

**BATTEN DISEASE SUPPORT AND  
RESEARCH ASSOCIATION**

**REPORT ON AUDIT OF  
FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED  
APRIL 30, 2009 and 2008**

# BATTEN DISEASE SUPPORT AND RESEARCH ASSOCIATION

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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Batten Disease Support and Research Association  
Reynoldsburg, Ohio

We have audited the accompanying statements of financial position of Batten Disease Support and Research Association as of April 30, 2009 and 2008, and the related statements of activities and changes in net assets 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 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 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 representation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above presently fairly, in all material respects, the financial position of Batten Disease Support and Research Association as of April 30, 2009 and 2008, and the changes in its net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Columbus, Ohio  
November 20, 2009

A handwritten signature in black ink that reads "Hemphill &amp; Associates".

**BATTEN DISEASE SUPPORT AND RESEARCH ASSOCIATION**  
**Statement of Financial Position**  
**As of April 30, 2009 and 2008**

	<b>2009</b>				<b>2008</b>			
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
<b>ASSETS</b>								
<b>Current Assets</b>								
Cash	\$ 52,473	\$ 478,310	\$ -	\$ 530,783	\$ 19,003	\$ 277,360	\$ -	\$ 296,363
Investments (Note 4)	36,944	58,105	51,381	146,430	16,522	112,301	82,650	211,473
Total Current Assets	<u>89,417</u>	<u>536,415</u>	<u>51,381</u>	<u>677,213</u>	<u>35,525</u>	<u>389,661</u>	<u>82,650</u>	<u>507,836</u>
<b>Property and Equipment (Note 1)</b>								
Equipment	12,269	-	-	12,269	12,327	-	-	12,327
Less: Accumulated Depreciation	(11,063)	-	-	(11,063)	(9,939)	-	-	(9,939)
	<u>1,206</u>	<u>-</u>	<u>-</u>	<u>1,206</u>	<u>2,388</u>	<u>-</u>	<u>-</u>	<u>2,388</u>
<b>Deposits</b>	<u>350</u>	<u>-</u>	<u>-</u>	<u>350</u>	<u>350</u>	<u>-</u>	<u>-</u>	<u>350</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 90,973</u></b>	<b><u>\$ 536,415</u></b>	<b><u>\$ 51,381</u></b>	<b><u>\$ 678,769</u></b>	<b><u>\$ 38,263</u></b>	<b><u>\$ 389,661</u></b>	<b><u>\$ 82,650</u></b>	<b><u>\$ 510,574</u></b>
<b>LIABILITIES AND NET ASSETS</b>								
<b>Current Liabilities</b>								
Payroll and Associated Taxes	\$ 7,850	\$ -	\$ -	\$ 7,850	\$ 9,434	\$ -	\$ -	\$ 9,434
Accrued Expenses	9,292	-	-	9,292	4,147	-	-	4,147
Total Current Liabilities	<u>17,142</u>	<u>-</u>	<u>-</u>	<u>17,142</u>	<u>13,581</u>	<u>-</u>	<u>-</u>	<u>13,581</u>
<b>TOTAL LIABILITIES</b>	<u>17,142</u>	<u>-</u>	<u>-</u>	<u>17,142</u>	<u>13,581</u>	<u>-</u>	<u>-</u>	<u>13,581</u>
<b>TOTAL NET ASSETS</b>	<u>73,831</u>	<u>536,415</u>	<u>51,381</u>	<u>661,627</u>	<u>24,682</u>	<u>389,661</u>	<u>82,650</u>	<u>496,993</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 90,973</u></b>	<b><u>\$ 536,415</u></b>	<b><u>\$ 51,381</u></b>	<b><u>\$ 678,769</u></b>	<b><u>\$ 38,263</u></b>	<b><u>\$ 389,661</u></b>	<b><u>\$ 82,650</u></b>	<b><u>\$ 510,574</u></b>

See Accompanying Notes to Financial Statements

**BATTEN DISEASE SUPPORT AND RESEARCH ASSOCIATION**  
**Statement of Activities and Changes in Net Assets**  
**For the Years Ended April 30, 2009 and 2008**

