THE MARFAN FOUNDATION, INC.
Port Washington, New York

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Years Ended June 30, 2013 and 2012

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INDEPENDENT AUDITORS' REPORT

Board of Directors
The Marfan Foundation, Inc.
Port Washington, New York

Report on the Financial Statements

We have audited the accompanying financial statements of The Marfan Foundation, Inc. (formerly known as The National Marfan Foundation, Inc.) which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities, cash flows, and functional expenses 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 misstatements, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Marfan Foundation, Inc. as of June 30, 2013 and 2012, and the change 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.

Baker Tilly Virchow Krause, LLP

Melville, New York
November 1, 2013

Statements of Financial Position

June 30,		**2013**		2012
Assets				
Cash	$	**624,862**	$	1,359,843
Investments		**5,642,099**		6,051,571
Pledge Receivables, net		**4,104,459**		4,057,769
Prepaid Expenses and Other Current Assets		**160,887**		146,333
Property and Equipment, net		**879,638**		787,273
Beneficial Interest in Charitable Remainder Trust		**946,269**		905,978
Other Assets		**135,125**		98,784
Total Assets	**$**	**12,493,339**	$	13,407,551
Liabilities and Net Assets				
Liabilities:				
Accrued liabilities	$	**303,716**	$	224,013
Deferred conference income		**131,779**		101,078
Other payables		**120,667**		98,784
Total Liabilities		**556,162**		423,875
Net Assets:				
Unrestricted:				
General		**1,917,152**		1,479,219
Board designated		**1,902,063**		2,288,761
Temporarily restricted		**8,117,962**		9,215,696
Total Net Assets		**11,937,177**		12,983,676
Total Liabilities and Net Assets	**$**	**12,493,339**	$	13,407,551

See notes to financial statements.

Statement of Activities and Changes in Net Assets

Year Ended June 30, 2013 (with comparative totals for 2012)

	Unrestricted	Temporarily Restricted	Total 2013	Total 2012
Revenues and Gains:				
Contributions	$ 1,223,933	$ 153,939	**$ 1,377,872**	$ 6,016,948
Memorials	82,278	-	**82,278**	81,047
Membership contributions	118,159	-	**118,159**	134,073
National Marfan Conference	192,675	-	**192,675**	227,644
Program revenue	6,076	-	**6,076**	7,831
Net investment (loss) income	(6,905)	-	**(6,905)**	143,444
Events, net of direct expenses of $295,880 and $318,661, respectively	980,173	-	**980,173**	994,652
Change in value of beneficial interest charitable remainder trust	-	40,291	**40,291**	(28,501)
Gifts in-kind	368,503	-	**368,503**	90,000
Net assets released from restriction	1,291,964	(1,291,964)	**-**	-
Total Revenues and Gains	4,256,856	(1,097,734)	**3,159,122**	7,667,138
Expenses:				
Program service expenses:				
Research initiatives and grants	1,569,615	-	**1,569,615**	1,719,595
Education and public awareness	792,964	-	**792,964**	629,230
Patient services and annual conference	922,050	-	**922,050**	809,084
Total program service expenses	3,284,629	-	**3,284,629**	3,157,909
Management and general	357,942	-	**357,942**	377,093
Fundraising	563,050	-	**563,050**	552,337
Total supporting service expenses	920,992	-	**920,992**	929,430
Total Expenses	4,205,621	-	**4,205,621**	4,087,339
Increase (Decrease) in Net Assets	51,235	(1,097,734)	**(1,046,499)**	3,579,799
Net Assets, beginning of the year	3,767,980	9,215,696	**12,983,676**	9,403,877
Net Assets, end of the year	$ 3,819,215	$ 8,117,962	**$ 11,937,177**	$ 12,983,676

