

***National Tay-Sachs and  
Allied Diseases Association, Inc.***

Financial Statements  
Years Ended June 30, 2005 and 2004

**DRAFT**

**National Tay-Sachs and Allied Diseases Association, Inc.**

Financial Statements  
Years Ended June 30, 2005 and 2004

**Table of Contents**

**DRAFT**

Independent Auditors' Report on the Financial Statements ..... 1

**Financial Statements:**

Statements of Financial Position ..... 2

Combined Statements of Activities  
and Changes in Net Assets ..... 3

Statements of Functional Expenses ..... 4

Statements of Cash Flows ..... 5

Notes to Financial Statements ..... 6 – 15

# DRAFT

## Independent Auditors' Report on the Financial Statements

To the Board of Directors:  
National Tay-Sachs and Allied Diseases Association, Inc.  
Brighton, Massachusetts

We have audited the accompanying statements of financial position of National Tay-Sachs and Allied Diseases Association, Inc. (a non-profit organization) as of June 30, 2005 and 2004, and the related statements of activities, changes in net assets, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 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 National Tay-Sachs and Allied Diseases Association, Inc. as of June 30, 2005 and 2004 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.

# DRAFT

Wakefield, Massachusetts  
October 14, 2005

Members: *American Institute of Certified Public Accountants*  
*Massachusetts Society of Certified Public Accountants*

**National Tay-Sachs and Allied Diseases Association, Inc.**

Statements of Financial Position  
June 30, 2005 and 2004

**DRAFT**

*Assets*

	<u>2005</u>	<u>2004</u>
<b><u>Current assets:</u></b>		
Cash and cash equivalents (Note 2)	\$ 475,543	\$ 186,957
Accounts receivable (Note 2)	36,542	14,776
Promises to give (Notes 2, 4 and 12)	-	31,970
Prepaid expenses	3,458	2,965
Marketable securities (Notes 2 and 6)	1,837	-
Total current assets	<u>517,380</u>	<u>236,668</u>
Property and equipment, net (Notes 2 and 5)	6,323	6,961
Deposit	<u>900</u>	<u>900</u>
<b><i>Total assets</i></b>	<b><u><u>\$ 524,603</u></u></b>	<b><u><u>\$ 244,529</u></u></b>

*Liabilities & Net Assets*

<b><u>Current liabilities:</u></b>		
Accounts payable	\$ 2,748	\$ -
Accrued expenses	47,789	39,578
Escrow obligation (Note 7)	210,000	-
Deferred contributions	<u>2,000</u>	<u>-</u>
Total current liabilities	<u>262,537</u>	<u>39,578</u>
<b><u>Net assets:</u></b>		
Unrestricted net assets	5,705	19,158
Temporarily restricted net assets (Note 8)	<u>256,361</u>	<u>185,793</u>
Total net assets	<u>262,066</u>	<u>204,951</u>
<b><i>Total liabilities and net assets</i></b>	<b><u><u>\$ 524,603</u></u></b>	<b><u><u>\$ 244,529</u></u></b>

See accountants' audit report.

The accompanying notes are an integral part of the financial statements.

