HUNTINGTON'S DISEASE SOCIETY OF AMERICA, INC.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

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INDEPENDENT AUDITORS' REPORT

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Huntington's Disease Society of America, Inc., Inc. (the "Society"), which comprise the consolidated statement of financial position as of December 31, 2012, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

The Society's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements, in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Huntington's Disease Society of America, Inc. as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

EisnerAmper LLP

New York, New York
April 5, 2013

HUNTINGTON'S DISEASE SOCIETY OF AMERICA, INC.

Consolidated Statement of Financial Position
December 31, 2012

ASSETS	
Cash and cash equivalents	$ 2,546,676
Investments, at fair value	580,191
Pledges and contributions receivable, net	562,951
Prepaid expenses and deposits	86,329
Cash surrender value of life insurance	124,821
Property and equipment, net	77,867
	$ 3,978,835
LIABILITIES	
Accounts payable and accrued expenses	$ 421,172
Accrued compensation	187,951
Grants payable	798,848
Deferred rent	82,881
Obligation under capital lease	21,267
Deferred revenue	7,323
Total liabilities	1,519,442
Commitments (Note I)	
Net assets:	
Unrestricted:	
Undesignated	(761,203)
Board-operating reserve	510,196
	(251,007)
Temporarily restricted	2,460,400
Permanently restricted	250,000
Total net assets	2,459,393
	$ 3,978,835

See notes to consolidated financial statements

HUNTINGTON'S DISEASE SOCIETY OF AMERICA, INC.

Consolidated Statement of Activities
Year Ended December 31, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue:				
Public donations	$ 1,214,485	$ 753,391		$ 1,967,876
Foundation grants and corporate contributions	586,082	777,380		1,363,462
Federal campaign	298,203			298,203
Investment income	2,238	3,073		5,311
Donated services and materials	340,735			340,735
Other	21,983			21,983
Total support and revenue before restrictions	2,463,726	1,533,844		3,997,570
Net assets released from restrictions	729,775	(729,775)		0
Total support and revenue	3,193,501	804,069		3,997,570
Expenses:				
Program services:				
Research	570,986			570,986
Family services	1,262,045			1,262,045
Education	1,544,895			1,544,895
Chapter development	1,071,126			1,071,126
	4,449,052			4,449,052
Supporting services:				
Management and general	832,279			832,279
Fund-raising	1,524,435			1,524,435
	2,356,714			2,356,714
Total expenses	6,805,766			6,805,766
Change in net assets before non-operating income	(3,612,265)	804,069		(2,808,196)
Non-operating income:				
Special events:				
Gross receipts	4,044,123			4,044,123
Less: direct costs	(618,928)			(618,928)
Net income from special events	3,425,195			3,425,195
Change in net assets	(187,070)	804,069		616,999
Net assets - beginning of year	(63,937)	1,656,331	$ 250,000	1,842,394
Net assets - end of year	$ (251,007)	$ 2,460,400	$ 250,000	$ 2,459,393

HUNTINGTON'S DISEASE SOCIETY OF AMERICA, INC.

Consolidated Statement of Functional Expenses
Year Ended December 31, 2012

	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	$ 180,192	$ 354,910	$ 401,612	$ 564,279	$ 1,500,993	$ 240,629	$ 413,589	$ 654,218	$ 2,155,211
Payroll taxes and employee benefit	51,614	101,664	115,042	161,638	429,958	68,929	118,473	187,402	617,360
Total salaries and related expenses	231,806	456,574	516,654	725,917	1,930,951	309,558	532,062	841,620	2,772,571
Other expenses:									
Office supplies	1,588	2,923	13,336	19,589	37,436	41,430	6,689	48,119	85,555
Telephone	12,341	12,073	9,841	42,902	77,157	26,975	8,762	35,737	112,894
Postage and shipping		14,475	43,355	25,280	83,110	44,759	49,267	94,026	177,136
Rent and occupancy charges	28,819	29,426	28,515	92,357	179,117	31,210	28,507	59,717	238,834
Printing and publications		8,066	139,474	36,998	184,538	33,034	104,283	137,317	321,855
Conferences, meetings and travel	7,662	90,279	290,525	17,656	406,122	55,807	51,339	107,146	513,268
Insurance	3,243	6,579	7,228	10,658	27,708	4,331	9,177	13,508	41,216
Prizes, gifts and products sold		5,147	273,153	6,375	284,675	7,836	557,218	565,054	849,729
Professional services	21,325	440,619	207,707	71,745	741,396	20,075	65,450	85,525	826,921
Research grants and other awards	55,000	168,848			223,848				223,848
Equipment rental	1,070	5,934	5,901	7,597	20,502	9,520	4,836	14,356	34,858
Donated services and materials	181,110	1,920	873	1,760	185,663	155,072		155,072	340,735
Bad debt						20,000		20,000	20,000
Other	19,721	16,266	5,034	7,104	48,125	70,695	103,447	174,142	222,267
Total expenses before depreciation and amortization	563,685	1,259,129	1,541,596	1,065,938	4,430,348	830,302	1,521,037	2,351,339	6,781,687
Depreciation and amortization	7,301	2,916	3,299	5,188	18,704	1,977	3,398	5,375	24,079
	$ 570,986	$ 1,262,045	$ 1,544,895	$ 1,071,126	$ 4,449,052	$ 832,279	$ 1,524,435	$ 2,356,714	$ 6,805,766

