



MOODY, FAMIGLIETTI & ANDRONICO
Certified Public Accountants & Consultants

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

FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

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, 2015 and 2014, 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.



Alzheimer's Disease and Related Disorders Association,
Massachusetts/New Hampshire Chapter, Inc.
Page 2

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, 2015 and 2014, 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
October 27, 2015

Statements of Financial Position

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

June 30	2015				2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Assets								
Current Assets:								
Cash and Equivalents	\$ 2,859,822	\$ 596,075	\$ -	\$ 3,455,897	\$ 2,147,770	\$ 816,734	\$ -	\$ 2,964,504
Short-Term Investments	1,205,918	-	-	1,205,918	1,200,928	-	-	1,200,928
Current Portion of Contributions Receivable	426,884	416,040	-	842,924	247,431	284,360	-	531,791
Current Portion of Due from National	732,557	-	-	732,557	531,608	-	-	531,608
Prepaid Expenses	170,147	-	-	170,147	149,362	-	-	149,362
Total Current Assets	5,395,328	1,012,115	-	6,407,443	4,277,099	1,101,094	-	5,378,193
Contributions Receivable, Net of Current Portion and Discount	-	400,610	-	400,610	-	95,812	-	95,812
Due from National, Net of Current Portion	-	88,479	-	88,479	-	80,172	-	80,172
Endowment	-	2,522	140,847	143,369	-	2,181	140,847	143,028
Property and Equipment, Net of Accumulated Depreciation	367,745	-	-	367,745	336,766	-	-	336,766
Total Assets	\$ 5,763,073	\$ 1,503,726	\$ 140,847	\$ 7,407,646	\$ 4,613,865	\$ 1,279,259	\$ 140,847	\$ 6,033,971
Liabilities and Net Assets								
Current Liabilities:								
Accounts Payable and Accrued Expenses	\$ 451,729	\$ -	\$ -	\$ 451,729	\$ 512,515	\$ -	\$ -	\$ 512,515
Deferred Revenue	220,739	-	-	220,739	92,458	-	-	92,458
Due to National	1,003,987	-	-	1,003,987	644,699	-	-	644,699
Total Current Liabilities	1,676,455	-	-	1,676,455	1,249,672	-	-	1,249,672
Deferred Rent	209,814	-	-	209,814	200,370	-	-	200,370
Total Liabilities	1,886,269	-	-	1,886,269	1,450,042	-	-	1,450,042
Net Assets:								
Unrestricted	3,876,804	-	-	3,876,804	3,163,823	-	-	3,163,823
Temporarily Restricted	-	1,503,726	-	1,503,726	-	1,279,259	-	1,279,259
Permanently Restricted	-	-	140,847	140,847	-	-	140,847	140,847
Total Net Assets	3,876,804	1,503,726	140,847	5,521,377	3,163,823	1,279,259	140,847	4,583,929
Total Liabilities and Net Assets	\$ 5,763,073	\$ 1,503,726	\$ 140,847	\$ 7,407,646	\$ 4,613,865	\$ 1,279,259	\$ 140,847	\$ 6,033,971

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	2015				2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Other Support:								
Public Support:								
Grants and Contributions:								
Individuals and Families	\$ 1,153,648	\$ 640,812	\$ -	\$ 1,794,460	\$ 1,245,438	\$ 401,862	\$ -	\$ 1,725,613
Foundations and Corporations	706,297	368,635	-	1,074,932	420,542	583,805	-	926,034
Bequests and Trusts	605,719	-	-	605,719	641,694	-	-	641,694
Net Assets Released from Restrictions	1,198,069	(1,198,069)	-	-	812,815	(812,815)	-	-
Total Grants and Contributions	3,663,733	(188,622)	-	3,475,111	3,120,489	172,852	-	3,293,341
Fundraising Events, Net of Direct Expenses of \$97,200 and \$85,185, Respectively	5,349,659	405,538	-	5,755,197	4,619,917	384,534	-	5,004,451
Total Public Support Raised by the Association	9,013,392	216,916	-	9,230,308	7,740,406	557,386	-	8,297,792
Contributions Received from National	1,911,801	7,210	-	1,919,011	1,553,603	6,190	-	1,559,793
Total Public Support	10,925,193	224,126	-	11,149,319	9,294,009	563,576	-	9,857,585
Educational Programs	316,545	-	-	316,545	130,073	29,212	-	159,285
Other Revenue	84,532	-	-	84,532	131,844	-	-	131,844
Investment Income	23,745	341	-	24,086	27,981	1,838	-	29,819
Total Revenue and Other Support	11,350,015	224,467	-	11,574,482	9,583,907	594,626	-	10,178,533
Expenses:								
Program Services	8,750,690	-	-	8,750,690	7,773,630	-	-	7,773,630
Fundraising	1,317,946	-	-	1,317,946	1,225,573	-	-	1,225,573
General and Administrative	568,398	-	-	568,398	421,228	-	-	421,228
Total Expenses	10,637,034	-	-	10,637,034	9,420,431	-	-	9,420,431
Increase in Net Assets	712,981	224,467	-	937,448	163,476	594,626	-	758,102
Net Assets at Beginning of Year	3,163,823	1,279,259	140,847	4,583,929	3,000,347	684,633	140,847	3,825,827
Net Assets at End of Year	\$ 3,876,804	\$ 1,503,726	\$ 140,847	\$ 5,521,377	\$ 3,163,823	\$ 1,279,259	\$ 140,847	\$ 4,583,929

