EISNERAMPER

HUNTINGTON'S DISEASE SOCIETY OF AMERICA, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2017 and 2016

EISNERAMPER

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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, 2017 and 2016, 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.

Auditor's 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 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 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, 2017 and 2016, 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

EISNERAMPER LLP
New York, New York
April 9, 2018

HUNTINGTON'S DISEASE SOCIETY OF AMERICA, INC.

Statements of Financial Position

	December 31, 2017	December 31, 2016
ASSETS		
Cash and cash equivalents	**$ 6,755,658**	$ 5,682,692
Pledges and contributions receivable, net	**1,639,252**	905,233
Investments	**476,225**	496,158
Prepaid expenses and deposits	**161,151**	146,030
Property and equipment, net	**53,060**	50,747
	$ 9,085,346	$ 7,280,860
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	**$ 116,013**	$ 120,396
Accrued compensation	**270,255**	257,019
Grants payable	**1,415,064**	1,032,367
Event revenue received in advance	**87,457**	31,254
Deferred rent obligation	**108,034**	93,118
Obligation under capital lease	**17,499**	21,331
Total liabilities	**2,014,322**	1,555,485
Commitments (Note I)		
Net assets:		
Unrestricted:		
Undesignated	**991,626**	1,047,304
Board-operating reserve	**1,278,217**	932,251
	2,269,843	1,979,555
Temporarily restricted	**4,551,181**	3,495,820
Permanently restricted	**250,000**	250,000
Total net assets	**7,071,024**	5,725,375
	$ 9,085,346	$ 7,280,860

See notes to financial statements.

HUNTINGTON'S DISEASE SOCIETY OF AMERICA, INC.

Statement of Activities
Year Ended December 31, 2017
(with summarized financial information for 2016)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2017	Total 2016
Support and revenue:					
Public donations	**$ 1,465,094**	**$ 1,606,087**		**$ 3,071,181**	$ 2,245,579
Foundation grants and corporate contributions	**2,201,556**	**740,000**		**2,941,556**	1,749,617
Federal campaign	**359,352**			**359,352**	303,133
Special events (net of direct benefit to donors of $562,549 and $564,113 in 2017 and 2016, respectively)	**4,066,187**			**4,066,187**	4,892,241
Investment income	**11,876**	**3,596**		**15,472**	13,170
Donated services and materials	**278,979**			**278,979**	301,028
Other income	**79,833**			**79,833**	5,883
Total support and revenue before net assets released from restrictions	**8,462,877**	**2,349,683**		**10,812,560**	9,510,651
Net assets released from restrictions	**1,294,322**	**(1,294,322)**		**0**	0
Total support and revenue	**9,757,199**	**1,055,361**		**10,812,560**	9,510,651
Expenses:					
Program services:					
Research	**1,738,768**			**1,738,768**	1,959,619
Family services	**2,762,400**			**2,762,400**	2,275,034
Education	**1,670,796**			**1,670,796**	1,540,144
Chapter development	**1,000,281**			**1,000,281**	1,004,040
	7,172,245			**7,172,245**	6,778,837
Supporting services:					
Management and general	**1,107,145**			**1,107,145**	1,060,855
Fund-raising	**1,187,521**			**1,187,521**	1,095,412
	2,294,666			**2,294,666**	2,156,267
Total expenses	**9,466,911**			**9,466,911**	8,935,104
Increase in net assets	**290,288**	**1,055,361**		**1,345,649**	575,547
Net assets, beginning of year	**1,979,555**	**3,495,820**	**$ 250,000**	**5,725,375**	5,149,828
Net assets, end of year	**$ 2,269,843**	**$ 4,551,181**	**$ 250,000**	**$ 7,071,024**	$ 5,725,375

See notes to financial statements.

HUNTINGTON'S DISEASE SOCIETY OF AMERICA, INC.