Statement of Activities and Changes in Net Assets

Year Ended June 30, 2012

	Unrestricted	Temporarily Restricted	Total
Revenues and Gains:			
Contributions	$ 1,098,489	$ 4,918,459	$ 6,016,948
Memorials	81,047	-	81,047
Membership contributions	134,073	-	134,073
National Marfan Conference	210,386	17,258	227,644
Program revenue	7,831	-	7,831
Net investment income	143,444	-	143,444
Events, net of direct expenses of $318,661	994,652	-	994,652
Change in value of beneficial interest charitable remainder trust	-	(28,501)	(28,501)
Gifts in-kind	90,000	-	90,000
Net assets released from restriction	1,206,416	(1,206,416)	-
Total Revenues and Gains	3,966,338	3,700,800	7,667,138
Expenses:			
Program service expenses:			
Research initiatives and grants	1,719,595	-	1,719,595
Education and public awareness	629,230	-	629,230
Patient services and annual conference	809,084	-	809,084
Total program service expenses	3,157,909	-	3,157,909
Supporting service expenses:			
Management and general	377,093	-	377,093
Fundraising	552,337	-	552,337
Total supporting service expenses	929,430	-	929,430
Total Expenses	4,087,339	-	4,087,339
(Decrease) Increase in Net Assets	(121,001)	3,700,800	3,579,799
Net Assets, beginning of the year	3,888,981	5,514,896	9,403,877
Net Assets, end of the year	$ 3,767,980	$ 9,215,696	$ 12,983,676

See notes to financial statements.

Statement of Functional Expenses

Year Ended June 30, 2013 (with comparative totals for 2012)

	Program Services			Supporting Services			
	Research Initiatives and Grants	Education and Public Awareness	Patient Services and Annual Conference	Management and General	Fund Raising	**2013 Total Expenses**	2012 Total Expenses
Awards and Fellowships	$ 1,055,585	$ 5,000	$ 16,625	$ -	$ 1,100	**$ 1,078,310**	$ 1,310,113
Payroll	218,284	212,075	400,917	194,164	295,381	**1,320,821**	1,273,340
Payroll Taxes	14,499	14,726	31,600	15,241	21,336	**97,402**	95,982
Employee Benefits	16,022	19,588	32,535	16,178	35,853	**120,176**	110,937
Professional Fees	111,777	124,849	83,552	31,852	50,563	**402,593**	344,768
Telephone	1,612	1,730	7,743	3,594	2,523	**17,202**	15,363
Utilities	1,914	3,668	5,581	2,392	2,392	**15,947**	20,434
Repairs and Maintenance	1,848	3,510	5,323	2,302	2,302	**15,285**	10,619
Office Supplies	3,811	3,969	8,247	3,643	6,515	**26,185**	29,042
Equipment Rentals	814	1,559	2,373	1,017	1,017	**6,780**	6,400
Postage and Shipping	4,934	9,705	18,354	3,117	26,880	**62,990**	78,184
Printing and Publications	10,204	17,439	27,742	2,046	35,992	**93,423**	243,883
Information Technology	22,781	31,409	35,184	5,427	13,151	**107,952**	46,687
Annual Conference, Scientific Medical Governance and Other Meetings, including Related Travel	60,495	54,993	192,297	16,830	17,411	**342,026**	290,256
Insurance	-	-	-	17,932	-	**17,932**	16,955
Recruitment and Training	1,368	1,476	1,460	1,331	5,929	**11,564**	3,056
Fees and Permits	1,561	4,772	1,515	-	-	**7,848**	8,483
Dues and Subscriptions	2,356	1,146	1,206	483	-	**5,191**	5,170
Transaction Fees	7,080	7,080	7,973	7,081	7,081	**36,295**	31,701
Gifts In-kind	24,400	265,973	24,400	24,400	24,450	**363,623**	86,400
Uncollectible Account Expenses	-	-	-	-	160	**160**	4,272
Miscellaneous	15	42	9,168	657	4,759	**14,641**	18,584
Total Expenses before Depreciation	1,561,360	784,709	913,795	349,687	554,795	**4,164,346**	4,050,629
Depreciation	8,255	8,255	8,255	8,255	8,255	**41,275**	36,710
Total Expenses	$ 1,569,615	$ 792,964	$ 922,050	$357,942	$ 563,050	**$ 4,205,621**	$ 4,087,339
Percent to Total Program and Supporting Service - Current	37%	19%	22%	9%	13%	**100%**	
Percent to Total Program and Supporting Service - Prior	42%	15%	20%	9%	14%		100%

See notes to financial statements.

