HUNTINGTON'S DISEASE SOCIETY OF AMERICA, INC.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2011

EISNERAMPER
ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Huntington's Disease Society of America, Inc.
New York, New York

We have audited the accompanying consolidated statement of financial position of the Huntington's Disease Society of America, Inc. (the "Society") as of December 31, 2011, and the related consolidated statement of activities, functional expenses, and cash flows for the three month period then ended. These financial statements are the responsibility of the Society'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 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, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements enumerated above present fairly, in all material respects, the financial position of the Huntington's Disease Society of America, Inc. as of December 31, 2011, and the related statement of activities, functional expenses, and cash flows for the three month period then ended, in conformity with accounting principles generally accepted in the United States of America.

EisnerAmper LLP

New York, New York
April 13, 2012

HUNTINGTON'S DISEASE SOCIETY OF AMERICA, INC.

Consolidated Statement of Financial Position
December 31, 2011

ASSETS	
Cash and cash equivalents	**$ 2,604,904**
Investments, at fair value	**612,777**
Contributions receivable, net	**501,576**
Pledges receivable, net	**24,616**
Prepaid expenses and deposits	**102,850**
Cash surrender value of life insurance	**120,221**
Property and equipment, net	**62,193**
	$ 4,029,137
LIABILITIES	
Accounts payable and accrued expenses	**$ 309,398**
Accrued compensation	**152,997**
Grants payable	**1,550,000**
Deferred rent	**105,763**
Obligation under capital lease	**25,863**
Deferred revenue	**42,722**
Total liabilities	**2,186,743**
Commitments (Note I)	
Net assets:	
Unrestricted:	
Undesignated	**(507,540)**
Board-designated	**443,603**
	(63,937)
Temporarily restricted	**1,656,331**
Permanently restricted	**250,000**
Total net assets	**1,842,394**
	$ 4,029,137

HUNTINGTON'S DISEASE SOCIETY OF AMERICA, INC.

Consolidated Statement of Activities
Three Month Period Ended December 31, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue:				
Public donations	$ 613,267	$ 150,620		$ 763,887
Foundation grants and corporate contributions	108,323	210,000		318,323
Federal campaign	76,328			76,328
Investment income	2,116	1,437		3,553
Donated services	89,109			89,109
Other	(1,472)			(1,472)
Total support and revenue before restrictions	887,671	362,057		1,249,728
Net assets released from restrictions	18,435	(18,435)		0
Total support and revenue	906,106	343,622		1,249,728
Expenses:				
Program services:				
Research	132,960			132,960
Family services	1,277,259			1,277,259
Education	349,097			349,097
Chapter development	238,543			238,543
	1,997,859			1,997,859
Supporting services:				
Management and general	249,058			249,058
Fund-raising	317,477			317,477
	566,535			566,535
Total expenses	2,564,394			2,564,394
Change in net assets before non-operating income	(1,658,288)	343,622		(1,314,666)
Non-operating income:				
Special events:				
Gross receipts	831,315			831,315
Less: direct costs	(125,638)			(125,638)
Net income from special events	705,677			705,677
Change in net assets	(952,611)	343,622		(608,989)
Net assets - beginning of period	888,674	1,312,709	$ 250,000	2,451,383
Net assets - end of period	$ (63,937)	$ 1,656,331	$ 250,000	$ 1,842,394

See notes to consolidated financial statements

HUNTINGTON'S DISEASE SOCIETY OF AMERICA, INC.

Consolidated Statement of Functional Expenses
Three Month Period Ended December 31, 2011

