

**National Foundation for  
Ectodermal Dysplasias**

Auditor's Report and Financial Statements

December 31, 2008 and 2007

**National Foundation for Ectodermal Dysplasias**  
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**December 31, 2008 and 2007**

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**Independent Auditor's Report**

To the Board of Directors  
National Foundation for Ectodermal Dysplasias  
Mascoutah, Illinois

We have audited the accompanying statements of financial position of National Foundation for Ectodermal Dysplasias (a non-profit corporation) as of December 31, 2008 and 2007, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Foundation'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 presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of National Foundation for Ectodermal Dysplasias 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.

*Diel & Ferguson, LLC*

January 29, 2009

IN AFFILIATION WITH



DIEL & FORGUSON FINANCIAL GROUP  
[FINANCIAL • CONSULTING • CPA SERVICES]

**National Foundation for Ectodermal Dysplasias**  
**Statements of Financial Position**  
**December 31, 2008 and 2007**

	<b>2008</b>	<b>2007</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 683,923	\$ 1,183,595
Investments	561,302	642,968
Unconditional promises to give	-	8,400
Prepaid expenses	2,507	2,049
	1,247,732	1,837,012
<b>Property and Equipment</b>		
Office equipment	23,454	26,470
Accumulated depreciation	(18,043)	(17,670)
	5,411	8,800
<b>Other Assets</b>		
Investments	1,562	2,426
Total assets	\$ 1,254,705	\$ 1,848,238
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Payroll withholdings payable	\$ -	\$ 31
Sales tax payable	246	322
Research commitments - current portion	22,995	-
Treatment commitments - current portion	232,000	133,000
Academic scholarship commitments	1,250	-
Accrued expenses	46,353	27,079
	302,844	160,432
<b>Long-term Liabilities</b>		
Research commitments - less current portion	-	22,995
Treatment commitments - less current portion	157,662	223,410
	157,662	246,405
Total liabilities	460,506	406,837
<b>Net Assets</b>		
Unrestricted		
Undesignated	737,745	1,347,665
Designated	50,421	81,381
Temporarily restricted	6,033	12,355
Total net assets	794,199	1,441,401
Total liabilities and net assets	\$ 1,254,705	\$ 1,848,238

See accompanying notes to financial statements.

**National Foundation for Ectodermal Dysplasias**  
**Statements of Activities**  
**Years Ended December 31, 2008 and 2007**

	<u>2008</u>			<u>2007</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenues, Gains and Other Support</b>						
Contributions						
Donations	\$ 557,621	\$ 120,321	\$ 677,942	\$ 621,828	\$ 139,980	\$ 761,808
Grants	14,850	29,465	44,315	4,000	11,850	15,850
In-kind materials, facilities and services	1,604	21,580	23,184	2,261	6,770	9,031
Conference registration fees	10,540	-	10,540	10,939	-	10,939
Sales of publications / promotional items	4,670	-	4,670	3,725	-	3,725
Special event revenue	155,462	-	155,462	156,808	-	156,808
Less: costs of direct benefits to donors	<u>(102,250)</u>	<u>-</u>	<u>(102,250)</u>	<u>(109,183)</u>	<u>-</u>	<u>(109,183)</u>
	642,497	171,366	813,863	690,378	158,600	848,978
Interest and dividend income	47,789	-	47,789	99,167	-	99,167
Net unrealized and realized loss on investments	(281,424)	-	(281,424)	(4,828)	-	(4,828)
Net assets released from restrictions	<u>177,688</u>	<u>(177,688)</u>	<u>-</u>	<u>158,097</u>	<u>(158,097)</u>	<u>-</u>
Total revenues, gains and other support	<u>586,550</u>	<u>(6,322)</u>	<u>580,228</u>	<u>942,814</u>	<u>503</u>	<u>943,317</u>
<b>Expenses</b>						
Education	188,914	-	188,914	188,961	-	188,961
Family services	275,269	-	275,269	249,108	-	249,108
Treatment	232,941	-	232,941	247,483	-	247,483
Research	<u>353,467</u>	<u>-</u>	<u>353,467</u>	<u>242,886</u>	<u>-</u>	<u>242,886</u>
Total program services	1,050,591	-	1,050,591	928,438	-	928,438
Management and general	92,277	-	92,277	94,667	-	94,667
Fundraising	<u>84,562</u>	<u>-</u>	<u>84,562</u>	<u>52,145</u>	<u>-</u>	<u>52,145</u>
Total expenses	<u>1,227,430</u>	<u>-</u>	<u>1,227,430</u>	<u>1,075,250</u>	<u>-</u>	<u>1,075,250</u>
<b>Change in Net Assets</b>	(640,880)	(6,322)	(647,202)	(132,436)	503	(131,933)
<b>Net Assets, Beginning of Year</b>	<u>1,429,046</u>	<u>12,355</u>	<u>1,441,401</u>	<u>1,561,482</u>	<u>11,852</u>	<u>1,573,334</u>
<b>Net Assets, End of Year</b>	<u>\$ 788,166</u>	<u>\$ 6,033</u>	<u>\$ 794,199</u>	<u>\$ 1,429,046</u>	<u>\$ 12,355</u>	<u>\$ 1,441,401</u>