Statement of Functional Expenses

Year Ended June 30, 2012

	Program Services			Supporting Services		
	Research Initiatives and Grants	Education and Public Awareness	Patient Services and Annual Conference	Management and General	Fund Raising	2012 Total Expenses
Awards and Fellowships	$ 1,298,224	$ -	$ 10,646	$ 283	$ 960	$ 1,310,113
Payroll	216,468	203,734	394,735	178,268	280,135	1,273,340
Payroll Taxes	14,398	14,398	31,672	14,398	21,116	95,982
Employee Benefits	15,531	18,859	29,953	16,641	29,953	110,937
Professional Fees	90,474	126,707	60,994	30,513	36,080	344,768
Telephone	905	1,848	6,916	3,835	1,859	15,363
Utilities	1,635	3,678	8,378	4,700	2,043	20,434
Repairs and Maintenance	850	1,911	4,354	2,442	1,062	10,619
Office Supplies	2,888	3,521	7,026	7,375	8,232	29,042
Equipment Rentals	512	1,152	2,624	1,472	640	6,400
Postage and Shipping	3,224	10,706	21,424	2,898	39,932	78,184
Printing and Publications	2,090	148,220	30,153	5,385	58,035	243,883
Information Technology	5,992	10,854	15,395	4,932	9,514	46,687
Annual Conference, Scientific Medical Governance and Other Meetings, including Related Travel	32,613	46,987	140,547	43,350	26,759	290,256
Insurance	-	-	677	15,978	300	16,955
Recruitment and Training	1,037	1,127	311	41	540	3,056
Fees and Permits	-	3,800	-	4,683	-	8,483
Dues and Subscriptions	1,225	199	109	3,637	-	5,170
Transaction Fees	6,187	6,187	6,953	6,187	6,187	31,701
Gifts In-kind	18,000	18,000	18,000	18,000	14,400	86,400
Uncollectible Account Expenses	-	-	-	4,272	-	4,272
Miscellaneous	-	-	10,875	461	7,248	18,584
Total Expenses before Depreciation	1,712,253	621,888	801,742	369,751	544,995	4,050,629
Depreciation	7,342	7,342	7,342	7,342	7,342	36,710
Total Expenses	$ 1,719,595	$ 629,230	$ 809,084	$ 377,093	$ 552,337	$ 4,087,339
Percent to Total Program and Supporting Service	42%	15%	20%	9%	14%	100%

See notes to financial statements.

Statements of Cash Flows

Years Ended June 30,		**2013**		2012
Cash Flows from Operating Activities:				
Changes in net assets	$	**(1,046,499)**	$	3,579,799
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:				
Depreciation		**41,275**		36,710
Net realized and unrealized loss (gain) on investments		**75,313**		(39,369)
Uncollectible account expenses		**160**		4,272
Change in unamortized discount on pledges receivable		**-**		106,541
Change in beneficial interest in charitable remainder trust		**(40,291)**		28,501
Donated securities		**(58,427)**		(101,003)
Changes in operating assets and liabilities:				
(Increase) decrease in operating assets:				
Pledges receivable		**(46,850)**		(3,053,463)
Prepaid expenses and other current assets		**(14,554)**		59,955
Other assets		**(36,341)**		(18,713)
(Decrease) increase in operating liabilities:				
Accrued liabilities		**79,703**		(6,772)
Grant payable		**-**		(25,000)
Deferred conference income		**30,701**		(15,471)
Other payables		**21,883**		18,713
Net Cash (Used in) Provided by Operating Activities		**(993,927)**		574,700
Cash Flows from Investing Activities:				
Fixed asset purchases		**(133,640)**		(65,477)
Purchases of investments		**(3,555,947)**		(3,605,299)
Proceeds from the sale of investments		**3,948,533**		3,551,098
Net Cash Provided by (Used in) Investing Activities		**258,946**		(119,678)
Net (Decrease) Increase in Cash and Cash Equivalents		**(734,981)**		455,022
Cash and Cash Equivalents, beginning of year		**1,359,843**		904,821
Cash and Cash Equivalents, end of year	$	**624,862**	$	1,359,843

See notes to financial statements.

Notes to Financial Statements

Years Ended June 30, 2013 and 2012

1. Description of Organization and Summary of Significant Accounting Policies

Nature of operations - The Marfan Foundation, Inc. (the "Foundation"), formerly known as The National Marfan Foundation, Inc., based in Port Washington, New York was incorporated in 1981 in Maryland. On August 3, 2012, the board of directors voted to change the name of the Foundation to The Marfan Foundation, Inc. The Foundation is the only national not-for-profit health organization that supports people with Marfan syndrome (a genetic disorder of connective tissue) and related disorders. The Foundation conducts comprehensive, multi-pronged public and medical awareness campaigns about these conditions; provides extensive education and support to patients and family members through a national network of chapters and network groups, an Information Resource Center that is staffed by a registered nurse, and peer-to-peer connections both on-line and in-person; and supports a robust research program that provides grants to scientists, convenes international symposia, and encourages young researchers in the field.

