THE MARFAN FOUNDATION, INC.

Port Washington, New York

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Years Ended June 30, 2016 and 2015

Contents

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Financial Statements

BAKER TILLY

Baker Tilly Virchow Krause, LLP
125 Baylis Rd, Ste 300
Melville, NY 11747-3823
tel 631 752 7400
fax 631 752 1742
bakertilly.com

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., which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities and changes in net assets, 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 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 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 auditor considers 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, 2016 and 2015, 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.

Baker Tilly Virchow Krause, LLP

Melville, New York
November 5, 2016

Statements of Financial Position

As of June 30,	**2016**	2015
Assets		
Cash	**$ 604,429**	$ 886,725
Investments	**6,677,308**	6,599,015
Pledge Receivables, net	**219,958**	1,062,550
Prepaid Expenses and Other Current Assets	**124,696**	121,498
Property and Equipment, net	**691,253**	796,233
Beneficial Interest in Charitable Remainder Trust	**967,074**	979,175
Other Assets	**29,758**	163,016
Total Assets	**$ 9,314,476**	$ 10,608,212
Liabilities and Net Assets		
Liabilities:		
Accrued liabilities	**$ 147,606**	$ 166,111
Deferred income	**136,622**	158,970
Other payables	**29,758**	163,016
Total Liabilities	**313,986**	488,097
Net Assets:		
Unrestricted:		
General	**2,056,018**	2,141,921
Board designated	**2,006,110**	1,915,019
Temporarily restricted	**4,938,362**	6,063,175
Total Net Assets	**9,000,490**	10,120,115
Total Liabilities and Net Assets	**$ 9,314,476**	$ 10,608,212

Statement of Activities and Changes in Net Assets

For the Year Ended June 30, 2016 (with comparative totals for 2015)

	Unrestricted	Temporarily Restricted	Total 2016	Total 2015
Revenues and Gains:				
Contributions	$ 1,451,032	$ 142,350	**$ 1,593,382**	$ 1,718,222
Memorials	73,209	-	**73,209**	90,706
The Marfan Annual Conference	218,639	-	**218,639**	214,560
Other conferences and symposia	5,295	-	**5,295**	107,915
Net investment income	32,203	-	**32,203**	21,074
Events, net of direct expenses of $380,066 and $382,798, respectively	1,614,045	-	**1,614,045**	1,418,022
Change in value of beneficial interest in charitable remainder trust	-	(12,101)	**(12,101)**	(10,352)
Gifts in-kind	248,585	-	**248,585**	496,685
Net assets released from restriction	1,255,062	(1,255,062)	**-**	-
Total Revenues and Gains	4,898,070	(1,124,813)	**3,773,257**	4,056,832
Expenses:				
Program service expenses:				
Research initiatives and grants	1,890,723	-	**1,890,723**	1,885,273
Education and public awareness	708,352	-	**708,352**	866,572
Patient services and annual conference	1,108,727	-	**1,108,727**	1,098,465
Total program service expenses	3,707,802	-	**3,707,802**	3,850,310
Supporting service expenses:				
Management and general	471,340	-	**471,340**	540,875
Fundraising	713,740	-	**713,740**	543,848
Total supporting service expenses	1,185,080	-	**1,185,080**	1,084,723
Total Expenses	4,892,882	-	**4,892,882**	4,935,033
Increase (Decrease) in Net Assets	5,188	(1,124,813)	**(1,119,625)**	(878,201)
Net Assets, beginning of the year	4,056,940	6,063,175	**10,120,115**	10,998,316
Net Assets, end of the year	$ 4,062,128	$ 4,938,362	**$ 9,000,490**	$ 10,120,115

See notes to financial statements.

