

Neurofibromatosis, Inc., Northeast

Financial Statements

For the Years Ended
December 31, 2008 and 2007

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Neurofibromatosis, Inc., Northeast
Burlington, Massachusetts

We have audited the accompanying statements of financial position of **Neurofibromatosis, Inc., Northeast** (a not-for-profit organization) as of December 31, 2008 and 2007, and the related statements of functional expenses and cash flows for the years then ended, and statement of activities for the year ended December 31, 2008. 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 audits. The prior year summarized comparative information has been derived from the Organization's December 31, 2007 financial statements and in our report dated July 23, 2008, we expressed an unqualified opinion on those financial statements.

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 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 audits provide 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 **Neurofibromatosis, Inc., Northeast**, as of December 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Braver PC

Newton, Massachusetts
May 18, 2009

Neurofibromatosis, Inc., Northeast

Statements of Financial Position December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<i>Assets</i>		
Cash and cash equivalents	\$ 373,856	\$ 350,257
Prepaid expenses	1,706	1,706
Property and equipment, net	<u>8,782</u>	<u>12,024</u>
Total assets	<u>\$ 384,344</u>	<u>\$ 363,987</u>
<i>Liabilities and Net Assets</i>		
Liabilities		
Accounts payable	\$ 60,684	\$ 15,682
Accrued expenses	<u>15,084</u>	<u>12,621</u>
Total liabilities	<u>75,768</u>	<u>28,303</u>
Net assets		
Unrestricted	265,418	315,684
Temporarily restricted	<u>43,158</u>	<u>20,000</u>
Total net assets	<u>308,576</u>	<u>335,684</u>
Total liabilities and net assets	<u>\$ 384,344</u>	<u>\$ 363,987</u>

The accompanying notes are an integral part of these financial statements

Neurofibromatosis, Inc., Northeast

Statement of Activities For the Year Ended December 31, 2008 (With Comparative Totals for 2007)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2008</u>	<u>Total 2007</u>
Revenues				
Special event revenue	\$ 458,442	\$ 43,158	\$ 501,600	\$ 560,576
Special event costs	(144,475)	-	(144,475)	(135,677)
Net support from fundraising events	313,967	43,158	357,125	424,899
Contributions	72,753	-	72,753	74,687
Interest and dividend income	7,728	-	7,728	12,409
Membership dues	40	-	40	130
Net assets released from restrictions	20,000	(20,000)	-	-
Total revenues	<u>414,488</u>	<u>23,158</u>	<u>437,646</u>	<u>512,125</u>
Expenses				
Program	409,672	-	409,672	368,570
Management and general	34,441	-	34,441	53,491
Fundraising	20,641	-	20,641	31,182
Total expenses	<u>464,754</u>	<u>-</u>	<u>464,754</u>	<u>453,243</u>
Increase (decrease) in net assets	(50,266)	23,158	(27,108)	58,882
Net assets at beginning of year	<u>315,684</u>	<u>20,000</u>	<u>335,684</u>	<u>276,802</u>
Net assets at end of year	<u>\$ 265,418</u>	<u>\$ 43,158</u>	<u>\$ 308,576</u>	<u>\$ 335,684</u>

The accompanying notes are an integral part of these financial statements

Neurofibromatosis, Inc., Northeast

Statement of Functional Expenses For the Year Ended December 31, 2008

Expenses	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 131,659	\$ 21,665	\$ 13,333	\$ 166,657
Grants to other organizations	122,002	-	-	122,002
Public awareness	28,718	-	-	28,718
Lobbying expense	28,550	-	-	28,550
Accounting fees	18,024	2,966	1,825	22,815
Employee benefits	13,920	2,291	1,410	17,621
Payroll taxes	9,990	1,643	1,012	12,645
Office rent and utilities	9,779	1,609	990	12,378
Other program expense	8,227	-	-	8,227
Office supplies and postage	5,919	974	599	7,492
Development consultant	7,132	-	-	7,132
Bank processing fees	4,632	762	469	5,863
Telephone and internet	3,613	595	366	4,574
Depreciation	3,553	585	360	4,498
Camp	3,934	-	-	3,934
Insurance	2,735	450	277	3,462
Family support	3,060	-	-	3,060
Reports and newsletters	2,634	-	-	2,634
Volunteer development	1,591	-	-	1,591
Board meetings expense	-	901	-	901
	<u>\$ 409,672</u>	<u>\$ 34,441</u>	<u>\$ 20,641</u>	<u>\$ 464,754</u>

