EISNERAMPER
ACCOUNTANTS & ADVISORS

HUNTINGTON'S DISEASE SOCIETY OF AMERICA, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2016 and 2015

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Huntington's Disease Society of America, Inc. (the "Society"), which are comprised of the statements of financial position as of December 31, 2016 and 2015, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the 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.

Auditors' Responsibility

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 audits 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 auditors' judgments, 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 auditors consider internal control relevant to the Society'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 Society'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 financial statements referred to above present fairly, in all material respects, the financial position of the Huntington's Disease Society of America, Inc. as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

EisnerAmper LLP

New York, New York
May 3, 2017

HUNTINGTON'S DISEASE SOCIETY OF AMERICA, INC.

Statements of Financial Position

	December 31, 2016	December 31, 2015
ASSETS		
Cash and cash equivalents	**$ 5,682,692**	$ 4,537,268
Investments	**496,158**	425,792
Pledges and contributions receivable, net	**905,233**	1,115,008
Prepaid expenses and deposits	**146,030**	144,645
Property and equipment, net	**50,747**	45,608
	$ 7,280,860	$ 6,268,321
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	**$ 120,396**	$ 220,345
Accrued compensation	**257,019**	249,235
Grants payable	**1,032,367**	540,161
Deferred rent obligation	**93,118**	72,116
Obligation under capital lease	**21,331**	2,626
Event revenue received in advance	**31,254**	34,010
Total liabilities	**1,555,485**	1,118,493
Commitments (Note I)		
Net assets:		
Unrestricted:		
Undesignated	**1,047,304**	204,517
Board-operating reserve	**932,251**	686,827
	1,979,555	891,344
Temporarily restricted	**3,495,820**	4,008,484
Permanently restricted	**250,000**	250,000
Total net assets	**5,725,375**	5,149,828
	$ 7,280,860	$ 6,268,321

See notes to financial statements.

HUNTINGTON'S DISEASE SOCIETY OF AMERICA, INC.

Statement of Activities
Year Ended December 31, 2016
(with summarized financial information for 2015)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2016	Total 2015
Support and revenue:					
Public donations	$ 1,353,924	$ 891,655		$ 2,245,579	$ 2,813,604
Foundation grants and corporate contributions	933,007	816,610		1,749,617	1,946,618
Federal campaign	303,133			303,133	289,481
Investment income	29,466	(16,296)		13,170	7,615
Donated services and materials	301,028			301,028	539,033
Other	5,883			5,883	22,913
Total support and revenue before net assets released from restrictions	2,926,441	1,691,969		4,618,410	5,619,264
Net assets released from restrictions	2,204,633	(2,204,633)		0	0
Total support and revenue	5,131,074	(512,664)		4,618,410	5,619,264
Expenses:					
Program services:					
Research	1,959,619			1,959,619	1,727,027
Family services	2,275,034			2,275,034	1,949,944
Education	1,540,144			1,540,144	1,553,769
Chapter development	1,004,040			1,004,040	1,014,896
	6,778,837			6,778,837	6,245,636
Supporting services:					
Management and general	1,060,855			1,060,855	913,562
Fund-raising	1,095,412			1,095,412	1,148,113
	2,156,267			2,156,267	2,061,675
Total expenses	8,935,104			8,935,104	8,307,311
Change in net assets before non-operating income	(3,804,030)	(512,664)		(4,316,694)	(2,688,047)
Non-operating income:					
Special events:					
Gross receipts	5,456,354			5,456,354	4,628,905
Less: direct costs	(564,113)			(564,113)	(598,394)
Net income from special events	4,892,241			4,892,241	4,030,511
Change in net assets	1,088,211	(512,664)		575,547	1,342,464
Net assets, beginning of year	891,344	4,008,484	$ 250,000	5,149,828	3,807,364
Net assets, end of year	$ 1,979,555	$ 3,495,820	$ 250,000	$ 5,725,375	$ 5,149,828

See notes to financial statements.

HUNTINGTON'S DISEASE SOCIETY OF AMERICA, INC.

