

ALZHEIMER'S DRUG DISCOVERY FOUNDATION

Combined Financial Statements
Together With Report of Independent
Certified Public Accountant's

December 31, 2013

ALZHEIMER's DRUG DISCOVERY FOUNDATION

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Report of Independent Certified Public Accountant's

**To the Board of Governors of
Alzheimer's Drug Discovery Foundation:**

Report on the Financial Statements

We have audited the accompanying combined statement of financial position of the Alzheimer's Drug Discovery Foundation (a not-for-profit organization) ("Foundation") as of December 31, 2013 and the related combined statements of activities and cash flows for the year then ended, and the related notes to the combined financial statements. The prior year summarized comparative information has been derived from the Foundation's 2012 financial statements and, in our report dated June 26, 2013, we expressed an unqualified opinion on those financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We did not audit the financial statements of Alzheimer's Drug Discovery Foundation of Canada, (a related not-for-profit organization) ("Canada"), which statements reflect total assets constituting 6.3 percent of combined total assets at December 31, 2013 and total revenues constituting 8.9 percent of combined total revenues for the year then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Canada, is based solely on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined 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 auditor's 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.



Report of Independent Certified Public Accountant's (Continued)

Opinion

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the combined financial position of Alzheimer's Drug Discovery Foundation as of December 31, 2013, and the combined changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was made for the purpose of forming an opinion on the combined financial statements taken as a whole. The combined statement of functional expenses is presented for the purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

Bencivenga Ward & Company, CPA's, PC

Bencivenga Ward & Company, CPA's, P.C.
Valhalla, New York
June 3, 2014



ALZHEIMER'S DRUG DISCOVERY FOUNDATION

Combined Statement of Financial Position

December 31, 2013

(With Comparative Amounts for 2012)

	2013	2012
Assets		
Cash and cash equivalents		
Operating	\$ 2,911,519	\$ 2,556,159
Restricted	27,900	182,896
Total cash and cash equivalents	2,939,419	2,739,055
Investments, at fair value	8,705,188	8,115,777
Contributions receivable	4,552,996	2,742,129
Due from Institute for the Study of Aging, Inc.	68,815	-
Other assets	16,557	16,224
Total assets	16,282,975	13,613,185
 Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	51,249	62,806
Grants payable	8,665,995	7,485,431
Deferred revenue	30,765	132,049
Due to the Institute for the Study of Aging, Inc.	-	9,763
Total liabilities	8,748,009	7,690,049
 Net Assets		
Unrestricted	6,491,418	4,920,240
Temporarily restricted	1,043,548	1,002,896
Total net assets	7,534,966	5,923,136
Total liabilities and net assets	\$ 16,282,975	\$ 13,613,185

The accompanying notes are an integral part of this statement.

ALZHEIMER'S DRUG DISCOVERY FOUNDATION

Combined Statement of Activities For the Year Ended December 31, 2013 (With Comparative Totals for 2012)

	2013		2012	
	Unrestricted	Temporarily Restricted	Total	Total
Change in Net Assets:				
Support and Revenues				
Support -				
Contributions and grants	\$ 6,142,912	\$ 1,008,035	\$ 7,150,947	\$ 5,930,926
In-kind contributions from the Institute for the Study of Aging, Inc.	3,212,178	-	3,212,178	2,753,087
Proceeds from special events, net of direct expenses	2,826,874	-	2,826,874	3,349,090
Net assets released from program restrictions	992,388	(992,388)	-	-
Revenues -				
Grant returns	-	25,000	25,000	133,860
Conference registration fees and other income	249,603	-	249,603	220,582
Investment and other income	8,029	5	8,034	6,352
Total support and revenues	13,431,984	40,652	13,472,636	12,393,897
Expenses				
Program services	9,870,696	-	9,870,696	8,004,920
Fund raising	1,341,435	-	1,341,435	1,051,466
Management and general	648,675	-	648,675	532,910
Total expenses	11,860,806	-	11,860,806	9,589,296
Change in net assets	1,571,178	40,652	1,611,830	2,804,601
Net assets, beginning of year	4,920,240	1,002,896	5,923,136	3,118,535
Net assets, end of year	\$ 6,491,418	\$ 1,043,548	\$ 7,534,966	\$ 5,923,136

The accompanying notes are an integral part of this statement.