See accompanying notes to financial statements.

**National Foundation for Ectodermal Dysplasias**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2008**

	<u>Program Services</u>					<u>Support Services</u>			
	<u>Education</u>	<u>Family Services</u>	<u>Treatment</u>	<u>Research</u>	<u>Total</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	<u>Total</u>
Salaries and wages	\$ 77,219	\$ 90,159	\$ 28,274	\$ 78,618	\$ 274,270	\$ 34,849	\$ 32,471	\$ 67,320	\$ 341,590
Payroll taxes	5,945	6,967	2,193	6,080	21,185	2,654	2,546	5,200	26,385
Employee benefits	13,264	15,800	5,274	12,386	46,724	9,526	5,932	15,458	62,182
Total salaries and related expenses	96,428	112,926	35,741	97,084	342,179	47,029	40,949	87,978	430,157
Bank / credit card fees	-	-	-	-	-	4,256	-	4,256	4,256
Board of Directors	4,581	4,654	2,901	-	12,136	1,010	-	1,010	13,146
Client assistance	-	8,721	180,590	-	189,311	-	-	-	189,311
Communications	860	969	296	757	2,882	404	481	885	3,767
Continuing education	873	155	47	120	1,195	90	77	167	1,362
Depreciation	697	788	242	606	2,333	303	394	697	3,030
Direct mail	-	-	-	-	-	-	24,401	24,401	24,401
Employee campaigns	-	-	-	-	-	-	50	50	50
Family conferences	1,372	84,025	13	33	85,443	-	-	-	85,443
Family support network	-	1,919	-	-	1,919	-	-	-	1,919
Insurance	848	959	295	738	2,840	369	479	848	3,688
Investment commissions / fees	-	-	-	-	-	249	-	249	249
Loss on fixed asset disposals	83	93	28	72	276	36	47	83	359
Memberships	2,558	87	27	967	3,639	993	44	1,037	4,676
Miscellaneous	-	-	-	-	-	-	1,285	1,285	1,285
Newsletter	28,863	-	-	-	28,863	-	-	-	28,863
Office equipment	4,314	4,877	1,501	3,752	14,444	1,906	2,439	4,345	18,789
Office supplies	2,722	4,792	1,030	3,700	12,244	1,240	1,977	3,217	15,461
Postage	4,650	5,712	1,204	2,629	14,195	584	892	1,476	15,671
Printed / electronic information	8,453	2,848	611	6,933	18,845	1,261	1,068	2,329	21,174
Professional fees	8,855	531	226	565	10,177	21,414	368	21,782	31,959
Promotional items	-	273	-	-	273	2,477	-	2,477	2,750
Public relations	3,665	81	25	62	3,833	1,710	2,163	3,873	7,706
Rent	4,968	5,616	1,728	4,320	16,632	2,160	2,808	4,968	21,600
Repairs and maintenance	928	1,049	310	774	3,061	403	524	927	3,988
Research funding	-	-	-	102,500	102,500	-	-	-	102,500
Scholarships	-	24,600	-	-	24,600	-	-	-	24,600
Strategic plan	4,864	5,499	1,692	4,230	16,285	2,115	2,750	4,865	21,150
Travel / meetings	7,277	2,903	4,067	122,708	136,955	1,810	770	2,580	139,535
Utilities	1,055	1,192	367	917	3,531	458	596	1,054	4,585
Total expenses	<u>\$ 188,914</u>	<u>\$ 275,269</u>	<u>\$ 232,941</u>	<u>\$ 353,467</u>	<u>\$ 1,050,591</u>	<u>\$ 92,277</u>	<u>\$ 84,562</u>	<u>\$ 176,839</u>	<u>\$ 1,227,430</u>

