Huntington's Disease Society of America, Inc. and Affiliates

Consolidated Financial Statements and Supplemental Material

Year Ended September 30, 2009

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Contents

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Independent Auditors' Report

To the Board of Trustees
Huntington's Disease Society
of America, Inc. and Affiliates
New York, New York

We have audited the accompanying consolidated statement of financial position of Huntington's Disease Society of America, Inc. and Affiliates (collectively the "Society") as of September 30, 2009, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Information for the year ended September 30, 2008 is presented for comparative purposes only and was extracted from the consolidated financial statements of the Society for that year, on which we expressed an unqualified opinion on those statements dated April 15, 2009.

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 Society'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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Huntington's Disease Society of America, Inc. and Affiliates as of September 30, 2009, and the changes in their net assets and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

BDO Seidman, LLP

March 31, 2010

Huntington's Disease Society of America, Inc. and Affiliates

Consolidated Statement of Financial Position (with comparative totals for 2008)

September 30,	**2009**	2008
Assets		
Cash and cash equivalents (Note 2(d))	**$3,002,276**	$2,540,239
Investments, at fair value (Notes 2(m) and 3)	**806,979**	793,450
Contributions receivable	**1,072,882**	351,054
Pledges receivable, net (Notes 2(j) and 4)	**166,320**	893,410
Prepaid expenses and deposits	**148,199**	139,387
Cash surrender value of life insurance (Note 5)	**110,838**	104,032
Fixed assets, net (Notes 2(e) and 6)	**18,077**	33,577
	$5,325,571	$4,855,149
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	**$ 544,949**	$ 521,661
Accrued compensation	**274,789**	195,628
Research grants payable	**2,507,500**	2,417,500
Accrued lease commitment (Note 7)	**113,314**	111,408
Deferred revenue	**115,478**	82,521
Total liabilities	**3,556,030**	3,328,718
Commitments (Notes 2, 7 and 13)		
Net assets (Notes 2(c), 9, 10 and 11):		
Unrestricted	**41,002**	(32,393)
Unrestricted – Board designated	**443,603**	443,603
Temporarily restricted	**732,736**	550,259
Permanently restricted	**552,200**	564,962
Total net assets	**1,769,541**	1,526,431
	$5,325,571	$4,855,149

See accompanying notes to consolidated financial statements.

Huntington's Disease Society of America, Inc. and Affiliates

Consolidated Statement of Activities (with comparative totals for 2008)

Year ended September 30,

	Unrestricted		Temporarily	Permanently		
	Current	Board designated	restricted	restricted	**2009**	2008
Public support and revenue:						
Public donations (Note 2(i))	$ 2,433,231	$ -	$ 297,000	$ -	**$ 2,730,231**	$ 3,881,317
Foundation grants and corporate contributions (Notes 2(i) and 8)	2,333,317	-	951,063	-	**3,284,380**	2,134,837
Federal campaign	299,787	-	-	-	**299,787**	304,057
Investment income	47,727	-	12,923	27,136	**87,786**	48,361
Sale of materials	49,772	-	-	-	**49,772**	136,241
Donated services (Note 12)	90,069	-	-	-	**90,069**	59,690
Other	1,044	-	-	-	**1,044**	24,416
Net assets released from restrictions (Note 9)	1,226,281	-	(1,186,383)	(39,898)	**-**	-
Total public support and revenue	6,481,228	-	74,603	(12,762)	**6,543,069**	6,588,919
Expenses:						
Program services:						
Research	2,017,682	-	-	-	**2,017,682**	2,350,960
Family services	2,124,771	-	-	-	**2,124,771**	1,934,209
Education	835,254	-	-	-	**835,254**	635,287
Chapter development	1,650,770	-	-	-	**1,650,770**	1,433,474
Total program services	6,628,477	-	-	-	**6,628,477**	6,353,930
Supporting services:						
Management and general	948,373	-	-	-	**948,373**	1,080,446
Fundraising	1,141,438	-	-	-	**1,141,438**	1,051,704
Total supporting services	2,089,811	-	-	-	**2,089,811**	2,132,150
Total expenses	8,718,288	-	-	-	**8,718,288**	8,486,080
Net income (loss) from operations before nonoperating revenue	(2,237,060)	-	74,603	(12,762)	**(2,175,219)**	(1,897,161)
Nonoperating revenue:						
Special events:						
Gross receipts	3,953,255	-	107,874	-	**4,061,129**	3,959,924
Less: Direct costs	(1,642,800)	-	-	-	**(1,642,800)**	(2,051,682)
Net revenue from special events	2,310,455	-	107,874	-	**2,418,329**	1,908,242
Change in net assets	73,395	-	182,477	(12,762)	**243,110**	11,081
Net assets, beginning of year	(32,393)	443,603	550,259	564,962	**1,526,431**	1,515,350
Net assets, end of year	**$ 41,002**	**$ 443,603**	**$ 732,736**	**$552,200**	**$ 1,769,541**	$ 1,526,431

