MOODY, FAMIGLIETTI & ANDRONICO
Certified Public Accountants & Consultants

SCLERODERMA FOUNDATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

Proactive certified public accounting and consulting

To the Board of Directors
Scleroderma Foundation, Inc.
Danvers, Massachusetts

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the Scleroderma Foundation, Inc. (the "Organization") which comprise the statements of financial position as of June 30, 2013 and 2012, 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 Organization'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 Organization'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 Scleroderma Foundation, Inc. as of June 30, 2013 and 2012, 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, Famigliette & Andronico, LLP

Moody, Famiglietti & Andronico, LLP
Tewksbury, Massachusetts
November 11, 2013

June 30	**2013**	2012
Assets		
Current Assets:		
Cash and Equivalents	**$ 2,115,422**	$ 1,871,589
Contributions Receivable	**70,000**	70,000
Due from Affiliates	**357,040**	149,623
Prepaid Expenses and Other Current Assets	**123,254**	316,830
Total Current Assets	**2,665,716**	2,408,042
Investments	**6,984,545**	6,289,546
Endowment	**1,885,727**	1,819,237
Property and Equipment, Net of Accumulated Depreciation	**18,835**	26,625
Website Development Costs, Net of Accumulated Amortization	**65,930**	53,825
Other Assets	**18,331**	18,331
Total Assets	**$ 11,639,084**	$ 10,615,606
Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable	**$ 67,541**	$ 28,253
Accrued Expenses	**81,639**	66,899
Due to Affiliates	**129,294**	48,347
Deferred Revenue	**45,685**	51,775
Current Portion of Grants Payable	**892,500**	900,000
Total Current Liabilities	**1,216,659**	1,095,274
Grants Payable, Net of Current Portion	**405,000**	337,500
Total Liabilities	**1,621,659**	1,432,774
Net Assets:		
Unrestricted	**8,099,431**	6,841,361
Temporarily Restricted	**375,619**	799,096
Permanently Restricted	**1,542,375**	1,542,375
Total Net Assets	**10,017,425**	9,182,832
Total Liabilities and Net Assets	**$ 11,639,084**	$ 10,615,606

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

For the Years Ended June 30	2013				2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Other Support:								
Contributions	**$ 1,817,104**	**$ 165,259**	**$ -**	**$ 1,982,363**	$ 1,879,920	$ 234,000	$ -	$ 2,113,920
Special Events, Net	**758,217**	**14,264**	**-**	**772,481**	709,387	9,550	-	718,937
Bequests	**668,313**	**200,000**	**-**	**868,313**	398,258	66,915	-	465,173
Affiliate Dues	**381,264**	**-**	**-**	**381,264**	266,737	-	-	266,737
Net Unrealized Gains (Losses) on Investments and Endowment	**346,722**	**7,249**	**-**	**353,971**	(162,067)	(29,073)	-	(191,140)
Voluntary Research Revenue	**-**	**264,913**	**-**	**264,913**	281,000	-	-	281,000
Interest and Dividends	**118,672**	**49,798**	**-**	**168,470**	32,641	133,348	-	165,989
Net Realized Gains (Losses) on Investments and Endowment	**73,503**	**32,059**	**-**	**105,562**	(6,566)	9,402	-	2,836
Returned Grant Awards	**6,979**	**-**	**-**	**6,979**	229,684	-	-	229,684
Other Income	**2,890**	**-**	**-**	**2,890**	1,155	-	-	1,155
Net Assets Released from Restrictions	**1,157,019**	**(1,157,019)**	**-**	**-**	907,971	(907,971)	-	-
Total Revenue and Other Support	**5,330,683**	**(423,477)**	**-**	**4,907,206**	4,538,120	(483,829)	-	4,054,291
Expenses:								
Program Services:								
Research and Education	**1,999,002**	**-**	**-**	**1,999,002**	2,118,775	-	-	2,118,775
Support and Advocacy	**1,375,695**	**-**	**-**	**1,375,695**	1,456,791	-	-	1,456,791
Total Program Services	**3,374,697**	**-**	**-**	**3,374,697**	3,575,566	-	-	3,575,566
Supporting Services:								
General and Administrative	**521,600**	**-**	**-**	**521,600**	497,181	-	-	497,181
Fundraising	**176,316**	**-**	**-**	**176,316**	185,826	-	-	185,826
Total Supporting Services	**697,916**	**-**	**-**	**697,916**	683,007	-	-	683,007
Total Expenses	**4,072,613**	**-**	**-**	**4,072,613**	4,258,573	-	-	4,258,573
Increase (Decrease) in Net Assets	**1,258,070**	**(423,477)**	**-**	**834,593**	279,547	(483,829)	-	(204,282)
Net Assets at Beginning of Year	**6,841,361**	**799,096**	**1,542,375**	**9,182,832**	6,561,814	1,282,925	1,542,375	9,387,114
Net Assets at End of Year	**$ 8,099,431**	**$ 375,619**	**$ 1,542,375**	**$10,017,425**	$ 6,841,361	$ 799,096	$ 1,542,375	$ 9,182,832

