



The National **Fragile X** Foundation
Support-Awareness-Education-Research-Advocacy

NATIONAL FRAGILE X FOUNDATION

Financial Statements

For the Year Ended
December 31, 2008

THE NATIONAL FRAGILE X FOUNDATION

(A California Not-For-Profit Corporation)

December 31, 2008

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
The National Fragile X Foundation

We have audited the accompanying statements of financial position of The National Fragile X Foundation (a non-profit corporation) as of December 31, 2008 and 2007 and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of The National Fragile X Foundation management. 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 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 The National Fragile X Foundation as of December 31, 2008 and 2007 and the results of its operations and its cash flows for the years ended December 31, 2008 and 2007 in conformity with accounting principles generally accepted in the United States of America.

Danville, California
May 7, 2009

Regalia & Associates

THE NATIONAL FRAGILE X FOUNDATION

**Statements of Financial Position
December 31, 2008 and 2007**

	Unrestricted Net Assets	Temporarily Restricted Net Assets	2008 Total	2007 Total
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 176,695	97,313	274,008	449,877
Investments	5,388	-	5,388	440
Program and accounts receivable	64,360	-	64,360	-
Prepaid expenses	12,604	-	12,604	7,245
Total current assets	<u>259,047</u>	<u>97,313</u>	<u>356,360</u>	<u>457,562</u>
Noncurrent assets:				
Property, equipment and improvement	51,475	-	51,475	50,559
Accumulated depreciation	(35,777)	-	(35,777)	(29,326)
Security deposit	7,100	-	7,100	2,100
Total noncurrent assets	<u>22,798</u>	<u>-</u>	<u>22,798</u>	<u>23,333</u>
	<u>\$ 281,845</u>	<u>97,313</u>	<u>379,158</u>	<u>480,895</u>
<u>LIABILITIES AND NET ASSETS</u>				
Accounts payable	\$ 47,334	-	47,334	35,051
Accrued payroll liabilities	1,875	-	1,875	-
Managed funds	41,890	-	41,890	-
Grants payable - current	56,716	-	56,716	198,678
Total current liabilities	<u>147,815</u>	<u>-</u>	<u>147,815</u>	<u>233,729</u>
Grants payable - long term	-	-	-	34,923
Total liabilities	<u>147,815</u>	<u>-</u>	<u>147,815</u>	<u>268,652</u>
Net assets:				
Unrestricted	134,030	-	134,030	(44,553)
Temporarily restricted	-	97,313	97,313	256,796
Total net assets	<u>134,030</u>	<u>97,313</u>	<u>231,343</u>	<u>212,243</u>
	<u>\$ 281,845</u>	<u>97,313</u>	<u>379,158</u>	<u>480,895</u>

THE NATIONAL FRAGILE X FOUNDATION

Statements of Activities and Changes in Net Assets For the Year Ended December 31, 2008

(with Summarized Financial Information for the Year Ended December 31, 2007)

<i>Changes in net assets:</i>	Unrestricted Net Assets	Temporarily Restricted Net Assets	2008 Total	2007 Total
Revenue and support:				
Contributed income				
Contributions	\$ 1,159,512	187,903	1,347,415	1,844,396
Net assets released from restrictions	347,386	(347,386)	-	-
Total contributed income	<u>1,506,898</u>	<u>(159,483)</u>	<u>1,347,415</u>	<u>1,844,396</u>
Program revenue:				
Memberships	35,250	-	35,250	34,062
Program projects	55,760	-	55,760	57,283
Educational sales	16,586	-	16,586	13,408
Other	13,645	-	13,645	40,259
Total program revenue	<u>121,241</u>	<u>-</u>	<u>121,241</u>	<u>145,012</u>
Realized investment gains (losses)	44	-	44	(1,858)
Unrealized investment gains (losses)	(13)	-	(13)	7
Interest and dividends	3,994	-	3,994	6,396
Total revenue and support	<u>1,632,164</u>	<u>(159,483)</u>	<u>1,472,681</u>	<u>1,993,953</u>
Expenses:				
Programs and activities	1,246,860	-	1,246,860	1,346,664
Fundraising	89,275	-	89,275	317,003
Management and general	117,446	-	117,446	100,637
Total expenses	<u>1,453,581</u>	<u>-</u>	<u>1,453,581</u>	<u>1,764,304</u>
Increase (decrease) in net assets	178,583	(159,483)	19,100	229,649
Net assets (deficit) at beginning of year	(44,553)	256,796	212,243	(17,406)
Net assets at end of year	<u>\$ 134,030</u>	<u>97,313</u>	<u>231,343</u>	<u>212,243</u>