Basis of accounting - The financial statements of the Foundation have been prepared in conformity with accounting principles generally accepted in the United States of America using the accrual basis of accounting.

Donor-imposed restrictions - The Foundation reports gifts of cash or other assets as unrestricted, unless specifically restricted by the donor. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions. Temporarily restricted contributions that originate in a given year and are released from restrictions in the same year by meeting the donor's restricted purposes are reflected in unrestricted net assets.

The Foundation reports gifts of land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Net assets - The net assets of the Foundation are classified and reported as follows:

General unrestricted - Net assets that are not subject to donor-imposed stipulations and that may be expended for any purpose in achieving the primary objectives of the Foundation.

Board designated unrestricted - Unrestricted net assets that have been designated for specific programs and general reserves by the board of directors.

Temporarily restricted - Net assets that are subject to donor-imposed stipulations that will be met either by the actions of the Foundation and/or the passage of time. As the restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the accompanying statements of activities and changes in net assets as net assets released from restrictions.

Permanently restricted - Net assets that are subject to donor-imposed stipulations that neither expire by the passage of time, nor can be fulfilled or removed by actions of the Foundation. Generally, the donors of these funds permit the Foundation to use all or part of the income earned on related investments, and the net capital appreciation thereon, for general or specific purposes. The Foundation has no permanently restricted net assets.

Cash and cash equivalents - Cash and cash equivalents includes cash and highly liquid investments with maturities of three months or less, except that cash and cash equivalents held by investment managers is included in investments, as the Foundation considers these balances to be invested for long-term purposes.

Unconditional promises to give (pledges) - Unconditional promises to give that are expected to be collected within one year are recorded as contributions at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions have been substantially met.

Allowance for doubtful accounts and pledges - Management must make estimates of the uncollectability of all accounts and pledges receivable. Management specifically analyzes receivables, historical bad debts and changes in circumstances when evaluating the adequacy of the allowance for doubtful accounts and pledges.

Property, equipment and depreciation - Property and equipment are capitalized at cost when acquired. Individual equipment purchases with an acquisition of $2,000 or more and a useful life of more than three years and group equipment purchases with an acquisition of $5,000 or more and a useful life of more than three years are capitalized. Donated fixed assets are recorded at fair value at the date of donation. Depreciation is computed over periods ranging from 3 to 39 years on a straight-line basis.

Fair value - Fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the entity transacts. The Foundation must determine whether its assets and liabilities recorded at fair value were based on Level 1 (valued based on quoted prices in an active market for identical assets), Level 2 (valued based on significant other observable inputs), or Level 3 (valued based on significant unobservable inputs) measurements within the fair value hierarchy.

Investments - Investments are carried at fair value based upon their quoted market prices. Investments subject to the provisions of Accounting Standards Update 2009-12, *"Investments in Certain Entities That Calculate Net Asset Value per Share"*, with no readily determinable fair values are recorded at net asset value per share as a practical expedient to estimating fair value. Gains and losses on investments are reported in the statements of activities and changes in net assets as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulation or by law. Investments donated to the Foundation are recorded at fair value as of the date of the contribution.

Donated services - Donated services requiring specific expertise are recorded as in-kind contributions and expensed or capitalized at their fair values as determined by donors. For the years ended June 30, 2013 and 2012, the Foundation received donated legal services of approximately $122,000 and $90,000, respectively. The Foundation also received donated website advertisements of approximately $247,000 for the year ended June 30, 2013.

Tax-exempt status - The Foundation qualifies as a tax-exempt, not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and as a not-for-profit organization under the laws of New York State. Accordingly, no provision for federal or state income taxes is required.

Uncertain tax positions - Management has evaluated the Foundation's tax positions and concluded that the Foundation has not taken any uncertain tax positions that require adjustment to the financial statements to comply with the provisions of FASB Accounting Standards Codification ("ASC") No. 740. With few exceptions, the Foundation is no longer subject to income tax examinations by the United States federal, state or local tax authorities for the years before 2010, which is the standard statute of limitations look-back period.

Notes to Financial Statements

Years Ended June 30, 2013 and 2012

Functional allocation of expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Evaluation of subsequent events - Management has evaluated subsequent events through November 1, 2013 the date the financial statements are available for issuance, for inclusion or disclosure in the financial statements.

Reclassifications - Certain 2012 amounts and descriptions have been reclassified to conform to the 2013 financial statements presentation. These reclassifications have no effect on previously reported changes in net assets.