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

For the Year Ended June 30 2013

	Program Services			Support Services			
	Research and Education	Support and Advocacy	Total Program Services	General and Administrative	Fundraising	Total Support Services	Total Expenses
Grants to Affiliates	$ -	$ 431,570	$ 431,570	$ -	$ -	$ -	$ 431,570
Payroll and Related:							
Salaries and Wages	180,368	352,019	532,387	197,157	60,040	257,197	789,584
Fringe Benefits	26,928	29,671	56,599	29,436	8,963	38,399	94,998
Payroll Taxes	18,428	33,892	52,320	20,143	6,135	26,278	78,598
Total Payroll and Related	225,724	415,582	641,306	246,736	75,138	321,874	963,180
Other Expenses:							
Research Grants	1,106,612	-	1,106,612	-	-	-	1,106,612
Conferences	407,140	35,169	442,309	928	-	928	443,237
Professional Fees	29,696	86,882	116,578	32,460	9,884	42,344	158,922
Information Technology	37,599	38,887	76,486	41,098	12,515	53,613	130,099
Travel	24,668	72,006	96,674	22,432	5,905	28,337	125,011
Occupancy	26,552	52,146	78,698	29,024	8,838	37,862	116,560
Printing and Copying	62,517	14,775	77,292	16,071	18,067	34,138	111,430
Outreach	9,996	75,276	85,272	-	-	-	85,272
Insurance	20,389	21,089	41,478	22,287	6,787	29,074	70,552
Postage and Delivery	15,757	12,573	28,330	20,840	17,567	38,407	66,737
Bank and Investment Fees	-	-	-	49,349	14,196	63,545	63,545
Advocacy	-	49,132	49,132	-	-	-	49,132
Telephone	5,899	22,376	28,275	6,448	1,963	8,411	36,686
Supplies and Equipment	6,004	17,534	23,538	6,563	1,998	8,561	32,099
Depreciation and Amortization	7,582	7,843	15,425	8,310	2,524	10,834	26,259
Miscellaneous	-	9,891	9,891	15,985	-	15,985	25,876
Promotion	10,060	10,060	20,120	-	-	-	20,120
License and Permits	2,807	2,904	5,711	3,069	934	4,003	9,714
Total Other Expenses	1,773,278	528,543	2,301,821	274,864	101,178	376,042	2,677,863
Total Expenses	$ 1,999,002	$ 1,375,695	$ 3,374,697	$ 521,600	$ 176,316	$ 697,916	$ 4,072,613