Statement of Activities
Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue:				
Public donations	$ 753,413	$ 2,060,191		$ 2,813,604
Foundation grants and corporate contributions	1,219,268	727,350		1,946,618
Federal campaign	289,481			289,481
Investment income	6,332	1,283		7,615
Donated services and materials	539,033			539,033
Other	22,913			22,913
Total support and revenue before net assets released from restrictions	2,830,440	2,788,824		5,619,264
Net assets released from restrictions	1,664,850	(1,664,850)		0
Total support and revenue	4,495,290	1,123,974		5,619,264
Expenses:				
Program services:				
Research	1,727,027			1,727,027
Family services	1,949,944			1,949,944
Education	1,553,769			1,553,769
Chapter development	1,014,896			1,014,896
	6,245,636			6,245,636
Supporting services:				
Management and general	913,562			913,562
Fund-raising	1,148,113			1,148,113
	2,061,675			2,061,675
Total expenses	8,307,311			8,307,311
Change in net assets before non-operating income	(3,812,021)	1,123,974		(2,688,047)
Non-operating income:				
Special events:				
Gross receipts	4,628,905			4,628,905
Less: direct costs	(598,394)			(598,394)
Net income from special events	4,030,511			4,030,511
Increase in net assets	218,490	1,123,974		1,342,464
Net assets, beginning of year	672,854	2,884,510	$ 250,000	3,807,364
Net assets, end of year	$ 891,344	$ 4,008,484	$ 250,000	$ 5,149,828

See notes to financial statements.

HUNTINGTON'S DISEASE SOCIETY OF AMERICA, INC.

Statement of Functional Expenses
Year Ended December 31, 2016
(with summarized financial information for 2015)

	Program Services					Supporting Services			Total	
	Research	Family Services	Education	Chapter Development	Total Program Services	Management and General	Fund-Raising	Total Supporting Services	2016	2015
Salaries and related expenses:										
Salaries	$ 281,824	$ 435,962	$ 467,636	$ 620,277	$ 1,805,699	$ 266,234	$ 409,609	$ 675,843	$ 2,481,542	$ 2,439,739
Payroll taxes and employee benefit	85,481	132,234	141,841	188,139	547,695	80,752	124,241	204,993	752,688	753,038
Total salaries and related expenses	367,305	568,196	609,477	808,416	2,353,394	346,986	533,850	880,836	3,234,230	3,192,777
Other expenses:										
Office supplies	2,200	3,933	17,067	21,412	44,612	34,614	18,822	53,436	98,048	103,567
Telephone	7,773	19,193	7,072	30,042	64,080	27,526	6,868	34,394	98,474	102,892
Postage and shipping		637	15,267	13,044	28,948	36,046	41,792	77,838	106,786	131,237
Rent and occupancy charges	44,432	44,432	44,432	56,294	189,590	44,432	44,432	88,864	278,454	238,219
Printing and publications	1,073	3,994	73,837	13,167	92,071	84,677	55,183	139,860	231,931	296,011
Conferences, meetings and travel	7,153	43,414	317,695	4,348	372,610	46,307	16,138	62,445	435,055	445,212
Insurance	4,811	7,897	7,971	11,395	32,074	4,543	7,040	11,583	43,657	43,283
Prizes and gifts		103,929	295,361	1,998	401,288	345	170,442	170,787	572,075	474,495
Professional services	84,918	378,621	139,071	22,838	625,448	117,738	21,279	139,017	764,465	800,493
Research grants and other awards	1,238,290	1,092,250			2,330,540				2,330,540	1,647,264
Equipment rental	2,648	2,648	3,690	6,106	15,092	3,632	2,648	6,280	21,372	24,536
Donated services and materials	195,707			3,840	199,547	101,481		101,481	301,028	539,032
Bad debt expense						120,000		120,000	120,000	
Other	780	1,978	5,008	4,426	12,192	90,139	173,242	263,381	275,573	237,206
Total expenses before depreciation and amortization	1,957,090	2,271,122	1,535,948	997,326	6,761,486	1,058,466	1,091,736	2,150,202	8,911,688	8,276,224
Depreciation and amortization	2,529	3,912	4,196	6,714	17,351	2,389	3,676	6,065	23,416	31,087
	$ 1,959,619	$ 2,275,034	$ 1,540,144	$ 1,004,040	$ 6,778,837	$ 1,060,855	$ 1,095,412	$ 2,156,267	$ 8,935,104	$ 8,307,311

HUNTINGTON'S DISEASE SOCIETY OF AMERICA, INC.

