



BRAZELTON TOUCHPOINTS PROJECT, INC.

FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT

BRAZELTON TOUCHPOINTS PROJECT, INC.

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DECEMBER 31, 2009 AND 2008**

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CERTIFIED PUBLIC ACCOUNTANTS
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Where Every Client Is A Valued Client

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Brazelton Touchpoints Project, Inc.:

We have audited the accompanying statements of financial position of Brazelton Touchpoints Project, Inc. (a Massachusetts corporation, not for profit) as of December 31, 2009 and 2008, 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 BTP'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 above present fairly, in all material respects, the financial position of Brazelton Touchpoints Project, Inc. as of December 31, 2009 and 2008, 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.

Alexander, Aronson, Finning & Co. P.C.

Wellesley, Massachusetts
June 1, 2010

BRAZELTON TOUCHPOINTS PROJECT, INC.

**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2009 AND 2008**

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 411,960	\$ 1,703,119
Pledges receivable	100,003	158,729
Prepaid expenses	1,780	-
	<u>513,743</u>	<u>1,861,848</u>
Total current assets		
	<u>513,743</u>	<u>1,861,848</u>
INVESTMENTS	<u>645,042</u>	<u>133,726</u>
FURNITURE AND COMPUTER EQUIPMENT	18,008	7,613
Less - accumulated depreciation	<u>9,345</u>	<u>7,613</u>
Net furniture and computer equipment	<u>8,663</u>	<u>-</u>
Total assets	<u>\$ 1,167,448</u>	<u>\$ 1,995,574</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES -		
Accounts payable and accrued expenses	<u>\$ 6,753</u>	<u>\$ 299,107</u>
NET ASSETS:		
Unrestricted -		
Operating	38,581	410,190
Board designated - Brazelton Fund for the Future	902,096	1,025,000
Board designated - Stability Fund	<u>142,946</u>	<u>133,726</u>
Total unrestricted	1,083,623	1,568,916
Temporarily restricted	<u>77,072</u>	<u>127,551</u>
Total net assets	<u>1,160,695</u>	<u>1,696,467</u>
Total liabilities and net assets	<u>\$ 1,167,448</u>	<u>\$ 1,995,574</u>

The accompanying notes are an integral part of these statements.

BRAZELTON TOUCHPOINTS PROJECT, INC.

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ (535,772)	\$ 54,067
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Unrealized gain on investments	(1,449)	(105)
Depreciation	1,732	-
Changes in operating assets and liabilities -		
Pledges receivable	58,726	279,984
Prepaid expenses	(1,780)	8,750
Accounts payable and accrued expenses	<u>(292,354)</u>	<u>251,335</u>
Net cash provided by (used in) operating activities	<u>(770,897)</u>	<u>594,031</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(509,867)	(6,274)
Purchase of furniture and computer equipment	<u>(10,395)</u>	<u>-</u>
Net cash used in investing activities	<u>(520,262)</u>	<u>(6,274)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,291,159)	587,757
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,703,119</u>	<u>1,115,362</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 411,960</u>	<u>\$ 1,703,119</u>

The accompanying notes are an integral part of these statements.

BRAZELTON TOUCHPOINTS PROJECT, INC.

**STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	2009				2008			
	<u>PROGRAM SERVICES</u>	<u>FUND-RAISING</u>	<u>GENERAL AND ADMINISTRATIVE</u>	<u>TOTAL</u>	<u>PROGRAM SERVICES</u>	<u>FUND-RAISING</u>	<u>GENERAL AND ADMINISTRATIVE</u>	<u>TOTAL</u>
Grants	\$ 892,795	\$ -	\$ -	\$ 892,795	\$ 1,294,214	\$ -	\$ -	\$ 1,294,214
Contracted services	94,304	27,784	86,119	208,207	190,756	14,161	78,938	283,855
Travel	28,008	18,040	-	46,048	73,432	17,667	334	91,433
Supplies	6,760	6,049	5,001	17,810	9,861	17,818	5,674	33,353
Conferences and meetings	2,917	3,441	77	6,435	38,576	2,393	-	40,969
Miscellaneous	-	564	3,772	4,336	4,393	108	4,942	9,443
Depreciation	-	1,732	-	1,732	-	-	-	-
Communications	437	24	737	1,198	241	98	1,801	2,140
Total expenses	<u>\$ 1,025,221</u>	<u>\$ 57,634</u>	<u>\$ 95,706</u>	<u>\$ 1,178,561</u>	<u>\$ 1,611,473</u>	<u>\$ 52,245</u>	<u>\$ 91,689</u>	<u>\$ 1,755,407</u>

The accompanying notes are an integral part of these statements.