2. Investments

The composition of investments is as follows:

June 30,	**2013**		2012	
	Cost	**Fair Value**	Cost	Fair Value
Cash and Cash Equivalents	**$ 1,276,001**	**$ 1,276,001**	$ 1,250,238	$ 1,250,238
Certificates of Deposit	**1,814,087**	**1,809,363**	2,040,000	2,034,700
U.S. Government Securities	**1,822,858**	**1,783,705**	1,993,904	2,032,193
Corporate Bonds	**233,245**	**232,489**	168,882	169,568
Equities	**343**	**397**	343	410
Fixed Income Funds	**522,645**	**540,144**	526,392	564,462
	$ 5,669,179	**$ 5,642,099**	$ 5,979,759	$ 6,051,571

The above assets measured at fair value represent Level 1, Level 2 and Level 3 inputs within the fair value hierarchy and were classified as follows:

June 30, 2013	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Unobservable Inputs (Level 3)**
U.S. Government Securities	**$ 1,783,705**	**$ -**	**$ -**
Corporate Bonds	**-**	**232,489**	**-**
Equities	**397**	**-**	**-**
Fixed Income Funds	**-**	**-**	**540,144**
	$ 1,784,102	**$ 232,489**	**$ 540,144**

Notes to Financial Statements

Years Ended June 30, 2013 and 2012

June 30, 2012	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
U.S. Government Securities	$ 2,032,193	$ -	$ -
Corporate Bonds	-	169,568	-
Equities	410	-	-
Fixed Income Funds	-	-	564,462
	$ 2,032,603	$ 169,568	$ 564,462

The following is a reconciliation of Level 3 investments:

Years Ended June 30,	**2013**	2012
Balance, beginning of year	**$ 564,462**	$ 620,496
Total Gains/Losses (Realized/Unrealized) included in Changes in Net Assets	**18,309**	48,805
Purchases and Sales:		
Purchases	**14,914**	31,497
Sales	**(57,541)**	(136,336)
Balance, end of year	**$ 540,144**	$ 564,462
Amount of Total Gains/(Losses) included in Changes in Net Assets Attributable to the Change in Unrealized Gains/(Losses) Related to Assets Held at June 30, 2013 and 2012	**$ (20,571)**	$ 6,573

Investments classified as Level 3 consist of fixed income funds whose objective is maximum total return, consistent with preservation of capital and prudent investment management. One fund invests at least 80% of its portfolio in U.S. and foreign fixed income instruments including convertible securities, corporate debt securities, and U.S. Government securities. The other fund invests at least 80% of its portfolio in mortgage and asset-backed securities.

Investment income included in the statements of activities and changes in net assets consists of the following:

Years Ended June 30,	**2013**	2012
Interest and Dividends	**$ 68,408**	$ 104,075
Realized Gain on Investments	**23,579**	43,670
Unrealized Loss on Investments	**(98,892)**	(4,301)
Total Investment Income	**$ (6,905)**	$ 143,444

Notes to Financial Statements

Years Ended June 30, 2013 and 2012

3. Pledges Receivable

Pledges receivable, which consist of unconditional promises to give, are comprised of the following:

June 30,	**2013**	2012
Unconditional Promises to Give before Unamortized Discount	**$ 4,211,000**	$ 4,164,310
Less Unamortized Discount	**(106,541)**	(106,541)
Net Unconditional Promises to Give	**$ 4,104,459**	$ 4,057,769
Amounts Due in:		
One year	**$ 1,211,000**	$ 1,164,310
Two to five years	**2,893,459**	2,893,459
	$ 4,104,459	$ 4,057,769

The discount rate utilized to calculate the net present value of the pledges for the years ended June 30, 2013 and June 30, 2012 was 1.83%.

4. Board Designated Net Assets

The Foundation has restricted cash and cash equivalents and certificates of deposit included in the investment portfolio which represent board designated endowments, consisting of fellowship program funds and general reserve funds.