Statement of Functional Expenses
Year Ended December 31, 2015

	Program Services					Supporting Services			Total
	Research	Family Services	Education	Chapter Development	Total Program Services	Management and General	Fund-Raising	Total Supporting Services	2015
Salaries and related expenses:									
Salaries	$ 272,054	$ 433,334	$ 472,417	$ 588,682	$ 1,766,487	$ 260,675	$ 412,577	$ 673,252	$ 2,439,739
Payroll taxes and employee benefit	83,971	133,751	145,814	181,700	545,236	80,458	127,344	207,802	753,038
Total salaries and related expenses	356,025	567,085	618,231	770,382	2,311,723	341,133	539,921	881,054	3,192,777
Other expenses:									
Office supplies	3,060	4,769	19,729	17,814	45,372	34,811	23,384	58,195	103,567
Telephone	7,802	16,310	8,247	37,308	69,667	25,343	7,882	33,225	102,892
Postage and shipping	773	3,376	22,063	25,485	51,697	46,449	33,091	79,540	131,237
Rent and occupancy charges	37,124	37,125	37,124	52,614	163,987	37,181	37,051	74,232	238,219
Printing and publications	110	3,375	99,016	32,171	134,672	102,969	58,370	161,339	296,011
Conferences, meetings and travel	7,127	36,683	324,197	12,250	380,257	33,807	31,148	64,955	445,212
Insurance	4,750	7,632	8,249	10,896	31,527	4,552	7,204	11,756	43,283
Prizes and gifts		393	254,858	1,247	256,498	7,859	210,138	217,997	474,495
Professional services	79,477	448,962	141,563	34,386	704,388	62,372	33,733	96,105	800,493
Research grants and other awards	832,450	814,814			1,647,264				1,647,264
Equipment rental	3,229	3,229	3,663	6,774	16,895	4,435	3,206	7,641	24,536
Donated services and materials	391,285				391,285	147,747		147,747	539,032
Other	356	683	10,824	6,010	17,873	61,592	157,741	219,333	237,206
Total expenses before depreciation and amortization	1,723,568	1,944,436	1,547,764	1,007,337	6,223,105	910,250	1,142,869	2,053,119	8,276,224
Depreciation and amortization	3,458	5,508	6,005	7,559	22,530	3,313	5,244	8,557	31,087
	$ 1,727,026	$ 1,949,944	$ 1,553,769	$ 1,014,896	$ 6,245,635	$ 913,563	$ 1,148,113	$ 2,061,676	$ 8,307,311

HUNTINGTON'S DISEASE SOCIETY OF AMERICA, INC.

Statements of Cash Flows

	Year Ended December 31, 2016	Year Ended December 31, 2015
Cash flows from operating activities:		
Increase in net assets	**$ 575,547**	$ 1,342,464
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	**23,416**	31,087
Bad debt expense	**120,000**	
Net realized and unrealized gains on investments	**(1,298)**	(174)
Donated securities	**(36,869)**	(31,816)
Proceeds from sales of donated securities	**36,754**	31,274
Changes in:		
Pledges and contributions receivable	**89,775**	30,361
Other receivables		214,806
Prepaid expenses and deposits	**(1,385)**	(31,442)
Accounts payable and accrued expenses	**(99,949)**	130,803
Accrued compensation	**7,784**	60,300
Grants payable	**492,206**	(697,722)
Deferred rent obligation	**21,002**	53,222
Event revenue received in advance	**(2,756)**	(5,857)
Net cash provided by operating activities	**1,224,227**	1,127,306
Cash flows from investing activities:		
Proceeds from sales of investments	**250,386**	576,244
Purchases of investments	**(319,339)**	(736,547)
Purchases of property and equipment	**(28,555)**	(40,100)
Net cash used in investing activities	**(97,508)**	(200,403)
Cash flows from financing activities:		
Obligation under capital lease	**21,331**	
Payments made on capital lease obligations	**(2,626)**	(7,147)
Net cash provided by (used in) financing activities	**18,705**	(7,147)
Net increase in cash and cash equivalents	**1,145,424**	919,756
Cash and cash equivalents, beginning of year	**4,537,268**	3,617,512
Cash and cash equivalents, end of year	**$ 5,682,692**	$ 4,537,268
Supplemental disclosures of cash flow information:		
Donated goods and services	**$ 301,028**	$ 539,033
Interest expense incurred under capital lease obligation	**$ 1,079**	$ 1,141

See notes to financial statements.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] The Society:

The Huntington's Disease Society of America, Inc. (the "Society") was incorporated in New York in 1986. The Society is a national, voluntary health organization dedicated to improving the lives of people with Huntington's Disease ("HD") and their families. Currently, the Society has 37 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 the Society'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.

The Society is 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 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] Use of estimates:

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

[4] Cash and cash equivalents:

For financial-reporting 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 reported as investments in the accompanying statements of financial position.