THE NATIONAL FRAGILE X FOUNDATION

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

	2008	2007
<i>Operating activities:</i>		
Increase in net assets	\$ 19,100	229,649
Adjustments to reconcile to cash provided by (used for) operating activities:		
Depreciation	6,451	6,543
Unrealized (gains) losses on investments	13	(7)
Changes in:		
Program and accounts receivable	(64,360)	-
Prepaid expenses	(5,359)	5,090
Security deposit	(5,000)	-
Accounts payable and accrued expenses	12,283	21,249
Accrued payroll liabilities	1,875	-
Managed funds	41,890	-
Grants payable (current and long-term)	(176,885)	(28,021)
Cash provided by (used for) operating activities	<u>(169,992)</u>	<u>234,503</u>
<i>Investing activities:</i>		
Acquisition of investments	(4,961)	(433)
Additions to property, equipment and improvements	(916)	(13,805)
Cash used for investing activities	<u>(5,877)</u>	<u>(14,238)</u>
Increase (decrease) in cash and cash equivalents	(175,869)	220,265
Cash and cash equivalents, beginning of year	449,877	229,612
Cash and cash equivalents, end of year	<u>\$ 274,008</u>	<u>449,877</u>
<i>Additional cash flow information:</i>		
Taxes paid	\$ 150	150
Interest paid	\$ 927	1,051

THE NATIONAL FRAGILE X FOUNDATION

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

(with Summarized Financial Information for the Year Ended December 31, 2007)

	Programs and Activities		Fundraising	Manage- ment and General	Totals Year Ended Dec. 31 2008	Totals Year Ended Dec. 31 2007
Bank and credit card fees	\$	-	-	20,828	20,828	17,980
Conferences		334,539	-	-	334,539	34,258
Depreciation		6,451	-	-	6,451	6,543
Educational materials		7,729	-	-	7,729	17,416
Equipment rental and repairs		3,621	-	639	4,260	6,072
Fundraising and marketing		-	89,275	-	89,275	60,574
Grants paid		116,254	-	-	116,254	447,735
Insurance		7,068	-	785	7,853	9,205
Interest		-	-	927	927	1,051
Miscellaneous		10,788	-	1,199	11,987	11,624
Outside and professional fees		224,658	-	39,646	264,304	194,930
Postage and shipping		18,623	-	2,069	20,692	36,720
Printing and reproduction		38,537	-	4,282	42,819	86,311
Program projects		50,835	-	-	50,835	198,609
Rent		30,210	-	3,357	33,567	25,232
Salaries, taxes and related benefits		350,653	-	38,962	389,615	294,540
Special events		-	-	-	-	188,518
Supplies and office		17,486	-	1,943	19,429	20,141
Telephone, internet and technology		16,614	-	1,846	18,460	26,416
Travel, meals and entertainment		12,794	-	963	13,757	80,429
Totals	\$	1,246,860	89,275	117,446	1,453,581	1,764,304

Notes to Financial Statements
December 31, 2008

1. Organization

The National Fragile X Foundation (“National Fragile X”) was created and incorporated in 2001 as a California tax-exempt, non-profit public benefit corporation. National Fragile X unites the Fragile X community to enrich lives through educational and emotional support, promote public and professional awareness, and advance research toward improved treatments and a cure for Fragile X. Fragile X is a family of genetic conditions which can impact individuals and families in various ways. These genetic conditions are related in that they are all caused by changes in the same DNA material known as the FMR1 gene.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of National Fragile X have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards Number (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, National Fragile X 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.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues, and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

National Fragile X considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. National Fragile X maintains its cash balances in high quality financial institutions, which at times may exceed federally insured limits. National Fragile X has not experienced any losses in such accounts.