See accompanying notes to consolidated financial statements.

Huntington's Disease Society of America, Inc. and Affiliates

Consolidated Statement of Functional Expenses (with comparative totals for 2008)

Year ended September 30,

	Program services					Supporting services				
	Research	Family services	Education	Chapter development	Total program services	Management and general	Fundraising	Total supporting services	**2009**	2008
Salaries and related expenses:										
Salaries	$ 302,276	$ 395,341	$ 92,075	$ 676,605	$1,466,297	$354,527	$ 381,266	$ 735,793	**$2,202,090**	$2,043,384
Payroll taxes and employee benefits (Note 12)	101,793	133,134	29,482	223,091	487,500	118,510	134,831	253,341	**740,841**	648,143
Total salaries and related expenses	404,069	528,475	121,557	899,696	1,953,797	473,037	516,097	989,134	**2,942,931**	2,691,527
Other expenses:										
Office supplies	7,655	17,041	14,904	31,890	71,490	26,848	14,495	41,343	**112,833**	117,342
Telephone	7,723	13,912	9,316	82,051	113,002	13,560	19,472	33,032	**146,034**	140,310
Postage and shipping	1,430	8,933	62,743	48,035	121,141	70,429	58,037	128,466	**249,607**	166,768
Rent and occupancy charges (Note 7)	26,752	26,752	26,794	105,475	185,773	26,759	26,752	53,511	**239,284**	245,473
Printing and publications	12,400	5,956	390,555	39,921	448,832	64,299	20,014	84,313	**533,145**	281,644
Conferences, meetings and travel	106,807	81,095	31,636	146,572	366,110	66,304	38,434	104,738	**470,848**	290,736
Insurance	1,398	4,894	6,293	11,617	24,202	5,593	6,293	11,886	**36,088**	40,374
Prizes, gifts and products sold	166	342	6,725	15,615	22,848	9,591	163,741	173,332	**196,180**	59,170
Professional services	48,281	384,288	98,194	164,142	694,905	61,067	108,529	169,596	**864,501**	868,978
Research grants and other awards	1,295,166	1,009,662	-	-	2,304,828	-	-	-	**2,304,828**	3,186,085
Equipment rental	7,286	7,286	7,285	15,125	36,982	8,899	8,549	17,448	**54,430**	54,319
Donated services and materials (Note 11)	90,069	-	-	-	90,069	-	-	-	**90,069**	59,690
Bad debt expense	8,211	28,737	36,948	61,580	135,476	32,843	36,948	69,791	**205,267**	15,240
Other	269	7,398	22,304	24,960	54,931	75,125	124,077	199,202	**254,133**	247,805
Total expenses before depreciation and amortization	2,017,682	2,124,771	835,254	1,646,679	6,624,386	934,354	1,141,438	2,075,792	**8,709,178**	8,465,461
Depreciation and amortization	-	-	-	4,091	4,091	14,019	-	14,019	**18,110**	20,619
	$2,017,682	**$2,124,771**	**$835,254**	**$1,650,770**	**$6,628,477**	**$948,373**	**$1,141,438**	**$2,089,811**	**$8,718,288**	$8,486,080

See accompanying notes to consolidated financial statements.