Statement of Activities and Changes in Net Assets

For the Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Total
Revenues and Gains:			
Contributions	$ 1,399,707	$ 318,515	$ 1,718,222
Memorials	90,706	-	90,706
The Marfan Annual Conference	214,560	-	214,560
Other conferences and symposia	107,915	-	107,915
Net investment income	21,074	-	21,074
Events, net of direct expenses of $382,798	1,418,022	-	1,418,022
Change in value of beneficial interest in charitable remainder trust	-	(10,352)	(10,352)
Gifts in-kind	496,685	-	496,685
Net assets released from restriction	1,310,160	(1,310,160)	-
Total Revenues and Gains	5,058,829	(1,001,997)	4,056,832
Expenses:			
Program service expenses:			
Research initiatives and grants	1,885,273	-	1,885,273
Education and public awareness	866,572	-	866,572
Patient services and annual conference	1,098,465	-	1,098,465
Total program service expenses	3,850,310	-	3,850,310
Supporting service expenses:			
Management and general	540,875	-	540,875
Fundraising	543,848	-	543,848
Total supporting service expenses	1,084,723	-	1,084,723
Total Expenses	4,935,033	-	4,935,033
Increase (Decrease) in Net Assets	123,796	(1,001,997)	(878,201)
Net Assets, beginning of the year	3,933,144	7,065,172	10,998,316
Net Assets, end of the year	$ 4,056,940	$ 6,063,175	$ 10,120,115

Statement of Functional Expenses

For the Year Ended June 30, 2016 (with comparative totals for 2015)

	Program Services			Supporting Services			
	Research Initiatives and Grants	Education and Public Awareness	Patient Services and Annual Conference	Management and General	Fund Raising	**2016 Total Expenses**	2015 Total Expenses
Awards and Fellowships	$ 1,040,801	$ 3,300	$ 22,195	$ -	$ -	**$1,066,296**	$ 1,083,930
Payroll	422,798	321,612	504,466	293,455	341,220	**1,883,551**	1,492,582
Payroll Taxes	27,927	20,554	35,459	21,822	25,858	**131,620**	112,576
Employee Benefits	32,632	30,899	54,674	33,023	37,976	**189,204**	182,722
Professional Fees	141,452	49,070	48,993	39,946	17,171	**296,632**	327,032
Telephone	6,306	7,039	9,227	2,358	2,358	**27,288**	19,754
Utilities	4,043	4,043	4,043	1,710	1,710	**15,549**	19,787
Repairs and Maintenance	5,533	5,511	5,481	2,321	2,321	**21,167**	21,951
Office Supplies	5,655	6,008	14,585	4,205	14,681	**45,134**	34,503
Equipment Rentals	1,846	1,846	1,846	781	781	**7,100**	6,780
Postage and Shipping	7,321	6,956	13,920	1,524	35,256	**64,977**	94,650
Printing and Publications	9,370	20,626	21,031	1,701	69,847	**122,575**	110,016
Information Technology	21,518	24,599	34,294	3,375	10,262	**94,048**	165,709
Annual Conference, Scientific Medical Governance and Other Meetings, including Related Travel	87,157	40,433	261,019	5,428	50,728	**444,765**	524,430
Insurance	4,340	4,340	5,743	4,340	4,340	**23,103**	20,827
Recruitment and Training	638	1,695	1,746	638	1,209	**5,926**	27,078
Fees and Permits	2,760	2,679	2,679	-	-	**8,118**	7,694
Dues and Subscriptions	4,817	11,802	3,840	728	-	**21,187**	19,671
Transaction Fees	17,819	17,367	17,497	7,564	7,499	**67,746**	56,048
Gifts In-kind	24,601	106,585	24,601	24,601	68,197	**248,585**	496,685
Uncollectible Account Expenses	-	-	-	-	500	**500**	-
Miscellaneous	393	392	392	824	830	**2,831**	4,670
Total Expenses before Depreciation	1,869,727	687,356	1,087,731	450,344	692,744	**4,787,902**	4,829,095
Depreciation	20,996	20,996	20,996	20,996	20,996	**104,980**	105,938
Total Expenses	$ 1,890,723	$ 708,352	$ 1,108,727	$ 471,340	$ 713,740	**$4,892,882**	$ 4,935,033
Percent to Total Program and Supporting Service - Current	39%	14%	23%	10%	14%	**100%**	
Percent to Total Program and Supporting Service - Prior	38%	18%	22%	11%	11%		100%

See notes to financial statements.