ALZHEIMER'S DRUG DISCOVERY FOUNDATION

Combined Statement of Cash Flows
For the Year Ended December 31, 2013
(With Comparative Amounts for 2012)

	<u>2013</u>	<u>2012</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 1,611,830	\$ 2,804,601
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities-		
Donated common stock	(64,952)	(16,184)
Realized and unrealized (gain) on investments	(2,933)	(687)
Changes in operating assets and liabilities-		
(Increase) decrease in contributions receivable	(1,810,867)	73,856
(Increase) in Due from the Institute for the Study of Aging, Inc.	(68,815)	-
(Increase) decrease in other assets	(333)	30,732
(Decrease) increase in accounts payables and accrued liabilities	(11,557)	14,051
Increase in grants payable	1,180,564	2,976,198
(Decrease) increase in deferred revenue	(101,284)	132,049
(Decrease) in Due to the Institute for the Study of Aging, Inc.	(9,763)	(20,859)
Net cash provided by operating activities	721,890	5,993,757
Cash Flows From Investing Activities		
Proceeds from sales of investments	72,875,728	21,097,982
Purchases of investments	(73,397,254)	(29,196,888)
Net cash flows (used) by investing activities	(521,526)	(8,098,906)
Cash and cash equivalents, beginning of year	2,739,055	4,844,204
Cash and cash equivalents, end of year	\$ 2,939,419	\$ 2,739,055

The accompanying notes are an integral part of this statement.

Alzheimer's Drug Discovery Foundation

Notes to Combined Financial Statements

December 31, 2013

1. ORGANIZATIONAL PURPOSE

Alzheimer's Drug Discovery Foundation ("Foundation") is a not-for-profit, tax-exempt, organization incorporated in Delaware in April 2004 to fund drug discovery and drug development research programs to prevent, treat and cure Alzheimer's disease, related dementias and cognitive aging.

In March 2012, the Foundation formed Alzheimer's Drug Discovery Foundation of Canada ("Canada") to raise and maintain funds and to provide part of the income and principal of such funds to donees under the Income Tax Act (Canada) for research to advance the discovery and development of novel therapeutics and diagnostic tools for the prevention, treatment and cure of Alzheimer's disease, related dementia and cognitive aging.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Combination

The accompanying combined financial statements include the financial position, operating activities and cash flows of the Foundation and Canada, (collectively the "Organization") because the Foundation has both control and economic interest in the entity. All significant intercompany balances and transactions have been eliminated in combination. Account balances relating to Canada are expressed in U.S. dollars in the combined financial statements.

Financial Statement Presentation

The accompanying combined financial statements of the Organization have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations.

Classification of Net Assets

In accordance with the provisions of Financial Accounting Standards Board ("FASB"), net assets, revenues, expenses, gains and losses are classified based upon the existence or absence of donor-imposed restrictions. The Organization's net assets and changes therein are classified and reported as follows:

Unrestricted- Net assets that are not subject to donor-imposed stipulations

Temporarily Restricted- Net assets represent those resources that are subject to the requirements of the New York State Prudent Management of Institutional Funds Act ("NYPMIFA") and the use of which has been restricted by the donors to a specific purposes or the passage of time. Net assets released from restrictions represent the passage of time, satisfaction of the restricted purposes and/or explicit appropriation action by the members of the board of governors. At December 31, 2013, the Organization had temporary restricted net assets of \$1,043,548.

Permanently Restricted- Net assets represent those resources subject to donor-imposed requirements that the underlying assets be maintained permanently by Organization. In accordance with NYPMIFA, income and net capital appreciation from all permanently restricted net assets are classified and recorded as temporarily restricted net assets available for the Organization's general programs, unless stipulated by the donors for specific programs or purposes. At December 31, 2013, the Organization did not have permanently restricted net assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments are reported at fair value. Investments have been valued at the published market closing prices at the Combined Statement of Financial Position date. Realized and unrealized gains and losses are reflected in the accompanying Combined Statement of Activities and Changes in Net Assets.

Grants and Contributions

Contributions are recorded as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated purpose is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Combined Statement of Activities and Changes in Net Assets as net assets released from restrictions.