Huntington's Disease Society of America, Inc. and Affiliates

Consolidated Statement of Cash Flows (with comparative totals for 2008)

Year ended September 30,	**2009**	2008
Cash flows from operating activities:		
Change in net assets	**$ 243,110**	$ 11,081
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	**18,110**	20,619
Provisions for bad debt	**205,267**	15,240
Realized loss on investments	**-**	3,858
Unrealized (gain) loss on investments	**(21,762)**	613
Donated investments	**(152,745)**	(95,027)
Changes in assets and liabilities:		
(Increase) decrease in:		
Contributions receivable	**(721,828)**	380,118
Pledges receivable	**521,823**	(343,457)
Prepaid expenses and deposits	**(8,812)**	(65,979)
Cash surrender value of life insurance	**(6,806)**	(5,369)
Increase (decrease) in:		
Accounts payable and accrued expenses	**23,288**	(63,905)
Accrued salaries and related liabilities	**79,161**	36,203
Research grants payable	**90,000**	1,084,000
Accrued lease commitment	**1,906**	11,008
Deferred revenue	**32,957**	9,196
Net cash provided by operating activities	**303,669**	998,199
Cash flows from investing activities:		
Purchase of fixed assets	**(2,610)**	(6,649)
Purchase of investments	**(320,573)**	(938,488)
Proceeds from sale of investments	**481,551**	536,568
Net cash provided by (used in) investing activities	**158,368**	(408,569)
Net increase in cash and cash equivalents	**462,037**	589,630
Cash and cash equivalents, beginning of year	**2,540,239**	1,950,609
Cash and cash equivalents, end of year	**$3,002,276**	$2,540,239

See accompanying notes to consolidated financial statements.

1. Nature of Organization

The Huntington's Disease Society of America, Inc. and Affiliates (collectively the "Society") is a national, voluntary health organization dedicated to improving the lives of people with Huntington's disease and their families.

2. Summary of Significant Accounting Policies

(a) *Principles of Consolidation*

The consolidated financial statements include the accounts of the Huntington's Disease Society of America, Inc. ("HDSA") and its wholly-owned supporting organizations, HDSA Research Initiatives, Inc. and HDSA Care Centers Initiatives, Inc. (the "Affiliates"). All material intercompany accounts and transactions have been eliminated in consolidation.

(b) *Basis of Accounting and Presentation*

The financial statements of the Society have been prepared on the accrual basis. In the statement of financial position, assets are presented in order of liquidity or conversion to cash and liabilities are reflected in order of their maturity resulting in the use of cash.

(c) *Financial Statement Presentation*

The classification of a not-for-profit organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of three classes of net assets, permanently restricted, temporarily restricted, and unrestricted, be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

(i) **Permanently Restricted** - Net assets resulting from contributions and other inflows of assets whose use by the Society is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Society.

(ii) **Temporarily Restricted -** Net assets resulting from contributions and other inflows of assets whose use by the Society is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Society pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities.

(iii) **Unrestricted -** The part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations. They represent resources over which the Society has full discretion with respect to its use.

(iv) **Unrestricted - Board designated** - Net assets consisting of contributions to the Society that can be spent at the discretion of the Board of Trustees of the Society.

(d) *Cash and Cash Equivalents*

The Society considers all highly liquid instruments purchased with a maturity of three months or less to be cash and cash equivalents.

(e) *Fixed Assets*

Fixed assets are recorded at cost, net of accumulated depreciation. Depreciation of furniture and equipment is computed using the straight-line method utilizing a half-year convention over the estimated useful lives of the assets. Leasehold improvements are amortized on a straight-line method over their estimated useful life or the life of the improvement, whichever is shorter.

The estimated useful lives of the assets are as follows:

Furniture and equipment	3-7 years
Leasehold improvements	7-10 years

(f) *Functional Allocation of Expenses*

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain administrative costs have been allocated among the programs and supporting services based on benefits received.

(g) *Income Taxes*

The Society is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code (the "Code"), and therefore has made no provision for income taxes in the accompanying financial statements. In addition, the Society has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a)(c) of the Code. There was no unrelated business income for the year ended September 30, 2009. The Society did not take any uncertain tax position in 2009, therefore no provision for a tax liability is necessary.

