordance with professional standards, the balance of the commitment was not recorded in the statements of financial position as of June 30, 2019 and 2018 because the conditions for the commitment have not been met.

NOTE H - RESEARCH GRANTS PAYABLE

Research grants payable as of June 30, 2019 and 2018 are summarized as follows:

	2019	2018
Research grants payable expected to be paid:		
Less than one year	**$ 1,103,403**	$ 610,672
One to five years	**764,386**	-
Total research grants payable	**$ 1,867,789**	$ 610,672

NOTE I - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods as of June 30, 2019 and 2018:

	2019	2018
Subject to passage of time:		
Promises to give that are not restricted by donors	**$ 7,482,523**	$ 8,262,743
Subject to expenditures for specified purpose:		
Research, FTD Biomarkers	**942,671**	217,896
Research, other	**125,000**	85,000
Research, Biomarkers Management Fund	**88,114**	66,662
Volunteer Program Expansion	**75,000**	-
Awareness	**30,854**	-
Communications	**12,369**	-
Promises to give, the proceeds from which have been restricted by donors for:		
Research, FTD Biomarkers	**1,921,131**	2,500,000
Research, Biomarkers Management Fund	**534,226**	300,000
Volunteer Program Expansion	**75,000**	-
Communications	**-**	50,000
	3,804,365	3,219,558
	$ 11,286,888	$ 11,482,301

NOTE I - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets were released from donor restriction by incurring expenses satisfying the restricted purpose specified by the donors as follows for the years ended June 30, 2019 and 2018:

	2019	2018
Satisfaction of time restriction:		
Funds received	**$ 1,000,000**	$ 1,075,000
Satisfaction of purpose restriction:		
Research, FTD Biomarkers	**2,326,110**	282,965
Research, other	**85,000**	266,919
Research, Biomarkers Management Fund	**228,548**	174,838
Awareness	**19,796**	-
Communications	**37,631**	-
Families with children	**-**	2,337
	$ 3,697,085	$ 1,802,059

NOTE J - LEASE AGREEMENT

The Organization leases office space in a corporate center through December 2019. Total rental expense for the years ended June 30, 2019 and 2018 was $120,320 and $104,780, respectively.

On August 15, 2019, AFTD entered into an operating lease for new office space that has a commencement date of December 1, 2019 and expires on May 31, 2027. In addition to monthly payments ranging from $12,969 and $15,390, AFTD is also required to pay monthly operating expenses of $5,049. AFTD's rent for the first six months of the lease will be abated.

Schedule future annual lease payments under all operating leases as of June 30, 2019 are as follows:

Year Ending June 30	
2020	$ 111,493
2021	218,636
2022	222,786
2023	226,936
2024	231,086
Thereafter	697,718
	$ 1,708,655

NOTE K - CONTINGENT GRANT AWARDS

The Organization awards respite grants to reimburse caregivers for travel and 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. As of both June 30, 2019 and 2018, there were $15,000 of unexpired grants awarded for which the Organization has not received any reimbursement requests.

NOTE L - SIMPLE IRA PLAN

The Organization has a SIMPLE IRA Plan available to all employees earning at least $5,000 per year. Eligible employees are able to contribute up to 100% of their total compensation or $12,500 for calendar year 2019, or $16,000 if over age 50. The Organization must match 3% in at least three out of every five consecutive years. For the years ended June 30, 2019 and 2018, the employer match was $41,043 and $40,012, respectively.

NOTE M - RELATED PARTY TRANSACTIONS

A Board member had a direct relation to a substantial contributor for the years ended June 30, 2019 and 2018. Donations, including promises to give, from this contributor for the years ended June 30, 2019 and 2018 were $3,883,391 and $10,062,743, respectively. Contributions from this contributor represent 41.1% and 68.4% of total support for the years ended June 30, 2019 and 2018, respectively. Contributions receivable from this contributor were $9,896,134 and $8,562,743 as of June 30, 2019 and 2018, respectively.

The Organization has a member interest in a nonprofit limited liability company, FTD Disorders Registry, LLC (the “LLC”). The Organization’s CEO and a board member are members of the LLC's Management Committee responsible for oversight of the LLC's operations. The Organization has a contract with the LLC to provide the day-to-day oversight and operations for the LLC. During the year ended June 30, 2019 and 2018, the Organization billed the LLC $138,926 and $170,762, respectively, for services rendered. As of June 30, 2019 and 2018, accounts receivable from the LLC was $22,148 and $11,195, respectively. The Organization’s member interest as of June 30, 2018 and 2017 was 50%. Subsequent to the year ended June 30, 2019, another member was admitted and the Organization’s member interest decreased to 33.33%.

NOTE N - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through September 13, 2019, which is the date the financial statements were available to be issued.