	Program Services					Supporting Services			
	Research	**Family Services**	**Education**	**Chapter Development**	**Total Program Services**	**Management and General**	**Fund-Raising**	**Total Supporting Services**	**Total**
Salaries and related expenses:									
Salaries	$ 32,087	$ 91,323	$ 95,608	$ 134,607	$ 353,625	$ 57,877	$ 97,005	$ 154,882	$ 508,507
Payroll taxes and employee benefit	8,822	25,107	26,285	37,007	97,221	15,913	26,669	42,582	139,803
Total salaries and related expenses	40,909	116,430	121,893	171,614	450,846	73,790	123,674	197,464	648,310
Other expenses:									
Office supplies	858	1,637	1,427	4,114	8,036	8,815	2,920	11,735	18,722
Telephone	2,060	2,603	2,527	10,606	17,796	5,678	2,203	7,881	25,677
Postage and shipping	668	396	12,362	7,323	20,749	14,523	18,238	32,761	53,510
Rent and occupancy charges	7,131	7,131	7,131	20,362	41,755	8,439	7,131	15,570	57,324
Printing and publications		15	55,543	4,448	60,006	5,459	17,326	22,785	82,791
Conferences, meetings and travel	540	4,421	15,629	6,905	27,495	23,538	2,923	26,461	53,956
Insurance	602	1,714	1,794	2,527	6,637	1,087	2,276	3,363	10,000
Prizes, gifts and products sold		3,330	33,323	1,119	37,772	524	95,913	96,437	134,209
Professional services		87,239	95,207	2,947	185,393	58,534	385	58,919	244,313
Research grants and other awards		1,050,000			1,050,000				1,050,000
Equipment rental	751	751	1,404	926	3,832	1,974	751	2,725	6,557
Donated services and materials	79,149	480		480	80,109	9,000		9,000	89,109
Other	33	374	85	3,947	4,439	37,233	42,953	80,186	84,625
Total expenses before depreciation and amortization	132,701	1,276,521	348,325	237,318	1,994,865	248,594	316,693	565,287	2,560,152
Depreciation and amortization	259	738	772	1,225	2,994	464	784	1,248	4,242
	$ 132,960	$ 1,277,259	$ 349,097	$ 238,543	$ 1,997,859	$ 249,058	$ 317,477	$ 566,535	$ 2,564,394

See notes to consolidated financial statements

HUNTINGTON'S DISEASE SOCIETY OF AMERICA, INC.

Consolidated Statement of Cash Flows
Three Month Period Ended December 31, 2011

Cash flows from operating activities:	
Change in net assets	**$ (608,989)**
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation and amortization	**4,242**
Loss on disposal of equipment	**2,000**
Realized losses on investments	**212**
Unrealized losses on investments	**(1,479)**
Donated investments	**(14,521)**
Changes in:	
Contributions receivable, net	**(9,380)**
Pledges receivable, net	**5,000**
Prepaid expenses and deposits	**31,415**
Cash surrender value of life insurance	**535**
Accounts payable and accrued expenses	**(87,004)**
Accrued compensation	**(51,925)**
Grants payable	**749,400**
Deferred rent	**(2,170)**
Deferred revenue	**(62,250)**
Net cash used in operating activities	**(44,914)**
Cash flows from investing activities:	
Purchases of investments	**30,318**
Proceeds from sales of investments	**(15,439)**
Net cash provided by investing activities	**14,879**
Cash flows from financing activities	
Payments made on capital lease obligation	**(1,048)**
Net decrease in cash and cash equivalents	**(31,083)**
Cash and cash equivalents - beginning of year	**2,635,987**
Cash and cash equivalents - end of year	**$ 2,604,904**
Supplemental disclosure of cash flow information:	
Donated goods and services	**$ 89,109**
Interest expense incurred under obligation of capital lease	**$ 983**

See notes to consolidated financial statements

NOTE A - THE SOCIETY AND ITS SIGNIFICANT ACCOUNTING POLICIES

[1] The Society:

Huntington's Disease Society of America, Inc. ("HDSA") was incorporated in New York in 1986. HDSA is a national, voluntary health organization dedicated to improving the lives of people with Huntington's disease ("HD") and their families. Currently, HDSA has 31 chapters throughout the United States. Each chapter, staffed entirely by volunteers, (i) holds educational events, coordinates social workers, and runs support groups for local families with HD; (ii) raises funds through events (walk-a-thons, dinners, golf tournaments, and other activities) that are used to support HDSA's programs of research, care and education; and (iii) strives to build greater awareness of HD in the general public through outreach to local press and civic groups.

HDSA has two wholly-owned supporting organizations, HDSA Research Initiatives, Inc. ("HDSA Research") and HDSA Care Centers Initiatives, Inc. ("HDSA Care Centers"), both incorporated in New York in 2004. Accordingly, the accompanying consolidated financial statements include the financial position, results of operations and cash flows of HDSA, HDSA Research, and HDSA Care Centers (collectively, the "Society"). All inter-entity transactions and balances have been eliminated in the consolidation process.