The Affiliates operate as support organizations exempt from Federal income tax under Section 501(c)(3) of the Code and are classified as publicly supported organizations as described in Section 509(a)(3) of the Code. There was no unrelated business income for the year ended September 30, 2009.

(h) *Use of Estimates*

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reported period. Actual results could differ from those estimates.

(i) *Contributions*

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor-imposed restrictions. Contributions with purpose or time restrictions are reported as increases in temporarily restricted net assets. When a donor-imposed restriction expires, that is, when a time restriction ends or purpose restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Restricted gifts and grants, received and utilized in the current year, are reflected in the consolidated statement of activities as unrestricted net assets.

(j) *Promises to Give*

Unconditional promises to give are recognized as contribution revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received and are classified as either unrestricted, temporarily restricted, or permanently restricted support. Promises to give are recorded at net realizable value if expected to be collected in one year. Unconditional promises to give that are expected to be collected in the future years are recorded at the present value of these estimated future cash flows.

(k) *Concentration of Credit Risk*

Financial instruments that potentially subject the Society to concentration of credit risk consist primarily of cash, cash equivalents, and investments. At September 30, 2009, the Society held cash deposits at financial institutions which exceeded the Federal Depository Insurance Coverage ("FDIC") limit.

(l) *Donated Services*

Donated services are valued at their fair market value. Donated services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated.

(m) Investment Valuation and Income Recognition

On October 1, 2008, the Society adopted Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820-10 (formerly SFAS No. 157), "Fair Value Measurements". This statement defines fair value, establishes a framework for measuring fair value and expands the disclosures about fair value measurements. ASC 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in a principal or most advantageous market. Fair value is a market-based measurement that is determined based on inputs, which refer broadly to assumptions that market participants use in pricing assets or liabilities. These inputs can be readily observable, market corroborated, or unobservable. ASC 820-10 established a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value in three broad levels. The standard requires that assets and liabilities be classified in their entirety based on the level of input that is significant to the fair value measurement. Assessing the significance of a particular input may require judgment considering factors specific to the asset or liability, and may affect the valuation of the asset or liability, and may affect the valuation of the asset or liability and their placement within the fair value hierarchy. The Memorial classifies fair value balances based on the fair value hierarchy defined by ASC 820-10 as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Valuation adjustments and block discounts are not applied to Level 1 instruments.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The Society's investment in certificates of deposit represents deposits with original maturities of greater than 3 months from the date of purchase, which the Society considers to be short-term investments. The certificates of deposit represent interest-bearing cash deposits and are categorized as Level 1 of the fair value hierarchy.

The Society's holdings in mutual funds consist principally of debt and equity securities carried at their stated unit values provided by the investment managers of the funds. Each of these investment managers provides observable detailed information about the underlying securities, all of which are publicly-traded securities (equities, treasuries and bonds). The valuation of these investments is based on Level 2 inputs within the hierarchy used in measuring fair value.

Investments in common stocks and government bonds, if any, are adjusted to their fair market value at the statement of financial position date, resulting in either an unrealized gain or loss.

Investment income is recognized when earned and consists of interest and dividends. Dividends are recorded on the ex-dividend date. Purchases and sales are recorded on a trade-date basis.

(n) *Comparative Financial Information*

The financial statements include certain prior year summarized comparative information. With respect to the statement of activities, prior year information is not presented by net asset class. With respect to the statement of functional expenses, the prior year expenses by expense classification are presented in total rather than by functional category. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the prior year financial statements from which the summarized information was derived.

(o) *Recently Issued Accounting Pronouncements*

(i) *Net Asset Classification*

In August 2009, the FASB issued ASC 958-205 (formerly FSP No. 117-1), "Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), and Enhanced Disclosures for All Endowment Funds". This statement is intended to improve the quality and consistency of financial reporting of endowments held by not-for-profit organizations. This statement provides guidance on classifying the net assets (equity) associated with donor-restricted endowment funds held by organizations that are subject to an enacted version of UPMIFA, which serves as a model act for states to modernize their laws governing donor-restricted endowment funds. The statement is effective for all fiscal years ending after December 15, 2008. A key component of ASC 958-205 is required for expanded disclosure for all endowment funds (Note 11).