	Year Ended April 30, 2009				Year Ended April 30, 2008			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>OPERATING REVENUE &amp; SUPPORT</b>								
Donations	\$ 130,778	\$ 41,902	\$ 2,000	\$ 174,680	\$ 96,899	\$ 201,135	\$ -	\$ 298,034
Dues	4,720	-	-	4,720	3,385	-	-	3,385
Grants	10,000	-	-	10,000	-	-	-	-
Fundraising	82,051	364,133	-	446,184	68,297	291,085	-	359,382
Interest/Dividend Income	3,348	1,977	-	5,325	9,161	6,765	-	15,926
Other	1,225	311	-	1,536	19,300	-	-	19,300
Realized (Loss) / Gain on Investments	-	-	-	-	(442)	-	-	(442)
Unrealized (Loss) / Gain on Investments	(33,559)	823	(33,269)	(66,005)	(14,163)	-	-	(14,163)
Net Assets Released from Restrictions	262,392	(262,392)	-	-	428,258	(428,258)	-	-
<b>TOTAL OPERATING REVENUE &amp; SUPPORT</b>	<b>460,955</b>	<b>146,754</b>	<b>(31,269)</b>	<b>576,440</b>	<b>610,695</b>	<b>70,727</b>	<b>-</b>	<b>681,422</b>
<b>OPERATING EXPENSES</b>								
Payroll and Related Taxes	118,156	-	-	118,156	101,476	-	-	101,476
Conference Expense	37,446	-	-	37,446	40,605	-	-	40,605
Travel Expenses	11,003	-	-	11,003	11,881	-	-	11,881
Fees/Dues	3,247	-	-	3,247	2,790	-	-	2,790
Rent	7,270	-	-	7,270	5,950	-	-	5,950
Office Supplies	4,651	-	-	4,651	6,487	-	-	6,487
Printing	304	-	-	304	665	-	-	665
Depreciation	1,124	-	-	1,124	2,432	-	-	2,432
Telephone	3,291	-	-	3,291	4,223	-	-	4,223
Utilities	4,992	-	-	4,992	6,471	-	-	6,471
Sibling Program	3,062	-	-	3,062	3,249	-	-	3,249
Special Projects	8,000	-	-	8,000	1,364	-	-	1,364
Equipment	4,571	-	-	4,571	6,210	-	-	6,210
Postage	4,505	-	-	4,505	4,610	-	-	4,610
Professional Fees	13,668	-	-	13,668	13,613	-	-	13,613
Insurance	2,949	-	-	2,949	2,641	-	-	2,641
Other Conferences	2,594	-	-	2,594	1,367	-	-	1,367
Memorial	4,654	-	-	4,654	4,493	-	-	4,493
Meals & Entertainment	332	-	-	332	1,017	-	-	1,017
Research Awards	125,665	-	-	125,665	391,328	-	-	391,328
Flowers and Cards	-	-	-	-	55	-	-	55
Fundraising Expense	5,289	-	-	5,289	14,092	-	-	14,092
Nurse on Staff	42,997	-	-	42,997	36,440	-	-	36,440
Miscellaneous	2,036	-	-	2,036	19,493	-	-	19,493
<b>TOTAL OPERATING EXPENSES</b>	<b>411,806</b>	<b>-</b>	<b>-</b>	<b>411,806</b>	<b>682,952</b>	<b>-</b>	<b>-</b>	<b>682,952</b>
Changes in Net Assets	49,149	146,754	(31,269)	164,634	(72,257)	70,727	-	(1,530)
Net Assets at Beginning of Year	24,682	389,661	82,650	496,993	96,939	318,934	82,650	498,523
<b>Net Assets at End of Year</b>	<b>\$ 73,831</b>	<b>\$ 536,415</b>	<b>\$ 51,381</b>	<b>\$ 661,627</b>	<b>\$ 24,682</b>	<b>\$ 389,661</b>	<b>\$ 82,650</b>	<b>\$ 496,993</b>