**National Tay-Sachs and Allied Diseases Association, Inc.**

Combined Statements of Activities and Changes in Net Assets

Years Ended June 30, 2005 and 2004

**DRAFT**

	2005			2004		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b><u>Support:</u></b>						
Special events and gifts	\$ 57,270	\$ 3,400	\$ 60,670	\$ 49,388	\$ 2,000	\$ 51,388
Foundations and corporations	41,500	-	41,500	18,000	-	18,000
Mail solicitations and contributions	81,646	148,318	229,964	97,133	99,397	196,530
Federations	1,836	-	1,836	2,872	-	2,872
Miscellaneous	-	-	-	50	-	50
<b><u>Revenue:</u></b>						
Quality control fees	31,732	-	31,732	32,000	-	32,000
Sales	557	-	557	1,262	-	1,262
Annual conference	94,837	-	94,837	63,954	9,500	73,454
Membership dues	8,566	-	8,566	12,770	-	12,770
Chapter dues and assessments	2,325	-	2,325	3,657	-	3,657
Interest and dividend income	635	3,243	3,878	334	410	744
Gains (losses) on marketable securities	(46)	-	(46)	-	-	-
<b>Total support and revenue</b>	<b>320,858</b>	<b>154,961</b>	<b>475,819</b>	<b>281,420</b>	<b>111,307</b>	<b>392,727</b>
<b><u>Net assets released from restrictions:</u></b>						
Satisfaction of program restrictions	84,393	(84,393)	-	118,465	(118,465)	-
<b>Total support and revenue</b>	<b>405,251</b>	<b>70,568</b>	<b>475,819</b>	<b>399,885</b>	<b>(7,158)</b>	<b>392,727</b>
<b><u>Expenses:</u></b>						
<b>Program services:</b>						
Family services	147,969	-	147,969	114,014	-	114,014
Education	96,387	-	96,387	71,357	-	71,357
Research	79,445	-	79,445	120,222	-	120,222
Advocacy	16,557	-	16,557	23,971	-	23,971
<b>Total program services</b>	<b>340,358</b>	<b>-</b>	<b>340,358</b>	<b>329,564</b>	<b>-</b>	<b>329,564</b>
<b>Supporting services:</b>						
Management and general	37,896	-	37,896	39,040	-	39,040
Fundraising	40,450	-	40,450	35,537	-	35,537
<b>Total supporting services</b>	<b>78,346</b>	<b>-</b>	<b>78,346</b>	<b>74,577</b>	<b>-</b>	<b>74,577</b>
<b>Total expenses</b>	<b>418,704</b>	<b>-</b>	<b>418,704</b>	<b>404,141</b>	<b>-</b>	<b>404,141</b>
<b>Increase (decrease) in net assets</b>	<b>(13,453)</b>	<b>70,568</b>	<b>57,115</b>	<b>(4,256)</b>	<b>(7,158)</b>	<b>(11,414)</b>
Net assets, beginning of year	19,158	185,793	204,951	23,414	192,951	216,365
<b>Net assets, end of year</b>	<b>\$ 5,705</b>	<b>\$ 256,361</b>	<b>\$ 262,066</b>	<b>\$ 19,158</b>	<b>\$ 185,793</b>	<b>\$ 204,951</b>

See accountants' audit report.

The accompanying notes are an integral part of the financial statements.

