



MOODY, FAMIGLIETTI & ANDRONICO
Certified Public Accountants & Consultants

**ALZHEIMER'S DISEASE AND RELATED
DISORDERS ASSOCIATION,
MASSACHUSETTS/NEW HAMPSHIRE
CHAPTER, INC.**

FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

To the Board of Directors
Alzheimer's Disease and Related Disorders Association,
Massachusetts/New Hampshire Chapter, Inc.
Watertown, Massachusetts

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of Alzheimer's Disease and Related Disorders Association, Massachusetts/New Hampshire Chapter, Inc. (the "Association"), which comprise the statements of financial position as of June 30, 2014 and 2013, and 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

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 of 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' 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 auditors consider internal control relevant to the Association'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 Association'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.



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Massachusetts/New Hampshire Chapter, Inc.
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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alzheimer's Disease and Related Disorders Association, Massachusetts/New Hampshire Chapter, Inc. as of June 30, 2014 and 2013, 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.

Moody, Famiglietti & Andronico, LLP

Moody, Famiglietti & Andronico, LLP
Tewksbury, Massachusetts
September 19, 2014

Statements of Financial Position

Alzheimer's Disease and Related Disorders Association,
Massachusetts/New Hampshire Chapter, Inc.

June 30	2014				2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Assets								
Current Assets:								
Cash and Equivalents	\$ 2,147,770	\$ 816,734	\$ -	\$ 2,964,504	\$ 1,999,744	\$ 353,961	\$ -	\$ 2,353,705
Short-Term Investments	1,200,928	-	-	1,200,928	1,193,980	-	-	1,193,980
Current Portion of Contributions Receivable	247,431	284,360	-	531,791	129,568	92,500	-	222,068
Current Portion of Due from National	531,608	-	-	531,608	400,264	-	-	400,264
Prepaid Expenses	149,362	-	-	149,362	149,472	-	-	149,472
Total Current Assets	4,277,099	1,101,094	-	5,378,193	3,873,028	446,461	-	4,319,489
Contributions Receivable, Net of Current Portion and Discount	-	95,812	-	95,812	-	-	-	-
Due from National, Net of Current Portion	-	80,172	-	80,172	-	237,151	-	237,151
Endowment	-	2,181	140,847	143,028	-	1,021	140,847	141,868
Property and Equipment, Net of Accumulated Depreciation	336,766	-	-	336,766	357,692	-	-	357,692
Total Assets	\$ 4,613,865	\$ 1,279,259	\$ 140,847	\$ 6,033,971	\$ 4,230,720	\$ 684,633	\$ 140,847	\$ 5,056,200
Liabilities and Net Assets								
Current Liabilities:								
Accounts Payable and Accrued Expenses	\$ 512,515	\$ -	\$ -	\$ 512,515	\$ 343,343	\$ -	\$ -	\$ 343,343
Deferred Revenue	92,458	-	-	92,458	62,335	-	-	62,335
Due to National	644,699	-	-	644,699	644,378	-	-	644,378
Total Current Liabilities	1,249,672	-	-	1,249,672	1,050,056	-	-	1,050,056
Deferred Rent	200,370	-	-	200,370	180,317	-	-	180,317
Total Liabilities	1,450,042	-	-	1,450,042	1,230,373	-	-	1,230,373
Net Assets:								
Unrestricted	3,163,823	-	-	3,163,823	3,000,347	-	-	3,000,347
Temporarily Restricted	-	1,279,259	-	1,279,259	-	684,633	-	684,633
Permanently Restricted	-	-	140,847	140,847	-	-	140,847	140,847
Total Net Assets	3,163,823	1,279,259	140,847	4,583,929	3,000,347	684,633	140,847	3,825,827
Total Liabilities and Net Assets	\$ 4,613,865	\$ 1,279,259	\$ 140,847	\$ 6,033,971	\$ 4,230,720	\$ 684,633	\$ 140,847	\$ 5,056,200

The accompanying notes are an integral part of these financial statements.

Statements of Activities

Alzheimer's Disease and Related Disorders Association,
Massachusetts/New Hampshire Chapter, Inc.