See Accompanying Notes to Financial Statements

**BATTEN DISEASE SUPPORT AND RESEARCH ASSOCIATION****Statement of Cash Flows****For the Years Ended April 30, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
<b>Cash Flows From Operating Activities</b>		
Change in Net Assets	\$ 164,634	\$ (1,530)
<b>Adjustments To Reconcile Change In Net Assets to Cash From Operating Activities</b>		
Depreciation Expense	1,124	2,432
Loss on Disposal of Fixed Assets	58	-
Loss on Sale of Investments	-	442
Decrease in Payroll and Associated Taxes	(1,584)	-
Increase in Accrued Liabilities	5,145	7,680
Unrealized Loss on Investments	66,005	14,163
<b>Net Cash Provided by Operating Activities</b>	<u>235,382</u>	<u>23,187</u>
<b>Cash Flow From Investing Activities</b>		
(Purchase of) Proceeds from Investments	(962)	18,602
<b>Net Cash (Used in) Provided by Investing Activities</b>	<u>(962)</u>	<u>18,602</u>
<b>Cash Flows From Financing Activities</b>		
<b>Net Cash Used in Financing Activities</b>	<u>-</u>	<u>-</u>
Net Increase in Cash	234,420	41,789
Cash and Cash Equivalents at Beginning of Year	<u>296,363</u>	<u>254,574</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u><u>\$ 530,783</u></u>	<u><u>\$ 296,363</u></u>

See Accompanying Notes to Financial Statements

**BATTEN DISEASE SUPPORT AND RESEARCH ASSOCIATION**  
**Notes to Financial Statements**  
**April 30, 2009 and 2008**

<b>NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</b>
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**Operations**

The Association was created on July 15, 1987 in Spanaway, Washington. Currently, the Association is based in Columbus, Ohio, the home of the current Executive Director. The Executive Director manages the day-to-day activities and is paid a salary. A Board of Directors and sub-committees assist the Executive Director and provide leadership and direction to the Association. In addition, a network of volunteers assists the Executive Director in maintaining the operations of the Association.

**Association Vision**

The Association pioneers concepts designed to improve the health of persons with Batten Disease through investing in programs and services that will achieve measurable results.

**Association Mission**

The Association's mission is to:

- 1) Promote the civil and human rights of persons with Batten Disease.
- 2) Maximize the opportunities of persons with Batten Disease through medical, educational, vocational, habitational, and financial means in order to ensure these persons lead lives which are as normal as possible.
- 3) Educate lay persons and professionals as to the special needs of persons with Batten Disease, as well as their families.
- 4) Assist by providing information and referral services to secure benefits available by law.
- 5) Provide technical assistance and emotional support to families with Batten Disease and to provide research information as it is developed.
- 6) Promote research on Batten Disease.

**Basis of Accounting**

The Association's accounts are maintained on the accrual basis of accounting.

**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 may differ from these estimates.

**Cash Equivalents**

The Association considers all highly liquid investments with maturities of three months or less when purchased, including certificates of deposit, to be cash equivalents. The Association's cash is held at one financial institution. At April 30, 2009 and 2008, the cash balance in the Association's accounts exceeded federally insured limits by \$43,074 and \$195,903, respectively.

**BATTEN DISEASE SUPPORT AND RESEARCH ASSOCIATION**  
**Notes to Financial Statements**  
**April 30, 2009 and 2008**

<b>NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)</b>
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**Financial Statement Presentation**

The Association has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements for 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, temporarily restricted, and permanently restricted net assets.

Donor-restricted funds are used to differentiate the resources whose use is restricted by donors or grantors from resources on which donors or grantors have placed no restrictions and the resources that arise as a result of the operations of the entity for its stated purpose. Restricted funds received in a year and completely expended before the end of the year are classified as unrestricted revenues and expenses.

**Property and Equipment**

Capital expenditures in excess of \$500 are capitalized and depreciated over their useful life using tax methods of depreciation. The property and equipment is comprised of two copiers and two computers. Depreciation expense was \$1,124 and \$2,432 as of April 30, 2009 and 2008, respectively.

**Expense Allocation**

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of 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 Organization.

**Income Taxes**

The Association is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, and therefore has made no provisions for federal income taxes in the accompanying financial statements.

**BATTEN DISEASE SUPPORT AND RESEARCH ASSOCIATION**  
**Notes to Financial Statements**  
**April 30, 2009 and 2008**

<b>NOTE 2 - OPERATING LEASE</b>
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The Association leases office space. The lease began October 2005 with terms of \$475 per month in the initial year and a 2% increase annually over the lease's 10-year life.

Year ended	
April 30, 2010	\$ 6,120
April 30, 2011	6,240
April 30, 2012	6,366
April 30, 2013	6,493
April 30, 2014	6,623
Thereafter	10,122
<b>Total</b>	<b>\$ 41,964</b>

<b>NOTE 3 - RESTRICTIONS ON NET ASSETS</b>
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The April 30, 2009 temporarily restricted net assets of \$536,415 were comprised of donations received by the Association for specific uses. The Association has cash in the amount of \$17,373 restricted for the siblings of persons with Batten Disease, \$1,651 restricted for the Association's annual conference expenses, \$198,284 for clinical trials, and \$319,107 restricted for research grant awards.