Fair Value of Financial Instruments

Unless otherwise indicated, the fair values of all reported assets and liabilities, which represent financial instruments, none of which are held for trading purposes, approximate carrying values of such amounts.

Notes to Financial Statements

2. Summary of Significant Accounting Policies (continued)

Property, Equipment, and Improvements

Property and equipment are valued at cost or, if donated, at fair market value on the date of donation. Depreciation is provided by use of the straight-line method over the estimated useful lives of the assets. The cost of property and equipment greater than \$1,500 is capitalized and depreciated over the estimated useful life of each class of depreciable asset.

Net Assets

In accordance with accounting principles generally accepted in the United States of America, financial statements must present classes of net assets based on the following categories: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Grants and contributions are classified in the appropriate net asset category based on the absence or existence of donor-imposed restrictions that limit the use of the donated assets if they are designated as support for future periods or future projects when they are received.

National Fragile X reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets or if they are designated as support for future periods. When a donor's intended purpose is met or a time restriction expires, the temporarily restricted net asset is transferred to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions where restrictions are met in the same reporting period in which they are contributed are reported as unrestricted support.

Permanently restricted net assets include those net assets that must be maintained in perpetuity in accordance with donor restrictions. The investment return from such assets may be used for purposes as specified by the donor or, if the donor has not specified a purpose, the income from such investments is not restricted and is included in unrestricted net assets. National Fragile X had no permanently restricted net assets as of December 31, 2008 and 2007.

Unrestricted net assets include all of those donated assets that have no restrictions or limitations imposed on their use. The Board of Directors may elect certain unrestricted funds to be set aside as Board designated funds, which may not be spent without approval by the Board. No such funds were set-aside during the year ended December 31, 2008 and 2007.

At December 31, 2008 and 2007, National Fragile X had \$97,313 and \$201,417 in temporarily restricted net assets, respectively. During the years ended December 31, 2008 and 2007, net assets released from donor restrictions amounted to \$347,386 and \$259,570, respectively.

Notes to Financial Statements

2. Summary of Significant Accounting Policies (continued)

Revenue and Support Recognition

National Fragile X records contributions in accordance with the recommendations of the Financial Accounting Standards Board in its SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. Revenues from restricted grants and donations are recognized as income in the temporarily restricted fund in the period in which received and then transferred to unrestricted net assets when donor conditions are met and grant proceeds are considered earned. Grants which require the completion of certain feedback (and/or other reporting) as a precondition to funding are not recorded in the financial statements because, in the opinion of management, such funds are not “earned” until the final approval is obtained from the donor funding source.

Contributions

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in unrestricted net assets. National Fragile X reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets or if they are designated as support for future periods. When a donor’s intended purpose is met or a time restriction expires, the temporarily restricted net asset is transferred to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions in which the donor restrictions are never relieved are recorded as permanently restricted support. Donor-restricted contributions where restrictions are met in the same reporting period in which they are contributed are reported as unrestricted support.

Donated property is recorded at the estimated fair value at the date of receipt. National Fragile X reports gifts of property as unrestricted support unless explicit donor stipulations specify how the donated assets are to be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as temporarily restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, National Fragile X reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributed Services and Costs

Contributed services and costs are reflected at the fair value of the contribution received. The contributions of services and costs are recognized if they (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Accordingly, National Fragile X did not recognize any in-kind contributions during the year ended December 31, 2007.

Income Taxes

National Fragile X has received notification from the Internal Revenue Service and the State of California that it qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Section 27301d of the California Revenue and Taxation Code. This exemption is subject to periodic review by the federal and state taxing authorities.