***National Tay-Sachs and Allied Diseases Association, Inc.***

**DRAFT**

Statements of Functional Expenses  
Years Ended June 30, 2005 and 2004

	Program Services				Supporting Services		Total Expenses June 30, 2004			
	Family Services	Education	Research	Advocacy	Total Program Services	Management and General		Fundraising		
Salaries	\$ 30,262	\$ 22,767	\$ 17,177	\$ 6,871	\$ 77,077	\$ 18,201	\$ 15,146	\$ 33,347	\$ 110,424	\$ 103,148
Payroll taxes	3,173	2,310	1,683	673	7,839	1,897	1,525	3,422	11,261	8,620
Employee benefits	4,194	3,348	3,020	1,359	11,921	3,291	2,417	5,708	17,629	18,420
Total salaries and related expenses	37,629	28,425	21,880	8,903	96,837	23,389	19,088	42,477	139,314	130,188
Bank fees	14	-	150	-	164	1,754	-	1,754	1,918	2,475
Computer services	-	-	-	-	-	2,002	-	2,002	2,002	1,771
Conference	91,203	-	-	-	91,203	-	-	-	91,203	65,803
Dues & subscriptions	100	230	-	300	630	128	243	371	1,001	1,048
Equipment rental	1,288	1,347	516	725	3,876	823	864	1,687	5,563	4,896
Gifts	-	-	-	-	-	61	-	61	61	266
Grants	-	26,225	46,247	-	72,472	-	-	-	72,472	112,319
Insurance	1,847	1,847	739	1,108	5,541	(681)	1,106	425	5,966	4,466
Licenses & fees	-	-	-	-	-	665	-	665	665	405
Marketing	-	-	-	-	-	-	-	-	-	6,139
Miscellaneous	-	-	-	-	-	-	-	-	-	105
Office expense	123	61	18	27	229	1,226	26	1,252	1,481	1,653
Postage & shipping	1,585	1,600	62	45	3,292	253	1,592	1,845	5,137	5,623
Printing & reproduction	445	472	162	244	1,323	660	9,543	10,203	11,526	7,965
Professional fees	4,261	4,261	1,704	2,556	12,782	1,704	2,556	4,260	17,042	18,344
Publications	1,507	11,666	-	-	13,173	-	1,270	1,270	14,443	6,585
Rent	2,688	4,032	2,688	840	10,248	3,242	3,360	6,602	16,850	15,671
Repairs & maintenance	61	61	24	37	183	24	36	60	243	128
Supplies	-	-	-	-	-	-	-	-	-	1,999
Symposia	305	12,407	3,125	-	15,837	-	-	-	15,837	4,582
Telephone	2,918	984	257	532	4,691	512	252	764	5,455	2,986
Travel & meetings	1,219	1,993	1,562	774	5,548	1,823	50	1,873	7,421	5,647
Utilities	292	292	117	175	876	117	174	291	1,167	1,067
Total expenses before depreciation	147,485	95,903	79,251	16,266	338,905	37,702	40,160	77,862	416,767	402,131
Depreciation	484	484	194	291	1,453	194	290	484	1,937	2,010
<b>Total expenses - program services and supporting services</b>	<b>\$ 147,969</b>	<b>\$ 96,387</b>	<b>\$ 79,445</b>	<b>\$ 16,557</b>	<b>\$ 340,358</b>	<b>\$ 37,896</b>	<b>\$ 40,450</b>	<b>\$ 78,346</b>	<b>\$ 418,704</b>	<b>\$ 404,141</b>

See accountants' audit report.  
The accompanying notes are an integral part of the financial statements.

\* emailed Diana

**National Tay-Sachs and Allied Diseases Association, Inc.**

Statements of Cash Flows  
Years Ended June 30, 2005 and 2004

**DRAFT**

	<u>2005</u>	<u>2004</u>
<b><u>Cash flows from operating activities:</u></b>		
<b>Net increase (decrease) in net assets</b>	<b>\$ 57,115</b>	<b>\$ (11,414)</b>
Adjustments to reconcile net increase (decrease) in net assets to net cash provided by (used in) operating activities		
Realized losses on sales of marketable securities	20	-
Unrealized losses on marketable securities	26	-
Depreciation	1,937	2,010
Increases (decreases) in cash resulting from changes in operating assets and liabilities		
Accounts receivable	(21,766)	3,010
Promises to give	31,970	(5,196)
Prepaid expenses	(493)	1,163
Accounts payable	2,748	-
Accrued expenses	8,211	471
Escrow obligations	210,000	-
Deferred contributions	2,000	-
<b>Net cash provided by (used in) operating activities</b>	<b><u>291,768</u></b>	<b><u>(9,956)</u></b>
<b><u>Cash flows from investing activities:</u></b>		
Payments for acquisition of fixed assets	(1,299)	-
Donations of marketable securities	(3,102)	-
Proceeds from sales of marketable securities	1,219	-
<b>Net cash used in investing activities</b>	<b><u>(3,182)</u></b>	<b><u>-</u></b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>288,586</b>	<b>(9,956)</b>
Cash and cash equivalents, beginning of year	<u>186,957</u>	<u>196,913</u>
<b>Cash and cash equivalents, end of year</b>	<b><u>\$ 475,543</u></b>	<b><u>\$ 186,957</u></b>