For the Years Ended June 30	2014				2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Other Support:								
Public Support:								
Grants and Contributions:								
Individuals and Families	\$ 1,323,751	\$ 401,862	\$ -	\$ 1,725,613	\$ 1,240,129	\$ 275,642	\$ -	\$ 1,515,771
Foundations and Corporations	342,229	583,805	-	926,034	314,281	88,665	-	402,946
Bequests and Trusts	641,694	-	-	641,694	223,984	-	-	223,984
Government	-	-	-	-	65,132	-	-	65,132
Net Assets Released from Restrictions	812,815	(812,815)	-	-	1,186,837	(1,186,837)	-	-
Total Grants and Contributions	3,120,489	172,852	-	3,293,341	3,030,363	(822,530)	-	2,207,833
Fundraising Events, Net of Direct Expenses of \$85,185 and \$134,225, Respectively	4,619,917	384,534	-	5,004,451	3,849,838	447,722	-	4,297,560
Total Public Support Raised by the Association	7,740,406	557,386	-	8,297,792	6,880,201	(374,808)	-	6,505,393
Contributions Received from National	1,553,603	6,190	-	1,559,793	1,588,500	11,568	-	1,600,068
Total Public Support	9,294,009	563,576	-	9,857,585	8,468,701	(363,240)	-	8,105,461
Educational Programs	197,428	29,212	-	226,640	91,361	46,597	-	137,958
Other Revenue	64,489	-	-	64,489	38,002	-	-	38,002
Investment Income	27,981	1,838	-	29,819	37,675	1,021	-	38,696
Total Revenue and Other Support	9,583,907	594,626	-	10,178,533	8,635,739	(315,622)	-	8,320,117
Expenses:								
Program Services	7,773,630	-	-	7,773,630	6,796,081	-	-	6,796,081
Fundraising	1,225,573	-	-	1,225,573	1,019,107	-	-	1,019,107
General and Administrative	421,228	-	-	421,228	384,932	-	-	384,932
Total Expenses	9,420,431	-	-	9,420,431	8,200,120	-	-	8,200,120
Increase (Decrease) in Net Assets	163,476	594,626	-	758,102	435,619	(315,622)	-	119,997
Net Assets at Beginning of Year	3,000,347	684,633	140,847	3,825,827	2,564,728	1,000,255	140,847	3,705,830
Net Assets at End of Year	\$ 3,163,823	\$ 1,279,259	\$ 140,847	\$ 4,583,929	\$ 3,000,347	\$ 684,633	\$ 140,847	\$ 3,825,827

The accompanying notes are an integral part of these financial statements.

Statements of Functional Expenses

Alzheimer's Disease and Related Disorders Association,
Massachusetts/New Hampshire Chapter, Inc.

	2014				2013			
	Program	Fundraising	General and Administrative	Total	Program	Fundraising	General and Administrative	Total
Salaries, Payroll Taxes and Employee Benefits	\$ 3,205,832	\$ 514,968	\$ 264,786	\$ 3,985,586	\$ 2,846,723	\$ 484,102	\$ 274,515	\$ 3,605,340
Revenue Share to National	2,768,613	-	-	2,768,613	2,265,417	-	-	2,265,417
Occupancy	449,277	57,522	40,938	547,737	429,719	55,717	35,086	520,522
Conferences and Meetings	300,487	223,253	-	523,740	169,092	139,710	-	308,802
Research Grants to National	241,718	-	-	241,718	321,537	-	-	321,537
Contracted Services	74,559	97,694	17,946	190,199	91,438	10,583	10,223	112,244
Advertising and Promotion	106,565	73,182	-	179,747	83,451	57,399	-	140,850
Printing and Publications	106,775	55,369	402	162,546	145,207	49,626	1,691	196,524
Travel	113,100	21,821	4,825	139,746	83,833	25,496	3,180	112,509
Postage and Shipping	82,840	46,093	3,376	132,309	78,454	36,001	3,671	118,126
Equipment Rental and Maintenance	92,187	16,249	9,720	118,156	85,083	18,747	9,745	113,575
Interest and Service Charges	12,292	75,063	10,027	97,382	-	60,586	3,448	64,034
Depreciation	62,853	9,189	6,540	78,582	43,539	6,369	4,009	53,917
Professional Services	28,974	12,083	28,750	69,807	39,100	51,335	25,582	116,017
Supplies	43,795	9,074	2,825	55,694	37,678	8,070	3,919	49,667
Telephone	26,651	3,607	1,259	31,517	34,027	2,953	1,507	38,487
Staff Development	18,829	4,285	1,801	24,915	7,420	6,819	3,140	17,379
Insurance	10,560	1,440	8,648	20,648	13,186	2,092	2,416	17,694
Scholarships & Respite Care	20,470	-	-	20,470	16,149	-	-	16,149
Bad Debts	-	-	19,348	19,348	-	-	2,800	2,800
Books and Subscriptions	7,253	4,681	37	11,971	5,028	3,502	-	8,530
Total Expenses	\$ 7,773,630	\$ 1,225,573	\$ 421,228	\$ 9,420,431	\$ 6,796,081	\$ 1,019,107	\$ 384,932	\$ 8,200,120