Statement of Functional Expenses

For the Year Ended June 30, 2015

	Program Services			Supporting Services		
	Research Initiatives and Grants	Education and Public Awareness	Patient Services and Annual Conference	Management and General	Fund Raising	2015 Total Expenses
Awards and Fellowships	$ 1,058,361	$ 5,000	$ 20,569	$ -	$ -	$ 1,083,930
Payroll	330,979	254,506	488,496	291,660	126,941	1,492,582
Payroll Taxes	23,196	17,964	37,887	22,833	10,696	112,576
Employee Benefits	34,769	32,349	57,576	34,082	23,946	182,722
Professional Fees	82,924	79,772	37,163	43,927	83,246	327,032
Telephone	2,860	3,763	7,173	2,979	2,979	19,754
Utilities	2,566	4,551	6,926	2,872	2,872	19,787
Repairs and Maintenance	3,001	5,145	7,663	3,071	3,071	21,951
Office Supplies	2,978	4,096	14,412	2,956	10,061	34,503
Equipment Rentals	876	1,559	2,373	986	986	6,780
Postage and Shipping	3,583	16,363	12,787	1,685	60,232	94,650
Printing and Publications	8,329	30,125	22,413	997	48,152	110,016
Information Technology	25,531	31,537	63,202	15,529	29,910	165,709
Annual Conference, Scientific Medical Governance and Other Meetings, including Related Travel	207,109	49,238	222,689	8,938	36,456	524,430
Insurance	-	-	1,000	19,827	-	20,827
Recruitment and Training	7,308	5,961	4,640	1,381	7,788	27,078
Fees and Permits	2,616	2,539	2,539	-	-	7,694
Dues and Subscriptions	3,254	13,424	2,145	394	454	19,671
Transaction Fees	11,167	11,167	11,381	11,167	11,166	56,048
Gifts In-kind	52,436	276,173	52,436	52,436	63,204	496,685
Miscellaneous	242	152	1,808	1,968	500	4,670
Total Expenses before Depreciation	1,864,085	845,384	1,077,278	519,688	522,660	4,829,095
Depreciation	21,188	21,188	21,187	21,187	21,188	105,938
Total Expenses	$ 1,885,273	$ 866,572	$ 1,098,465	$ 540,875	$ 543,848	$ 4,935,033
Percent to Total Program and Supporting Service	38%	18%	22%	11%	11%	100%

See notes to financial statements.

Statements of Cash Flows

For the Years Ended June 30,	**2016**	2015
Cash Flows from Operating Activities:		
Decrease in net assets	**$ (1,119,625)**	$ (878,201)
Adjustments to reconcile decrease in net assets		
to net cash (used in) provided by operating activities:		
Depreciation	**104,980**	105,938
Net realized and unrealized (gain) loss on investments	**(9,192)**	6,490
Uncollectible account expenses	**500**	-
Change in unamortized discount on pledges receivable	**(52,950)**	(35,620)
Change in beneficial interest in charitable remainder trust	**12,101**	10,352
Changes in operating assets and liabilities:		
(Increase) decrease in operating assets:		
Pledges receivable	**895,042**	1,083,900
Prepaid expenses and other current assets	**(3,198)**	79,288
Other assets	**133,258**	(20,147)
(Decrease) increase in operating liabilities:		
Accrued liabilities	**(18,505)**	(17,180)
Deferred income	**(22,348)**	(41,374)
Other payables	**(133,258)**	20,147
Net Cash (Used in) Provided by Operating Activities	**(213,195)**	313,593
Cash Flows from Investing Activities:		
Purchases of investments	**(2,911,088)**	(4,859,271)
Proceeds from the sale of investments	**2,841,987**	4,858,921
Net Cash Used in Investing Activities	**(69,101)**	(350)
Net (Decrease) Increase in Cash and Cash Equivalents	**(282,296)**	313,243
Cash and Cash Equivalents, beginning of year	**886,725**	573,482
Cash and Cash Equivalents, end of year	**$ 604,429**	$ 886,725

See notes to financial statements.

Notes to Financial Statements

As of and for the Years Ended June 30, 2016 and 2015

1. Description of Organization and Summary of Significant Accounting Policies

Nature of operations - The Marfan Foundation, Inc. (the "Foundation"), based in Port Washington, New York, was incorporated in 1981 in Maryland. It 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.