Statement of Activities
Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue:				
Public donations	$ 1,353,924	$ 891,655		$ 2,245,579
Foundation grants and corporate contributions	933,007	816,610		1,749,617
Federal campaign	303,133			303,133
Special events (net of direct benefit to donor of $564,113)	4,892,241			4,892,241
Investment income (losses)	29,466	(16,296)		13,170
Donated services and materials	301,028			301,028
Other income	5,883			5,883
Total support and revenue before net assets released from restrictions	7,818,682	1,691,969		9,510,651
Net assets released from restrictions	2,204,633	(2,204,633)		0
Total support and revenue	10,023,315	(512,664)		9,510,651
Expenses:				
Program services:				
Research	1,959,619			1,959,619
Family services	2,275,034			2,275,034
Education	1,540,144			1,540,144
Chapter development	1,004,040			1,004,040
	6,778,837			6,778,837
Supporting services:				
Management and general	1,060,855			1,060,855
Fund-raising	1,095,412			1,095,412
	2,156,267			2,156,267
Total expenses	8,935,104			8,935,104
Change in net assets	1,088,211	(512,664)		575,547
Net assets, beginning of year	891,344	4,008,484	$ 250,000	5,149,828
Net assets, end of year	$ 1,979,555	$ 3,495,820	$ 250,000	$ 5,725,375

HUNTINGTON'S DISEASE SOCIETY OF AMERICA, INC.

Statement of Functional Expenses
Year Ended December 31, 2017
(with summarized financial information for 2016)

	Program Services					Supporting Services			Total	
	Research	Family Services	Education	Chapter Development	Total Program Services	Management and General	Fund-Raising	Total Supporting Services	2017	2016
Salaries and related expenses:										
Salaries	$ 306,643	$ 442,253	$ 474,384	$ 635,786	$ 1,859,066	$ 272,054	$ 415,107	$ 687,161	$ 2,546,227	$ 2,481,542
Payroll taxes and employee benefit	92,979	134,098	143,841	192,781	563,699	115,459	125,867	241,326	805,025	752,688
Total salaries and related expenses	399,622	576,351	618,225	828,567	2,422,765	387,513	540,974	928,487	3,351,252	3,234,230
Other expenses:										
Office supplies	1,626	5,957	17,188	16,799	41,570	36,936	25,296	62,232	103,802	98,048
Telephone	7,142	18,686	7,192	24,469	57,489	21,080	11,207	32,287	89,776	98,474
Postage and shipping		2,131	11,145	11,904	25,180	47,640	49,478	97,118	122,298	106,786
Rent and occupancy charges	45,105	45,105	45,105	59,189	194,504	45,103	45,105	90,208	284,712	278,454
Printing and publications	8,193	16,468	63,323	13,010	100,994	44,215	92,632	136,847	237,841	231,931
Conferences, meetings and travel	2,972	203,959	385,931	3,182	596,044	64,647	18,799	83,446	679,490	435,055
Insurance	5,167	8,798	7,994	11,315	33,274	4,584	7,245	11,829	45,103	43,657
Prizes and gifts		101,505	357,351		458,856	3,626	188,359	191,985	650,841	572,075
Professional services	113,697	587,636	129,946	19,572	850,851	187,626	19,076	206,702	1,057,553	764,465
Research grants and other awards	974,988	1,139,636			2,114,624				2,114,624	2,330,540
Equipment rental	2,636	5,560	4,984	4,324	17,504	6,238	2,636	8,874	26,378	21,372
Donated services and materials	175,764			3,840	179,604	99,375		99,375	278,979	301,028
Bad debt expense						80,000		80,000	80,000	120,000
Bank and credit card fees	124	321	5,780	290	6,515	19,978	142,925	162,903	169,418	168,151
Other	341	48,281	14,480	935	64,037	56,106	41,906	98,012	162,049	107,422
	1,737,377	2,760,394	1,668,644	997,396	7,163,811	1,104,667	1,185,638	2,290,305	9,454,116	8,911,688
Depreciation and amortization	1,391	2,006	2,152	2,885	8,434	2,478	1,883	4,361	12,795	23,416
Total expenses before direct benefit to donors	1,738,768	2,762,400	1,670,796	1,000,281	7,172,245	1,107,145	1,187,521	2,294,666	9,466,911	8,935,104
Direct benefit to donors							562,549	562,549	562,549	564,113
	$ 1,738,768	$ 2,762,400	$ 1,670,796	$ 1,000,281	$ 7,172,245	$ 1,107,145	$ 1,750,070	$ 2,857,215	$10,029,460	$ 9,499,217

See notes to financial statements.

HUNTINGTON'S DISEASE SOCIETY OF AMERICA, INC.