[5] Investments:

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the accompanying statements of financial position, with realized and unrealized gains and losses included in the accompanying statements of activities. The Society's mutual funds, consisting of bond and equity funds, are also reported at their fair values, as determined by management with the assistance of the related investment manager or advisor.

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.

Donated securities are recorded at their fair estimated values at the date of donation. The Society's policy is to sell donated securities immediately, and, accordingly, for purposes of the statement of cash flows, donated securities and the proceeds generated from their sales are included as operating activities.

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

[6] Property and equipment:

Property and equipment are stated at their original costs at the dates of acquisition, or if contributed, at their fair values at the dates of donation. The Society capitalizes items of property and equipment that have a cost of $1,000 or more and a useful life greater than one year. Depreciation is provided using the straight-line method over five to ten years, the estimated useful lives of the related assets. Likewise, leasehold improvements are amortized over the remaining lease term, or the useful lives of the improvements, whichever is shorter.

Management evaluates the recoverability of the investment in long-lived assets on an on-going basis and recognizes any impairment in the year of determination. Long-lived assets were tested for impairment as of December 31, 2016 and 2015, respectively, and, in the opinion of management, there were no impairments. However, it is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

[7] Accrued vacation:

Accrued vacation is included as a liability in the accompanying financial statements and represents the Society's obligation for the potential cost of unused employee vacation time that would be payable in the event that those employees left the Society; the obligation is recalculated every year. At December 31, 2016 and 2015, the accrued vacation obligation was approximately $151,000 and $142,000, respectively, and was reported as part of accrued compensation in the accompanying statements of financial position.

[8] Grants payable:

Grants are recognized as an obligation to the Society at the time they are approved. Grants approved, but unpaid, were approximately $1,032,000 and $540,000 at December 31, 2016 and 2015, respectively, and are reported as liabilities in the accompanying statements of financial position. Grants are generally paid within one year of approval or in the case of multi-year grants, payments are made based on the scheduled milestones that coincide with the satisfactory progression of the project.

[9] Deferred rent obligation:

Total rent expense under the lease agreement is amortized, using the straight-line method, over the term of the lease. The difference between the aggregate minimum lease payments and the actual lease amounts paid, which is attributed to scheduled rent increases, is reported as a "deferred rent" obligation in the accompanying statements of financial position.

[10] Event revenue received in advance:

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

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

[11] Net assets:

(i) Unrestricted:

Unrestricted net assets represent those resources that are not subject to donor restrictions and are available for current operations. The Board of Trustees has designated a portion of unrestricted net assets to function as a reserve to be spent at the discretion of the Board.

(ii) 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 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 statements of activities as "net assets released from restrictions."

(iii) Permanently restricted:

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

[12] Revenue recognition:

(i) Contributions:

Contributions to the Society are recognized as revenue upon the receipt of cash or other assets, or of unconditional pledges. Contributions are recorded as either temporarily or permanently restricted if they are received with donor stipulations or time considerations as to their use. Conditional contributions are recorded when the conditions have been met. The Society records bequest income at the time it has an established right to a bequest and the proceeds are measurable. Contributions to be received over periods longer than a single year are discounted at an interest rate commensurate with the risk involved.

(ii) Grant revenue:

Grant revenue is recognized based on the terms of the grant, and is available for unrestricted use unless the donor or grantor restricts the use thereof, either on a temporary or permanent basis.

[13] Donated goods and services:

For recognition of donated goods and services in the Society's financial statements, such goods or services must (i) create or enhance non-financial assets and (ii) typically need to be acquired if not provided by donation. Additionally, recognition of donated services must (i) require a specialized skill, and (ii) be provided by individuals possessing these skills. Donated goods and services are recorded as support at their estimated fair values at the dates of donation and are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Donated goods and services are reported as both contributions and offsetting expenses in the accompanying statements of activities.

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

[13] Donated goods and services: (continued)

During 2016 and 2015, donated goods and services were as follows:

	Year Ended December 31, 2016	Year Ended December 31, 2015
Legal services	**$ 101,481**	$ 147,747
Donated space	**3,840**	3,840
Donated goods	**195,707**	387,446
	$ 301,028	$ 539,033

[14] Functional allocation of expenses:

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

[15] 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 non-operating activities.

[16] Income tax uncertainties:

The Society follows the provisions of the Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("ASC") Topic 740, *Income Taxes*, as it relates to accounting and reporting for uncertainty in income taxes. Because of the Society's general tax-exempt status, management believes ASC Topic 740 has not had, and is not anticipated to have, a material impact on the Society's financial statements.