The April 30, 2008 temporarily restricted net assets of \$389,661 were comprised of donations received by the Association for specific uses. The Association has cash in the amount of \$19,609 restricted for the siblings of persons with Batten Disease, \$11,090 restricted for the Association's annual conference expenses, and \$358,962 restricted for research grant awards.

As of April 30, 2009 and 2008, the Association had permanently restricted net assets of \$51,381 and \$82,650, respectively. These assets are restricted for the purpose of sustaining the Association.

The Association sends notifications to the medical and research communities regarding the availability of these funds. Interested parties submit grant requests detailing the research they are focusing on and how they would utilize the grant if it were awarded to them. A committee reviews each of the grant requests and funds are disbursed based on this review. The Association receives updates as to the progress of the research to insure that the granted funds were utilized as the recipient agreed.

**BATTEN DISEASE SUPPORT AND RESEARCH ASSOCIATION**

**Notes to Financial Statements**

**April 30, 2009 and 2008**

**NOTE 4 - INVESTMENTS**

The Association has adopted SFAS No. 124, Accounting for Certain Investments Held by Not-for-Profit Organizations. Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

The fair market value of the Association's investments is based on quoted market prices as of April 30, 2009 and 2008.

**NOTE 5 - LINE OF CREDIT**

The Association has a line of credit with a limit of \$50,000 with the same financial institution with which it maintains all of its bank accounts. The daily periodic interest rate on the outstanding principal balance is 8.75%. As of April 30, 2009, the Association had no principal outstanding.



**INDEPENDENT AUDITOR'S REPORT  
ON SUPPLEMENTARY INFORMATION**

The Board of Directors  
Batten Disease Support and Research Association  
Reynoldsburg, Ohio

Our report on our audit of the basic financial statements of Batten Disease Support and Research Association for the years ended April 30, 2009 and 2008 appears on page 1. The audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The statements of functional expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.

Columbus, Ohio  
November 20, 2009

A large, faint watermark of the Hemphill &amp; Associates logo is visible in the background, consisting of the stylized letters 'HCO' and the company name 'Hemphill &amp; Associates' in a cursive font.

**BATTEN DISEASE SUPPORT AND RESEARCH ASSOCIATION**  
**Statement of Functional Expenses**  
**For the Year Ended April 30, 2009**

	<b>Research</b>	<b>Conference</b>	<b>Sibling</b>	<b>Bereavement</b>	<b>Parent Mentor</b>	<b>Education</b>	<b>Member Services</b>	<b>Total Program Services</b>	<b>Fund- Raising</b>	<b>Management and General</b>	<b>Total Expenses</b>
Payroll and Related Taxes	\$ -	\$ 8,485	\$ 633	\$ 2,523	\$ 2,554	\$ 5,350	\$ 76,149	\$ 95,694	\$ 5,255	\$ 17,207	\$ 118,156
Conference Expense	-	37,446	-	-	-	-	-	37,446	-	-	37,446
Travel Expenses	1,374	630	-	3,450	-	2,699	428	8,581	-	2,422	11,003
Fees/Dues	94	-	-	-	-	-	63	157	100	2,990	3,247
Rent	-	-	-	-	-	-	4,386	4,386	-	2,884	7,270
Office Supplies	24	219	-	127	-	-	3,784	4,154	-	497	4,651
Printing	-	-	-	304	-	-	-	304	-	-	304
Depreciation	-	-	-	-	-	-	-	-	-	1,124	1,124
Telephone	246	118	16	46	450	176	2,332	3,384	2	(95)	3,291
Utilities	-	-	-	-	-	-	3,424	3,424	-	1,568	4,992
Sibling Program	-	-	3,062	-	-	-	-	3,062	-	-	3,062
Special Projects	-	-	-	-	-	8,000	-	8,000	-	-	8,000
Equipment	-	-	-	-	-	239	4,332	4,571	-	-	4,571
Postage	96	453	-	419	-	33	2,754	3,755	22	728	4,505
Professional Fees	1,794	-	-	-	-	-	204	1,998	1,250	10,420	13,668
Insurance	-	-	-	-	-	-	1,644	1,644	-	1,305	2,949
Other Conferences	1,377	-	-	-	-	1,062	155	2,594	-	-	2,594
Memorial	-	-	-	-	-	-	4,654	4,654	-	-	4,654
Meals & Entertainment	110	-	-	37	-	-	185	332	-	-	332
Research Awards	125,665	-	-	-	-	-	-	125,665	-	-	125,665
Flowers and Cards	-	-	-	-	-	-	-	-	-	-	-
Fundraising Expense	5,190	-	-	-	-	-	-	5,190	99	-	5,289
Nurse on Staff	-	-	-	-	-	-	42,997	42,997	-	-	42,997
Miscellaneous	-	-	-	-	-	100	567	667	-	1,369	2,036
<b>Total Expenses</b>	<b>\$ 135,970</b>	<b>\$ 47,351</b>	<b>\$ 3,711</b>	<b>\$ 6,906</b>	<b>\$ 3,004</b>	<b>\$ 17,659</b>	<b>\$ 148,058</b>	<b>\$ 362,659</b>	<b>\$ 6,728</b>	<b>\$ 42,419</b>	<b>\$ 411,806</b>