The Society organizations are exempt from federal income taxes pursuant to Section 501(c)(3) of the U.S. Internal Revenue Code and from state and local taxes under comparable laws.

During fiscal-year 2011, the Society changed its fiscal-year end from September 30 to December 31. Accordingly, the accompanying consolidated financial statements are dated as of and for the three months ended December 31, 2011.

[2] Basis of accounting:

The accompanying consolidated financial statements of the Society have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America, as applicable to not-for-profit entities.

[3] Use of estimates:

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingencies. Actual results may differ from those estimates.

[4] Cash and cash equivalents:

For financial statement purposes, the Society considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents, except for those held as part of the investment portfolio.

[5] Investments:

Investments in equity securities with readily determinable fair values are reported at their fair values in the accompanying statement of financial position, with realized and unrealized gains and losses included in the accompanying statement of activities. The Society's mutual funds are also reported at their fair values, as determined by the related investment manager or advisor. Donated securities are recorded at their fair values at the dates of donation.

Investment transactions are recorded on a trade-date basis. Realized gains or losses on investments are determined by comparison of the average cost of acquisition to proceeds at the time of disposition. The earnings from dividends and interest are recognized when earned.

NOTE A - THE SOCIETY AND ITS SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[6] Property and equipment:

Property and equipment are recorded at their original costs and are depreciated over their estimated useful lives, which range from 3 to 10 years, using the straight-line method utilizing a half-year convention. Leasehold improvements are amortized using the straight-line method over the terms of the underlying leases, which may be less than the estimated useful lives of the improvements.

[7] Accrued vacation obligation:

Accrued vacation is included as a liability in the accompanying financial statements as part of accrued compensation costs and represents the Society's obligation for the cost of unused employee vacation time payable in the event of employee terminations; the obligation is recalculated every year. At December 31, 2011, this accrued vacation obligation was $94,465.

[8] Grants payable:

Grants are recognized as an obligation at the time of approval. Grants approved but unpaid as of year-end are reported as liabilities in the accompanying consolidated statement of financial position. At December 31, 2011, the grants payable obligation was $1,550,000, and is due to be paid in the upcoming year.

[9] Deferred rent:

Rent expense is recognized using the straight-line method over the terms of the lease. The difference between rent expense incurred and the rental amounts paid, which is attributed to scheduled rent increases, is reported as a "deferred rent" obligation in the accompanying consolidated statement of financial position.

[10] Deferred revenue:

Special event revenues applicable to a current year are recognized as revenue in the year the special event takes place. Special event revenue received for a future year's event is deferred and recognized when the special event takes place.

[11] Net assets:

The net assets of the Society and the changes therein are classified and reported as follows:

a) Unrestricted:

Unrestricted net assets represent those resources available for current operations. The Board of Trustees has designated a portion of unrestricted net assets to be spent at the discretion of the Board.

b) Temporarily restricted:

Temporarily restricted net assets represent those resources that are subject to the requirements of the New York Prudent Management of Institutional Funds Act ("NYPMIFA") and the use of which has been restricted by donors or state law to specific purposes and/or the passage of time. When a donor restriction expires, that is, when a stipulated time restriction ends, a purpose restriction is accomplished, or the assets are appropriated, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the accompanying consolidated statement of activities as net assets released from restrictions.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[11] Net assets: (continued)

c) Permanently restricted:

Permanently restricted net assets represent those resources the principal of which is originally restricted into perpetuity by its donors. The purposes for which the income and net capital appreciation arising from the underlying assets may be used depend on the wishes of that donor. Under the terms of NYPMIFA, those earnings are classified as temporarily restricted in the accompanying statement of activities, pending appropriation by the Board of Trustees.

[12] Measure of operations:

The Society includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities. Special event revenue and expenses are recognized as a part of non-operating activities.

[13] Contributions and grants:

Contributions and grants, including unconditional promises to give to the Society, are recognized as revenue in the period received. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

[14] Donated goods and services:

For recognition of donated services in the Society's consolidated financial statements, such services must (a) create or enhance non-financial assets or (b) require specialized skills and be performed by individuals possessing those skills and which would otherwise be purchased by the Society. Donated goods and services are recorded as support at their estimated fair value at the dates of donation and are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Donated goods and services are reported as both contributions and offsetting expenses in the accompanying consolidated statement of activities.

