MOODY, FAMIGLIETTI & ANDRONICO
Certified Public Accountants & Consultants

SCLERODERMA FOUNDATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

Proactive CPA and Consulting Firm

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

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of Scleroderma Foundation, Inc. (the "Organization"), which comprise the statements of financial position as of June 30, 2017 and 2016, 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, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Moody, Famigliette & Andronico, LLP

Moody, Famiglietti & Andronico, LLP
Tewksbury, Massachusetts
March 1, 2018

June 30		2017		2016
Assets				
Current Assets:				
Cash and Cash Equivalents	$	**2,820,826**	$	1,661,016
Certificates of Deposit		**189,584**		201,679
Contributions Receivable		**78,461**		85,210
Due from Affiliates		**187,414**		253,474
Prepaid Expenses and Other Current Assets		**132,029**		179,503
Total Current Assets		**3,408,314**		2,380,882
Investments		**6,938,176**		7,700,223
Endowment		**1,916,225**		1,886,371
Property and Equipment, Net of Accumulated Depreciation		**7,582**		10,714
Website Development Costs, Net of Accumulated Amortization		**1,337**		17,489
Other Assets		**16,592**		16,292
Total Assets	**$**	**12,288,226**	$	12,011,971
Liabilities and Net Assets				
Current Liabilities:				
Accounts Payable	**$**	**142,717**	$	108,987
Accrued Expenses		**75,729**		71,412
Due to Affiliates		**59,853**		83,112
Deferred Revenue		**87,425**		84,851
Current Portion of Grants Payable		**1,112,380**		1,374,612
Total Current Liabilities		**1,478,104**		1,722,974
Grants Payable, Net of Current Portion		**741,454**		637,500
Total Liabilities		**2,219,558**		2,360,474
Net Assets:				
Unrestricted		**8,253,413**		7,834,454
Temporarily Restricted		**272,880**		274,668
Permanently Restricted		**1,542,375**		1,542,375
Total Net Assets		**10,068,668**		9,651,497
Total Liabilities and Net Assets	**$**	**12,288,226**	$	12,011,971

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

For the Years Ended June 30	2017				2016			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Other Support:								
Contributions	**$ 1,974,609**	**$ 378,443**	**$ -**	**$ 2,353,052**	$ 2,284,888	$ 305,233	$ -	$ 2,590,121
Bequests	**699,891**	**-**	**-**	**699,891**	17,680	-	-	17,680
Special Events, Net	**620,947**	**-**	**-**	**620,947**	633,726	-	-	633,726
Voluntary Research Contributions	**-**	**474,989**	**-**	**474,989**	-	191,256	-	191,256
Net Unrealized Gains (Losses) on Investments and Endowment	**415,890**	**47,365**	**-**	**463,255**	(160,155)	(8,909)	-	(169,064)
Contributions Received from Affiliates	**430,581**	**-**	**-**	**430,581**	504,858	-	-	504,858
Net Realized Gains on Investments and Endowment	**260,794**	**40,748**	**-**	**301,542**	25,656	10,258	-	35,914
Interest and Dividends	**127,355**	**39,317**	**-**	**166,672**	128,979	43,589	-	172,568
Registration Fees	**106,806**	**-**	**-**	**106,806**	91,015	-	-	91,015
Other Income	**2,000**	**-**	**-**	**2,000**	2,000	-	-	2,000
Returned Grant Awards	**-**	**-**	**-**	**-**	99,206	-	-	99,206
Net Assets Released from Restrictions	**982,650**	**(982,650)**	**-**	**-**	844,054	(844,054)	-	-
Total Revenue and Other Support	**5,621,523**	**(1,788)**	**-**	**5,619,735**	4,471,907	(302,627)	-	4,169,280
Expenses:								
Program Services:								
Education and Support	**2,792,323**	**-**	**-**	**2,792,323**	2,565,604	-	-	2,565,604
Research	**1,557,610**	**-**	**-**	**1,557,610**	1,633,995	-	-	1,633,995
Total Program Services	**4,349,933**	**-**	**-**	**4,349,933**	4,199,599	-	-	4,199,599
Support Services:								
General and Administrative	**649,463**	**-**	**-**	**649,463**	514,872	-	-	514,872
Fundraising	**203,168**	**-**	**-**	**203,168**	221,285	-	-	221,285
Total Support Services	**852,631**	**-**	**-**	**852,631**	736,157	-	-	736,157
Total Expenses	**5,202,564**	**-**	**-**	**5,202,564**	4,935,756	-	-	4,935,756
Increase (Decrease) in Net Assets	**418,959**	**(1,788)**	**-**	**417,171**	(463,849)	(302,627)	-	(766,476)
Net Assets at Beginning of Year	**7,834,454**	**274,668**	**1,542,375**	**9,651,497**	8,298,303	577,295	1,542,375	10,417,973
Net Assets at End of Year	**$ 8,253,413**	**$ 272,880**	**$ 1,542,375**	**$ 10,068,668**	$ 7,834,454	$ 274,668	$ 1,542,375	$ 9,651,497