(ii) *Accounting for Uncertainty in Income Taxes*

FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48"), was issued in July 2006 and was effective for fiscal years beginning after December 15, 2006. Under FIN 48, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not the position will be sustained upon examination by a taxing authority.

In February 2008 the FASB issued Staff Position No. 48-2, which defers the effective date of FIN 48 for certain nonpublic enterprises as defined in SFAS No. 109, "Accounting for Income Taxes", until fiscal years beginning after December 15, 2008 and subsequently issued Staff Position No. 48-3 in December 2008. Under SFAS No. 109, a nonpublic enterprise is defined as "an enterprise other than one (a) whose debt or equity securities are traded in a public market, including those traded on a stock exchange or in the over-the-counter market, (b) that is a conduit bond obligor for conduit debt securities that are traded in a public market, or (c) whose financial statements are filed with a regulatory agency in preparation for the sale of any class of securities". As of September 30, 2009, the Society met the definition of a nonpublic enterprise as defined under SFAS No. 109 and has elected to defer the adoption of FIN 48 until fiscal year 2010. As a result, the accounting policy for evaluating uncertain tax positions continues to be based on SFAS No. 5, "Accounting for Contingencies".

On September 3, 2009, the FASB issued Accounting Standards Update ("ASU") No. 2009-06, "Implementation Guidance on Accounting for Uncertainty in Income Taxes and Disclosure Amendments for Nonpublic Entities". At this time, management is assessing the impact, if any, of this ASU on the Society's consolidated financial statements.

3. Investments, at Fair Value

The Society's cost and fair value of investments are summarized as follows:

September 30, 2009

	Fair value	Cost
Certificates of deposit	$801,611	$792,000
Mutual funds	5,368	5,906
Total	$806,979	$797,906

The following table presents the level within the fair value hierarchy at which the Society's financial assets and financial liabilities are measured on a recurring basis at September 30, 2009:

Description	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant other unobservable inputs (Level 3)	Balance at September 30, 2009
Investments:				
Certificates of deposit	$801,611	$ -	$-	$801,611
Mutual funds	-	5,368	-	5,368
	$801,611	$5,368	$-	$806,979

4. Pledges Receivable

Pledges receivable are recorded at their net present value using the appropriate discount rate in effect at the time the pledge is made and are reported net of an allowance for uncollectable pledges. The breakdown of pledges receivable as of September 30, 2009 is as follows:

Pledges due:	
Within one year	$ 33,551
One to five years	140,150
	173,701
Less: Discount to present value	7,381
Net unconditional pledges receivable	$166,320

Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

5. Life Insurance

The Society is the beneficiary of a life insurance policy on a donor. The annual premium expense for this policy is offset by annual increases in the cash surrender value of the policy. The cash surrender value of the policy for the year ended September 30, 2009 was $110,838.

6. Fixed Assets, Net

Fixed assets, net consist of the following:

September 30, 2009	
Furniture and equipment	$255,332
Leasehold improvements	30,489
Total	285,821
Less: Accumulated depreciation and amortization	267,744
Fixed assets, net	$ 18,077

Included in the above amounts are fully depreciated assets still in use amounting to $210,842. Depreciation and amortization expense for the year ended September 30, 2009 was $18,110.

7. Lease Commitments

In fiscal year 2005, the Society entered into a new ten-year agreement to lease office space for its National Office in New York City which was effective June 1, 2005. The Society was granted a rent credit for the first three months of the lease term. The total credit is being amortized on a straight-line basis over the term of the lease. The monthly rent in connection with the agreement, totaling $11,200, commenced June 1, 2005 and will increase to $16,672 per month during the final year of the agreement. Rent expense for the year ended September 30, 2009 totaled $161,736. The minimum future annual lease payments in connection with the agreement are as follows:

Year ending September 30,	
2010	$ 163,827
2011	167,923
2012	179,588
2013	189,411
2014	194,146
Thereafter	148,412
Total	$1,043,307

In addition, the Society leases space for its Chapters at various locations on an annual basis. Rent expense for those locations for the year ended September 30, 2009 totaled $77,548.