[15] Functional allocation of expenses:

The costs of providing the various programs and supporting services have been summarized on a functional basis in the accompanying consolidated statement of activities. Accordingly, certain costs have been allocated by management, using appropriate measurement methodologies, among the program, management and fund-raising areas.

[16] Income taxes:

The Society is subject to the provisions of the Financial Accounting Standards Board's Accounting Standards Codification ("ASC") 740-10-05 relating to the accounting and reporting for uncertainty in income taxes. Because of the Society's general tax-exempt status, the adoption of ASC 740-10-05 has not had, and is not expected to have, a material impact on the Society's consolidated financial statements.

[17] Endowment funds:

The Society reports all applicable disclosures of its funds treated as endowment.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[18] Fair-value measurements:

As further described in Note B, the Society reports a fair-value measurement of all applicable financial assets and liabilities, including investments, receivables, and short-term payables.

[19] Subsequent events:

The Society considers all accounting treatments, and the related disclosures in the current fiscal-year's consolidated financial statements, that may be required as the result of all events or transactions that occur after the fiscal year-end through the date of the independent auditors' report.

NOTE B - INVESTMENTS

At December 31, 2011, the cost and fair value of investments were as follows:

	Fair Value	Cost
Certificates of deposit	$ 605,989	$ 607,000
Mutual funds	6,788	5,840
	$ 612,777	$ 612,840

During the three-month period ended December 31, 2011, investment income consisted of the following:

Interest and dividends	$ 2,286
Realized losses	(212)
Unrealized gains	1,479
Total investment income	$ 3,553

ASC 820-10-05 establishes a three-level valuation hierarchy of fair-value measurements. These valuation techniques are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair-value hierarchy:

Level 1: Valuations are based on observable inputs that reflect quoted market prices in active markets for identical assets and liabilities at the reporting date. The types of investments and other assets included in Level 1 are exchange-traded equity and debt securities, short-term money-market funds, and actively traded obligations issued by the U.S. government and government agencies.

Level 2: Valuations are based on (i) quoted prices for similar assets or liabilities in active markets, or (ii) quoted prices for identical or similar assets or liabilities in markets that are not active, or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date. Level 2 assets include other U.S. government and agency securities and corporate equity and debt securities that are redeemable at or near the balance sheet date and for which a model was derived for valuation.

Level 3: Fair value is determined based on pricing inputs that are unobservable and includes situations where there is little, if any, market activity for the asset or liability. Level 3 assets include securities in privately held companies, secured notes, private corporate bonds, and limited partnerships, the underlying investments of which cannot be independently valued, or cannot be immediately redeemed at or near the fiscal year-end.

NOTE B - INVESTMENTS (CONTINUED)

The following table summarizes the fair values of the Society's assets at December 31, 2011:

	Level 1	Level 2	Total
Certificates of deposit		$ 605,989	$ 605,989
Mutual funds	$ 6,788		6,788
Total	$ 6,788	$ 605,989	$ 612,777

NOTE C - PLEDGES AND CONTRIBUTIONS RECEIVABLE

The Society has recorded as pledges receivable those amounts that have been promised to the Society as of December 31, but that have not yet been collected as of that date. At December 31, 2011, the pledges receivable are estimated to be due as follows:

One year or less	$ 20,000
One to five years	5,000
	25,000
Less present value adjustment, at a discount rate of 4%	(384)
	$ 24,616

As of December 31, 2011, the Society's contribution receivables are reported as $501,576 and are expected to be collected within one year. Based on prior experience with donors, management expects $40,000 to be uncollectible, and has provided an allowance for those doubtful collections for 2011.

NOTE D - PROPERTY AND EQUIPMENT

At December 31, 2011, property and equipment consisted of the following:

Computers and equipment	$ 203,705
Furniture and fixtures	17,085
Chapter property and equipment	52,667
Leasehold improvements	30,489
	303,946
Less accumulated depreciation and amortization	(241,753)
	$ 62,193

Depreciation and amortization expense was $4,242 for the three-month period ended December 31, 2011.

During the three-month period ended December 31, 2011, the Society disposed of equipment with a cost of $3,000 and accumulated depreciation of $1,000 recognizing a loss of $2,000 in the accompanying consolidated statement of activities.