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

For the Year Ended June 30 **2017**

	Program Services			Support Services			
	Education and Support	**Research**	**Total Program Services**	**General and Administrative**	**Fundraising**	**Total Support Services**	**Total Expenses**
Grants to Affiliates	$ 411,529	$ -	$ 411,529	$ -	$ -	$ -	$ 411,529
Payroll and Related:							
Salaries, Wages and Taxes	673,450	18,572	692,022	267,889	81,579	349,468	1,041,490
Fringe Benefits	53,414	1,865	55,279	26,894	8,190	35,084	90,363
Total Payroll and Related	726,864	20,437	747,301	294,783	89,769	384,552	1,131,853
Other Expenses:							
Research Grants	-	1,514,153	1,514,153	-	-	-	1,514,153
Conferences	706,889	5,000	711,889	27,187	9	27,196	739,085
Information Technology	145,639	5,635	151,274	81,285	24,754	106,039	257,313
Professional Fees	168,937	4,144	173,081	59,780	18,205	77,985	251,066
Occupancy and Office	120,902	2,775	123,677	40,035	12,192	52,227	175,904
Travel	105,732	603	106,335	33,189	2,569	35,758	142,093
Printing and Copying	61,390	-	61,390	14,325	33,735	48,060	109,450
Fees and Licenses	57,374	2,142	59,516	30,887	9,406	40,293	99,809
Advocacy	92,926	-	92,926	-	-	-	92,926
Insurance	39,699	1,536	41,235	22,156	6,745	28,901	70,136
Promotion	60,975	-	60,975	1,799	570	2,369	63,344
Postage and Delivery	18,947		18,947	26,923		26,923	45,870
Miscellaneous	29,626	378	30,004	5,452	1,661	7,113	37,117
Telephone	27,375	390	27,765	5,648	1,722	7,370	35,135
Depreciation and Amortization	11,022	417	11,439	6,014	1,831	7,845	19,284
Outreach	6,497	-	6,497	-	-	-	6,497
Total Other Expenses	1,653,930	1,537,173	3,191,103	354,680	113,399	468,079	3,659,182
Total Expenses	$ 2,792,323	$ 1,557,610	$ 4,349,933	$ 649,463	$ 203,168	$ 852,631	$ 5,202,564