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

For the Year Ended June 30							2012
	Program Services			Support Services			
	Research and Education	Support and Advocacy	Total Program Services	General and Administrative	Fundraising	Total Support Services	Total Expenses
Grants to Affiliates	$ -	$ 506,041	$ 506,041	$ -	$ -	$ -	$ 506,041
Payroll and Related:							
Salaries and Wages	166,297	324,702	490,999	193,986	56,377	250,363	741,362
Fringe Benefits	25,296	21,194	46,490	29,508	8,576	38,084	84,574
Payroll Taxes	17,277	35,240	52,517	21,879	5,857	27,736	80,253
Total Payroll and Related	208,870	381,136	590,006	245,373	70,810	316,183	906,189
Other Expenses:							
Research Grants	1,200,000	-	1,200,000	-	-	-	1,200,000
Conferences	418,174	67,337	485,511	4,998	1,217	6,215	491,726
Professional Fees	44,872	53,109	97,981	27,871	8,100	35,971	133,952
Information Technology	17,680	14,813	32,493	20,625	5,994	26,619	59,112
Travel	65,175	43,706	108,881	30,656	364	31,020	139,901
Occupancy	27,464	45,847	73,311	32,037	9,311	41,348	114,659
Printing and Copying	60,566	17,964	78,530	10,655	31,967	42,622	121,152
Outreach	13,116	58,627	71,743	-	-	-	71,743
Insurance	15,734	13,182	28,916	18,079	5,334	23,413	52,329
Postage and Delivery	17,761	11,703	29,464	2,754	23,411	26,165	55,629
Bank and Investment Fees	-	698	698	54,225	23,343	77,568	78,266
Advocacy	-	65,234	65,234	-	-	-	65,234
Telephone	5,844	21,794	27,638	6,817	1,971	8,788	36,426
Supplies and Equipment	9,940	23,537	33,477	7,944	2,308	10,252	43,729
Depreciation	2,286	1,915	4,201	2,666	775	3,441	7,642
Miscellaneous	2,111	21,525	23,636	29,312	-	29,312	52,948
Promotion	6,465	7,460	13,925	-	-	-	13,925
License and Permits	2,717	2,276	4,993	3,169	921	4,090	9,083
Other Chapter Expenses	-	66,706	66,706	-	-	-	66,706
Bad Debts	-	32,181	32,181	-	-	-	32,181
Total Other Expenses	1,909,905	569,614	2,479,519	251,808	115,016	366,824	2,846,343
Total Expenses	$ 2,118,775	$ 1,456,791	$ 3,575,566	$ 497,181	$ 185,826	$ 683,007	$ 4,258,573

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

For the Years Ended June 30	**2013**	2012
Cash Flows from Operating Activities:		
Increase (Decrease) in Net Assets	**$ 834,593**	$ (204,282)
Adjustments to Reconcile Increase (Decrease) in Net Assets to		
Net Cash Provided by (Used) in Operating Activities:		
Depreciation and Amortization	**26,259**	7,642
Bad Debts	**-**	32,181
Net Unrealized (Gains) Losses on Investments and Endowment	**(353,971)**	191,140
Net Realized Gains on Investments and Endowment	**(105,562)**	(2,836)
Increase in Contributions Receivable	**-**	(70,000)
(Increase) Decrease in Due from Affiliates	**(207,417)**	268,711
Decrease (Increase) in Prepaid Expenses and Other Current Assets	**193,576**	(152,900)
Increase (Decrease) in Accounts Payable	**39,288**	(69,914)
Increase (Decrease) in Accrued Expenses	**14,740**	(28,680)
Increase (Decrease) in Grants Payable	**60,000**	(61,658)
Increase in Due to Affiliates	**80,947**	16,584
Decrease in Deferred Revenue	**(6,090)**	(9,975)
Net Cash Provided by (Used in) Operating Activities	**576,363**	(83,987)
Cash Flows from Investing Activities:		
Purchase of Investments and Endowment	**(4,598,226)**	(1,511,841)
Proceeds from Sales of Investments and Endowment	**4,296,270**	1,202,140
Website Development Costs	**(26,905)**	(53,825)
Acquistion of Property and Equipment	**(3,669)**	-
Net Cash Used in Investing Activities	**(332,530)**	(363,526)
Net Increase (Decrease) in Cash and Equivalents	**243,833**	(447,513)
Cash and Equivalents, Beginning of Year	**1,871,589**	2,319,102
Cash and Equivalents, End of Year	**$ 2,115,422**	$ 1,871,589

Supplemental Disclosure of Non-Cash Investing Activities:

During the year ended June 30, 2012, the Organization disposed of fully depreciated property and equipment with an original cost of $322,813.

1. Organization and Significant Accounting Policies:

Nature of Organization: Scleroderma Foundation, Inc. (the "Organization") is dedicated to the concerns of people whose lives have been impacted by the autoimmune disease Scleroderma, also known as systemic sclerosis, and related conditions. Its threefold mission of support, education, and research guides the Organization's work in providing education programs for patients and their families, peer-to-peer support through its nationwide network of chapters and support groups, advocacy efforts to increase awareness of the disease among the general public and the medical community. The Organization also has a research program that funds clinical research to find the cause and cure for Scleroderma and related conditions.