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.**

	2015				2014			
	Program	Fundraising	General and Administrative	Total	Program	Fundraising	General and Administrative	Total
Salaries, Payroll Taxes and Employee Benefits	\$ 3,450,405	\$ 540,749	\$ 372,141	\$ 4,363,295	\$ 3,205,832	\$ 514,968	\$ 264,786	\$ 3,985,586
Revenue Share to National	3,124,653	-	-	3,124,653	2,768,613	-	-	2,768,613
Occupancy	560,814	50,857	49,594	661,265	449,277	57,522	40,938	547,737
Conferences and Meetings	323,605	248,946	-	572,551	300,487	223,253	-	523,740
Research Grants to National	274,023	-	-	274,023	241,718	-	-	241,718
Advertising and Promotion	190,140	68,485	-	258,625	106,565	73,182	-	179,747
Contracted Services	134,373	55,736	29,300	219,409	74,559	97,694	17,946	190,199
Printing and Publications	122,062	41,007	914	163,983	106,775	55,369	402	162,546
Professional Services	45,385	73,678	42,406	161,469	28,974	12,083	28,750	69,807
Equipment Rental and Maintenance	112,941	21,802	12,703	147,446	92,187	16,249	9,720	118,156
Interest and Service Charges	164	123,960	15,893	140,017	12,292	75,063	10,027	97,382
Travel	117,682	16,677	5,551	139,910	113,100	21,821	4,825	139,746
Postage and Shipping	88,439	41,200	3,723	133,362	82,840	46,093	3,376	132,309
Depreciation	85,885	8,959	8,736	103,580	62,853	9,189	6,540	78,582
Supplies	35,529	6,352	3,871	45,752	43,795	9,074	2,825	55,694
Telephone	27,025	3,133	1,466	31,624	26,651	3,607	1,259	31,517
Insurance	16,401	2,119	7,472	25,992	10,560	1,440	8,648	20,648
Staff Development	11,896	8,149	4,393	24,438	18,829	4,285	1,801	24,915
Books and Subscriptions	12,060	6,137	235	18,432	7,253	4,681	37	11,971
Scholarships and Respite Care	17,208	-	-	17,208	20,470	-	-	20,470
Bad Debts	-	-	10,000	10,000	-	-	19,348	19,348
Total Expenses	\$ 8,750,690	\$ 1,317,946	\$ 568,398	\$ 10,637,034	\$ 7,773,630	\$ 1,225,573	\$ 421,228	\$ 9,420,431