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

For the Year Ended June 30 **2016**

	Program Services			Support Services			
	Education and Support	Research	Total Program Services	General and Administrative	Fundraising	Total Support Services	Total Expenses
Grants to Affiliates	$ 441,097	$ -	$ 441,097	$ -	$ -	$ -	$ 441,097
Payroll and Related:							
Salaries, Wages and Taxes	562,765	15,121	577,886	218,115	66,422	284,537	862,423
Fringe Benefits	46,498	1,578	48,076	26,829	6,930	33,759	81,835
Total Payroll and Related	609,263	16,699	625,962	244,944	73,352	318,296	944,258
Other Expenses:							
Research Grants	-	1,594,018	1,594,018	-	-	-	1,594,018
Conferences	569,182	4,624	573,806	8,595	343	8,938	582,744
Information Technology	110,877	4,290	115,167	61,884	18,845	80,729	195,896
Professional Fees	225,023	2,916	227,939	42,068	12,811	54,879	282,818
Occupancy and Office	107,118	2,620	109,738	37,792	11,508	49,300	159,038
Travel	81,161	2,731	83,892	26,794	5,113	31,907	115,799
Printing and Copying	77,030	215	77,245	2,924	46,820	49,744	126,989
Fees and Licenses	44,007	1,646	45,653	23,747	7,232	30,979	76,632
Advocacy	83,900	-	83,900	-	-	-	83,900
Insurance	37,791	1,462	39,253	21,092	6,423	27,515	66,768
Promotion	27,244	-	27,244	-	-	-	27,244
Postage and Delivery	37,059	-	37,059	5,012	26,651	31,663	68,722
Miscellaneous	28,569	438	29,007	6,323	1,926	8,249	37,256
Telephone	22,970	357	23,327	5,147	1,567	6,714	30,041
Depreciation and Amortization	12,070	448	12,518	6,462	1,968	8,430	20,948
Outreach	11,668	-	11,668	-	-	-	11,668
Bad Debt	39,575	1,531	41,106	22,088	6,726	28,814	69,920
Total Other Expenses	1,515,244	1,617,296	3,132,540	269,928	147,933	417,861	3,550,401
Total Expenses	$ 2,565,604	$ 1,633,995	$ 4,199,599	$ 514,872	$ 221,285	$ 736,157	$ 4,935,756

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

For the Years Ended June 30	**2017**	2016
Cash Flows from Operating Activities:		
Increase (Decrease) in Net Assets	**$ 417,171**	$ (766,476)
Adjustments to Reconcile Increase (Decrease) in Net Assets to		
Net Cash Used in Operating Activities:		
Depreciation and Amortization	**19,284**	20,948
Net Unrealized (Gains) Losses on Investments and Endowment	**(463,255)**	169,064
Net Realized Gains on Investments and Endowment	**(301,542)**	(35,914)
Decrease in Contributions Receivable	**6,749**	5,710
Decrease (Increase) in Due from Affiliates	**66,060**	(17,820)
Decrease (Increase) in Prepaid Expenses and Other Current Assets	**47,474**	(41,170)
Increase in Accounts Payable	**33,730**	41,714
Decrease in Accrued Expenses	**4,317**	(9,843)
Decrease in Grants Payable	**(158,278)**	(32,305)
(Decrease) Increase in Due to Affiliates	**(23,259)**	11,965
Increase in Deferred Revenue	**2,574**	11,806
Net Cash Used in Operating Activities	**(348,975)**	(642,321)
Cash Flows from Investing Activities:		
Proceeds from Sales of Investments and Endowment	**5,254,773**	3,436,954
Purchase of Investments and Endowment	**(3,757,783)**	(3,219,541)
Net Sale (Purchase) of Certificates of Deposit	**12,095**	(740)
Increase in Other Assets	**(300)**	(1,000)
Acquisition of Property and Equipment	**-**	(6,756)
Net Cash Provided by Investing Activities	**1,508,785**	208,917
Net Increase (Decrease) in Cash and Cash Equivalents	**1,159,810**	(433,404)
Cash and Cash Equivalents, Beginning of Year	**1,661,016**	2,094,420
Cash and Cash Equivalents, End of Year	**$ 2,820,826**	$ 1,661,016

1. **Organization and Summary of 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. The Organization's 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, 2017 and 2016, the Board of Directors designated net assets of $373,850 and $343,996, respectively, 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 Cash 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 a sweep account. 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.

Certificates of Deposit: The Organization's cash management program also provides for investment of certain excess cash in certificates of deposit with original maturities of greater than three months. Certificates of deposit with original maturities greater than ninety days, but mature in less than one year, are included as current assets on the accompanying statements of financial position.