The Organization operates through a consortium of chapters and affiliates. The chapter offices are controlled and operated by the Organization. All chapter activity is included in the accompanying financial statements. The affiliates are separately incorporated organizations that function as chapters and are contractually obligated to provide dues in exchange for the use of the name "Scleroderma Foundation". Therefore, affiliate operations are not reflected in the accompanying financial statements.

Method of Accounting: The financial statements of the Organization 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 Organization 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 Organization that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Unrestricted net assets include expendable funds available for support of the Organization. As of June 30, 2013 and June 30, 2012, the Board of Directors designated net assets of $239,550 to support research programs. The use of these net assets must be approved by the Board of Directors.

- Temporarily restricted net assets represent contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

- Permanently restricted net assets represent contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

Cash and Equivalents: The Organization maintains deposits in accounts which may, at times, exceed federally insured limits. The Organization has a cash management program which provides for investment of excess cash balances in sweep accounts, which are valued using Level 1 inputs. The Organization considers such highly liquid investments with original maturities of three months or less when purchased to be cash equivalents unless designated for long-term purposes.

Concentration of Credit Risk: Financial instruments that potentially subject the Organization to concentration of credit risk consist primarily of cash, cash equivalents and contributions receivable. The Organization maintains its cash and cash equivalents with high credit-quality financial institutions. Contributions receivable are stated at the amount management expects to collect from outstanding balances. There was no allowance for doubtful accounts as of June 30, 2013 and 2012.

Grants Payable: Grants payable are recorded when awards are approved and committed to the recipients.

Investments and Investment Income: Investments are reported at fair value as of the date of the statements of financial position. Realized and unrealized gains and losses are reflected in the accompanying statements of activities. Investment income or loss, including realized and unrealized gains and losses on investments, interest and dividends, is included in unrestricted net assets unless the income or loss is restricted by the donor or by law.

1. **Organization and Significant Accounting Policies (Continued):**

Endowment and Endowment Income: The Organization's endowment consists of investments in various equity securities, corporate bonds, mutual funds and money market funds. The endowment includes those net assets of donor-restricted funds that the Organization 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.

Interpretation of Relevant Law: The Organization's Board of Directors 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 Organization 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 Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

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 Organization 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.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

Property and Equipment: Property and equipment acquisitions are recorded at cost. Property and equipment donated for the Organization's operations are recorded at fair value at the date of receipt. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, as follows:

Furniture and Fixtures	3 Years
Computer Equipment	3 Years
Leasehold Improvements	Life of Lease

Website Development Costs: The Organization capitalizes certain costs associated with website development. Capitalization of website development costs begins at the start of the application development stage and ceases once testing is complete and the website is placed in operation. Additional costs may also be capitalized subsequent to the date the website is placed in operation if the modifications result in additional functionality. Website development costs are amortized using the straight-line method over the period of five years.

1. Organization and Significant Accounting Policies (Continued):

Impairment of Long-Lived Assets: It is required that long-lived assets be reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is to be measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. As of June 30, 2013 and 2012, the Organization has determined that long-lived assets including property and equipment and website development costs are not impaired.

Deferred Revenue: Deferred revenue consists of registration fees collected in advance of the Organization's annual conference.

Revenue Recognition: Revenues, when recognized, are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. 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.

The Organization generates annual dues from affiliate organizations based on an arrangement to coordinate and unify fundraising efforts with standard terms, conditions and allocation percentages for revenue sharing. Affiliate dues are recognized, based on the existence of this arrangement, when the dues are fixed and determinable and collection is probable.

The Organization also generates research revenue from the affiliates. The research revenue is voluntarily determined by each affiliate based on their individual capacity to give. Revenues from voluntary research are recognized when the promise is received.

Contributions: Contributions, including unconditional promises to give, are recognized as revenue in the period the promise is received ("pledged"). 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 reported at their estimated fair value. Pledges receivable to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible pledges receivable is provided based upon management's judgment of potential defaults. The determination includes such factors as prior collection history, type of contribution and nature of fundraising activities.

Contributions recognized with donor-imposed restrictions, which are met in the same year as recognized, 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 recognized are also reported as revenues of the temporarily restricted net asset class when they are recognized. A reclassification to unrestricted net assets is made to reflect the expiration of such restrictions in the year the restriction is met.