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows
**Alzheimer's Disease and Related Disorders Association,
Massachusetts/New Hampshire Chapter, Inc.**

For the Years Ended June 30	2014	2013
Cash Flows from Operating Activities:		
Cash Received from:		
Public Support	\$ 6,833,790	\$ 6,259,584
Education, Interest Income and Other Revenue	312,752	214,656
Cash Paid for:		
Personnel	(3,897,352)	(3,612,488)
Other	(2,225,482)	(1,954,724)
Grants	(355,341)	(311,418)
Net Cash Provided by Operating Activities	668,367	595,610
Cash Flows from Investing Activities:		
Acquisition of Property and Equipment	(66,210)	(92,239)
Insurance Proceeds on Disposal of Property and Equipment	16,750	-
Net Proceeds from Sale (Purchases) of Short-Term Investments	(6,948)	131,835
Purchase of Endowment Investments	(1,160)	(237)
Net Cash (Used in) Provided by Investing Activities	(57,568)	39,359
Net Increase in Cash and Equivalents	610,799	634,969
Cash and Equivalents, Beginning of Year	2,353,705	1,718,736
Cash and Equivalents, End of Year	\$ 2,964,504	\$ 2,353,705
Reconciliation of Increase in Net Assets to Net Cash		
Provided by Operating Activities:		
Increase in Net Assets	\$ 758,102	\$ 119,997
Adjustments to Reconcile Increase in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation	78,582	53,917
Bad Debts	19,348	2,800
Gain on Insurance Proceeds on Disposal of Property and Equipment	(8,196)	-
Change in Value of Interest in Charitable		
Gift Annuities	156,979	(57,347)
Change in Value of Beneficial Interest in Irrevocable		
Charitable Remainder Trust	1,794	(12,075)
Change in Discount of Contributions Receivable	19,188	-
Decrease in Contracts Receivable	-	26,743
(Increase) Decrease in Contributions Receivable	(445,866)	416,870
Increase in Due from National	(131,344)	(54,211)
Decrease (Increase) in Prepaid Expenses	110	(50,453)
Increase (Decrease) in Accounts Payable and Accrued Expenses	169,173	(79,332)
Increase (Decrease) in Deferred Revenue	30,123	(105,600)
Increase in Due to National	321	215,279
Increase in Deferred Rent	20,053	119,022
Net Cash Provided by Operating Activities	\$ 668,367	\$ 595,610
Supplemental Disclosure of Non-Cash Investing Activities:		
Cost Basis of Fully Depreciated Property and Equipment Disposed of	\$ -	\$ 14,233

The accompanying notes are an integral part of these financial statements.

1. Organization and Summary of Significant Accounting Policies:

Nature of Organization: Alzheimer's Disease and Related Disorders Association, Massachusetts/New Hampshire Chapter, Inc. (the "Association") is a Massachusetts nonprofit organization formed as a chapter of Alzheimer's Disease and Related Disorders Association, Inc. (National), a national organization, to aid in the research and exchange of information concerning Alzheimer's disease between the medical community and family and friends of the victims of dementia related illnesses.