Concentration of Credit Risk: Financial instruments that potentially subject the Organization to concentration of credit risk consist primarily of cash, cash equivalents, certificates of deposit, investments, endowment and contributions receivable. The Organization maintains its cash, cash equivalents, certificates of deposit, investments and endowment 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, 2017 and 2016.

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

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.

Endowment and Endowment Income: The Organization's endowment consists of investments in various equity securities, corporate bonds, 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 and board designated net assets.

Interpretation of Relevant Law: The Organization follows the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as promulgated by Massachusetts. The Organization's Board of Directors has interpreted the 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.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate endowment funds:

- Duration and preservation of the fund
- Purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- Possible effect of inflation and deflation
- Expected total return from income and the appreciation of investments
- Other resources of the Organization
- Investment policies of the Organization

Fair Value Measurements: 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.

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

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:

Computer Equipment	3 Years
Furniture and Fixtures	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.

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, 2017 and 2016, the Organization determined that long-lived assets, including property and equipment, and website development costs, were not impaired.

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.

Registration fees for the Organization's annual conference and revenues related to special events are generally recognized when the conference or event takes place. Special event revenues are shown net of direct costs of benefits to donors.

The Organization receives contributions from affiliate organizations based on an arrangement to coordinate and unify fundraising efforts with standard terms, conditions and allocation percentages for revenue sharing. Contributions from affiliates are recognized, based on the existence of this arrangement, when the amounts are fixed or determinable and collection is probable.

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

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

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. Contributions 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 contributions 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.

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

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 each of the years ended June 30, 2017 and 2016, the Organization received donated services of $2,000.

Advertising and Promotion: 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, 2017 and 2016 amounted to $63,344 and $27,244, 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 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.

Functional Allocation of Expenses: The costs of providing the Organization's various programs and support 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 support 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.

Subsequent Events: Management has evaluated subsequent events spanning the period from June 30, 2017 through March 1, 2018, the date the financial statements were available to be issued.

2. Investments and Endowment:

Investments and endowment as of June 30, 2017 and 2016 consist of the following:

	2017		
	Investments	Endowment	Total
Money Market Funds	$ 512,558	$ 141,685	$ 654,243
Equity Securities	3,716,165	671,973	4,388,138
Mutual Funds	1,124,734	-	1,124,734
Corporate Bonds	1,584,719	1,102,567	2,687,286
Total	$ 6,938,176	$ 1,916,225	$ 8,854,401

	2016		
	Investments	Endowment	Total
Money Market Funds	$ 1,416,002	$ 189,360	$ 1,605,362
Equity Securities	3,532,778	678,837	4,211,615
Mutual Funds	891,484	-	891,484
Corporate Bonds	1,609,686	1,018,174	2,627,860
U.S. Treasury Notes	250,273	-	250,273
Total	$ 7,700,223	$ 1,886,371	$ 9,586,594

For the years ended June 30, 2017 and 2016, the Organization has recorded net realized and unrealized gains (losses) on these investments in the amounts of $764,797 and ($133,150), respectively, which are included in the accompanying statements of activities.

Risk Objectives and Risk Parameters: The Organization's Board of Directors 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 of Directors, 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 to support research for the disease scleroderma, and funds designated by the Board to function as endowments. As of June 30, 2017 and 2016, the endowment consists of the following:

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board Designated Endowment Funds	$ 373,850	$ -	$ -	$ 373,850
Donor Restricted Endowment Funds	-	-	1,542,375	1,542,375
Endowment, End of Year	$ 373,850	$ -	$ 1,542,375	$ 1,916,225

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board Designated Endowment Funds	$ 343,996	$ -	$ -	$ 343,996
Donor Restricted Endowment Funds	-	-	1,542,375	1,542,375
Endowment, End of Year	$ 343,996	$ -	$ 1,542,375	$ 1,886,371

2. Investments and Endowment (Continued):

The change in the endowment by net asset classification for the years ended June 30, 2017 and 2016 consists of the following:

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment, Beginning of Year	$ 343,996	$ -	$ 1,542,375	$ 1,886,371
Investment Returns:				
Interest and Dividend Income	-	38,378	-	38,378
Investment Fees	-	(12,157)	-	(12,157)
Net Realized and Unrealized Gains	-	88,450	-	88,450
Total Investment Returns	-	114,671	-	114,671
Appropriation of Endowment Assets for Donor-Designated Expenditures	29,854	(114,671)	-	(84,817)
Endowment, End of Year	$ 373,850	$ -	$ 1,542,375	$ 1,916,225

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment, Beginning of Year	$ 312,133	$ 201,625	$ 1,542,375	$ 2,056,133
Investment Returns:				
Interest and Dividend Income	-	40,353	-	40,353
Investment Fees	-	(11,929)	-	(11,929)
Net Realized and Unrealized Gains	-	1,814	-	1,814
Total Investment Returns	-	30,238	-	30,238
Appropriation of Endowment Assets for Donor-Designated Expenditures	31,863	(231,863)	-	(200,000)
Endowment, End of Year	$ 343,996	$ -	$ 1,542,375	$ 1,886,371

3. Fair Value Measurements:

Investments and endowment assets measured at fair value on a recurring basis as of June 30, 2017 and 2016 were as follows:

	2017			
	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	$ 654,243	$ 654,243	$ -	$ -
Equity Securities:				
Technology Sector	1,231,142	1,231,142	-	-
Consumer Goods	887,778	887,778	-	-
Healthcare Sector	741,081	741,081	-	-
Financial Sector	689,368	689,368	-	-
Energy Sector	328,032	328,032	-	-
Industrial Sector	503,619	503,619	-	-
Basic Materials	7,118	7,118	-	-
Total Equity Securities	4,388,138	4,388,138	-	-
Corporate Bonds	2,687,286	-	2,687,286	-
Balanced Moderate Allocation Mutual Funds	769,476	769,476	-	-
Bond Funds	355,258	355,258	-	-
Total	$ 8,854,401	$ 6,167,115	$ 2,687,286	$ -

3. Fair Value Measurements (Continued):

	2016			
	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	$ 1,605,362	$ 1,605,362	$ -	$ -
Equity Securities:				
Technology Sector	1,143,293	1,143,293	-	-
Consumer Goods	818,651	818,651	-	-
Healthcare Sector	650,619	650,619	-	-
Financial Sector	635,107	635,107	-	-
Energy Sector	375,541	375,541	-	-
Industrial Sector	370,499	370,499	-	-
Telecommunications	212,192	212,192	-	-
Basic Materials	5,713	5,713	-	-
Total Equity Securities	4,211,615	4,211,615	-	-
Corporate Bonds	2,627,860	-	2,627,860	-
Balanced Moderate Allocation Mutual Funds	774,423	774,423		-
U.S. Treasury Notes	250,273	-	250,273	-
Bond Funds	117,061	117,061	-	-
Total	$ 9,586,594	$ 6,708,461	$ 2,878,133	$ -

Money Market Funds: Valued at the daily closing price as reported by the fund from an active market.

Equity Securities: Valued at the closing price reported on the active market on which the individual securities are traded.

Corporate Bonds and U.S. Treasury Notes: Utilizing Level 2 inputs, are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds or notes, the bond or notes are valued under a discounted cash flows approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks or a broker quote if available. Corporate bonds and U.S. Treasury notes seek to preserve capital while also providing a competitive level of income over time.

Balance Moderate Allocation Mutual Funds and Bond Funds: Valued at the daily closing price as reported by the fund. Balance moderate allocation mutual funds and bond funds held by the Organization are registered with the Securities and Exchange Commission. These funds are required to publish their daily Net Asset Value (NAV) and to transact at that price. The Balance moderate allocation mutual funds and bond funds held by the Organization are deemed to be actively traded.