Notes to Financial Statements

As of and for the Years Ended June 30, 2016 and 2015

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 need for an allowance for doubtful accounts and pledges. As of June 30, 2016 and 2015, no allowance for doubtful accounts and pledges was necessary.

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.

Beneficial interest in charitable remainder trust - The Foundation's beneficial interest in charitable remainder trust (the "Trust") is valued at the fair value of the underlying investments held within the Trust as reported by the third-party trustee.

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, 2016 and 2015, the Foundation received donated legal services from a board member of approximately $123,000 and $262,000, respectively. The Foundation also received donated website advertisements of approximately $126,000 and $235,000 for the years ended June 30, 2016 and 2015, respectively.

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.

Notes to Financial Statements

As of and for the Years Ended June 30, 2016 and 2015

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 5, 2016, the date the financial statements are available for issuance, for inclusion or disclosure in the financial statements.

Recent accounting pronouncements - The Financial Accounting Standards Board ("FASB") has issued Accounting Standards Update ("ASU") 2014-09, "*Revenue from Contracts with Customers"* (Topic 606). The core principle of ASU 2014-09 requires recognition of revenue to depict the transfer of goods or services to customers at an amount that reflects the consideration for what an organization expects it will receive in association with this exchange. ASU 2014-09 is effective for the Foundation for the fiscal year beginning after December 15, 2018. Management is currently evaluating the impact of ASU 2014-09 on the Foundation's financial statements.

In May 2015, the FASB issued ASU No. 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)* ("ASU 2015-07"). ASU 2015-07 removes the requirement to include investments in the fair value hierarchy for which fair value is measured using the net asset value per share practical expedient under ASC 820. ASU 2015-07 is effective for the Foundation for the fiscal year beginning after December 15, 2015. The Foundation is currently evaluating the impact of the pending adoption of ASU 2015-07 on the Foundation's financial statements.

In August 2016, the FASB issued ASU 2016-14, "*Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities".* The new guidance is intended to improve and simplify the current net asset classification requirements and information presented in financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance and cash flows. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. ASU 2016-14 is to be applied retroactively with transition provisions. The Foundation is assessing the impact this standard will have on its financial statements.

2. Investments

The composition of investments is as follows:

For the Years Ended June 30,	**2016**		2015	
	Cost	**Fair Value**	Cost	Fair Value
Cash and Cash Equivalents	**$ 4,243,200**	**$ 4,243,200**	$ 3,445,912	$ 3,445,912
Certificates of Deposit	**1,636,000**	**1,634,983**	2,387,000	2,383,397
U.S. Government Securities	**642,176**	**651,241**	643,187	647,682
Corporate Bonds	**137,517**	**147,340**	121,614	121,547
Equities	**343**	**544**	343	477
	$ 6,659,236	**$ 6,677,308**	$ 6,598,056	$ 6,599,015

Notes to Financial Statements

As of and for the Years Ended June 30, 2016 and 2015

The above assets requiring classification within the fair value hierarchy were classified as follows:

For the Year Ended June 30, 2016	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**
U.S. Government Securities	**$ 651,241**	**$ -**
Corporate Bonds	**-**	**147,340**
Equities	**544**	**-**
	$ 651,785	**$ 147,340**

For the Year Ended June 30, 2015	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
U.S. Government Securities	$ 647,682	$ -
Corporate Bonds	-	121,547
Equities	477	-
	$ 648,159	$ 121,547

Corporate bonds 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.

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

For the Years Ended June 30,	**2016**	2015
Interest and Dividends	**$ 23,011**	$ 27,564
Realized Loss on Investments	**(7,921)**	(28,300)
Unrealized Gain on Investments	**17,113**	21,810
Total Investment Income	**$ 32,203**	$ 21,074

Investment management fees are included with professional fees on the statement of functional expenses. These fees were approximately $7,700 and $11,000 for the fiscal years ended June 30, 2016 and 2015, respectively.