Statement of Functional Expenses
Year Ended December 31, 2016

	Program Services					Supporting Services			Total
	Research	Family Services	Education	Chapter Development	Total Program Services	Management and General	Fund-Raising	Total Supporting Services	2016
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
Payroll taxes and employee benefit	85,481	132,234	141,841	188,139	547,695	80,752	124,241	204,993	752,688
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
Other expenses:									
Office supplies	2,200	3,933	17,067	21,412	44,612	34,614	18,822	53,436	98,048
Telephone	7,773	19,193	7,072	30,042	64,080	27,526	6,868	34,394	98,474
Postage and shipping		637	15,267	13,044	28,948	36,046	41,792	77,838	106,786
Rent and occupancy charges	44,432	44,432	44,432	56,294	189,590	44,432	44,432	88,864	278,454
Printing and publications	1,073	3,994	73,837	13,167	92,071	84,677	55,183	139,860	231,931
Conferences, meetings and travel	7,153	43,414	317,695	4,348	372,610	46,307	16,138	62,445	435,055
Insurance	4,811	7,897	7,971	11,395	32,074	4,543	7,040	11,583	43,657
Prizes and gifts		103,929	295,361	1,998	401,288	345	170,442	170,787	572,075
Professional services	84,918	378,621	139,071	22,838	625,448	117,738	21,279	139,017	764,465
Research grants and other awards	1,238,290	1,092,250			2,330,540				2,330,540
Equipment rental	2,648	2,648	3,690	6,106	15,092	3,632	2,648	6,280	21,372
Donated services and materials	195,707			3,840	199,547	101,481		101,481	301,028
Bad debt expense						120,000		120,000	120,000
Bank and credit card fees	125	311	5,008	247	5,691	19,283	143,177	162,460	168,151
Other	655	1,667		4,179	6,501	70,856	30,065	100,921	107,422
	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
Depreciation and amortization	2,529	3,912	4,196	6,714	17,351	2,389	3,676	6,065	23,416
Total expenses before direct benefit to donors	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
Direct benefit to donors							564,113	564,113	564,113
Total expenses	$ 1,959,619	$ 2,275,034	$ 1,540,144	$ 1,004,040	$ 6,778,837	$ 1,060,855	$ 1,659,525	$ 2,720,380	$ 9,499,217

HUNTINGTON'S DISEASE SOCIETY OF AMERICA, INC.

Statements of Cash Flows

	Year Ended December 31, 2017	Year Ended December 31, 2016
Cash flows from operating activities:		
Increase in net assets	**$ 1,345,649**	$ 575,547
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	**12,795**	23,416
Bad debt expense	**80,000**	120,000
Net realized and unrealized gains on investments	**(4,069)**	(1,298)
Donated securities	**(71,892)**	(36,869)
Proceeds from sales of donated securities	**56,885**	36,754
Changes in:		
Pledges and contributions receivable, net	**(814,019)**	89,775
Prepaid expenses and deposits	**(15,121)**	(1,385)
Accounts payable and accrued expenses	**(4,383)**	(99,949)
Accrued compensation	**13,236**	7,784
Grants payable	**382,697**	492,206
Event revenue received in advance	**56,203**	(2,756)
Deferred rent obligation	**14,916**	21,002
Net cash provided by operating activities	**1,052,897**	1,224,227
Cash flows from investing activities:		
Proceeds from sales of investments	**72,566**	250,386
Purchases of investments	**(33,557)**	(319,339)
Purchases of property and equipment	**(15,108)**	(28,555)
Net cash provided by (used in) investing activities	**23,901**	(97,508)
Cash flows from financing activities:		
Obligation under capital lease		21,331
Payments made on capital lease obligations	**(3,832)**	(2,626)
Net cash (used in) provided by financing activities	**(3,832)**	18,705
Net increase in cash and cash equivalents	**1,072,966**	1,145,424
Cash and cash equivalents, beginning of year	**5,682,692**	4,537,268
Cash and cash equivalents, end of year	**$ 6,755,658**	$ 5,682,692
Supplemental disclosures of cash flow information:		
Donated goods and services	**$ 278,979**	$ 301,028
Interest expense incurred under capital lease obligation	**$ 2,091**	$ 1,079

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 36 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 (the "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 ("U.S. GAAP") as applicable to not-for-profit organizations.

[3] Use of estimates:

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, support and revenues and expenses, as well as the disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

[4] Cash and cash equivalents:

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 statements of financial position.

[5] Investments:

The Society's investments in equity securities, mutual funds, and fixed income securities are reported at their fair values in the statements of financial position based on quoted market prices.

