ADAPTIVE SPORTS FOUNDATION, INC.
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2014

ADAPTIVE SPORTS FOUNDATION, INC.
FINANCIAL STATEMENTS
JUNE 30, 2014

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The Accounting Offices of
TOM FUCITO CPA, P.C.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Adaptive Sports Foundation

We have audited the accompanying statements of financial position of Adaptive Sports Foundation (a nonprofit corporation) as of June 30, 2014, the related statements of activities, functional expenses and cash flows for the year 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Adaptive Sports Foundation as of June 30, 2014, and the changes in its net assets, functional expenses and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Comparative Information

The 2013 financial statements were audited by other auditors who expressed an unmodified audit opinion on those audited financial statements. In our opinion, the information presented herein as of and for year ended June 30, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on page 22 is presented for purposes of additional analysis and is not a required part of the 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 the audit of the 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 additional 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 financial statements as a whole.

The Accounting Offices of Tom Fucito CPA, P.C.

THE ACCOUNTING OFFICES OF TOM FUCITO CPA, P.C.
Cairo, New York
November 25, 2014

ADAPTIVE SPORTS FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2014 AND 2013

ASSETS

	Notes	June 30, 2014	2013
Current Assets			
Cash & Cash Equivalents	B & C	$ 322,814	$ 130,458
Accounts Receivable		-	400
Prepaid Expenses	D	24,400	15,286
Prepaid Real Estate Taxes	D	3,796	5,302
Security Deposit - Rental		300	2,300
Marketable Securities	B & E	2,533,919	1,762,211
Grant Receivable	Q	-	28,761
Land Held for Resale	F	1,153,730	950,730
Total Current Assets		4,038,959	2,895,448
Property & Equipment - Net	B & G	2,519,096	2,649,190
Total Assets		$ 6,558,055	$ 5,544,638

LIABILITIES AND NET ASSETS

Current Liabilities			
Deferred Revenue		$ 2,500	$ -
Deferred Grant Revenue	Q	203,791	44,973
Deposit on Land		5,000	5,000
Payroll Liabilities		14,064	8,879
Land Acquisition Loan	H	1,250,000	1,250,000
Total Current Liabilities		1,475,355	1,308,852
Long Term Liabilities			
Total Long Term Liabilities		-	-
Total Liabilities		1,475,355	1,308,852
Net Assets			
Unrestricted			
Undesignated	B & I	3,572,888	2,953,855
Temporarily Restricted	B & I & J	57,388	23,517
Permanently Restricted	B & I & J	1,452,424	1,258,414
Total Net Assets		5,082,700	4,235,786
Total Liabilities and Net Assets		$ 6,558,055	$ 5,544,638

See auditor's report and accompanying notes to financial statements.

ADAPTIVE SPORTS FOUNDATION, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	Notes	For the Years Ended June 30, 2014	2013
Unrestricted Net Assets			
Revenues, Gains, and Other Support			
Contributions received for support	B	$ 572,663	$ 343,948
Noncash Contributions	B & O	484,022	337,705
Program Revenue	P	209,196	113,006
Grant Revenue	Q	281,837	311,036
Special Event Revenue	L	656,341	338,654
Net Income (Loss) on Retail Sales	M	(3,569)	(6,970)
Net Income on Lunch and Vending Sales	N	5,202	1,875
Lease Income	R	10,000	10,000
Developer Income	S	21,860	22,539
Dividend Income		43,099	47,694
Interest Income		12,392	12,721
Net Realized and Unrealized Gain (Loss) on Investments	E	91,969	49,132
Transfer from Permanently Restricted Net Assets		-	7,305
Other Income		1,458	807
Total Unrestricted Revenues, Gains, and Other Support		2,386,470	1,589,452
Net Assets Released from Restrictions			
Satisfaction of Caitlin Program Restrictions		19,857	70,849
Satisfaction of Staci Program Restrictions		29,925	37,977
Satisfaction of Elijah Program Restrictions		1,155	-
Satisfaction of John Eckbold Program Restrictions		-	914
Satisfaction of Samuel Weiss Foundation Restrictions		2,000	-
Total Net Assets Released from Restrictions		52,937	109,740
Total Unrestricted Revenues, Gains, Support, and Net Assets Released from Restrictions		2,439,407	1,699,192
Expenses			
Program Services		1,240,277	1,263,895
Supporting Services			
Management and General		188,047	232,359
Fundraising		392,050	258,653
Total Supporting Services		580,097	491,012
Total Expenses		1,820,374	1,754,907
Increase (Decrease) in Unrestricted Net Assets		619,033	(55,715)
Increase (Decrease) in Temporarily Restricted Net Assets		33,871	(7,768)
Increase (Decrease) in Permanently Restricted Net Assets		194,010	96,261
Increase (Decrease) in Total Net Assets		846,914	32,778
Total Net Assets at Beginning of Year		4,235,786	4,203,008
Total Net Assets at End of Year		$ 5,082,700	$ 4,235,786

See auditor's report and accompanying notes to financial statements.