For contributions of property or equipment, or for contributions to acquire property or equipment, it is the Organization's policy, absent a specific donor-imposed restriction on the use of such assets, to report these contributions as unrestricted support.

Donor-restricted contributions whose restrictions are met in the same reporting period in which they are received are reported as unrestricted support in the financial statements.

Contributed Services

The Organization recognizes contributions of services which: create or enhance non-financial assets, require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. Contributed services and promises to give services that do not meet the above criteria are not recognized in the combined financial statements. There were no contributed services that met this criteria for the periods presented, except for in-kind contributions provided by the Institute for the Study of Aging, Inc. (the "Institute"), which are described in Note 9 to the combined financial statements.

Typically, individuals contribute freely of their time and talent in furtherance of the Organization's goals. The Organization has not recorded the value of these services in its financial statements since a clearly measurable basis for a determination of such a value does not exist.

Tax Status

The Foundation is exempt from federal income taxes under Section 501(a) of the United States Internal Revenue Code (the "Code") as an organization described in Section 501(c)(3) and has been classified as an organization that is not a private foundation under Section 509(a) of the Code. Contributions to the Foundation are tax deductible within the limits prescribed by the Code. The Foundation is also exempt from state and local income taxes.

Canada is registered as a public foundation for income tax purposes under the Canada Revenue Agency and, therefore, qualifies for tax exempt status under the Income Tax Act of Canada.

The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; determine its filing and tax obligations in jurisdictions for which it has a nexus; and to review other matters that may be considered tax positions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Expense Allocation

The costs of providing programs and carrying on the activities of the Organization have been summarized on a functional basis in the Combined Statement of Activities and Changes in Net Assets and the Combined Statement of Functional Expenses.

The majority of the Organization's expenses can generally be directly identified with the program or supporting service to which they relate and are charged accordingly. Other expenses by function are allocated to components of these services based on allocation factors determined by management.

Cash and Cash Equivalents

All short-term, highly-liquid investments with original maturities of three months or less are classified as cash equivalents. Cash and cash equivalents are carried at cost, which approximates fair value.

Fair Value Measurements

The Organization reports a fair value measurement for all applicable financial assets and liabilities, including investments, contributions receivable and payables.

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 amounts reported in the accompanying financial statements and notes. Actual results could differ from those estimates. Significant estimates and assumptions include the valuation of contributions receivable and the allocation of expenses to functional classifications.

Subsequent Events

The Organization considers all accounting treatments and the related disclosures in the current year's financial statements, that may be required as the result of all events or transactions that occur after year-end through the date of the independent auditor's report.

3. SIGNIFICANT CONTRIBUTORS AND CONCENTRATION OF CREDIT RISK

In 2013, the Organization received support totaling approximately \$7,335,000 from seven contributors, which approximates 54% of total support and revenues. One of the contributors is the Institute, a related party. The operation of the Organization's programs, at present levels, is dependent upon continued funding and continued in-kind contributions from the Institute.

The Foundation's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents and investments. The Foundation maintains its cash accounts with banks located in New York State. The cash balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. The financial instruments of Canada consist of cash in a Canadian bank account, which is insured by the Canadian Deposit Insurance Corporation ("CDIC") up to \$100,000. The Foundation's and Canada's amounts on deposit at December 31, 2013 exceeded the balance insured by the FDIC and CDIC, respectively.

Alzheimer's Drug Discovery Foundation

Notes to Combined Financial Statements

December 31, 2013

4. FAIR VALUE MEASUREMENTS

FASB ASC 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows: Level 1 inputs consist of unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access; Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices in markets that are not active or other inputs that are derived principally from, or corroborated by, observable market data by correlation or other means. If the asset or liability has a specific (contractual) term, the Level 2 input must be observable for substantially the full-term of the asset or liability. Level 3 inputs are unobservable and reflect the entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value.

Cash and cash equivalents and investments (Level 1) - The carrying value reported in the Combined Statement of Financial Position approximates fair value because of the short maturity of those instruments.