HUNTINGTON'S DISEASE SOCIETY OF AMERICA, INC.

Consolidated Statement of Cash Flows
Year Ended December 31, 2012

Cash flows from operating activities:	
Change in net assets	$ 616,999
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation and amortization	24,079
Bad debt expense	20,000
Realized losses on investments	722
Unrealized losses on investments	2,814
Donated investments	(58,092)
Changes in:	
Pledges and contributions receivable, net	(56,759)
Prepaid expenses and deposits	16,521
Cash surrender value of life insurance	(4,600)
Accounts payable and accrued expenses	111,774
Accrued compensation	34,954
Grants payable	(751,152)
Deferred rent	(22,882)
Deferred revenue	(35,399)
Net cash used in operating activities	(101,021)
Cash flows from investing activities:	
Purchases of property and equipment	(39,753)
Purchases of investments	(61,992)
Proceeds from sales of investments	149,134
Net cash provided by investing activities	47,389
Cash flows from financing activities:	
Payments made on capital lease obligations	(4,596)
Net decrease in cash and cash equivalents	(58,228)
Cash and cash equivalents - beginning of year	2,604,904
Cash and cash equivalents - end of year	$ 2,546,676
Supplemental disclosure of cash flow information:	
Donated goods and services	$ 340,735
Interest expense incurred under obligation of capital lease	$ 3,526

See notes to consolidated financial statements

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] The Society:

The 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 33 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 controlled 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 consolidated 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's 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.

[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 organizations.

[3] 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 expenses have been allocated by management, using appropriate measurement methodologies, among the program, management and fund-raising areas.

[4] 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 contingent assets and liabilities. Actual results may differ from those estimates.

[5] Cash and cash equivalents:

For financial statement purposes, the Society considers all highly liquid investments, with maturities of three months or less, when purchased, to be cash equivalents. Cash equivalents considered to be part of the Society's investment portfolio are reflected as investments in the accompanying consolidated financial statements.

[6] Investments:

Investments in equity securities with readily determinable fair values are reported at their fair values in the accompanying consolidated statement of financial position, with realized and unrealized gains and losses included in the accompanying consolidated 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.

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

[6] Investments: (continued)

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.

[7] Property and equipment:

Property and equipment are recorded at their original costs or, if contributed, at their fair values at the dates of donation. Depreciation is provided over the estimated useful lives ranging from five to ten years. Likewise, leasehold improvements are amortized over the terms of the underlying leases. Depreciation and amortization are calculated using the straight-line method.

[8] Accrued vacation obligation:

Accrued vacation is included as a liability in the accompanying consolidated financial statements 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 annually. At December 31, 2012, this accrued vacation obligation was $114,810.

[9] 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, 2012, the grants payable obligation was $798,848, and is due to be paid in the upcoming year.

[10] 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.

[11] 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.

[12] Net assets:

The Society's net assets and its revenue, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Society and changes therein are 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.

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

[12] Net assets: (continued)

(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 for specific purposes and/or the passage of time. When a donor restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished or funds are appropriated through an action of the Board of Trustees, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the accompanying consolidated statement of activities as a net assets released from restrictions.

(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 consolidated statements of activities, pending appropriation by the Board of Trustees.

[13] 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.

[14] Contributions and grants:

Contributions to the Society are recognized as revenue upon the receipt of cash, securities or unconditional pledges. Conditional promises to the Society are not recognized until they become unconditional; that is, at the time when the conditions on which they depend are substantially met.