Contributions of donated services are reported as revenues and expenses of the unrestricted net asset class at the fair value of the service received only if the services create or enhance a nonfinancial asset or would typically need to be purchased by the Organization if they had not been provided by individuals with those skills. Contributions of goods and space to be used in program operations are reported as revenues and expenses of the unrestricted net asset class at the time the goods or space is received. During the years ended June 30, 2013 and 2012, the Organization received donated services of $2,890 and $1,040, respectively.

Advertising: The Organization uses advertising to promote its programs and special events among the audiences it serves. The costs of advertising are expensed as incurred. Advertising expense for the years ended June 30, 2013 and 2012 amounted to $20,120 and $13,925, respectively.

Income Taxes: The Organization is a nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on trade or business profits generated by activities related to the Organization's exempt function. The Organization may be subject to federal and state income taxes for profits generated from unrelated trade or business income. The

1. Organization and Significant Accounting Policies (Continued):

Organization has determined that it does not have any liabilities associated with unrelated trade or business income and as a result, no provision for income taxes is presented in these financial statements.

The Organization 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 Organization's policy is to recognize interest and penalties accrued on any uncertain tax positions as a component of income tax expense, if any, in its statements of activities.

The Organization has not recognized any liabilities for uncertain tax positions or unrecognized benefits as of June 30, 2013 and 2012. The Organization does not expect any material changes in uncertain tax benefits within the next twelve months.

As of June 30, 2013 and 2012, the Organization is not currently under examination by any taxing authorities and is generally open for examination for three years from the date of filing.

Functional Allocation of Expenses: The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis. Accordingly, based upon management's estimates, certain costs have been allocated among major classes of program services and supporting activities as shown in the statements of functional expenses. Expenses that can be identified with a specific program and support services are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated as appropriate.

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 Organization may differ from those estimates.

Reclassifications: Certain accounts in the June 30, 2012 financial statements have been reclassified to conform to the presentation in the June 30, 2013 financial statements.

Subsequent Events: Management has evaluated subsequent events spanning the period from June 30, 2013 through November 11, 2013, the latter representing the issuance date of these financial statements.

2. Investments and Endowment:

Investments and endowment as of June 30, 2013 and 2012 consist of the following:

	2013		
	Investments	Endowment	Total
Money Market Funds	$ 1,356,084	$ 182,698	$ 1,538,782
Equity Securities	3,300,228	584,408	3,884,636
Corporate Bonds	1,421,545	1,118,621	2,540,166
Mutual Funds	906,688	-	906,688
Total	$ 6,984,545	$ 1,885,727	$ 8,870,272

	2012		
	Investments	Endowment	Total
Money Market Funds	$ 1,225,351	$ 389,248	$ 1,614,599
Equity Securities	2,925,840	456,118	3,381,958
Corporate Bonds	1,153,350	847,835	2,001,185
Mutual Funds	985,005	126,036	1,111,041
Total	$ 6,289,546	$ 1,819,237	$ 8,108,783

For the years ended June 30, 2013 and 2012, the Organization has recorded net realized and unrealized gains (losses) on these investments in the amounts of $459,533 and $(188,304), respectively, which are included in the accompanying statements of activities.

Risk Objectives and Risk Parameters: The Organization's Board of Directors (the "Board") has established investment policies over the endowment's general investments. The Organization's investment and spending policy is designed, over the long-term, to produce funds for research and to preserve the value of the original gifts. To satisfy the long-term rate of return objectives determined by the Board, the Organization relies on a total return strategy in which investment returns are achieved through both current yield and capital appreciation. The Organization targets diversified assets allocations, each of which places a greater emphasis on equity-based investments to achieve the long-term return objectives of the Organization within prudent risk constraints.

2. Investments and Endowment (Continued):

Endowment: The endowment consists of a permanently restricted fund established in 2007, which has been restricted as to its use by the donor or by law. As of June 30, 2013 and 2012, the endowment is to support research for the disease Scleroderma and consists of the following:

	2013		
	Temporarily Restricted	Permanently Restricted	Total
Donor Restricted Endowment Funds	$ -	$ 1,542,375	$ 1,542,375
Net Appreciation on Donor Restricted Endowment Funds	343,352	-	343,352
Endowment, End of Year	$ 343,352	$ 1,542,375	$ 1,885,727

	2012		
	Temporarily Restricted	Permanently Restricted	Total
Donor Restricted Endowment Funds	$ -	$ 1,542,375	$ 1,542,375
Net Appreciation on Donor Restricted Endowment Funds	276,862	-	276,862
Endowment, End of Year	$ 276,862	$ 1,542,375	$ 1,819,237