See accompanying notes to financial statements.

**National Foundation for Ectodermal Dysplasias**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2007**

	<u>Program Services</u>					<u>Support Services</u>			
	<u>Education</u>	<u>Family Services</u>	<u>Treatment</u>	<u>Research</u>	<u>Total</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	<u>Total</u>
Salaries and wages	\$ 79,504	\$ 80,845	\$ 20,028	\$ 77,198	\$ 257,575	\$ 37,226	\$ 22,828	\$ 60,054	\$ 317,629
Payroll taxes	6,411	6,490	1,529	6,025	20,455	2,939	1,939	4,878	25,333
Employee benefits	10,484	10,686	1,981	7,478	30,629	8,794	1,659	10,453	41,082
Total salaries and related expenses	96,399	98,021	23,538	90,701	308,659	48,959	26,426	75,385	384,044
Bank / credit card fees	-	-	-	-	-	4,366	-	4,366	4,366
Board of Directors	5,156	5,188	45	-	10,389	1,130	-	1,130	11,519
Client assistance	-	7,947	206,555	-	214,502	-	-	-	214,502
Communications	969	968	209	842	2,988	446	335	781	3,769
Continuing education	2,595	145	-	-	2,740	1,710	90	1,800	4,540
Depreciation	1,147	1,147	221	970	3,485	529	397	926	4,411
Direct mail	-	-	-	-	-	-	12,719	12,719	12,719
Employee campaigns	-	-	-	-	-	-	(231)	(231)	(231)
Family conferences	-	76,455	-	-	76,455	-	-	-	76,455
Family support network	-	477	-	-	477	-	-	-	477
Insurance	1,109	1,109	213	938	3,369	512	384	896	4,265
Investment commissions / fees	-	-	-	-	-	847	-	847	847
Loss on fixed asset disposals	58	58	11	49	176	27	20	47	223
Memberships	1,077	-	-	700	1,777	2,398	295	2,693	4,470
Miscellaneous	-	-	-	-	-	-	683	683	683
Newsletter	20,561	-	-	-	20,561	-	-	-	20,561
Office equipment	5,296	5,285	1,029	4,492	16,102	2,434	1,833	4,267	20,369
Office supplies	3,433	3,208	909	3,679	11,229	1,406	1,387	2,793	14,022
Postage	7,601	7,792	1,535	6,559	23,487	3,475	2,691	6,166	29,653
Printed / electronic information	28,385	2,987	432	5,181	36,985	1,038	778	1,816	38,801
Professional fees	2,700	2,700	-	1,266	6,666	17,463	22	17,485	24,151
Promotional items	771	-	-	674	1,445	1,469	-	1,469	2,914
Public relations	370	203	-	-	573	1,502	814	2,316	2,889
Rent	5,616	5,616	1,080	4,752	17,064	2,592	1,944	4,536	21,600
Repairs and maintenance	749	749	144	634	2,276	346	259	605	2,881
Research funding	-	-	-	97,097	97,097	-	-	-	97,097
Scholarships	-	25,000	-	-	25,000	-	-	-	25,000
Travel / meetings	3,795	2,879	11,336	23,354	41,364	1,476	893	2,369	43,733
Utilities	1,174	1,174	226	998	3,572	542	406	948	4,520
Total expenses	\$ 188,961	\$ 249,108	\$ 247,483	\$ 242,886	\$ 928,438	\$ 94,667	\$ 52,145	\$ 146,812	\$ 1,075,250

See accompanying notes to financial statements.