Receivables and payables (Level 1) - The carrying value of receivables and payables reported in the Combined Statement of Financial Position approximates fair value because the transaction price equals the exit price, the price that would be received to sell the asset or paid to transfer the liability.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

5. THE FUND FOR ALZHEIMER'S DRUG DISCOVERY

In 2006, the Foundation formed The Fund for Alzheimer's Drug Discovery (the "Fund") to raise funds in the form of contributions using a non-profit venture fund model to further the mission of the Foundation. The Fund made grants in support of early stage Alzheimer's drug discovery research designed to accelerate the discovery and development of drugs that prevent, treat or cure Alzheimer's disease. Each Fund grant was structured to enable the Fund to share financially in the further commercial development of successful products or procedures, if any. Grants by the Fund were based primarily on the Foundation's evaluation of the likelihood that the grant supported work will advance treatment of Alzheimer's disease and only secondarily on the potential monetary return from the grants.

Contributors to the Fund understand that the Fund may recover little or none of the amounts granted. Contributors to the Fund were entitled to designate a charitable organization tax-exempt under Section 501(c) (3) of the Code as a beneficiary to share with the Foundation in the return, if any, from the grant.

Alzheimer's Drug Discovery Foundation
Notes to Combined Financial Statements
December 31, 2013

5. THE FUND FOR ALZHEIMER'S DRUG DISCOVERY (continued)

Any returns from successful grants by the Fund will be shared as follows: 80% to the charitable designee organization of the contributor and 20% to the Foundation.

In 2013 and 2012, the Fund received monetary grant returns in the amounts of \$25,000 and \$133,860, respectively. In 2012, the Board of Governors authorized granting \$180,000 to be shared by charitable designee organizations and the Foundation, based on the aforementioned percentages

The Foundation received for these grants: the right to recover defined amounts based on meeting certain milestones, common stock, convertible notes, bonds and warrants, which are convertible into equity securities or units. The Foundation has not valued these securities in the financial statements because the success of the early stage research conducted by the grantees is highly uncertain. In the Combined Statement of Financial Position, restricted cash is the cumulative amount of contributions, board designated funding, interest and other income earned, less grants paid and payable and administrative fees incurred.

6. CASH AND CASH EQUIVALENTS

The composition of cash and cash equivalents as of December 31, 2013 is as follows:

In banks	\$ 1,354,103
Money market funds	<u>1,585,316</u>
	<u>\$ 2,939,419</u>

See Note 3 to the financial statements for concentration of credit risk. Cash in banks are insured by the FDIC or the CDIC. The Foundation's cash in money market funds are not FDIC insured.

7. CONTRIBUTIONS RECEIVABLE

The Organization records contributions receivable that are expected to be collected within one year at realizable value and multi-year contributions receivable at the present value of the estimated future cash flows.

Contributions receivable consists of the following at December 31, 2013:

Due within one year	\$ 1,266,812
Due in two to five years	2,437,350
Due in more than five years	<u>1,005,640</u>
	4,709,802
Less unamortized discount	<u>(156,806)</u>
	<u>\$ 4,552,996</u>

Alzheimer's Drug Discovery Foundation
Notes to Combined Financial Statements
December 31, 2013

8. INVESTMENTS

Investments as of December 31, 2013, are comprised as follows:

	Cost	Fair Value	
U.S. Treasury Bills	\$ 8,699,971	\$ 8,699,856	
Common Stock	5,005	5,332	
	\$ 8,704,976	\$ 8,705,188	

9. RELATED PARTY TRANSACTIONS

On January 1, 2011, the Foundation and the Institute entered into a five-year "Services and In-Kind Donation Agreement" ("Services Agreement"). On April 25, 2012, Canada and the Institute entered into a "Services and In-Kind Donation Agreement" ("Services Agreement"), which shall remain in effect until December 31, 2015. Under the Services Agreements, the Institute provides office space, equipment, personnel and related employee benefits, independent contractors and other administrative support to the Organization free of charge. These agreements can be renewed annually with the approval of the Institute and the Foundation's and Canada's approval. Contributions under these agreements totaled \$3,212,178 in 2013 and \$2,753,087 in 2012 to the Organization. These In-kind contributions are shown in the Combined Statement of Activities and are included as salaries, payroll taxes and employee benefits and other expense categories in the Combined Statement of Functional Expenses.