Contributions of assets other than cash are recorded at their estimated fair values at the dates of donation. Contributions to be received are discounted at an appropriate discount rate commensurate with the risk involved, with the change in the balance of unamortized discount reflected as an adjustment to contribution revenue.

[15] 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.

[16] Income tax uncertainties:

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

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

[17] 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.

[18] Endowment funds:

The Society reports all applicable disclosures of its funds treated as endowment, both donor-restricted and board-designated.

[19] Subsequent events:

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

NOTE B - INVESTMENTS

At December 31, 2012, the cost and fair value of investments were as follows:

	Fair Value	Cost
Certificates of deposit	$ 572,418	$ 577,277
Mutual funds	7,773	5,791
	$ 580,191	$ 583,068

During 2012, investment income consisted of the following:

Interest and dividends	$ 8,847
Realized losses	(722)
Unrealized losses	(2,814)
Total investment income	$ 5,311

ASC Topic 820-10-05 establishes a three-level valuation hierarchy of fair-value measurements. These valuation techniques are based on 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 those investments, or similar investments, at the reporting date.

Level 2: Valuations are based on (i) quoted prices for those investments, or similar investments, in active markets, or (ii) quoted prices for those investments, or similar investments, 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 those investments that are redeemable at or near the balance sheet date and for which a model was derived for valuation.

NOTE B - INVESTMENTS (CONTINUED)

Level 3: Valuations are based on pricing inputs that are unobservable and include situations where (i) there is little, if any, market activity for the investments, or (ii) the investments cannot be independently valued, or (iii) the investments cannot be immediately redeemed at or near year-end.

The following table summarizes the fair values of the Society's assets at December 31, 2012:

	Level 1	Level 2	Total
Certificates of deposit		$ 572,418	$ 572,418
Mutual funds	$ 7,773		7,773
Total	$ 7,773	$ 572,418	$ 580,191

NOTE C - PLEDGES AND CONTRIBUTIONS RECEIVABLE

As of December 31, 2012, the Society's pledges and contribution receivables are reported as $562,951, net, and are expected to be collected within one year. Based on prior experience with donors, management expects $60,000 to be uncollectible, and has provided an allowance for those doubtful collections for 2012.

NOTE D - PROPERTY AND EQUIPMENT

At December 31, 2012, property and equipment consisted of the following:

Computers and equipment	$ 243,458
Furniture and fixtures	17,085
Chapter property and equipment	52,667
Leasehold improvements	30,489
	343,699
Less accumulated depreciation and amortization	(265,832)
	$ 77,867

Depreciation and amortization expense was $24,079 for 2012.

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 2012 was $97,957.

In previous years, the Society did not remit the required contribution to certain otherwise eligible employees. Accordingly, as of December 31, 2012, the Society owes $8,348, to former participants in the plan.

NOTE F - TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2012, temporarily restricted net assets consisted of $2,460,400, which was restricted to fund research and education programs. During 2012, net assets released from restrictions resulted from satisfying donor restrictions to fund education of $729,775.

NOTE G - ENDOWMENT

[1] The endowment:

At December 31, 2012, 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:

NYPMIFA is applicable to all of the Society's institutional funds including its donor-restricted funds. The Board of Trustees will continue to adhere to NYPMIFA's requirements.

[3] Changes in endowment net assets for the year ended December 31, 2012:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 24,737	$ 250,000	$ 274,737
Investment income	3,073		3,073
Endowment net assets, end of year	$ 27,810	$ 250,000	$ 277,810

[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, 2012.

[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 noninterest-bearing accounts on which there is currently no limit on federal insurance; however, subsequent to 2012, the insurance is limited to $250,000. 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 its fair value and is being depreciated over its estimated useful life. Depreciation expense associated with the assets is included in depreciation expense in the accompanying consolidated statement of functional expenses. At December 31, 2012, capitalized leased equipment amounted to $28,925 with accumulated depreciation of $10,950. Depreciation expense related to the capitalized leased equipment amounted to $5,785 for 2012.

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

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

Year Ending December 31,	Leases Capitalized	Leases Operating
2013	$ 8,122	$ 205,396
2014	8,122	200,504
2015	8,122	99,377
2016	2,707	
	27,073	$ 505,277
Less amount representing interest on lease payments	5,806	
Present value of minimum lease payments	$ 21,267	

Rent expense for 2012 was $238,834. 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 $340,735 for 2012.

NOTE K - LIFE INSURANCE

The Society is the beneficiary of a life insurance policy on a donor. At December 31, 2012, the cash surrender value of the life insurance policy was $124,821.