**National Foundation for Ectodermal Dysplasias**  
**Statements of Cash Flows**  
**Years Ended December 31, 2008 and 2007**

	<b>2008</b>	<b>2007</b>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (647,202)	\$ (131,933)
Items not requiring (providing) operating activities cash flows		
Depreciation	3,030	4,411
Loss on fixed asset disposals	359	223
Donated investments	(22,699)	(28,399)
Net unrealized and realized loss on investments	281,424	4,828
(Increase) decrease in		
Unconditional promises to give	8,400	12,495
Prepaid expenses	(458)	-
Increase (decrease) in		
Other payables	(107)	(8,520)
Commitments	34,502	57,719
Accrued expenses	19,274	-
	<u>(323,477)</u>	<u>(89,176)</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of investments	(199,202)	(250,963)
Proceeds from sale of investments	22,194	208,942
Return of capital	813	496
	<u>(176,195)</u>	<u>(41,525)</u>
<b>Decrease in Cash and Cash Equivalents</b>	(499,672)	(130,701)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>1,183,595</u>	<u>1,314,296</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 683,923</u>	<u>\$ 1,183,595</u>

See accompanying notes to financial statements.

**National Foundation for Ectodermal Dysplasias  
Notes to Financial Statements  
For the Year Ended December 31, 2008 and 2007**

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**Note 1 - Organization**

The National Foundation for Ectodermal Dysplasias d/b/a Skin and Dental Dysfunction Foundation (the "Foundation") is a non-profit Illinois corporation organized in 1981. The Foundation's mission is to be the authoritative resource for information on the ectodermal dysplasias ("ED") syndromes; provide services that meet the physical, emotional, informational, and social need of affected individuals and their families, and help them lead a normal life; and support research on the ectodermal dysplasias syndromes. The Foundation's revenues and other support are derived principally from contributions. Its activities reach out to individuals and families around the world but are conducted principally in the United States.

The Foundation has established the following program services:

**Education**

The Foundation's education efforts include publishing and distributing a variety of printed and electronic information that describes the ED syndromes, its cause and treatment. The Foundation also helps individuals and families educate teachers, school administrators, sports coaches and others about the physical challenges presented by ED syndromes and about ways to meet these challenges.

**Family Services**

The Foundation offers numerous family support services. The Foundation hosts national and regional conferences annually where individuals and families who are dealing with one of the ED syndromes can meet with care providers who are familiar with ED, as well as with other families. It also provides financial assistance to approve individuals who attend the National Family Conference. The staff at the Foundation is also available to answer questions or provide direction as needed. Other family services include assistance in navigating the insurance process of coverage of oral health care; awarding education scholarships to affected individuals; and providing listings of care providers when needed.

**Treatment**

The Foundation provides financial assistance for medical and dental related care to qualified individuals who are diagnosed with an ectodermal dysplasia syndrome. It also underwrites meetings that are relevant to care and treatment of this disorder.

**Research**

The Foundation provides grants for research in areas relevant to ectodermal dysplasias, such as treatment therapies, gene identification, and a cure. It also underwrites scientific meetings that are relevant to this disorder.

**Note 2 - Summary of Significant Accounting Policies**

(a) **Basis of Accounting**

The financial statements of the Foundation are prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenditures are recognized when incurred.

**National Foundation for Ectodermal Dysplasias**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2008 and 2007**

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

(b) Basis of Presentation

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements for Not-for-Profit Organizations*. Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. A description of the three net asset categories follows:

Unrestricted - Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted - Net assets whose use by the Foundation is subject to donor-imposed restrictions that can be fulfilled by actions of the Foundation pursuant to those restrictions or that expire by the passage of time.