*See accountants' audit report.*

*The accompanying notes are an integral part of the financial statements.*

**National Tay-Sachs and Allied Diseases Association, Inc.**

Notes to Financial Statements  
Years Ended June 30, 2005 and 2004

**DRAFT**

**Note 1 Organization**

National Tay-Sachs and Allied Diseases Association, Inc. (the "Association") is a not-for-profit, voluntary health and welfare organization. It raises funds to support charitable and educational programs that aid in the detection, treatment and prevention of Tay-Sachs and other related genetic diseases occurring in infants, children and adults. The Association also raises funds to support family services, research and advocacy pertaining to these rare disorders. The national offices of the Association are located in Brighton, Massachusetts. In addition, there are active chapters in New York and Pennsylvania, as well as affiliates in Canada and Pennsylvania and a member organization in Florida.

During the year ended June 30, 2005 another not-for-profit organization, Late Onset Tay-Sachs Foundation ("LOTSF"), integrated its membership, programs and services into the Association. There was no legal merger of the two organizations, so the assets and liabilities of LOTSF remain with that legal entity.

**Note 2 Summary of Significant Accounting Policies**

**Nature of Activities**

The Association is supported primarily by donor contributions from the general public, either through direct donations or as a result of the Association's Annual Conference. Accordingly, approximately 97% and 95% of the Association's support for the Years Ended June 30, 2005 and 2004, respectively, came from donations from the general public, corporations and foundations.

**Basis of Accounting**

The financial statements of the Association reflect the accounts of the national organization only. The Association follows standards of accounting and financial reporting for voluntary health and welfare organizations. Accordingly, the financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

**National Tay-Sachs and Allied Diseases Association, Inc.**

Notes to Financial Statements  
Years Ended June 30, 2005 and 2004

**DRAFT**

**Note 2 Summary of Significant Accounting Policies, (continued)**

**Financial Statement Presentation**

The Association complies with Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Association 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. In addition, the Association is required to present a statement of cash flows.

**Contributions**

The Association also complies with SFAS No. 116, "Accounting for Contributions Received and Contributions Made." In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence or nature of any donor restrictions.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Association considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Based on management's assessment of the credit history with clients having outstanding balances and current relationships with them, it has concluded that realized losses on balances outstanding at June 30, 2005 and 2004 will be immaterial.

**National Tay-Sachs and Allied Diseases Association, Inc.**

Notes to Financial Statements  
Years Ended June 30, 2005 and 2004

**DRAFT**

**Note 2 Summary of Significant Accounting Policies, (continued)**

**Promises to Give**

Contributions are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are 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. All promises to give are deemed to be collectible within one year.

**Marketable Securities**

The Association follows the principles of SFAS No. 124 "Accounting for Certain Investments Held by Not-for-Profit Organizations." Donated securities are recorded at their fair market values on the date of donation. Donated securities that are unrestricted as to use are recorded as a contribution in unrestricted net assets. Marketable securities are carried at fair market value in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

**Property and Equipment**

The Association capitalizes expenditures for property and equipment in excess of \$500. Depreciation is computed using the straight-line method. Maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Property and equipment purchased by the Association are stated at cost. Donations of property and equipment are stated at their estimated fair value at the date of donation and recorded as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

**National Tay-Sachs and Allied Diseases Association, Inc.**

Notes to Financial Statements  
Years Ended June 30, 2005 and 2004

**DRAFT**

**Note 2 Summary of Significant Accounting Policies, (continued)**

**Property and Equipment, (continued)**

Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Association reclassifies temporarily restricted net assets to unrestricted net assets at that time.

**Contributed Services**

During the Years Ended June 30, 2005 and 2004, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Association in accomplishing its goals.

**Functional Expenses**

Directly identifiable expenses are charged to programs and supporting services accordingly. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Association.