**BATTEN DISEASE SUPPORT AND RESEARCH ASSOCIATION**  
**Statement of Functional Expenses**  
**For the Year Ended April 30, 2008**

	<b>Research</b>	<b>Conference</b>	<b>Sibling</b>	<b>Bereavement</b>	<b>Parent Mentor</b>	<b>Education</b>	<b>Member Services</b>	<b>Total Program Services</b>	<b>Fund- Raising</b>	<b>Management and General</b>	<b>Total Expenses</b>
Payroll and Related Taxes	\$ -	\$ 8,435	\$ 677	\$ 2,088	\$ 2,027	\$ 2,364	\$ 72,179	\$ 87,770	\$ -	\$ 13,706	\$ 101,476
Conference Expense	-	40,359	-	246	-	-	-	40,605	-	-	40,605
Travel Expenses	1,796	562	-	921	-	2,159	5,974	11,412	-	469	11,881
Fees/Dues	130	-	-	-	-	-	941	1,071	-	1,719	2,790
Rent	-	-	-	-	-	-	3,927	3,927	-	2,023	5,950
Office Supplies	266	46	-	88	-	-	4,821	5,221	-	1,266	6,487
Printing	373	-	-	292	-	-	-	665	-	-	665
Depreciation	-	-	-	-	-	-	-	-	-	2,432	2,432
Telephone	180	70	11	15	421	78	2,348	3,123	1	1,099	4,223
Utilities	-	-	-	-	-	-	3,713	3,713	-	2,758	6,471
Sibling Program	-	-	3,249	-	-	-	-	3,249	-	-	3,249
Special Projects	-	-	-	-	-	864	-	864	-	500	1,364
Equipment	-	-	-	-	-	-	6,210	6,210	-	-	6,210
Postage	1,133	162	11	227	-	98	1,666	3,297	52	1,261	4,610
Professional Fees	2,400	-	575	-	-	-	144	3,119	1,524	8,970	13,613
Insurance	-	-	-	-	-	-	770	770	-	1,871	2,641
Other Conferences	900	-	-	-	-	338	129	1,367	-	-	1,367
Memorial	-	-	-	-	-	-	4,493	4,493	-	-	4,493
Meals & Entertainment	-	-	-	127	131	100	159	517	-	500	1,017
Research Awards	391,328	-	-	-	-	-	-	391,328	-	-	391,328
Flowers and Cards	-	-	-	-	-	-	55	55	-	-	55
Fundraising Expense	-	-	-	-	-	-	-	-	14,092	-	14,092
Nurse on Staff	-	-	-	-	-	-	36,440	36,440	-	-	36,440
Miscellaneous	616	274	-	-	-	16,736	1,738	19,364	-	129	19,493
<b>Total Expenses</b>	<b>\$ 399,122</b>	<b>\$ 49,908</b>	<b>\$ 4,523</b>	<b>\$ 4,004</b>	<b>\$ 2,579</b>	<b>\$ 22,737</b>	<b>\$ 145,707</b>	<b>\$ 628,580</b>	<b>\$ 15,669</b>	<b>\$ 38,703</b>	<b>\$ 682,952</b>