8. Related Party Transactions

Subsequent to November 2007 through September 2008, the private foundation made contributions to the Society in lieu of any agreement of $900,000. During November 2008, the Society entered into another matching agreement with the private foundation whereby the foundation will match 100% of the cash contributions raised during the fiscal year ending September 30, 2009 in excess of $6 million, up to a maximum of $1.5 million.

9. Net Assets Released from Restrictions

Net assets released from restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors as of September 30, 2009 totaled $1,186,383 and $39,898 for temporarily restricted net assets and permanently restricted net assets, respectively. Released net assets were used primarily to fund research and education.

10. Permanently Restricted Net Assets

The Society received a permanently restricted grant from a donor for $484,556 in December 2002. As per the agreement, the Society is allowed to use 5% of the original grant and any interest earned each year to fund family services. The permanently restricted net assets balance at September 30, 2009 was $552,200, which consists of two permanently restricted grants.

11. Endowment Net Asset Classification

Interpretation of relevant law - the spending of endowment funds by a not-for-profit corporation in the State of New York is currently governed by the Uniform Management of Institutional Funds Act ("UMIFA"), as enacted in 1978 in the New York Not-For-Profit Corporation Law. The Society has interpreted UMIFA as requiring the preservation of the historical dollar value, or principal, of an endowment fund unless the donor provides otherwise by specifying in their written gift instruments that the not-for-profit corporation's spending-rate policy be applied to the endowment funds.

Investment and spending policies - the Society has adopted investment and spending policies for endowment assets that attempt to provide a stream of returns that would be utilized to fund various programs while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Society must hold in perpetuity, and as directed by the donors, and those assets that are Board designated, as approved by the Board of Directors of the Society. The endowment funds are invested in vehicles such as money market funds, mutual funds, government and equity securities, as well as certificates of deposit.

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.

The following table represents the endowment net asset composition by type of fund as of September 30, 2009:

	Donor-restricted endowment funds	Board-designated endowment funds	Total endowments
Permanently restricted	$552,200	$ -	$ 552,200
Temporarily restricted	377,902	-	377,902
Unrestricted	-	443,603	443,603
Total endowment funds	$930,102	$443,603	$1,373,705

The following table represents the reconciliation of changes in endowment net assets for the year ended September 30, 2009:

	Donor-restricted endowment funds	Board-designated endowment funds	Total endowments
Endowment net assets, beginning of year	$1,115,221	$443,603	$1,558,824
Investment return:			
Investment income	31,633	-	31,633
Net appreciation	15,192	-	15,192
Total investment return	46,825	-	46,825
Transfers to (from) endowment:			
Net transfers into endowment	102,045	-	102,045
Net transfers from endowment	(333,989)	-	(333,989)
Net transfers from endowment	(231,944)	-	(231,944)
Endowment net assets, end of year	$ 930,102	$443,603	$1,373,705

12. Donated Services

During fiscal year 2009, the Society received donated services such as media support in the area of education and awareness through public service announcements and electronic media campaigns. These services were an integral part of the activities of the Society and would have had to be purchased by the Society if they had not been donated. The services were recorded at the fair market value based on what it would have cost the Society to purchase them independently and have been reflected as support and expenses in the consolidated statement of activities. The fair value of donated services for the year ended September 30, 2009 was $90,069.

13. Pension Plan

The Society maintains a 403(b) defined contribution pension plan for all eligible employees. The Society contributes a 5% match of an eligible employee's salary to the pension plan. The Society's contribution for the year ended September 30, 2009 totaled $51,033.

14. Subsequent Events

The Society's management has performed subsequent events procedures through March 31, 2010 which is the date the consolidated financial statements were available to be issued and there were no subsequent events requiring adjustment to the consolidated financial statements or disclosures as stated herein.