**Advertising Costs**

The Association follows the policy of charging the costs of advertising to expense as incurred. Advertising expense for the years ended June 30, 2005 and 2004 totaled \$0 and \$6,139, respectively.

**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.

**National Tay-Sachs and Allied Diseases Association, Inc.**

Notes to Financial Statements  
Years Ended June 30, 2005 and 2004

**DRAFT**

**Note 2 Summary of Significant Accounting Policies, (continued)**

**Concentration of Credit Risk**

The Association maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$100,000 each. The Association believes it is not exposed to any significant credit risk on cash and cash equivalents.

**Note 3 Income Taxes**

The Association is a not-for-profit organization under Internal Revenue Code (IRC) Section 501(c)(3) and under similar state tax provisions. As such, income relating to the activities of the Association is exempt from taxation. Income unrelated to the activity of the Association is subject to federal and state income taxes. There was no unrelated business income for the Association reported for the years ended June 30, 2005 and 2004. Contributions to the Association qualify for the 50% charitable contribution deduction.

**National Tay-Sachs and Allied Diseases Association, Inc.**

Notes to Financial Statements  
Years Ended June 30, 2005 and 2004

**DRAFT**

**Note 4 Promises to Give**

Unconditional promises to give as of June 30, 2005 and 2004 are as follows:

	<u>2005</u>	<u>2004</u>
Contributions receivable from related parties	\$ -	\$ 17,220
Temporarily restricted contributions receivable	-	12,250
Other contributions receivable	<u>-</u>	<u>2,500</u>
	<u>\$ -</u>	<u>\$ 31,970</u>

No promises to give are pledged as collateral or otherwise limited as to use. Promises to give are expected to be collected within one year. Uncollectible promises are expected to be insignificant. There are no conditional promises to give.

**Note 5 Property and Equipment**

Property and equipment consisted of the following as of June 30, 2005 and 2004:

	<u>2005</u>	<u>2004</u>
Computer equipment	\$ 13,080	\$ 11,781
Furniture and fixtures	<u>12,601</u>	<u>12,601</u>
	25,681	24,382
Accumulated depreciation	( <u>19,358</u> )	( <u>17,421</u> )
	<u>\$ 6,323</u>	<u>\$ 6,961</u>

**National Tay-Sachs and Allied Diseases Association, Inc.**

Notes to Financial Statements  
Years Ended June 30, 2005 and 2004

**DRAFT**

**Note 6 Marketable Securities**

Investments in securities with readily determinable fair values are reported at fair value. Marketable securities at June 30 2005 and 2004 were comprised of the following:

	<u>2005</u>	<u>2004</u>
Equity securities	\$ 1,837	\$ -
	<u>\$ 1,837</u>	<u>\$ -</u>

\* **Note 7 Assets Transferred to a Recipient Organization**

new  
footnote

During the year ended June 30, 2005, the Association became party to a memorandum of understanding to create the Lysosomal Storage Disease Research Consortium ("LSDRC"). The purpose of this consortium is to promote exploratory technologies and mechanisms and clinical trials whose progress and understanding is shared by the scientific, medical and patient communities. The parties to the consortium transferred \$210,000 to the Association during the year. The memorandum of understanding stipulates that the LSDRC Application Review Committee shall award grants to qualified applicants and that the Association shall distribute funds according to the decisions of that committee. The Association has no variance power over the funds. The Association has recognized \$210,000 as an escrow obligation in the accompanying statement of financial position.