Method of Accounting: The financial statements of the Association have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Classification and Reporting of Net Assets: The Association reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. A description of the three net asset classes follows:

- Unrestricted net assets represent the portion of net assets of the Association that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Unrestricted net assets include expendable funds available for support of the Association, as well as funds invested in property and equipment.
- Temporarily restricted net assets represent contributions and other inflows of assets whose use by the Association is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Association pursuant to those stipulations.
- Permanently restricted net assets represent contributions and other inflows of assets whose use by the Association is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Association.

Fair Value: Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market

participants. Fair value standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value.

The fair value hierarchy is as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Cash and Equivalents: The Association maintains deposits in accounts which at times, may exceed federally insured limits. The Association has fully insured its deposit in excess of FDIC limits through the Depositors Insurance Fund (DIF). The Association has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash and equivalents. The Association has a cash management program, which provides for investment of excess cash in money market accounts, which are valued using Level 1 inputs. The Association considers such highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

1. Organization and Summary of Significant Accounting Policies (Continued):

Short-Term Investments: The Association's cash management program also provides for investment of certain excess cash in certificates of deposits with an original maturity of greater than three months but no more than twelve months when purchased.

Endowment and Endowment Income: The Association's endowment consists of a certificate of deposit with an original maturity of greater than three months but no more than twelve months when purchased. Interest income on the endowment is included in unrestricted net assets unless the income or loss is restricted by donor or law.

The endowment includes those net assets of donor-restricted funds that the Association must hold in perpetuity or for a donor-specified period. The endowment funds include only donor-restricted funds, as no funds have been designated by the Board of Directors to function as endowments. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law: The Board of Directors of the Association has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as considering the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, and (d) appreciation (depreciation) in the fair value of permanent endowment investments, if directed by the donor. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Association in a manner consistent with the standard of prudence prescribed by UPMIFA.

Property and Equipment: Property and equipment acquisitions are recorded at cost if purchased or at fair value at the time of donation, if donated. Depreciation is computed using the straight-line method over estimated useful lives of the related assets as follows:

Equipment	3 - 7 Years
Furniture and Fixtures	5 - 7 Years
Leasehold Improvements	7 Years
Computer Equipment and Software	3 Years

Concentrations of Credit Risk: Financial instruments that potentially subject the Association to concentration of credit risk consist primarily of cash, cash equivalents, short-term investments, endowment and contributions receivable. The Association maintains its cash, cash equivalents, short-term investments and endowment with high-credit quality financial institutions. Contributions receivable are carried at the outstanding balance, less an estimate made for doubtful receivables, if any. Management determines the allowance for doubtful accounts by identifying troubled receivables and by using historical experience applied to an aging of receivables, based on payment history and assessment of the donor's credit worthiness. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received.

Contributions: Contributions, including unconditional promises to give, are recognized as revenues at fair value at the date the promise is received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met.

Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the statements of activities.

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the temporarily restricted net asset class. Contributions received with donor-imposed restrictions that are met subsequent to the year in which they are received are also reported as

1. Organization and Summary of Significant Accounting Policies (Continued):

revenues of the temporarily restricted net asset class. A reclassification to unrestricted net assets is made to reflect the expiration of such restrictions in the year the restriction is met. Permanently restricted contributions are recorded as permanently restricted revenue when received or unconditionally pledged.

Contributed services are recognized as income if the services received create or enhance non-financial assets or require specialized skills that would typically need to be purchased if not provided by donation. Substantial numbers of volunteers have donated significant amounts of their time and energy to the Association. However, the financial statements do not include amounts for these donated services as there is no objective basis to measure the value of such services and these services are not specialized as defined under GAAP.

Revenue from legacies and bequests is generally recognized upon receipt, unless advance notice of the Association's unconditional right to receive the legacy or bequest is received and revenue is recognized upon notice.

Revenue Recognition: Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Educational program and other revenues are recorded when the services are provided, persuasive evidence of an arrangement exists, the fee is fixed and determinable, and the collectability of the related receivable is probable. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Contract revenue is recognized on a cost reimbursable basis as associated costs are incurred.

Revenue relating to special events is generally recorded when the event takes place and is shown net of direct costs of benefits to donors.

Deferred Revenue: Deferred revenue consists of fundraising event sponsorship revenue received in advance of the events and program revenues received in advance of being earned in accordance with the aforementioned revenue recognition criteria.