2. Investments and Endowment (Continued):

The change in the endowment by net asset classification for the years ended June 30, 2013 and 2012 consists of the following:

	2013		
	Temporarily Restricted	Permanently Restricted	Total
Endowment, Beginning of Year	$ 276,862	$ 1,542,375	$ 1,819,237
Investment Returns:			
Interest and Dividend Income	49,763	-	49,763
Investment Fees	(12,333)	-	(12,333)
Net Unrealized Gains	29,060	-	29,060
Total Investment Returns	66,490	-	66,490
Appropriation of Endowment Assets for Donor-Designated Expenditures	-	-	-
Endowment, End of Year	$ 343,352	$ 1,542,375	$ 1,885,727

	2012		
	Temporarily Restricted	Permanently Restricted	Total
Endowment, Beginning of Year	$ 272,418	$ 1,542,375	$ 1,814,793
Investment Returns:			
Interest and Dividend Income	51,452	-	51,452
Investment Fees	(12,046)	-	(12,046)
Net Unrealized Losses	(34,962)	-	(34,962)
Total Investment Returns	4,444	-	4,444
Appropriation of Endowment Assets for Donor-Designated Expenditures	-	-	-
Endowment, End of Year	$ 276,862	$ 1,542,375	$ 1,819,237

3. Fair Value:

Investments and endowment assets measured at fair value on a recurring basis at June 30, 2013 and 2012 were as follows:

		2013 Fair Value Measurements at Reporting Date Using		
	Totals	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money Market Funds	$ 1,538,782	$ 1,538,782	$ -	$ -
Equity Securities:				
Technology Sector	814,994	814,994	-	-
Basic Materials	250,200	250,200	-	-
Financial Sector	508,473	508,473	-	-
Healthcare Sector	490,735	490,735	-	-
Consumer Goods	756,868	756,868	-	-
Energy Sector	386,007	386,007	-	-
Industrial Sector	352,311	352,311	-	-
Other*	325,048	325,048	-	-
Total Equity Securities	3,884,636	3,884,636	-	-
Other Investments:				
Corporate Bonds	2,540,166	2,540,166	-	-
Balanced Moderate Allocation Funds	873,856	873,856		
Other Mutual Funds*	32,832	32,832	-	-
Total Other Investments	3,446,854	3,446,854	-	-
Total	$ 8,870,272	$ 8,870,272	$ -	$ -

* Other funds represent concentrations of investment type less than 10% of total investments.

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3. Fair Value (Continued):

		2012 Fair Value Measurements at Reporting Date Using		
	Totals	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money Market Funds	$ 1,614,599	$ 1,614,599	$ -	$ -
Equity Securities:				
Technology Sector	795,964	795,964	-	-
Basic Materials	566,996	566,996	-	-
Financial Sector	397,942	397,942	-	-
Healthcare Sector	400,808	400,808	-	-
Consumer Goods	340,451	340,451	-	-
Other*	879,797	879,797	-	-
Total Equity Securities	3,381,958	3,381,958	-	-
Other Investments:				
U.S. Large Blend Funds	102,078	102,078	-	-
Diversified Emering Markets Funds	163,713	163,713	-	-
Balanced Moderate Allocation Funds	788,217	788,217	-	-
Corporate Bonds	2,001,185	2,001,185	-	-
Other Mutual Funds*	57,033	57,033	-	-
Total Other Investments	3,112,226	3,112,226	-	-
Total	$ 8,108,783	$ 8,108,783	$ -	$ -

*Other funds represent concentrations of investment type less than 10% of total investments.

4. Transactions with Affiliates:

The Organization is associated with separate incorporated nonprofit organizations throughout the United States of America referred to as affiliates. The affiliates share common goals and work in cooperation with the Organization.

The Organization functions as a pass-through funding source for the affiliates. Total grants passed-through to the affiliates was $431,570 and $506,041 for the years ended June 30, 2013 and 2012. As of June 30, 2013 and 2012, amounts owed to the affiliates totaled $129,294 and $48,347, respectively. In addition, the affiliates remit to the Organization annual dues based on various financial factors and additional voluntary contributions. For the years ended June 30, 2013 and 2012 total dues revenue received from affiliates amounted to $381,264 and $266,737, each respectively. For the years ended June 30, 2013 and 2012 total voluntary research revenue received from affiliates amounted to $264,913 and $281,000, respectively. As of June 30, 2013 and 2012 the Organization had amounts due from affiliates of $357,040 and $149,623, respectively.