3. Pledges Receivable

Pledges receivable, which consist of unconditional promises to give that are expected to be collected within one year, are comprised of the following:

As of June 30,	**2016**	2015
Unconditional Promises to Give before Unamortized Discount	**$ 219,958**	$ 1,115,500
Less Unamortized Discount	**-**	(52,950)
Net Unconditional Promises to Give	**$ 219,958**	$ 1,062,550

The discount rate utilized to calculate the net present value of the pledges for the year ended June 30, 2015 was 1.83%.

Notes to Financial Statements
As of and for the Years Ended June 30, 2016 and 2015

4. Property and Equipment, net

Property and Equipment, net, consists of the following:

As of June 30,	**2016**	2015
Land	**$ 107,927**	$ 107,927
Building and Improvements	**804,724**	804,724
Office Equipment, Furniture and Fixtures	**285,378**	439,204
Website	**182,876**	182,876
	1,380,905	1,534,731
Less Accumulated Depreciation	**689,652**	738,498
	$ 691,253	$ 796,233

5. 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 general reserve funds.

Board designated net assets consist of board designated cash reserve funds of $2,006,110 and $1,915,019 as of June 30, 2016 and 2015, respectively.

The changes in board designated net assets were as follows:

For the Years Ended June 30,	**2016 Unrestricted**	2015 Unrestricted
Board Designated Net Assets, beginning of year	**$ 1,915,019**	$ 1,909,351
Investment Return:		
Investment income	**8,241**	6,240
Net appreciation	**1,343**	16
Investment Fees	**(150)**	(150)
Purchases	**1,364,657**	1,237,000
Sales	**(1,283,000)**	(1,237,438)
Board Designated Net Assets, end of year	**$ 2,006,110**	$ 1,915,019

6. Temporarily Restricted Net Assets

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

As of June 30,	**2016**	2015
Purpose Restricted:		
Scholarships	**$ 42,649**	$ 46,235
Research - Valve Sparing	**243,172**	282,363
General Research	**2,121,137**	2,976,797
Clinical Trials	**1,564,279**	1,755,149
Thoracic Aortic Disease ("TAD") Coalition	**51**	8,456
Parent's Toolkit Project Grant	**-**	15,000
Time Restricted:		
Charitable Remainder Trust	**967,074**	979,175
	$ 4,938,362	$ 6,063,175

Notes to Financial Statements
As of and for the Years Ended June 30, 2016 and 2015

During 2016 and 2015, net assets were released from restrictions by incurring expenses satisfying the restricted purposes as stipulated by the donors, as follows:

For the Years Ended June 30,	**2016**	2015
Scholarships	**$ 3,586**	$ 24,161
Research - Valve Sparing	**39,191**	-
General Research & Other Grants	**1,013,011**	885,705
Clinical Trials	**190,869**	398,063
Thoracic Aortic Disease ("TAD") Coalition	**8,405**	2,231
	$ 1,255,062	$ 1,310,160

7. Line of Credit

During both 2016 and 2015, 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 line available to the Foundation at June 30, 2016 and 2015 is $1,000,000. There were no outstanding borrowings at June 30, 2016 and 2015. The line of credit can be terminated by the financial institution once the Foundation no longer holds accounts with the financial institution.

8. Deferred Income

Amounts received by the Foundation for its annual conference and other events were deferred as these events occurred subsequent to the years ended June 30, 2016 and 2015.

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 plan's fiscal year. Pension expense for each of the years ended June 30, 2016 and 2015 was $45,000.

The Foundation maintains a 457(b) deferred compensation plan (the "Plan") for two current employees. 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 of $29,758 and $163,016 as of June 30, 2016 and 2015, respectively, are included in other assets and other payables in the Foundation's statements of financial position. The Foundation expensed employer contributions for the Plan totaling $20,000 and $28,000 for the years ended June 30, 2016 and 2015, respectively.

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 institutions which, at times, may exceed the Federal Deposit Insurance Corporation insurance limit. The Foundation's pledges receivable are subject to various collection risks. At June 30, 2016, approximately 93%, of pledges receivable were from four donors, with each donor representing greater than 10% of pledges receivable. At June 30, 2015, approximately 90% of pledges receivable were from one private foundation. Management believes such pledge amounts are fully collectible.