Notes to Financial Statements

3. Cash and Cash Equivalents

Cash and cash equivalents include all funds in banks (checking, savings, and money market) at the time of purchase that have a maturity date of 90 days or less. With the exception of \$234,906 in various commercial checking accounts, National Fragile X maintains its cash balances in interest-earning accounts at December 31, 2008, generally at rates ranging from 0.90% to 1.2%. National Fragile X attempts to limit its credit risk associated with cash equivalents and marketable securities by utilizing accounts at highly rated financial institutions.

4. Investments

Investments of \$5,388 and \$440 at December 31, 2008 and 2007, respectively, consist of funds managed by Banc of America Investment Services, Inc. and are generally invested in corporate stocks. National Fragile X follows the provisions of Financial Accounting Standards Number 124. Accordingly, the recorded amounts of all investments are adjusted to reflect realized and unrealized gains and losses. Realized gains for the years ended December 31, 2008 and 2007 amounted to \$44 and \$-0-, respectively. During the years ended December 31, 2008 and 2007, unrealized losses for the years ended December 31, 2008 and 2007 amounted to \$13 and \$-0-, respectively. National Fragile X believes that unrealized gains and losses (if or when they materialize) reflect only temporary declines in the market values of its investments.

5. Property and Equipment

A summary of property and equipment is as follows at December 31, 2008 and 2007:

	Dec. 31, 2008	Dec. 31, 2007
Office equipment	\$ 48,805	47,889
Furniture and fixtures	2,670	2,670
Subtotal	51,475	50,559
Less accumulated depreciation	(35,777)	(29,326)
Total property, equipment and improvements (net)	\$ 15,698	21,233

Total depreciation expense for the years ended December 31, 2008 and 2007 amounted to \$6,451 and \$6,543, respectively, and is reflected on the statement of functional expenses.

6. Managed Funds

Managed funds of \$41,890 at December 31, 2008 represents amounts for which National Fragile X acts as a fiscal agent. Under the provisions of SFAS No. 116, managed funds are considered to be agency transactions and thus reflected as a liability on the statements of financial position.

THE NATIONAL FRAGILE X FOUNDATION

Notes to Financial Statements

7. Temporarily Restricted Net Assets

National Fragile X recognizes support from temporarily restricted net assets when the restrictions imposed by the donors have been satisfied or expired. Activity in temporarily restricted net assets for the years ended December 31, 2008 and 2007 is as follows:

	<u>Dec. 31, 2008</u>	<u>Dec. 31, 2007</u>
Beginning balance	\$ 256,796	151,579
Additions	187,903	364,787
Released from restrictions	<u>(347,386)</u>	<u>(259,570)</u>
Ending balance	<u>\$ 97,313</u>	<u>256,796</u>

8. Lease Commitments

National Fragile X leases its corporate office space under an operating lease expiring January 31, 2009. The office lease stipulates monthly rental payments of \$2,479 per month. National Fragile X is responsible for its proportionate share of building, maintenance and operating expenses which includes property taxes, insurance and utilities. National Fragile X is also obligated under an equipment lease expiring September 2010. The equipment lease requires a \$35 monthly payment.

Total rent expense for office space and the equipment lease for the years ended December 31, 2008 and 2007 amounted to \$33,987 and \$25,652, respectively, and is included on the statement of activities and changes in net assets.

Minimum annual payments on all noncancelable operating leases extending beyond one year are as follows:

<u>Year Ending December 31</u>		
2009	\$	28,936
2010		2,682

9. Acquisition of Conquer Fragile X

During the year ended December 31, 2007, National Fragile X acquired (and merged with) Conquer Fragile X which had previously operated under its own charter in Palm Beach, Florida. National Fragile X assumed all of the assets and liabilities of Conquer Fragile X and reflected all of the revenue and expense activity for the year ended December 31, 2007 in this financial statement.