Allocation of Expenses: Expenses are reported as decreases in unrestricted net assets. The costs of providing the Association's program and supporting services have been summarized on a functional basis. Expenses related directly to program are charged to program while other expenses that are common to several functions are allocated based on management's estimates, among major classes of program services and supporting activities.

Advertising and Promotional Costs: The Association expenses advertising and promotional costs as incurred. During the years ended June 30, 2014 and 2013, the Association incurred advertising expense in the amounts of \$179,747 and \$140,850, respectively.

Income Taxes: The Association is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. As a result, no provision for income taxes is presented in these financial statements. However, in certain circumstances, the Association may be subject to federal and state income taxes for profits generated from unrelated trade or business income. As June 30, 2014 and 2013, management has determined that the Association does not have any liabilities associated with unrelated trade or business income.

The Association assesses the recording of uncertain tax positions by evaluating the minimum recognition threshold and measurement requirements a tax position must meet before being recognized as a benefit in the financial statements.

The Association has not recognized any liabilities for uncertain tax positions or unrecognized benefits as June 30, 2014 and 2013. The Association does not expect any material change in uncertain tax benefits within the next twelve months.

As of June 30, 2014 and 2013, the Association is not currently under examination by any taxing authorities and is generally open to examination for three years from the date of filing.

1. Organization and Summary of Significant Accounting Policies (Continued):

Use of Estimates: Management has used estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities in its preparation of the financial statements in accordance with GAAP. Actual results experienced by the Association may differ from those estimates.

Subsequent Events: Management has evaluated subsequent events spanning the period from June 30, 2014 through September 19, 2014, the date the financial statements were available to be issued.

2. Related Party Transactions:

The Association is party to a National standard to coordinate and unify fundraising efforts with established terms, conditions, and allocation percentages for sharing revenue.

As of June 30, 2014 and 2013, various amounts are due to and from National as a result of the Agreement and other operational matters, and are included in the accompanying statements of financial position. As of June 30, 2014 and 2013, the long-term portion of amounts due from National represents the Association's interest in charitable gift annuities, which National holds, in the amounts of \$80,172 and \$237,151, respectively. The current portion of amounts due from National represents contributions due to the Association that were collected by the National office in the amounts of \$531,608 and \$400,264 as of June 30, 2014 and 2013, respectively.

As of June 30, 2014 and 2013, the amount due to National of \$644,699 and \$644,378, respectively, primarily represents amounts due under the revenue sharing agreement.

3. Contributions Receivable:

Contributions receivable as of June 30, 2014 and 2013 consist of the following:

	2014	2013
Receivable in Less than One Year	\$ 521,791	\$ 212,068
Receivable in One to Five Years	115,000	-
	<u>636,791</u>	<u>212,068</u>
Interest in Irrevocable Charitable Remainder Trust	10,000	10,000
	<u>646,791</u>	<u>222,068</u>
Less		
Unamortized Discount	19,188	-
	<u>\$ 627,603</u>	<u>\$ 222,068</u>

The interest in irrevocable charitable remainder trust provides for the payment of distributions to a designated beneficiary over the term of the trust.

During the year ended June 30, 2013, the trust's beneficiary passed away and the trust distributed the majority of the assets to the remaining beneficiaries. The \$10,000 due as of June 30, 2014 and 2013 represents an estimate of the final distribution of the trust due to the Association.

Long-term contributions receivable have been discounted at a rate of 2.5%.

4. Property and Equipment:

Property and equipment as of June 30, 2014 and 2013 consists of the following:

	2014	2013
Equipment	\$ 314,275	\$ 279,347
Furniture and Fixtures	105,326	98,092
Leasehold Improvements	86,043	72,035
Computer Equipment and Software	41,145	41,145
	<u>546,789</u>	<u>490,619</u>
Less: Accumulated Depreciation	210,023	132,927
	<u>\$ 336,766</u>	<u>\$ 357,692</u>

Depreciation expense for the years ended June 30, 2014 and 2013 amounted to \$78,582 and \$53,917 and, respectively. During the year ended June 30, 2014, the Association received insurance proceeds in the amount of \$16,750 for the loss of property and equipment with an original cost of \$10,040 and accumulated depreciation of \$1,486.