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	2015	2014
Cash Flows from Operating Activities:		
Cash Received from:		
Public Support	\$ 7,530,998	\$ 6,833,790
Education, Interest Income and Other Revenue	425,163	312,752
Cash Paid for:		
Personnel	(4,081,942)	(3,897,352)
Other	(3,114,964)	(2,225,482)
Grants	(138,971)	(355,341)
Net Cash Provided by Operating Activities	620,284	668,367
Cash Flows from Investing Activities:		
Acquisition of Property and Equipment	(148,007)	(66,210)
Insurance Proceeds on Disposal of Property and Equipment	24,447	16,750
Net Proceeds from Purchases of Short-Term Investments	(4,990)	(6,948)
Purchase of Endowment Investments	(341)	(1,160)
Net Cash Used in Investing Activities	(128,891)	(57,568)
Net Increase in Cash and Equivalents	491,393	610,799
Cash and Equivalents, Beginning of Year	2,964,504	2,353,705
Cash and Equivalents, End of Year	\$ 3,455,897	\$ 2,964,504
Reconciliation of Increase in Net Assets to Net Cash		
Provided by Operating Activities:		
Increase in Net Assets	\$ 937,448	\$ 758,102
Adjustments to Reconcile Increase in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation	103,580	78,582
Bad Debts	10,000	19,348
Gain on Insurance Proceeds on Disposal of Property and Equipment	(10,999)	(8,196)
Change in Value of Interest in Charitable		
Gift Annuities	(8,307)	156,979
Change in Value of Beneficial Interest in Irrevocable		
Charitable Remainder Trust	8,350	-
Change in Discount of Contributions Receivable	(2,998)	19,188
Increase in Contributions Receivable	(631,283)	(444,072)
Increase in Due from National	(200,949)	(131,344)
(Increase) Decrease in Prepaid Expenses	(20,785)	110
(Decrease) Increase in Accounts Payable and Accrued Expenses	(60,786)	169,173
Increase in Deferred Revenue	128,281	30,123
Increase in Due to National	359,288	321
Increase in Deferred Rent	9,444	20,053
Net Cash Provided by Operating Activities	\$ 620,284	\$ 668,367

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. As of June 30, 2015 and 2014, management has determined that an allowance for doubtful accounts was not necessary.

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.

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

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 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.

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, 2015 and 2014, the Association incurred advertising and promotional expense in the amounts of \$258,625 and \$179,747, 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, 2015 and 2014, 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, 2015 and 2014. The Association does not expect any material change in uncertain tax benefits within the next twelve months.

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

As of June 30, 2015 and 2014, 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.

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, 2015 through October 27, 2015, 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. The total paid to National during the years ended June 30, 2015 and 2014 under the revenue sharing national standard amounted to \$3,124,653 and \$2,768,613, respectively.

As of June 30, 2015 and 2014, the amount due to National of \$1,003,987 and \$644,699, respectively, primarily represents amounts due under the revenue sharing national standard.

As of June 30, 2015 and 2014, 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, 2015 and 2014, 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 \$88,479 and \$80,172, 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 \$732,557 and \$531,608 as of June 30, 2015 and 2014, respectively.

National coordinates substantially all of the research funded by the Association and other chartered associations. During the years ended June 30, 2015 and 2014, the Association's research grants to National amounted to \$274,023 and \$241,718, respectively.

A member of the Association's board of directors is an officer of the company that provides the Association's health insurance benefits beginning in June 2015. During the year ended June 30, 2015, health insurance expense to that company amounted to \$32,000.

3. Contributions Receivable:

Contributions receivable as of June 30, 2015 and 2014 consist of the following:

	2015	2014
Receivable in Less than One Year	\$ 842,924	\$ 531,791
Receivable in One to Five Years	415,150	105,000
	<u>1,258,074</u>	<u>636,791</u>
Interest in Irrevocable Charitable Remainder Trust	1,650	10,000
	<u>1,259,724</u>	<u>646,791</u>
Less: Unamortized Discount	(16,190)	(19,188)
	<u>\$ 1,243,534</u>	<u>\$ 627,603</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 represents an estimate of the final distribution of the trust due to the Association, which was adjusted to \$1,650 during the year ended June 30, 2015 representing amounts received subsequent to June 30, 2015.

As of June 30, 2015 and 2014, long-term contributions receivable have been discounted at rates ranging from 2.50% to 2.86%.

4. Property and Equipment:

Property and equipment as of June 30, 2015 and 2014 consists of the following:

	2015	2014
Equipment	\$ 358,276	\$ 314,275
Furniture and Fixtures	156,545	105,326
Leasehold Improvements	113,363	86,043
Computer Equipment and Software	41,145	41,145
	<u>669,329</u>	<u>546,789</u>
Less: Accumulated Depreciation	<u>(301,584)</u>	<u>(210,023)</u>
	<u>\$ 367,745</u>	<u>\$ 336,766</u>

Depreciation expense for the years ended June 30, 2015 and 2014 amounted to \$103,580 and \$78,582 and, respectively. During the year ended June 30, 2015, the Association received insurance proceeds in the amount of \$24,447 for the loss of property and equipment with an original cost of \$25,467 and accumulated depreciation of \$12,019.