The Society's investments, in general, are subject to various risks, such as interest-rate, market, and credit risks. Due to the level of risk associated with certain investment vehicles, it is at least reasonably possible that changes in the values of those securities could occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Investment transactions are recorded on a trade-date basis. Realized gains and losses on investments sold, and unrealized appreciation and depreciation on investments held, are reported in the statements of activities as increases or decreases in unrestricted net assets unless their use is restricted on a temporary or permanent basis through donor stipulation. Realized gains and losses on investments are determined by comparison of the average cost of acquisition to proceeds at the time of disposition. Unrealized gains and losses on investments are determined by comparing the investment's cost to the fair value at the end of each year. The earnings from dividends and interest are recognized when earned.

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

[5] Investments: (continued)

Donated securities are recorded at their estimated fair values, as determined by the proceeds received on the dates of donation or by their net asset values as determined by the Society's management. The Society's policy is to sell the donated securities immediately, and, accordingly, for purposes of the statement of cash flows, donated securities and the proceeds generated from their sale are included within operating activities.

[6] Property and equipment:

Property and equipment are stated at their original costs at the dates of acquisition, or if contributed, at their estimated fair values at the dates of donation, less accumulated depreciation. 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, whereas minor costs of repairs and maintenance are expensed as incurred. 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, 2017 and 2016, 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 represents the Society's obligation for the cost of unused employee vacation time that would be payable in the event that all employees left the Society; the obligation is recalculated every year. As of December 31, 2017 and 2016, the accrued vacation obligation was approximately $139,000 and $151,000, 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 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. Grants approved, but unpaid, were approximately $1,415,000 and $1,032,000 at December 31, 2017 and 2016, respectively, and are reported as liabilities in the accompanying statements of financial position.

[9] Deferred rent obligation:

Rent expense is recognized using the straight-line method over the term of the lease. The difference between rent expense incurred and the rental amounts actually paid, which is attributable to scheduled rent increases, is reported as a "deferred rent" obligation in the 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") as well as those resources for which the use 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 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 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.

(iii) Special events:

The Society conducts special events for which the food and beverages may be donated. A portion of the gross proceeds paid by the attendees represents payment for the direct cost of the benefits received by the attendees at the event. Such special-event income is reported net of the direct cost of the event that is attributable to the benefit that the donors receive.

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

[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.

During 2017 and 2016, donated goods and services were as follows:

	Year Ended December 31,	
	2017	**2016**
Legal services	**$ 99,375**	$ 101,481
Donated space	**3,840**	3,840
Donated goods	**175,764**	195,707
	$ 278,979	$ 301,028

[14] Functional allocation of expenses:

The costs of providing the Society's 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. Indirect costs have been allocated on the basis of time allocation.

[15] 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.

[16] Reclassification:

Certain information in the prior-year's financial statements have been reclassified to conform to the current-year's presentation.

[17] Upcoming 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 annual reporting periods beginning after December 15, 2017. The Society will adopt this accounting pronouncement in 2018.

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

[18] Subsequent events:

The Society evaluated subsequent events through April 9, 2018, 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,			
	2017		2016	
	Fair Value	Cost	Fair Value	Cost
Certificates of deposit	**$ 444,666**	**$ 444,666**	$ 481,038	$ 481,038
Mutual funds	**16,372**	**9,340**	12,581	7,832
Equity securities	**14,972**	**15,588**	2,250	952
Government securities	**215**	**215**	289	289
	$ 476,225	**$ 469,809**	$ 496,158	$ 490,111

At December 31, 2017 and 2016, concentrations of the Society's investment in excess of 10% of the fair values of its portfolio included approximately 93% and 97%, respectively, invested in certificates of deposits.

During each year, investment income consisted of the following:

	Year Ended December 31,	
	2017	2016
Interest and dividends	**$ 11,403**	$ 11,872
Realized gains	**3,700**	
Unrealized gains	**369**	1,298
	$ 15,472	$ 13,170

ASC Topic 820, *Fair Value Measurements,* 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.

HUNTINGTON'S DISEASE SOCIETY OF AMERICA, INC.

Notes to Financial Statements
December 31, 2017 and 2016

NOTE B - INVESTMENTS (CONTINUED)

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 2017 and 2016, there were no transfers between the fair-value hierarchy levels.

