

Freedom From Fear, Inc.

Financial Statements

December 31, 2008



O'Connor Davies Munns & Dobbins, llp
ACCOUNTANTS AND CONSULTANTS

Independent Auditors' Report

The Board of Directors of Freedom From Fear, Inc.

We have audited the accompanying statement of financial position of Freedom From Fear, Inc. as of December 31, 2008, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 Freedom From Fear, Inc. as of December 31, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

O'Connor Davies Munns & Dobbins, LLP

Paramus, New Jersey
August 3, 2009

Freedom From Fear, Inc.

Statement of Financial Position

December 31, 2008

ASSETS

Cash and cash equivalents	\$ 124,436
Investments	603,061
Account receivable	10,000
Accrued interest receivable	<u>2,332</u>
Total Assets	<u>\$ 739,829</u>

LIABILITY

Account payable	<u>\$ 26,609</u>
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NET ASSETS

Unrestricted net assets	684,120
Temporarily restricted net assets	<u>29,100</u>
Total Net Assets	<u>713,220</u>
	<u>\$ 739,829</u>

Freedom From Fear, Inc.

Statement of Activities

December 31, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES			
Grants and contributions	\$ 128,493	\$ 15,000	\$ 143,493
Program services and other revenue	57,129		57,129
Net asset released from restrictions	<u>9,161</u>	<u>(9,161)</u>	<u>-</u>
Total Revenues	<u>194,783</u>	<u>5,839</u>	<u>200,622</u>
EXPENSES			
Program services	\$ 261,000	-	\$ 261,000
Management and general	85,874	-	85,874
Fundraising	<u>47,809</u>	<u>-</u>	<u>47,809</u>
Total Expenses	<u>394,683</u>	<u>-</u>	<u>394,683</u>
NONOPERATING LOSS			
Investment loss	<u>\$ (314,503)</u>	<u>-</u>	<u>\$ (314,503)</u>
Change in Net Assets	(514,403)	5,839	(508,564)
NET ASSETS			
Beginning of year	<u>1,198,523</u>	<u>23,261</u>	<u>1,221,784</u>
End of year	<u>\$ 684,120</u>	<u>\$ 29,100</u>	<u>\$ 713,220</u>

See notes to financial statements

Freedom From Fear, Inc.

Statement of Functional Expenses

December 31, 2008

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
PERSONNEL				
Salaries	\$ 126,142	\$ 34,402	\$ 30,580	191,124
Employee health & retirement benefits	26,519	11,933	5,746	44,198
Payroll taxes	<u>14,361</u>	<u>2,489</u>	<u>2,298</u>	<u>19,148</u>
Total Salaries and Related Expenses	<u>167,022</u>	<u>48,824</u>	<u>38,624</u>	<u>254,470</u>
OTHER COSTS				
Sharon Davies Memorial Grants	5,804	-	-	5,804
Awareness campaign	6,436	-	-	6,436
Communication expense	5,912	487	556	6,955
Website and Video Production	7,422	-	781	8,203
Printing expenses	2,814	-	449	3,263
Distribution Mailing House	1,330	-	-	1,330
Shipping and postage	10,928	900	1,029	12,857
Travel and meeting expenses	7,800	7,631	-	15,431
Office expenses	5,140	7,177	-	12,318
Supplies and miscellaneous expense	3,073	3,862	440	7,375
Occupancy and Rent	25,692	9,181	4,098	38,971
General insurance	7,577	2,811	1,833	12,221
Honorarium	2,650	-	-	2,650
Professional fees	<u>1,400</u>	<u>5,000</u>	<u>-</u>	<u>6,400</u>
Total Other Costs	<u>93,978</u>	<u>37,049</u>	<u>9,185</u>	<u>140,214</u>
Total Functional Expenses	<u><u>\$ 261,000</u></u>	<u><u>\$ 85,874</u></u>	<u><u>\$ 47,809</u></u>	<u><u>\$ 394,683</u></u>

See notes to financial statements

Freedom From Fear, Inc.