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, 2015 and 2014 consists of the following:

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor Restricted Endowment Funds	\$ -	\$ 2,522	\$ 140,847	\$ 143,369

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor Restricted Endowment Funds	\$ -	\$ 2,181	\$ 140,847	\$ 143,028

The change in the endowment balance by net asset classification for the years ended June 30, 2015 and 2014 consists of the following:

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment, Beginning of Year	\$ -	\$ 2,181	\$ 140,847	\$ 143,028
Investment Returns:				
Interest and Dividend Income	-	341	-	341
Endowment, End of Year	\$ -	\$ 2,522	\$ 140,847	\$ 143,369

	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	\$ -	\$ 2,181	\$ 140,847	\$ 143,028

6. Fair Value:

Qualifying assets measured at fair value on a recurring basis at June 30, 2015 and 2014 are as follows:

	2015			
	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	\$ 88,479	\$ -	\$ -	\$ 88,479
Interest in Irrevocable Charitable Remainder Trust, Contributions Receivable	1,650	-	-	1,650
Total	\$ 90,129	\$ -	\$ -	\$ 90,129

	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

A reconciliation of the Level 3 activity for the years ended June 30, 2015 and 2014 is as follows:

	Totals	Interest in Charitable Gift Annuities	Interest in Irrevocable Charitable Remainder Trust
Balance as of 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
Change in Fair Value	(43)	8,307	(8,350)
Balance at June 30, 2015	\$ 90,129	\$ 88,479	\$ 1,650

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, 2015 and 2014.

7. Temporarily Restricted Net Assets:

Temporarily restricted net assets as of June 30, 2015 and 2014 consist of the following:

	<u>2015</u>	<u>2014</u>
Purpose Restricted:		
Family and Patient Service	\$ 1,113,367	\$ 944,715
Outreach and Medical		
Education	200,000	1,081
Local Services	49,206	174,177
Partnership Balances	32,103	51,207
Respite Care	16,399	15,726
Accumulated Interest		
on Endowment	2,522	2,181
Time Restricted:		
Interest in Charitable		
Gift Annuities	88,479	80,172
Interest in Irrevocable		
Charitable Remainder		
Trust	1,650	10,000
	<u>\$ 1,503,726</u>	<u>\$ 1,279,259</u>

8. Net Assets Released from Restriction:

Net assets released from restrictions for the years ended June 30, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
Purpose Restricted:		
Family and Patient Service	\$ 466,680	\$ 211,430
Local Services	383,392	245,416
Other Program Activities	32,329	56,866
Outreach and Medical		
Education	30,068	51,057
Respite Care	3,227	6,328
Time Restricted:		
Research Grants		
to National	274,023	241,718
Interest in Irrevocable		
Charitable Remainder		
Trust	8,350	-
	<u>\$ 1,198,069</u>	<u>\$ 812,815</u>

9. Permanently Restricted Net Assets:

Permanently restricted net assets as of June 30, 2015 and 2014 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 equivalents in the accompanying statements of financial position.

During September 2015, the Association entered into a noncancelable lease agreement, for office space in Worcester, MA, commencing in December 2015. This lease agreement provides for escalating monthly rental payments and expire in December 2020.

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

June 30,

2016	\$ 543,336
2017	563,105
2018	559,873
2019	582,525
2020	<u>305,002</u>
	<u><u>\$ 2,553,841</u></u>

Rent expense for the years ended June 30, 2015 and 2014 amounted to \$512,761 and \$462,847, respectively and is included in occupancy in the accompanying statements of functional expenses.

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

June 30,

2016	\$ 43,659
2017	34,584
2018	34,584
2019	<u>26,942</u>
	<u><u>\$ 139,769</u></u>

Equipment rent expense for the years ended June 30, 2015 and 2014 amounted to \$50,668 and \$36,354, respectively and is included in equipment rental and maintenance in the accompanying statements of functional expenses.

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, 2015 and 2014 the Association matches 4% and 3% of the employee's annual compensation, respectively. The Association matching contribution expenses related to this plan amounted to \$108,688 and \$97,174 for the years ended June 30, 2015 and 2014, 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, 2015 and 2014, no amounts have been accrued related to such indemnification provisions.