BRAZELTON TOUCHPOINTS PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2009 AND 2008

(1) OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES

OPERATIONS AND NONPROFIT STATUS

Brazelton Touchpoints Project, Inc. (BTP) is a Massachusetts not-for-profit corporation founded in 1996. BTP was created to encourage, develop, fund and administer programs and research that focus on the training of multi-disciplinary health care professionals and others to create alliances with parents and other caregivers based upon the normal development of young children. BTP supports the Brazelton Touchpoints Center at Children's Hospital Boston (see Notes 4 and 5).

BTP is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code. BTP is also exempt from state income taxes. Donors may deduct contributions made to BTP within the Internal Revenue Code requirements.

SIGNIFICANT ACCOUNTING POLICIES

BTP prepares its financial statements in accordance with generally accepted accounting standards and principles established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these footnotes are to the FASB Accounting Standards Codification.

Revenue Recognition

Unrestricted grants and contributions are recorded as revenue when received or unconditionally pledged. Program service fees are recorded as services are provided. Restricted grants and contributions are recorded as temporarily restricted revenues and net assets when received or unconditionally pledged. Transfers are made to unrestricted net assets as costs are incurred or time restrictions or program restrictions lapse. Donor restricted grants and contributions received and satisfied in the same period are included in unrestricted net assets.

Furniture and Computer Equipment and Depreciation

Purchased furniture and computer equipment are recorded at cost. Depreciation of furniture and computer equipment is computed using the straight-line method over the estimated useful lives of 3 - 5 years and 3 years, respectively. Depreciation expense for the year ended December 31, 2009, was \$1,732.

Estimates

The preparation of financial statements in accordance with U.S. GAAP 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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Expense Allocation

Expenses related directly to a program are distributed to that program, while other expenses are allocated based upon management's estimate of the percentage attributable to each program.

BRAZELTON TOUCHPOINTS PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)

(1) OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For the purpose of the statements of cash flows, cash and cash equivalents consist of checking (with overnight investment activity), savings, and money market accounts.

Pledges Receivable

Pledges receivable consist of contributions committed to BTP. Pledges are recorded at their net present value when unconditionally committed. All pledges receivable as of December 31, 2009 and 2008, are deemed collectible and are expected to be collected in the following fiscal year. Accordingly, these amounts are reflected as current assets on the accompanying statements of financial position and no reserve has been recorded in the accompanying financial statements.

Fair Value Measurements

BTP utilizes a fair value framework that prioritizes the inputs and assumptions used to measure fair value. The three levels of the fair value framework are as follows:

- Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 – Inputs other than quoted prices in active markets that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 – Inputs that are unobservable.

A qualifying asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

BTP values all its qualifying assets and liabilities using Level 1 inputs.

Grant Expense

BTP recognizes grant expense when the Board of Directors approves the award.

Uncertainty in Income Taxes

During 2009, BTP adopted the standards for *Accounting for Uncertainty in Income Taxes* which requires BTP to report uncertain tax positions related to interest and penalties, and to adjust its assets and liabilities related to unrecognized tax benefits and accrued interest on penalties accordingly. As of December 31, 2009, BTP determined that there were no material unrecognized tax benefits to report. BTP files informational returns in the United States (Federal and Massachusetts state jurisdictions). These returns are generally subject to examination by tax authorities for the last three years.

BRAZELTON TOUCHPOINTS PROJECT, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

(1) **OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES**
(Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

The preparation of financial statements in accordance with U.S. GAAP requires management to disclose the date through which subsequent events have been evaluated for possible recognition or disclosure in the accompanying financial statements. Subsequent events are transactions or events that occur after the statement of financial position date, but before the financial statements are available to be issued. The accompanying financial statements include the evaluation of subsequent events that have occurred through June 1, 2010.