Board designated net assets consist of:

June 30,	**2013 Unrestricted**	2012 Unrestricted
Board Designated Fellowship Program Funds	**$ -**	$ 445,915
Board Designated Cash Reserve Funds	**1,902,063**	1,842,846
Total Board Designated Net Assets	**$ 1,902,063**	$ 2,288,761

The changes in board designated net assets were as follows:

Years Ended June 30,	**2013 Unrestricted**	2012 Unrestricted
Board Designated Net Assets, beginning of year	**$ 2,288,761**	$ 2,157,985
Investment Return:		
Investment income	**5,676**	8,076
Net appreciation (depreciation)	**432**	(1,240)
Investment Fees	**(150)**	(300)
Purchases	**1,486,259**	1,638,240
Sales	**(1,433,000)**	(1,451,000)
Transfers	**(445,915)**	(63,000)
Board Designated Net Assets, end of year	**$ 1,902,063**	$ 2,288,761

Notes to Financial Statements

Years Ended June 30, 2013 and 2012

5. Property and Equipment, net

Property and Equipment, net, consists of the following:

June 30,	**2013**	2012
Land	**$ 107,927**	$ 107,927
Building and Improvements	**794,824**	794,824
Office Equipment, Furniture and Fixtures	**401,890**	401,537
Website in Progress	**130,770**	-
	1,435,411	1,304,288
Less Accumulated Depreciation	**555,773**	517,015
	$ 879,638	$ 787,273

6. Line of Credit

During both 2013 and 2012, the Foundation maintained a loan management account, which is a demand line of credit that bears interest at LIBOR plus 2.00%. The Foundation has access, at the discretion of the financial institution, to borrow certain percentages of the value of the Foundation's collateral accounts held by the financial institution. The amount of credit available to the Foundation at June 30, 2013 and 2012 consists of $1,000,000. There were no outstanding borrowings at June 30, 2013 and 2012. The line of credit can be terminated by the financial institution once the Foundation no longer holds accounts with the financial institution.

7. Deferred Revenue

Amounts received by the Foundation for its annual conferences were deferred as the annual conferences occurred subsequent to the years ended June 30, 2013 and 2012.

8. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of amounts restricted for the following:

June 30,	**2013**	2012
Purpose Restricted:		
Scholarships	**$ 64,371**	$ 79,650
Research - Valve Sparing	**135,348**	87,948
General Research	**4,397,086**	4,943,459
Clinical Trials	**2,462,148**	3,155,541
Thoracic Aortic Disease ("TAD") Coalition	**62,740**	6,200
Website Grant	**-**	25,000
Education Grant	**-**	11,920
School Nurse Project Grant	**50,000**	-
Time Restricted:		
Charitable Remainder Trust	**946,269**	905,978
	$ 8,117,962	$ 9,215,696

Notes to Financial Statements

Years Ended June 30, 2013 and 2012

During 2013 and 2012, net assets were released from restrictions by incurring expenses satisfying the restricted purposes as stipulated by the donors, as follows:

Years Ended June 30,	**2013**	2012
Scholarships	$ **15,279**	$ -
Research - Valve Sparing	-	89,438
General Research	**546,373**	302,172
Clinical Trials	**693,392**	702,718
Thoracic Aortic Disease ("TAD") Coalition	-	73,106
Website Grant	**25,000**	-
Technology Grant	-	28,517
Education Grant	**11,920**	10,465
	$ **1,291,964**	$ 1,206,416

9. Pension Plan

A defined contribution plan, as defined by Internal Revenue Code Section 403(b), is offered to all employees of the Foundation. The Foundation may provide a discretionary employer contribution provided an employee has reached 21 years of age, has completed at least one year of service, worked a minimum of 1,000 hours in the plan's fiscal year, and is actively employed on the last day of the plan's fiscal year. Employer contributions are allocated on the basis of the ratio that each eligible participant's compensation bears to the total compensation of all eligible participants for the fiscal year. Pension expense for the years ended June 30, 2013 and 2012 approximated $40,000 and $25,000, respectively, for each year.

The Foundation maintains a 457(b) deferred compensation plan (the "Plan") for one employee. Pursuant to the Plan agreement, the Plan's assets are considered general assets of the Foundation until the assets are distributed to the beneficiary. As a result, the Plan's net assets available for benefits are included in the other assets and other payables in the Foundation's statements of financial position at June 30, 2013 and 2012. The Foundation made employer contributions into the Plan totaling $17,500 and $17,000, respectively, for the years ended June 30, 2013 and 2012.

10. Concentrations

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist principally of investments and pledges receivable. The Foundation maintains its cash, cash equivalents and temporary cash investments in various financial intuitions which, at time, may exceed the Federal Depository Insurance Corporation insurance limit. The Foundation's pledges receivable are subject to various collection risks. At June 30, 2013 and 2012, approximately 95% and 96%, respectively, of pledges receivable were from one private foundation. Management believes such pledge amounts are fully collectible.