**National Tay-Sachs and Allied Diseases Association, Inc.**

Notes to Financial Statements  
Years Ended June 30, 2005 and 2004

**DRAFT**

**Note 8 Temporarily Restricted Net Assets**

Temporarily restricted net assets are available for specific needs as directed by individual donors or the board of directors and are released as specifications are met. Temporarily restricted net assets are comprised of the following cash amounts as of June 30, 2005 and 2004:

	<u>2005</u>	<u>2004</u>
Research Initiative	\$ 108,109	\$ 106,074
Craig P. Madsen Memorial Fund	20,830	22,674
Mollie Margolis Fund	16,604	14,529
James Wyatt Oram Fund	10,635	10,635
Baker Family Fund	20,276	9,593
Helping Hand	6,489	6,489
WEFSK	6,000	6,000
Lifeline	8,053	4,653
Canavan Education/Testing Fund	3,987	3,987
Taylor Sudbrink Memorial Fund	1,159	1,159
Emily Lynn Jones Memorial Fund	50,000	-
Gottlieb Scholarship	4,219	-
<b>Total temporarily restricted net assets</b>	<b><u>\$ 256,361</u></b>	<b><u>\$ 185,793</u></b>

**National Tay-Sachs and Allied Diseases Association, Inc.**

Notes to Financial Statements  
Years Ended June 30, 2005 and 2004

**DRAFT**

**Note 9 Joint Costs**

The Association achieves some of its programmatic and management and general goals in direct mailings that include requests for contributions. The costs of conducting those mailings included \$20,735 and \$0 of joint costs for fiscal years ending June 30, 2005 and 2004, respectively that are not directly attributable to either the program or management and general components or the fundraising component of the activities. Those joint costs were allocated as follows:

	<u>2005</u>	<u>2004</u>
Education	\$ 11,428	\$ -
Fundraising	<u>9,307</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 20,735</u></b>	<b><u>\$ -</u></b>

**Note 10 Commitments and Contingencies**

As of June 30, 2005, the Association had entered into various noncancellable operating lease agreements for the rental of office space for its administrative facilities and certain office equipment. These leases expire at various dates from April 2007 through August 2009. Minimum rentals, on an annual basis, are as follows:

Fiscal year ending June 30,	2006	\$ 22,400
	2007	19,700
	2008	5,200
	2009	3,100
	Thereafter	<u>500</u>
		<b><u>\$ 50,900</u></b>

The lease for the rental of office space provides that the Association must pay as additional rent, 4% of any increase in real estate taxes assessed against the building over its base year assessment. Rent expense for the years ended June 30, 2005 and 2004 totaled \$16,850 and \$15,671, respectively.

**National Tay-Sachs and Allied Diseases Association, Inc.**

Notes to Financial Statements  
Years Ended June 30, 2005 and 2004

**DRAFT**

**Note 11 Pension Plan**

On January 1, 2000, the Association established a SIMPLE IRA pension plan, covering all employees who earned \$5,000 or more, per year, during any prior year of employment. The Association will contribute a matching contribution to each eligible employee's SIMPLE IRA equal to the employee's salary reduction contributions up to a limit of 1% of the employee's compensation for the calendar year. The Association also contributes 2% of each eligible employee's compensation regardless of whether the employee elects to make a pretax contribution.

Pension plan expense for the years ending June 30, 2005 and 2004 totaled \$2,031 and \$1,993, respectively.

**Note 12 Related Party Transactions**

During year ending June 30, 2003, the Association accepted applications for research grants from a number of scientists including one who is a related party by virtue of being a member of the Board of Directors. Such applications are subject to rigorous review by a panel of scientific experts selected by the Board. The panel then submits recommendations to the Board regarding which applications are worthy of funding. A grant of \$49,923 was ultimately awarded to the related party during fiscal year 2003. The related party was recused from this entire process. During fiscal years ended June 30, 2005 and 2004, \$0 and \$24,961 of the grant were disbursed, respectively, resulting in balances of \$24,962 and \$24,962 as of June 30, 2005 and 2004, respectively.

During the year ending June 30, 2004 a member of the Board of Directors made a special pledge to match contributions the Association received during a certain appeal. The total matching amount as of June 30, 2004 is \$17,220 and is recognized as a promise to give as of that date. See Note 4. During the year ended June 30, 2005, the Organization collected that promise to give.