In 2012, the Institute provided cash contributions to the Foundation of \$96,642.

Two board members of the Foundation are attorneys whose firms provide services to the Foundation. Professional fees charged to the Foundation from these firms totaled approximately \$104,000 in 2013. For 2012 one board member's firm provided service of approximately \$8,000.

10. TEMPORARILY RESTRICTED NET ASSETS

As of December 31, 2013, the Organization had temporarily restricted net assets of \$1,043,548 of which \$1,015,648 are restricted for grants to organizations in Canada and \$27,900 for the Fund. Net assets of \$992,388 were released from donor restrictions by the Organization in 2013. The Fund released \$46,122 from restrictions in 2012, which consisted of \$180,000 of approved grant expenditures, which is net of a grant returns and income of \$133,878.

11. GRANT COMMITMENTS

The Foundation has accrued grants for medical research that have been approved by the Foundation's Grant Approval Board or Board of Governors in the amount of \$8,665,995. These grants are in the areas of drug discovery, clinical trials, early detection and prevention for cognitive aging and Alzheimer's disease.

Alzheimer's Drug Discovery Foundation
Notes to Combined Financial Statements
December 31, 2013

12. SPECIAL FUND RAISING EVENTS

Proceeds for special events are shown in the Combined Statement of Activities net of direct costs for the years ended December 31, 2013 and 2012 as follows:

	<u>2013</u>	<u>2012</u>
Special events proceeds	\$ 3,435,435	\$ 3,902,938
Less direct expenses	(608,561)	(553,848)
Net event proceeds	<u>\$ 2,826,874</u>	<u>\$ 3,349,090</u>

13. PRIOR-YEAR FINANCIAL STATEMENTS

The financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in connection with the Foundation's financial statements for the year ended December 31, 2012, from which the summarized information was derived.

14. INCOME TAXES

GAAP requires the Foundation's management to evaluate tax positions taken by the Foundation and recognize a tax liability (or asset) if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service ("IRS"). Due to the Foundation's general not-for-profit status, management believes there are no tax positions that would have a material impact on the Foundation's financial statements. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

15. FOREIGN OPERATIONS

In 2012, the Organization formed Canada, which primarily administers contributions that are restricted for grants to be made to Canadian organizations. As of December 31, 2013 and for the year then ended, the following approximate balances and activities are attributable to Canada.

Alzheimer's Drug Discovery Foundation
Notes to Combined Financial Statements
December 31, 2013

15. FOREIGN OPERATIONS (continued)

Balances as of December 31, 2013 -

Assets

Cash and cash equivalents	\$ 299,000
Contributions receivable	1,278,000
Other assets	47,000
Total assets	<u>1,624,000</u>

Liabilities

Accounts payable and accrued liabilities	15,000
Grants payable	580,000
Total liabilities	<u>595,000</u>

Net Assets	<u>\$ 1,029,000</u>
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Activities for the year ended

December 31, 2013 -

Support and revenues	1,200,000
Expenses	<u>(1,171,000)</u>

Excess of support and revenues over expenses	<u>\$ 29,000</u>
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ALZHEIMER'S DRUG DISCOVERY FOUNDATION

Combined Statement of Functional Expenses For the Year Ended December 31, 2013 (With Summarized Totals for 2012)

	2013			2012	
	Program Expenses	Fund Raising	Management and General	Total Expenses	Total Expenses
Grants	\$ 8,129,478	\$ -	\$ -	\$ 8,129,478	\$ 6,462,473
Salaries, payroll taxes and employee benefits	1,077,162	1,014,537	480,920	2,572,619	1,932,236
Website design, public relations and rebranding	79,683	82,583	-	162,266	206,290
Professional fees	91,662	-	125,572	217,234	129,792
Research and honorarium	20,000	-	-	20,000	21,000
Communications and publications	10,750	46,350	3,100	60,200	72,567
Occupancy	114,941	147,723	34,941	297,605	231,364
Sponsored conferences, meetings and travel	306,369	17,021	-	323,390	396,971
Office expenses	40,651	33,221	4,142	78,014	136,603
Total expenses	\$ 9,870,696	\$ 1,341,435	\$ 648,675	\$ 11,860,806	\$ 9,589,296

See report of independent certified public accountants.