Continued...

Neurofibromatosis, Inc., Northeast

Statement of Functional Expenses For the Year Ended December 31, 2007

Expenses	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 102,627	\$ 21,992	\$ 21,992	\$ 146,611
Grants to other organizations	120,090	-	-	120,090
Public awareness	50,550	-	-	50,550
Lobbying expense	25,701	-	-	25,701
Accounting fees	-	21,600	-	21,600
Employee benefits	12,809	2,745	2,745	18,299
Other program expense	11,936	-	-	11,936
Payroll taxes	7,779	1,667	1,667	11,113
Office supplies and postage	6,594	1,413	1,413	9,420
Office rent and utilities	6,428	1,377	1,377	9,182
Camp	6,150	-	-	6,150
Reports and newsletters	5,975	-	-	5,975
Bank processing fees	3,926	841	841	5,608
Telephone and internet	2,550	546	546	3,642
Depreciation	1,541	330	330	2,201
Insurance	1,266	271	271	1,808
Family support	1,734	-	-	1,734
Volunteer development	914	-	-	914
Board meetings expense	-	709	-	709
	<u>\$ 368,570</u>	<u>\$ 53,491</u>	<u>\$ 31,182</u>	<u>\$ 453,243</u>

Neurofibromatosis, Inc., Northeast

Statements of Cash Flows For the Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities		
Change in net assets	\$ (27,108)	\$ 58,882
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	4,498	2,201
Changes in operating assets and liabilities		
Increase in prepaid expenses	-	(1,706)
Increase in accrued expenses	2,463	10,646
Increase in accounts payable	45,002	15,000
	<u>24,855</u>	<u>85,023</u>
Net cash provided by operating activities		
Cash flows from investing activities		
Purchase of property and equipment	<u>(1,256)</u>	<u>(9,370)</u>
	<u>(1,256)</u>	<u>(9,370)</u>
Net cash used in investing activities		
Net increase in cash and cash equivalents	23,599	75,653
Cash and cash equivalents at beginning of year	<u>350,257</u>	<u>274,604</u>
Cash and cash equivalents at end of year	<u><u>\$ 373,856</u></u>	<u><u>\$ 350,257</u></u>

Neurofibromatosis, Inc., Northeast

Notes Accompanying the Financial Statements For the Years Ended December 31, 2008 and 2007

1. Organization

Neurofibromatosis, Inc., Northeast (previously Neurofibromatosis, Inc. - Mass Bay Area) (the "Organization") is a Massachusetts not-for-profit organization founded in 1988. The Organization raises funds to support research of the causes, cure and treatment of a disease described as Neurofibromatosis, to promote and provide support services to patients and their families, to support clinics dedicated to diagnosis and treatment and to support programs intended to increase awareness of the disease.

2. Summary of Significant Accounting Policies

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.

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.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2007, from which the summarized information was derived.

Cash and Cash Equivalents

For purpose of the statements of cash flows, the Organization considers all highly-liquid investments with an initial maturity of three months or less to be cash equivalents.

Advertising Expense

The Organization uses advertising to promote its programs. The costs of advertising are expensed as incurred. During the years ended December 31, 2008 and 2007, advertising costs totaled \$23,030 and \$50,200, respectively, and are included in public awareness in the statements of functional expenses.