5. Contributions Receivable:

Contributions receivable as of June 30, 2013 and 2012 amounted to $70,000 and represent amounts due from one grantor to be received in less than one year from the statements of financial position date.

6. Property and Equipment:

Property and equipment consisted of the following at June 30, 2013 and 2012:

	2013	2012
Furniture and Fixtures	$ 70,690	$ 70,670
Computer Equipment	57,650	54,001
Leasehold Improvements	8,393	8,393
Land	2,000	2,000
	138,733	135,064
Less: Accumulated Depreciation	(119,898)	(108,439)
	$ 18,835	$ 26,625

Depreciation expense amounted to $11,459 and $7,642 for the years ended June 30, 2013 and 2012.

7. Website Development Costs:

As of June 30, 2013 and 2012, capitalized website development costs consist of the following:

	2013	2012
Website Development Costs	$ 80,730	$ 53,825
Less: Accumulated Amortization	(14,800)	-
	$ 65,930	$ 53,825

Amortization expense amounted to $14,800 for the year ended June 30, 2013. Future amortization expense related to website development costs as of June 30, 2013 is as follows:

Year Ended June 30,	
2014	$ 16,146
2015	16,146
2016	16,146
2017	16,146
2018	1,346
	$ 65,930

8. Grants Payable:

Grants payable are due to recipients as follows:

Year Ended June 30,	
2014	$ 892,500
2015	355,000
2016	50,000
	$1,297,500

9. Temporarily Restricted Net Assets:

As of June 30, 2013 and 2012, temporarily restricted net assets consist of funds restricted for research in the amounts of $375,619 and $799,096, respectively, which includes the net appreciation on permanently restricted endowment funds.

10. Net Assets Released from Restrictions:

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors or by the passage of time. Net assets released from restriction during the years ended June 30, 2013 and 2012 amounted to $1,157,019 and $907,971, respectively, and were released for research.

11. Permanently Restricted Net Assets:

Permanently restricted net assets totaling $1,542,375 as of June 30, 2013 and 2012, represent contributions for the Feeney Fund, for which such contributions have been permanently restricted by donors. Gains generated from the endowment fund may be used for research programs.

12. Special Events:

Special events revenue is shown net of direct related expenses in the accompanying statements of activities and consists of the following for the years ended June 30, 2013 and 2012:

	2013	2012
Gross Special Events Revenue	1,025,101	915,166
Less: Direct Event Expenses	(252,620)	(196,229)
	$ 772,481	$ 718,937

13. Operating Leases:

The Organization is party to an operating lease for office space in Danvers, Massachusetts, with an amended expiration date of April 2015. Under the terms of the lease agreement, the Organization is required to remit monthly rental payments in the amount of $7,189 through April 2013, $7,420 through April 2014 and $7,651 through April 2015. Certain chapters of the Organization are party to operating leases with expiration dates through March 2014. Rent expense incurred by the Organization under these lease agreements amounted to $113,193 and $111,525 for the years ended June 30, 2013 and 2012, respectively

The Organization also leases certain rental equipment, with expiration dates through August 2015. Rent expense incurred by the Organization under these lease agreements amounted to $13,553 and $13,438 for the years ended June 30, 2013 and 2012, respectively.

Future minimum rental payments due under these noncancelable lease agreements as of June 30, 2013 are as follows:

Year Ended June 30,	
2014	$ 106,337
2015	81,763
2016	1,107
	$ 189,207

14. Retirement Plan:

The Organization 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. The Organization matches 100% of the employee contributions up to a maximum of 3% of the employee's annual compensation. The Organization's matching contribution expenses related to this plan amounted to $8,969 and $10,665 for the years ended June 30, 2013 and 2012, respectively.

15. Indemnifications:

In the ordinary course of business, the Organization enters into various agreements containing standard indemnification provisions. The Organization’s indemnification obligations under such provisions are typically in effect from the date of execution of the applicable statute of limitations. The aggregate maximum potential future liability of the Organization under such indemnification provisions is uncertain. As of June 30, 2013 and 2012, no amounts have been accrued related to such indemnification provisions.

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