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 contributions designated for the affiliates. In addition, the affiliates remit a percentage of their contributions to the Organization based on various financial factors and additional voluntary contributions. Transactions with affiliates consisted of the following for the years ended June 30, 2017 and 2016:

	2017	2016
Grants Passed-Through to Affiliates	$ 411,529	$ 441,097
Contributions Received from Affiliates	$ 430,581	$ 504,858
Voluntary Research Contributions Received from Affiliates	$ 474,989	$ 191,256

As of June 30, 2017 and 2016 the Organization had amounts due from (to) affiliates as follows:

	2017	2016
Amounts Due from Affiliates	$ 187,414	$ 253,474
Amounts Due to Affiliates	$ 59,853	$ 83,112

5. Contributions Receivable:

Contributions receivable as of June 30, 2017 and 2016 amounted to $78,461 and $85,210, and represented amounts due to be received in less than one year from the statements of financial position date.

6. Property and Equipment:

Property and equipment consists of the following as of June 30, 2017 and 2016:

	2017	2016
Computer Equipment	$ 75,101	$ 75,101
Furniture and Fixtures	70,690	70,690
Leasehold Improvements	8,393	8,393
Land	2,000	2,000
	156,184	156,184
Less: Accumulated Depreciation	148,602	145,470
	$ 7,582	$ 10,714

Depreciation expense amounted to $3,132 and $4,800 for the years ended June 30, 2017 and 2016, respectively.

7. Website Development Costs:

As of June 30, 2017 and 2016, capitalized website development costs consist of the following:

	2017	2016
Website Development Costs	$ 80,730	$ 80,730
Less: Accumulated Amortization	79,393	63,241
	$ 1,337	$ 17,489

7. Website Development Costs (Continued):

Amortization expense amounted to $16,152 and $16,148 for the years ended June 30, 2017 and 2016, respectively. Future amortization expense related to website development costs as of June 30, 2017 is as follows:

Year Ended June 30,	
2018	$ 1,337

8. Grants Payable:

The Organization provides grants to non-affiliates for research purposes. Grants payable as of June 30, 2017 are due to recipients as follows:

Year Ended June 30,	
2018	$ 1,112,380
2019	655,000
2020	86,454
	$ 1,853,834

9. Temporarily Restricted Net Assets:

As of June 30, 2017 and 2016, temporarily restricted net assets consist of funds restricted by donors for the following purposes:

	2017	2016
Research	$ 250,000	$ 250,000
Scholarships	22,880	24,668
	$ 272,880	$ 274,668

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, 2017 and 2016 consists of the following:

	2017	2016
Research	$ 908,662	$ 733,082
Scholarships	58,988	55,972
Educational Seminars	15,000	55,000
	$ 982,650	$ 844,054

11. Permanently Restricted Net Assets:

Permanently restricted net assets totaling $1,542,375 as of June 30, 2017 and 2016, 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, 2017 and 2016:

	2017	2016
Gross Special Events Revenue	$ 911,911	$ 854,373
Less: Direct Event Expenses	(290,964)	(220,647)
	$ 620,947	$ 633,726

13. Operating Leases:

The Organization is party to an operating lease for office space in Danvers, Massachusetts, with an amended expiration date of April 2020. Under the terms of the amended lease agreement, the Organization is required to remit monthly rental payments in the amount of $7,957 through April 2018 and $8,187 through April 2020. Certain chapters of the Organization are party to operating leases on a month-to-month basis. Rent expense incurred by the Organization under these lease agreements amounted to $119,867 and $119,421 for the years ended June 30, 2017 and 2016, respectively.

The Organization also leases certain rental equipment, with expiration dates through September 2019. Rent expense incurred by the Organization under these lease agreements amounted to $18,541 and $18,439 for the years ended June 30, 2017 and 2016, respectively.

Future minimum rental payments due under these noncancelable lease agreements as of June 30, 2017 are as follows:

Year Ended June 30,	
2018	$ 103,789
2019	101,702
2020	82,736
	$ 288,227

14. Concentrations:

For the years ended June 30, 2017 and 2016, two and one contributors represented 30% and 19%, respectively, of total contributions and bequests. As of June 30, 2017 and 2016, one contributor represented 95% and 88%, respectively, of contributions receivable.

15. 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 $14,755 and $11,279 for the years ended June 30, 2017 and 2016, respectively.

16. 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, 2017 and 2016, no amounts have been accrued related to such indemnification provisions.

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