[17] Recent accounting pronouncement:

In August 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 will amend financial-statement presentations and disclosures, with the goal of assisting not-for-profit organizations in providing more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. ASU 2016-14 includes qualitative and quantitative requirements in the following areas: (i) net asset classifications, (ii) investment returns, (iii) expense categorizations, (iv) liquidity and availability of resources, and (v) the presentation of operating cash flows. The new standard is effective for fiscal reporting periods beginning after December 15, 2017. The Society will adopt the ASU 2016-14 when it becomes effective.

[18] Subsequent events:

The Society considers all of the accounting treatments, and the related disclosures in the current year's financial statements, that may be required as the result of all events or transactions that occur after December 31, 2016 through May 3, 2017, the date on which the financial statements were available to be issued.

NOTE B - INVESTMENTS

At each year-end, investments consisted of the following:

	December 31,			
	2016		2015	
	Fair Value	**Cost**	**Fair Value**	**Cost**
Certificates of deposit	**$ 481,038**	**$ 481,038**	$ 413,317	$ 413,317
Mutual funds	**12,581**	**7,832**	12,108	7,359
Equity securities	**2,250**	**952**		
Government securities	**289**	**289**	367	367
	$ 496,158	**$ 490,111**	$ 425,792	$ 421,043

During each year, investment income consisted of the following:

	Year Ended December 31,	
	2016	**2015**
Interest and dividends	**$ 11,872**	$ 7,441
Realized gains		1,953
Unrealized gains (losses)	**1,298**	(1,779)
	$ 13,170	$ 7,615

ASC Topic 820, *Fair Value Measurements and Disclosures,* 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 investments, at the reporting date.

Level 2: Valuations are based on (i) quoted prices for similar investments, in active markets, or (ii) quoted prices for identical 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 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.

The availability of market data is monitored to assess the appropriate classification of financial instruments within the fair-value hierarchy. Changes in economic conditions or valuation techniques may require the transfer of financial instruments from one level to another. In such instances, the transfer is reported at the beginning of the reporting period. During 2016 and 2015, there were no transfers between the fair-value levels.

NOTE B - INVESTMENTS (CONTINUED)

The following tables summarize the fair values of the Society's assets at each year-end, in accordance with the ASC Topic 820 valuation levels:

	December 31,					
	2016			2015		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Certificates of deposit		**$ 481,038**	**$ 481,038**		$ 413,317	$ 413,317
Mutual funds	**$ 12,581**		**12,581**	$ 12,108		12,108
Equity securities	**2,250**		**2,250**			
Government securities		**289**	**289**		367	367
	$ 14,831	**$ 481,327**	**$ 496,158**	$ 12,108	$ 413,684	$ 425,792

NOTE C - RECEIVABLES

[1] Pledges and contributions receivable:

At each year-end, pledges and contributions receivable were estimated to be due as follows:

	December 31,	
	2016	2015
Less than one year	**$ 795,402**	$ 568,470
One to five years	**252,755**	609,838
	1,048,157	1,178,308
Reduction of pledges due in excess of one year to present value at 4% annually	**(22,924)**	(63,300)
Less allowance for doubtful accounts	**(120,000)**	
	$ 905,233	$ 1,115,008

[2] Other receivables:

At year-end, other receivables consisted of amounts due to the Society for exchange-type transactions. All amounts are due within one year. Based on management's past experience, these receivables are expected to be fully collected.

NOTE D - PROPERTY AND EQUIPMENT

At each year-end, property and equipment consisted of the following:

	December 31, 2016	December 31, 2015
Computers and equipment	**$ 293,565**	$ 270,751
Furniture and fixtures	**17,085**	17,085
Chapter property and equipment	**58,408**	52,667
Leasehold improvements	**64,105**	64,105
	433,163	404,608
Less accumulated depreciation and amortization	**(382,416)**	(359,000)
	$ 50,747	$ 45,608

NOTE E - EMPLOYEE-BENEFIT PLAN

The Society maintains a defined-contribution employee-benefit plan, established under Section 403(b) of the Internal Revenue Code. The plan covers all eligible employees. The Society contributes a portion of an eligible employee's salary to the plan. The Society's contributions for 2016 and 2015 were approximately $106,000 and $104,000, respectively.