5. Endowment:

Return Objectives and Risk Parameters: The Association utilizes the finance and development committee to advise the Board of Directors on the management of endowment assets and investment policies. Endowment assets include those assets of donor-restricted funds that the Association must hold in perpetuity or for the donor-specified period(s). The Board designates annually a portion of the Association's investment income for the support of operations. The endowment assets are invested in a certificate of deposit assuming a low risk level of investment risk. The Association's endowment spending policy allows for the prior year's income to be spent on operations.

5. Endowment (Continued):

Endowment net asset composition by type of fund as of June 30, 2014 and 2013 consists of the following:

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor Restricted Endowment Funds	\$ -	\$ -	\$ 140,847	\$ 140,847
Net Appreciation on Donor Restricted Endowment Funds	-	2,181	-	2,181
	<u>\$ -</u>	<u>\$ 2,181</u>	<u>\$ 140,847</u>	<u>\$ 143,028</u>
	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor Restricted Endowment Funds	\$ -	\$ -	\$ 140,847	\$ 140,847
Net Appreciation on Donor Restricted Endowment Funds	-	1,021	-	1,021
	<u>\$ -</u>	<u>\$ 1,021</u>	<u>\$ 140,847</u>	<u>\$ 141,868</u>

The change in the endowment balance by net asset classification for the years ended June 30, 2014 and 2013 consists of the following:

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment, Beginning of Year	\$ -	\$ 1,021	\$ 140,847	\$ 141,868
Investment Returns:				
Interest and Dividend Income	-	1,838	-	1,838
Endowment Assets Appropriated for Expenditures	-	(678)	-	(678)
Endowment, End of Year	<u>\$ -</u>	<u>\$ 2,181</u>	<u>\$ 140,847</u>	<u>\$ 143,028</u>
	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment, Beginning of Year	\$ -	\$ 784	\$ 140,847	\$ 141,631
Investment Returns:				
Interest and Dividend Income	-	1,021	-	1,021
Endowment Assets Appropriated for Expenditures	-	(784)	-	(784)
Endowment, End of Year	<u>\$ -</u>	<u>\$ 1,021</u>	<u>\$ 140,847</u>	<u>\$ 141,868</u>

6. Fair Value:

Qualifying assets measured at fair value on a recurring basis at June 30, 2014 and 2013 are as follows:

	2014			
	Totals	Fair Value Measurements at Reporting Date Using Quoted Prices		
		in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Interest in Charitable Gift Annuities, Due from National	\$ 80,172	\$ -	\$ -	\$ 80,172
Interest in Irrevocable Charitable Remainder Trust, Contributions Receivable	10,000	-	-	10,000
Total	\$ 90,172	\$ -	\$ -	\$ 90,172

	2013			
	Totals	Fair Value Measurements at Reporting Date Using Quoted Prices		
		in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Interest in Charitable Gift Annuities, Due from National	\$ 237,151	\$ -	\$ -	\$ 237,151
Interest in Irrevocable Charitable Remainder Trust, Contributions Receivable	10,000	-	-	10,000
Total	\$ 247,151	\$ -	\$ -	\$ 247,151

A reconciliation of the Level 3 activity for the years ended June 30, 2014 and 2013 is as follows:

	Totals	Interest in Charitable Gift Annuities	Interest in Irrevocable Charitable Remainder Trust
Balance as of June 30, 2012	\$ 456,309	\$ 179,803	\$ 276,506
Receipt of Payment of Irrevocable Charitable Remainder Trust	(278,581)	-	(278,581)
Change in Fair Value	69,423	57,348	12,075
Balance at June 30, 2013	247,151	237,151	10,000
Receipt of Payment from National of Interest in Charitable Gift Annuities	(156,979)	(156,979)	-
Balance at June 30, 2014	\$ 90,172	\$ 80,172	\$ 10,000

6. Fair Value (Continued):

The fair value of the Association's interest in the irrevocable charitable remainder trust is measured using Level 3 inputs, including projected investment returns, donor life expectancy and other present value factors. The Association's interest in charitable gift annuities is measured using Level 3 inputs, including annuitant life expectancy and other present value factors. There were no transfers among Levels 1, 2 or 3 during the years ended June 30, 2014 and 2013.