Independent Auditors' Report on Supplemental Material

Out audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplemental material is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

BDO Seidman, LLP

Certified Public Accountants

New York, New York

March 31, 2010

Huntington's Disease Society of America, Inc. and Affiliates

Consolidating Statement of Financial Position

September 30, 2009

	National Organization	Group Exemption	HDSA Research Initiatives	HDSA Care Centers Initiatives	Total
Assets					
Cash and cash equivalents	$1,392,659	$ 861,044	$ 746,663	$1,910	**$3,002,276**
Investments, at fair value	-	-	806,979	-	**806,979**
Contributions receivable	940,465	132,417	-	-	**1,072,882**
Pledges receivable, net	161,720	4,600	-	-	**166,320**
Prepaid expenses and deposits	148,199	-	-	-	**148,199**
Cash surrender value of life insurance	110,838	-	-	-	**110,838**
Fixed assets, net	12,875	5,202	-	-	**18,077**
	$2,766,756	**$1,003,263**	**$1,553,642**	**$1,910**	**$5,325,571**
Liabilities and Net Assets					
Liabilities:					
Accounts payable and accrued expenses	$ 544,949	$ -	$ -	$ -	**$ 544,949**
Accrued compensation	274,789	-	-	-	**274,789**
Research grants payable	1,890,000	-	617,500	-	**2,507,500**
Accrued lease commitment	113,314	-	-	-	**113,314**
Deferred revenue	81,927	33,551	-	-	**115,478**
	2,904,979	33,551	617,500	-	**3,556,030**
Net assets:					
Unrestricted	(138,223)	969,712	(792,397)	1,910	**41,002**
Unrestricted - Board designated	-	-	443,603	-	**443,603**
Temporarily restricted	-	-	732,736	-	**732,736**
Permanently restricted	-	-	552,200	-	**552,200**
Total net assets	(138,223)	969,712	936,142	1,910	**1,769,541**
	$2,766,756	**$1,003,263**	**$1,553,642**	**$1,910**	**$5,325,571**

Huntington's Disease Society of America, Inc. and Affiliates

Consolidating Statement of Activities

Year ended September 30, 2009

	National Organization	Group Exemption	HDSA Research Initiatives	HDSA Care Centers Initiatives	Eliminations	Total
Public support and revenue:						
Public support	$ 5,331,398	$ 1,211,671	$ -	$ -	$ -	**$ 6,543,069**
Indirect support	-	-	2,535,216	769	(2,535,985)	**-**
Total public support and revenue	5,331,398	1,211,671	2,535,216	769	(2,535,985)	**6,543,069**
Expenses:						
Program services:						
Grants to related organizations	1,180,937	1,355,048	-	-	(2,535,985)	**-**
Research	2,014,699	-	2,983	-	-	**2,017,682**
Family services	1,815,238	298,275	11,258	-	-	**2,124,771**
Education	821,952	10,319	2,983	-	-	**835,254**
Chapter development	1,647,787	-	2,983	-	-	**1,650,770**
Total program services	7,480,613	1,663,642	20,207	-	(2,535,985)	**6,628,477**
Supporting services:						
Management and general	219,244	725,616	3,513	-	-	**948,373**
Fundraising	781,277	343,871	16,290	-	-	**1,141,438**
Total supporting services	1,000,521	1,069,487	19,803	-	-	**2,089,811**
Total expenses	8,481,134	2,733,129	40,010	-	(2,535,985)	**8,718,288**
Net income (loss) from operations before nonoperating revenue	(3,149,736)	(1,521,458)	2,495,206	769	-	**(2,175,219)**
Nonoperating revenue:						
Special events:						
Gross receipts	2,078,194	1,982,935	-	-	-	**4,061,129**
Less: Direct costs	(1,191,454)	(451,346)	-	-	-	**(1,642,800)**
Net revenue from special events	886,740	1,531,589	-	-	-	**2,418,329**
Change in net assets	(2,262,996)	10,131	2,495,206	769	-	**243,110**
Net assets, beginning of year	2,124,773	959,581	(1,559,064)	1,141	-	**1,526,431**
Net assets, end of year	**$ (138,223)**	**$ 969,712**	**$ 936,142**	**$1,910**	**$ -**	**$ 1,769,541**