NOTE F - TEMPORARILY RESTRICTED NET ASSETS

At each year-end, temporarily restricted net assets consisted of the following:

	December 31, 2016	December 31, 2015
Research	**$ 2,181,223**	$ 2,522,587
Family services	**247,521**	168,830
Education	**537,563**	538,379
Chapter development	**242,316**	412,332
Time-restricted	**272,320**	334,475
	3,480,943	3,976,603
Accumulated endowment income reserved for appropriation	**14,877**	31,881
	$ 3,495,820	$ 4,008,484

Temporarily restricted net assets that are time-restricted represent multi-year, unrestricted gifts that are subject to designation as temporarily restricted in accordance with the Society's accounting policy as previously discussed in Note A[11].

NOTE F - TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)

During each year, net assets released from restrictions consisted of the following:

	Year Ended December 31,	
	2016	**2015**
Research	**$ 1,321,533**	$ 1,004,795
Family services	**133,100**	
Education	**392,829**	350,453
Chapter development	**270,016**	147,276
Time-restricted	**87,155**	162,326
	$ 2,204,633	$ 1,664,850

NOTE G - PERMANENTLY RESTRICTED NET ASSETS

At December 31, 2016 and 2015, net assets of $250,000 were permanently restricted, with investments earnings to be used to support medical research in the field of Huntington's disease.

NOTE H - ACCOUNTING AND REPORTING FOR ENDOWMENTS

[1] The endowment:

The Society's endowment consists of one donor-restricted fund, 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 fund. The Board of Trustees adheres to NYPMIFA's requirements.

[3] Changes in endowment net assets, during each year:

	December 31, 2016		
	Temporarily Restricted	**Permanently Restricted**	**Total**
Endowment net assets, beginning of year	**$ 31,881**	**$ 250,000**	**$ 281,881**
Investment losses	**(17,004)**		**(17,004)**
Endowment net assets, end of year	**$ 14,877**	**$ 250,000**	**$ 264,877**

NOTE H - ACCOUNTING AND REPORTING FOR ENDOWMENTS (CONTINUED)

[3] Changes in endowment net assets, during each year: (continued)

	December 31, 2015		
	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 30,466	$ 250,000	$ 280,466
Investment income	1,415		1,415
Endowment net assets, end of year	$ 31,881	$ 250,000	$ 281,881

Temporarily restricted endowment represents that portion of allocated investment (losses) income, derived from permanently restricted endowment assets, that has not been appropriated by the Board of Trustees for expenditure.

[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. At December 31, 2016 and 2015, there were no deficiencies of this nature. Under the terms of NYPMIFA, the Society has no responsibility to restore such a decrease in value.

[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.

[6] Strategies employed for achieving objectives:

To satisfy its long-term, rate-of-return objectives, the Society relies on a total-return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Society targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

[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 returns.

NOTE I - COMMITMENTS

[1] Leases:

The Society entered into a new capital lease agreement beginning in August 2016. The equipment was recorded at its fair value and is being depreciated over its estimated useful life. Depreciation expense associated with the asset is included in the accompanying statements of functional expenses. Capitalized leased equipment amounted to $22,814 for 2016, with accumulated depreciation of $4,563. Depreciation expense related to the capitalized leased equipment amounted to $4,563 during 2016.

In addition, the Society leases office space for its various offices under an operating lease agreement that expires on September 30, 2025.

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

Year Ending December 31,	Leases Capitalized	Leases Operating
2017	$ 5,871	$ 249,542
2018	5,871	255,781
2019	5,871	262,175
2020	5,871	268,729
2021	3,424	275,448
Thereafter		1,095,447
	26,908	$ 2,407,122
Less amount representing interest on lease payments	5,577	
Present value of minimum lease payments	$ 21,331	

Rent expense for 2016 and 2015 was $278,454 and $238,219, respectively. There are no lease commitments for chapter offices, since these rental obligations are renewable on a month-to-month basis.

[2] Line of credit:

The Society has a bank line of credit in the amount of $500,000, which is collateralized by the general assets of the Society. Prior to December 31, 2016, the interest rate was based on LIBOR plus 3.00% extended, and the line was to expire on February 17, 2017. Subsequent to December 31, 2016, the Society extended the line of credit for 90 days. There were no drawdowns during either 2016 or 2015.

NOTE J - CREDIT RISK

Financial instruments that potentially subject the Society to concentrations of credit risk consist principally of cash and cash-equivalent accounts deposited in high-credit-quality financial institutions, the balances of which, from time to time, may exceed federal insurance limits. However, management believes that the Society does not face a significant risk of loss on these accounts that would arise due to the failure of these institutions.