(2) **NET ASSETS**

Unrestricted Net Assets

Unrestricted net assets are categorized as follows:

Operating - are those net resources that bear no external restrictions and are generally available for use by BTP. These include \$8,663 of furniture and computer equipment net assets as of December 31, 2009.

Board designated – Brazelton Fund for the Future - has been established on the occasion of the 90th anniversary of his birth, to honor T. Berry Brazelton, M.D, whose work revolutionized the way America understands and supports the healthy development of children and their families. This fund will assure that Dr. Brazelton's pioneering ideas and leadership in advancing our nation's commitment to investing in families with young children continues for generations to come.

Board designated – Stability Fund - represents funds set aside by the Board of Directors. These funds are to be used for operating deficits with Board approval.

Temporarily Restricted Net Assets

BTP receives contributions and grants which are designated by donors for specific purposes. These contributions are recorded as temporarily restricted net assets until they are expended for their designated purposes. Some of the contributions pledged in previous years are to be paid over a multi-year period and have been presented net of the present value discount on the statements of financial position. Temporarily restricted net assets are restricted at December 31, 2009 and 2008, for purpose restrictions as follows:

	<u>2009</u>	<u>2008</u>
Development costs	\$24,143	\$ 28,584
Development salaries	19,174	28,292
Tribal Touchpoint	19,998	26,137
Touchpoint's scholarship fund	13,720	33,746
Touchpoint's sites network manager salaries	<u>37</u>	<u>10,792</u>
	<u>\$77,072</u>	<u>\$127,551</u>

BRAZELTON TOUCHPOINTS PROJECT, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

(3) INVESTMENTS

Investments consist of shares of bond mutual funds. The balance of this investment, which is stated at market value in the accompanying statements of financial position, is as follows:

<u>2009</u>	<u>Cost</u>	<u>Market Value</u>	<u>Accumulated Appreciation</u>
Bond mutual funds	<u>\$638,583</u>	<u>\$645,042</u>	<u>\$6,459</u>
<u>2008</u>	<u>Cost</u>	<u>Market Value</u>	<u>Accumulated Appreciation</u>
Bond mutual fund	<u>\$128,716</u>	<u>\$133,726</u>	<u>\$5,010</u>

Investments are carried at market value and are subject to ongoing market fluctuations.

For the years ended December 31, 2009 and 2008, investment income is comprised of the following:

	<u>2009</u>	<u>2008</u>
Dividend income	\$10,038	\$ 6,274
Unrealized gains	1,449	105
Interest income	1,156	10,626
Realized gains	<u>48</u>	<u>-</u>
Total	<u>\$12,691</u>	<u>\$17,005</u>

Interest is recognized when earned and losses are recognized as incurred upon sale, maturing of investment or based on market value change during the period.

(4) CONCENTRATIONS OF CREDIT RISK

BTP maintains its cash and cash equivalents with two banks, which are insured within the limits of the Federal Deposit Insurance Corporation (FDIC). At certain times during the year, cash balances exceed the insured amounts. BTP has not experienced any losses in such accounts. BTP believes it is not exposed to any significant credit risk on cash and cash equivalents.

Contributions from three donors were greater than 10% of total revenue and represent approximately 78% of BTP's total revenue for the year ended December 31, 2009. Contributions receivable from two donors represents 100% of pledges receivable as of December 31, 2009.

Contributions from three donors were greater than 10% of total revenue and represent approximately 73% of BTP's total revenue for the year ended December 31, 2008. Contributions receivable from three donors represents approximately 92% of pledges receivable as of December 31, 2008.

One grantee received 100% of BTP's grant awards for the years ended December 31, 2009 and 2008 (see Note 5).

BRAZELTON TOUCHPOINTS PROJECT, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

(5) RELATED PARTY

The President and one other member of BTP's Board of Directors are employees of Children's Hospital Boston (CH). The Brazelton Touchpoints Center (BTC), an independent center operating under the 501(c)(3) status of CH, receives grants from BTP (see Note 4).

BTP made grants of \$892,795 and \$1,294,214 to BTC for the years ended December 31, 2009 and 2008, respectively. Grants amounting \$191,508 were committed but not paid as of December 31, 2008, and are included in accounts payable and accrued expenses in the accompanying statement of financial position. These grants supported the programs of BTC which include initiatives directly related to BTP's mission (see Note 1).