Permanently Restricted - Net assets subject to donor-imposed restrictions that they be maintained permanently by the Foundation. No permanently restricted assets were held during 2008 and 2007 and accordingly, these financials do not reflect any activity related to this class of net assets.

(c) Cash and Cash Equivalents

For the statement of financial position and statement of cash flows, cash and cash equivalents consist of deposits in non-interest bearing accounts with a local financial institution and deposits in money market accounts with investment brokers and a fund manager.

(d) Investments and Investment Return

Investments in equity securities having a readily determinable fair value and investments in all debt securities are carried at their fair values in the statement of financial position. The Foundation classifies investments with a due date expiring in the following fiscal year as current assets. Donated investments are recorded as contributions at their estimated fair values at the date of donation.

Investment return includes dividends, interest, and realized and unrealized gains and losses on investments. Investment returns are reflected in the statement of activities as unrestricted, unless the donor or relevant laws place temporary or permanent restrictions on its use.

(e) Property and Equipment

Property and equipment are recorded at cost when purchased, or if donated, at their estimated fair market value at date of donation. All acquisitions of property and equipment in excess of \$5,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Depreciation is provided on the straight-line method over the estimated useful lives of each asset. Depreciation expense for the years ended December 31, 2008 and 2007 was \$3,030 and \$4,411, respectively.

**National Foundation for Ectodermal Dysplasias**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2008 and 2007**

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

(f) Academic Scholarship, Treatment, and Research Commitments

Unconditional grants or contributions to others are recorded as program expenses in the period the awards are authorized. Conditional grants or contributions to others are recorded when the conditions have been substantially met by the grantee.

(g) Contributions

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donated property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. 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 contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies temporarily restricted net assets to unrestricted assets at that time.

Unconditional promises to give are recognized as revenues or gains in the period received as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

(h) In-Kind Materials, Facilities and Services

Donated materials are recorded as contributions and as costs of direct benefits to donors or as expenses of the appropriate program or supporting service at their determinable fair value at the date of donation.

Donated facilities are recorded as contributions and expenses at the date of donation at the amount of (a) the fair rental value of the facilities if the Foundation receives the use of the facilities at no cost or (b) the fair rental value of the facilities less the Foundation's contractual lease obligation if it receives the use of the facilities at below-market rates.

Donated services are recorded as contributions and expenses at their estimated fair value at the date of donation if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

**National Foundation for Ectodermal Dysplasias**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2008 and 2007**

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

(i) Functional Expenses

The cost of providing various programs and supporting services have been reported on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the various programs and supporting services based on estimates made by management.

(j) Income Taxes

The Foundation, a non-profit organization operating under Section 501(c)(3) of the Internal Revenue Code, is exempt from federal, state and local income taxes and, accordingly, no provision for income taxes is included in the financial statements. However, the Foundation is subject to federal income tax on any unrelated business taxable income. In addition, the Foundation qualifies as a public charity under sections 509(a)(1) and 170(b)(1)(A)(iv) of the Internal Revenue Code.

(k) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent 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 these estimates.

(l) Reclassifications

Certain reclassifications have been made to the 2007 financial statements to conform to the 2008 financial statement presentation. These reclassifications have no effect on the change in net assets.

**Note 3 - Cash and Cash Equivalents**

Cash and cash equivalents consist of the following at December 31:

	<b>2008</b>	<b>2007</b>
Regions Bank - non-interest bearing	\$ 97,737	\$ 109,811
Wachovia Securities	586,140	1,073,738
Morgan Keegan & Company, Inc.	46	46
	\$ 683,923	\$ 1,183,595

The Foundation's deposits with the local financial institution exceeded the Federal Deposit Insurance Corporation limits at various times during the years ended December 31, 2008 and 2007. Total uninsured deposit balances at December 31, 2008 and 2007 were \$-0- and \$25,384, respectively. The Foundation maintains its cash with a high quality financial institution which the Foundation believes limits these risks.