7. Temporarily Restricted Net Assets:

Temporarily restricted net assets as of June 30, 2014 and 2013 consist of the following:

	2014	2013
Purpose Restricted		
Family and Patient Service	\$ 944,715	\$ 374,818
Local Services	175,478	143,351
Partnership Balances	51,207	46,597
Respite Care	15,726	20,493
Outreach and Medical		
Education	1,081	3,178
Other Program Activities	880	7,285
Time Restricted		
Interest in Charitable		
Gift Annuities	80,172	78,911
Interest in Irrevocable		
Charitable Remainder		
Trust	10,000	10,000
	<u>\$ 1,279,259</u>	<u>\$ 684,633</u>

8. Net Assets Released from Restriction:

Net assets released from restrictions for the years ended June 30, 2014 and 2013 consisted of the following:

	2014	2013
Purpose Restricted:		
Family and Patient Service	\$ 211,430	\$ 166,917
Local Services	245,416	243,981
Respite Care	6,328	11,725
Outreach and Medical		
Education	51,057	15,784
Other Program Activities	45,752	48,680
Time Restricted:		
Research Grants		
to National	252,832	321,537
Interest in Charitable		
Gift Annuities	-	99,632
Interest in Irrevocable		
Charitable Remainder		
Trust	-	278,581
	<u>\$ 812,815</u>	<u>\$ 1,186,837</u>

9. Permanently Restricted Net Assets:

Permanently restricted net assets as of June 30, 2014 and 2013 consist of donor restricted contributions of \$140,847. As directed by the donor, the income on these funds is used to support the Association's research symposia.

10. Operating Leases:

The Association is party to a noncancelable lease agreement for office space in Watertown, Massachusetts. The agreement expires in September 2019 and requires minimum monthly payments, including certain operating expenses and real estate taxes through expiration. The lease agreement requires the Association to maintain a letter of credit in the amount of \$56,211 throughout the term of the lease and for thirty days after the termination date. The letter of credit is secured by a money market account and is included in cash and cash equivalents in the accompanying statements of financial position.

The Association leases office space in Worcester, Springfield and Raynham, Massachusetts and Bedford and Nashua, New Hampshire under various noncancelable lease agreements, which require minimum monthly rental payments and expire through October 2020.

Future minimum lease payments under these noncancelable operating leases are as follows:

Year Ended	
<u>June 30,</u>	
2015	\$ 499,299
2016	508,876
2017	507,427
2018	502,526
2019	523,457
Thereafter	<u>213,369</u>
	<u>\$ 2,754,954</u>

Rent expense for the years ended June 30, 2014 and 2013 amounted to \$462,847 and \$466,241, respectively.

The Association leases office equipment under noncancelable lease agreements expiring through April 2019.

Future minimum lease payments under these noncancelable lease agreements are as follows:

Year Ended

<u>June 30,</u>	
2015	\$ 57,928
2016	43,659
2017	34,584
2018	34,584
2019	<u>26,942</u>
	<u>\$ 197,697</u>

Equipment rent expense for the years ended June 30, 2014 and 2013 amounted to \$36,354 and \$35,449, respectively.

11. Retirement Plan:

The Association sponsors an IRC Section 403(b) plan for eligible employees, which allows participants to defer a portion of their salaries into a variety of investment options. The plan allows for employee salary deferrals, not to exceed the legal limit. As of June 30, 2014 and 2013 the Association matches 4% and 3% of the employee's annual compensation, respectively. The Association matching contribution expenses related to this plan amounted to \$97,174 and \$67,008 for the years ended June 30, 2014 and 2013, respectively.

12. Indemnifications:

In the ordinary course of business, the Association enters into various agreements containing standard indemnification provisions. The Association's indemnification obligations under such provisions are typically in effect from the date of execution of the applicable agreement through the end of the applicable statute of limitations. The aggregate maximum potential future liability of the Association under such indemnification provisions is uncertain. As of June 30, 2014 and 2013, no amounts have been accrued related to such indemnification provisions.