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

	December 31,					
	2017			2016		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Certificates of deposit		**$ 444,666**	**$ 444,666**		$ 481,038	$ 481,038
Mutual funds	**$ 16,372**		**16,372**	$ 12,581		12,581
Equity securities	**14,972**		**14,972**	2,250		2,250
Government securities		**215**	**215**		289	289
	$ 31,344	**$ 444,881**	**$ 476,225**	$ 14,831	$ 481,327	$ 496,158

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,	
	2017	2016
Less than one year	**$ 1,400,891**	$ 795,402
One to five years	**351,135**	252,755
	1,752,026	1,048,157
Reduction of pledges due in excess of one year to present value at 4%	**(32,774)**	(22,924)
Less: allowance for doubtful accounts	**(80,000)**	(120,000)
	$ 1,639,252	$ 905,233

NOTE D - PROPERTY AND EQUIPMENT

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

	December 31, 2017	December 31, 2016
Computers and equipment	**$ 298,786**	$ 293,565
Furniture and fixtures	**26,972**	17,085
Chapter property and equipment	**58,408**	58,408
Leasehold improvements	**64,105**	64,105
	448,271	433,163
Less: accumulated depreciation and amortization	**(395,211)**	(382,416)
	$ 53,060	$ 50,747

NOTE E - EMPLOYEE-BENEFIT PLAN

The Society maintains a defined-contribution employee-benefit plan, established under Section 403(b) of the 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 2017 and 2016 were approximately $107,000 and $106,000, respectively.

NOTE F - TEMPORARILY RESTRICTED NET ASSETS

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

	December 31, 2017	December 31, 2016
Time-restricted	**$ 977,281**	$ 272,320
Purpose restricted:		
Research	**2,796,297**	2,181,223
Family services	**104,970**	247,521
Education	**425,927**	537,563
Chapter development	**229,275**	242,316
	4,533,750	3,480,943
Accumulated endowment income reserved for appropriation	**17,431**	14,877
	$ 4,551,181	$ 3,495,820

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, 2017	Year Ended December 31, 2016
Time-restricted	**$ 150,040**	$ 87,155
Purpose restricted:		
Research	**481,332**	1,321,533
Family services	**143,100**	133,100
Education	**396,809**	392,829
Chapter development	**123,041**	270,016
	$ 1,294,322	$ 2,204,633

NOTE G - PERMANENTLY RESTRICTED NET ASSETS

At December 31, 2017 and 2016, 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, 2017		
	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	**$ 14,877**	**$ 250,000**	**$ 264,877**
Investment income	**2,554**		**2,554**
Endowment net assets, end of year	**$ 17,431**	**$ 250,000**	**$ 267,431**

	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)

Temporarily restricted endowment represents that portion of allocated investment appreciation 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, 2017 and 2016, 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 relationship to investment objectives:

The Society evaluates its funding requirements on an annual basis and, accordingly, draws from its endowment appreciation on an as-needed and prudent 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. In accordance with its policy, the Society elected to suspend appropriation from its endowment earnings for both 2017 and 2016.

NOTE I - COMMITMENTS

[1] Leases:

The Society has a capital lease agreement. 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 included as part of property and equipment on the accompanying statements of financial position amounted to $22,814 for 2017 and 2016, respectively, with accumulated depreciation of $9,126 and $4,563, respectively. Depreciation expense related to the capitalized leased equipment amounted to $4,563 during both 2017 and 2016.

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

NOTE I - COMMITMENTS (CONTINUED)

[1] Leases: (continued)

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

Year Ending December 31,	Leases Capitalized	Leases Operating
2018	$ 5,871	$ 255,781
2019	5,871	262,175
2020	5,871	268,729
2021	3,424	275,448
2022		282,334
Thereafter		813,113
	21,037	$ 2,157,580
Less: amount representing interest on lease payments	3,538	
Present value of minimum lease payments	$ 17,499	

Rent expense for 2017 and 2016 was $284,712 and $278,454, 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. The interest rate is based on LIBOR plus 3.00%. There were no draw downs on this line of credit during 2017 or 2016. The line of credit has been renewed through May 2018.

NOTE J - CREDIT RISK

The Society maintains its cash and cash-equivalent accounts in amounts which, at times, may exceed federally insured limits. The Society has not experienced any losses in such accounts, and management believes that the Society is not exposed to any significant risk of loss due to the failure of these financial institutions.