**National Foundation for Ectodermal Dysplasias**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2008 and 2007**

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**Note 4 - Investments**

Investments have been valued using quoted prices in active markets for identical assets and consist of the following at December 31:

	<b>2008</b>	<b>2007</b>
Equity securities	\$ 299	\$ -
Government agency securities	1,562	2,426
Mutual funds	561,003	642,968
	\$ 562,864	\$ 645,394

The government agency securities have been classified as noncurrent assets due to their maturity dates.

**Note 5 - Unconditional Promises to Give**

Unconditional promises to give consist of the following pledges receivable at December 31:

	<b>2008</b>	<b>2007</b>
Due in less than one year	\$ -	\$ 8,400
Due in one to two years	-	-
	\$ -	\$ 8,400

The pledges receivable in 2007 are from two members of the Board of Directors. The Foundation considers unconditional promises to give to be fully collectible; accordingly, no allowance for doubtful accounts is required.

**Note 6 - Academic Scholarship, Treatment, and Research Commitments**

Academic scholarship, treatment, and research commitments consist of unconditional grants or contributions and are to be paid according to the following schedule at December 31, 2008:

	<b>Academic Scholarship</b>	<b>Treatment</b>	<b>Research</b>	<b>Total</b>
Less than one year	\$ 1,250	\$ 232,000	\$ 22,995	\$ 256,245
One to five years	-	157,662	-	157,662
	\$ 1,250	\$ 389,662	\$ 22,995	\$ 413,907

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**Note 7 - Unrestricted Net Assets Designated by Board**

Designations are voluntary board-approved segregations of unrestricted net assets for specific purposes, projects, or investments. Board designated net assets consist of the following at December 31:

	<u>2008</u>	<u>2007</u>
Academic scholarships	\$ 21,504	\$ 27,000
Skin erosion follow-up	13,917	13,917
Access to Care follow-up	10,000	10,000
Treatment assistance program	5,000	5,000
Rental of additional office space	-	2,964
Classification conference	-	22,500
	<u>\$ 50,421</u>	<u>\$ 81,381</u>

**Note 8 - Temporarily Restricted Net Assets**

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

	<u>2008</u>	<u>2007</u>
Education program	\$ 4,542	\$ -
Family services program	-	1,791
Research program	1,491	10,564
	<u>\$ 6,033</u>	<u>\$ 12,355</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by donors as follows for the years ended December 31:

	<u>2008</u>	<u>2007</u>
Education program	\$ 11,466	\$ 6,642
Family Services program	36,006	50,014
Treatment program	16,796	66,568
Research program	113,420	34,873
	<u>\$ 177,688</u>	<u>\$ 158,097</u>

**Note 9 - Retirement Plan**

The Foundation offers a SIMPLE individual retirement plan covering substantially all employees. The Board of Directors annually determines the amount, if any, of the Foundation's contributions to the plan. Contribution expense was \$8,698 and \$8,386 for the years ended December 31, 2008 and 2007, respectively.

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**Note 10 - Significant Concentrations**

The Foundation received \$217,735 (37%) and \$360,795 (38%) of its support and revenues from donations and special event revenue, net of costs of direct benefits to donors, from its "Halloween Bash" fundraising event for the years ended December 31, 2008 and 2007, respectively.

**Note 11 - Lease Commitments**

The Foundation leases office space and equipment. All of the leases have initial non-cancelable lease terms in excess of one year and expire in various years through 2012. Future minimum lease payments at December 31, 2008 are as follows:

2009	\$ 31,167
2010	29,604
2011	17,427
2012	<u>2,340</u>
	<u>\$ 80,538</u>

Rental expense for the operating leases was \$33,332 and \$31,959 for the years ended December 31, 2008 and 2007, respectively .

**Note 12 - Other Commitments and Contingencies**

Grants require the fulfillment of certain conditions as set forth in the grant instrument. Failure to fulfill the conditions could result in the return of the funds to grantors. Although that is a possibility, the Board deems the contingency remote, since by accepting the grants and their terms, it has accommodated the objectives of the Foundation to the provision of the grant.