NOTE E - EMPLOYEE-BENEFIT PLAN

The Society maintains a 403(b) defined-contribution employee-benefit plan for all eligible employees. The Society contributes a portion of an eligible employee's salary to the plan. The Society's contribution for the three-month period ended December 31, 2011 was $21,418.

In previous years, the Society did not remit the required contribution to certain otherwise eligible employees. Accordingly, as of December 31, 2011, the Society owes those participants contributions of $16,314.

NOTE F - TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2011 temporarily restricted net assets consisted of $1,656,331, which was restricted to fund research and education programs. During three-month period ended December 31, 2011, net assets released from restrictions resulted from satisfying donor restrictions to fund education of $18,435.

NOTE G - ENDOWMENT

[1] The endowment:

At December 31, 2011, the Society's endowment consisted of one donor restricted fund in the amount of $250,000, established by the donor for the purpose of funding medical research in the field of Huntington's disease.

[2] Interpretation of relevant law:

The New York Prudent Management of Institutional Funds Act ("NYPMIFA") is applicable to all of the Society's institutional funds, including its donor-restricted endowment fund. The Board of Trustees will continue to adhere to NYPMIFA's requirements.

[3] Changes in endowment net assets for the three-month period ended December 31, 2011:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 23,300	$ 250,000	$ 273,300
Investment income	1,437		1,437
Endowment net assets, end of year	$ 24,737	$ 250,000	$ 274,737

[4] Funds with deficiencies:

Due to unfavorable market fluctuations, from time to time, the fair value of assets associated with individual donor-restricted endowment funds may decline below the historical dollar value of the donor's original permanently restricted contribution. Under the terms of NYPMIFA, the Society has no responsibility to restore such a decrease in value. There were no such deficiencies as of December 31, 2011.

[5] Return objectives and risk parameters:

The Society has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets and assuming a moderate level of investment risk.

NOTE G - ENDOWMENT (CONTINUED)

[6] Strategies employed for achieving objectives:

The Society considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- the duration and preservation of the funds;
- the purposes of the Society and the donor-restricted endowment funds;
- general economic conditions;
- the possible effect of inflation and deflation;
- the expected total return from income and the appreciation/depreciation of investments;
- other resources of the Society; and
- the investment policy of the Society.

[7] Spending policy and relation to the spending policy:

The Society evaluates its funding requirements on an annual basis and, accordingly, draws from its endowment appreciation on an as-needed basis. This is consistent with the Society's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

NOTE H - CONCENTRATIONS OF CREDIT RISK

The Society maintains its cash in non-interest-bearing accounts on which there is currently no limit on federal insurance. The Society's investments are held at major financial institutions, and management believes that there is no significant risk of loss by reason of the institutions' failures.

NOTE I - COMMITMENTS

The Society leases a portion of its equipment under a capital lease expiring April 2016. The equipment was recorded at cost and is being depreciated over its estimated useful life. Depreciation expense associated with the assets is included in depreciation expense in the accompanying statement of functional expenses. At December 31, 2011, capitalized leased equipment amounted to $28,925 with accumulated depreciation of $5,165. Depreciation expense related to the capitalized leased equipment amounted to $1,033 for three month period ended December 31, 2011.

In addition, the Society leases office space for its various offices under operating lease agreements expiring through June 30, 2015.

NOTE I - COMMITMENTS (CONTINUED)

The future minimum annual rental on the leases is as follows:

Year Ending September 30,	Leases Capitalized	Leases Operating
2012	$ 8,122	$ 197,732
2013	8,122	205,396
2014	8,122	200,504
2015	8,122	99,377
2016	2,707	
	35,195	$ 703,009
Less amount representing interest on lease payments	9,332	
Present value of minimum lease payments	$ 25,863	

Rent expense for the three-month period ended December 31, 2011 was approximately $57,000. There are no lease commitments for chapter offices, since these leases are on a month-to-month basis.

NOTE J - DONATED SERVICES AND MATERIALS

The fair value of contributed goods and services, which included legal services, rent expense and donated merchandise was $89,109 for three-month period ended December 31, 2011.

NOTE K - LIFE INSURANCE

The Society is the beneficiary of a life insurance policy on a donor. At December 31, 2011, the cash surrender value of the life insurance policy was $120,221.