Neurofibromatosis, Inc., Northeast

Notes Accompanying the Financial Statements For the Years Ended December 31, 2008 and 2007

2. Summary of Significant Accounting Policies (Continued)

Property and Equipment

All acquisitions of property and equipment in excess of \$1,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight line method.

Grants Awards

Grants authorized but unpaid at year end are measured at fair value and reported as liabilities in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. The Organization periodically awards grants for research only after a peer review committee has analyzed and approved the grant proposal. At December 31, 2008 and 2007, the Organization has outstanding grants payable of \$60,002 and \$0, respectively.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income at both the state and federal levels. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). The Organization is also exempt from Massachusetts income taxes.

Donated Assets

Donated marketable securities and other noncash donations are recorded as contributions at their fair values at the date of donation.

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. Volunteers also provided fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Neurofibromatosis, Inc., Northeast

Notes Accompanying the Financial Statements For the Years Ended December 31, 2008 and 2007

2. Summary of Significant Accounting Policies (Continued)

Restricted and Unrestricted Revenue

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Expense Allocation

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

3. Property and Equipment

Property and equipment consist of the following major classifications as of December 31:

	<u>2008</u>	<u>2007</u>
Computer equipment	\$ 11,371	\$ 10,115
Software	<u>9,370</u>	<u>9,370</u>
	20,741	19,485
Less accumulated depreciation	<u>11,959</u>	<u>7,461</u>
	<u>\$ 8,782</u>	<u>\$ 12,024</u>

Depreciation expense amounted to \$4,498 and \$2,201 for the years ended December 31, 2008 and 2007, respectively.

4. Donated Services

The fair value of donated services included as contributions in the financial statements and the corresponding expenses for the years ended December 31, 2008 and 2007, are as follows:

	<u>2008</u>	<u>2007</u>
Management and General		
Accounting fees	\$ 10,400	\$ 9,300
Program - Public Awareness		
Radio advertising	<u>3,000</u>	<u>-</u>
	<u>\$ 13,400</u>	<u>\$ 9,300</u>

Neurofibromatosis, Inc., Northeast

Notes Accompanying the Financial Statements For the Years Ended December 31, 2008 and 2007

5. Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of temporary cash investments. The Organization places its temporary cash investments with financial institutions and limits the amount of credit exposure to any one institution. Cash balances held with various financial institutions occasionally exceed the insurance limit of \$250,000 provided by the Federal Deposit Insurance Corporation.

For the years ended December 31, 2008 and 2007, respectively, the Organization received approximately 42% and 36% of total revenues from one golf event.

6. Simple IRA Plan

The Organization maintains a simple IRA plan whereby the employees may elect to make contributions pursuant to a salary reduction agreement upon meeting age and length of service requirements. Employees may elect to defer up to \$10,500 of their yearly compensation. The Organization makes matching contributions of 3% of compensation not to exceed \$10,000 in matching the amount. The Organization contributions to the plan for the years ended December 31, 2008 and 2007 were \$3,350 and \$3,824, respectively.

7. Tenant at Will

The Organization occupies its office facilities located in Burlington, Massachusetts as a tenant at will. Rental expense, including common area expenses, was \$10,200 and \$7,200 for the years ended December 31, 2008 and 2007, respectively.

8. Commitments and Contingencies

Donations often require the fulfillment of certain conditions as set forth in the actual donation. Failure to fulfill the conditions could result in the return of funds to the donors. Although the return of funds is a possibility, the Board of Directors deems the contingency unlikely, since by accepting the gifts and their terms, it has made a commitment to fulfill the provisions of the gift.

9. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at December 31:

	2008	2007
Temporarily restricted net assets		
Research	\$ 23,158	\$ -
Support of affected individuals	20,000	20,000
	<u>\$ 43,158</u>	<u>\$ 20,000</u>

Neurofibromatosis, Inc., Northeast

Notes Accompanying the Financial Statements For the Years Ended December 31, 2008 and 2007

10. Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements. There was no change in the reported change in net assets.