Statement of Cash Flows

December 31, 2008

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (508,564)
Adjustments to reconcile change in net assets to net cash from operating activities	
Depreciation	696
Net loss on investments	322,712
Change in operating assets and liabilities	
Accounts receivable	60,000
Account payable	35,843
Accrued interest receivable	<u>1,972</u>
Net Cash from Operating Activities	<u>(87,341)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sale of investments	687,548
Purchase of investments	(566,713)
Purchase of equipment	<u>(696)</u>
Net Cash from Investing Activities	<u>120,139</u>
Net Change in Cash and Cash Equivalents	32,798

CASH AND CASH EQUIVALENTS

Beginning of year	<u>91,638</u>
End of year	<u>\$ 124,436</u>

See notes to financial statements

Freedom From Fear, Inc.

Notes to Financial Statements

1. Organization

Freedom From Fear, Inc.'s (the Organization) mission is to impact, in a positive way, the lives of all those affected by anxiety, depressive and related disorders through advocacy, education, research and community support. The Organization runs various programs during the year.

2. Summary of Significant Accounting Policies

Basis of Financial Statement Presentation

Net assets, revenue and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Temporarily Restricted - Net assets subject to donor-imposed stipulations that will be met by actions of the Organization and/or the passage of time.

Unrestricted - The part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations.

Use of Estimates

The presentation 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents includes highly liquid short-term investments with a maturity of three months or less at the time of purchase, but does not include cash included within investments.

Freedom From Fear, Inc.

Notes to Financial Statements

2. Summary of Significant Accounting Policies *(continued)*

Investments

The Organization follows FASB 157 “Fair Value Measurements” which established a fair value hierarchy organized into three levels based upon the “input” assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices that are observable, either directly or indirectly with fair value being determined through the use of models or other valuation methodologies. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Property and Equipment

Furniture, equipment and leasehold improvements are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 7 to 31.5 years. Accumulated depreciation at December 31, 2008 was \$24,866.

Allocation of Expenses

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

The Organization allocates all expenditures to the various functional expense categories. The allocation for salary and benefits is based primarily on employee time incurred in each respective functional expense category.

Income Taxes

In July 2006 the FASB issued FIN 48, “Accounting for Uncertainty in Income Taxes,” which sets out a framework for companies to use and to determine the appropriate level of tax reserves required in order to maintain uncertain tax positions. FASB Staff Position No. FIN 48-3, has deferred adoption of FIN 48 until fiscal years beginning after December 15, 2008. The Organization accrues for liabilities associated with uncertain tax positions when they are probable and estimable.

The Organization is exempt from income taxes under the Internal Revenue Code Section 501(c)(3). Management of the organization is not aware of any violation of its tax status as an organization exempt from income taxes, nor of any exposure to unrelated business income tax.

Freedom From Fear, Inc.

Notes to Financial Statements

3. Investments

The Organization utilizes a total return investment approach with its asset allocation diversified over multiple asset classes. Investments are managed by fund managers under guidelines established by the Board of Trustees. Target allocation percentages are established for various asset classes and are modified over time. Performance is measured against a composite benchmark of investment indices reflecting the target asset allocation.

Investments at December 31, 2008 consist of the following:

	<u>2008</u>
Level 1 Investments	
Cash and Cash Equivalent	\$ 210,755
Common Stocks	30,498
Mutual Fund - Equity Securities	82,941
U.S. Government Securities	<u>81,684</u>
	<u>405,879</u>
Level 2 Investments	
Debt Securities	<u>197,183</u>
	<u>\$ 603,061</u>

The following schedule summarizes the investment return for the year ended December 31, 2008.

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The credit and liquidity crisis in the United States has resulted in substantial volatility in the global financial markets. Consequently, the value of the Organization's individual investments have and will fluctuate in response to changing market conditions. The amount of losses, if any, that will be recognized in subsequent periods, cannot be determined.

Freedom From Fear, Inc.

Notes to Financial Statements

4. Temporarily Restricted Net Assets

The temporarily restricted net assets consist of the Sharon Davies Memorial Award.

5. Retirement Plans

Eligible employees of the Organization participate in a deferred contribution pension plan. The organization matches employee's contribution up to specified limits. The organizations contribution to this plan for the year was \$23,172.

6. Concentration of Credit Risk

The Organization maintains its cash and cash equivalents at financial institutions. In accounts insured by the Federal Deposit Insurance Corporation up to the applicable limit.