ADAPTIVE SPORTS FOUNDATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

STATEMENTS OF FUNCTIONAL EXPENSES

	Program Services	Management & General	Fundraising	For the Years Ended June 30, 2014	2013
Functional Expenses					
Gross Wages and Salaries	$ 359,694	$ 69,045	$ 71,003	$ 499,742	$ 436,531
Volunteer Expense	100,792	-	-	100,792	118,440
Banquet/Special Event Expenses	9,403	-	203,510	212,913	134,550
Trophy/Prize Expense	-	-	1,552	1,552	6,081
Depreciation	102,425	23,133	18,927	144,485	140,166
Employer Taxes	29,439	5,651	5,811	40,901	35,139
Activities Expense	380,365	-	11,280	391,645	431,523
Marketing Expense	2,318	-	12,722	15,040	4,219
Miscellaneous & Service Charges	22,240	6,874	8,082	37,196	42,007
Employee Benefits	40,796	7,831	8,053	56,680	36,010
Telephone Expense	5,547	1,065	1,095	7,707	10,122
Printing/Stationery Expense	308	59	16,796	17,163	7,885
Insurance Expense	23,153	5,128	11,479	39,760	29,991
Office Expenses	6,912	1,930	921	9,763	7,902
Equipment Expenses	39,399	-	-	39,399	14,098
Admin. & Bd of Directors Expense	-	9,520	-	9,520	30,776
Training Expense	1,852	-	-	1,852	24,470
Accounting/Audit Expense	-	15,325	-	15,325	14,783
Legal Fees	-	857	-	857	41,920
Postage Expense	1,479	284	289	2,052	5,494
Donation & Awards	-	917	-	917	1,331
Supplies	-	-	14,141	14,141	2,752
Travel Expense	73,941	-	500	74,441	91,823
Investment Account Fees	-	4,526	-	4,526	3,958
Interest Expense	667	1,643	1,690	4,000	2,251
Vehicle Expenses	1,524	293	791	2,608	5,186
Building Maintenance & Expenses	15,501	2,975	3,060	21,536	27,835
Utilities	10,757	4,188	-	14,945	13,438
Computer & Website Expenses	1,763	2,150	348	4,261	1,626
Lease Expense - Land	10,000	-	-	10,000	10,000
Loss on Disposal of Prop. and Equip.	-	-	-	-	216
Real Estate Taxes	-	24,653	-	24,653	22,384
Total Functional Expenses	$ 1,240,277	$ 188,047	$ 392,050	$ 1,820,374	$ 1,754,907

See auditor's report and accompanying notes to financial statements.

ADAPTIVE SPORTS FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

STATEMENTS OF CASH FLOWS

	For the Years Ended June 30, 2014	2013
Cash Flows Provided By (Used By) Operating Activities		
Increase (Decrease) in net assets	$ **846,914**	$ 32,778
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Net realized and unrealized gain/loss on investments	**(298,095)**	(163,863)
Depreciation	**144,485**	140,166
Fixed Assets received as donations	**(7,317)**	-
Land Held for Resale	**(203,000)**	-
Marketable Securities received as donations	**-**	(11,041)
Loss on Disposal of Property and Equipment	**-**	216
Prepaid Real Estate Taxes paid by developer	**(3,796)**	(5,302)
(Increase) Decrease in operating assets:		
Accounts Receivable	**400**	(400)
Prepaid Expenses	**(9,114)**	762
Prepaid Real Estate Taxes	**5,301**	5,149
Security Deposit	**2,000**	-
Grant Receivable	**28,761**	(28,761)
Increase (Decrease) in operating liabilities:		
Deferred Revenue	**2,500**	(2,500)
Deferred Grant Revenue	**158,818**	(105,220)
Payroll Liabilities	**5,185**	(760)
Cash Flows Provided By (Used By) Operating Activities	**673,043**	(138,776)

See auditor's report and accompanying notes to financial statements.

ADAPTIVE SPORTS FOUNDATION, INC.
STATEMENTS OF CASH FLOWS - CONTINUED
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

STATEMENTS OF CASH FLOWS

	For the Years Ended June 30,	
	2014	2013
Cash Flows Provided By (Used By) Investing Activities		
Proceeds from sale of investments and distributions	**251,422**	359,742
Purchase of investments	**(725,034)**	(404,123)
Acquisition of fixed assets	**(7,075)**	(74,490)
Cash Flows Provided By (Used By) Investing Activities	**(480,687)**	(118,871)
Cash Flows Provided By (Used By) Financing Activities		
New Borrowings	-	-
Cash Flows Provided By (Used By) Financing Activities	-	-
Total Increase (Decrease) in Cash	**$ 192,356**	$ (257,647)
Cash at Beginning of Year July 1,	**130,458**	388,106
Cash at End of Year	**$ 322,814**	$ 130,458
Supplemental Disclosures		
Interest Paid	$ -	$ -
Income Taxes Paid	$ -	$ -

Noncash Transactions

During the years ended June 30, 2014 and 2013 Adaptive Sports Foundation received total noncash donated services of $96,260 and $114,420 respectively. These amounts were also recorded as noncash transactions for Volunteer Expense.

During the years ended June 30, 2014 and 2013 Adaptive Sports Foundation recognized noncash donation income in the amount of $4,000 and $2,250 respectively, for interest expense recognized on an interest free loan from Peter Kellogg. See Note H.

During the years ended June 30, 2014 and 2013 Adaptive Sports Foundation recognized noncash donation income in the amount of $173,445 and $209,994 respectively, for donated ski lift tickets. These amounts were also recorded as noncash transactions for Program Expense.

See auditor's report and accompanying notes to financial statements.

STATEMENTS OF CASH FLOWS

During the years ended June 30, 2014 and 2013 real estate taxes were paid by a developer as stated in a contract for sale of land. Adaptive Sports recognized Developer Income of $21,860 and $22,539, respectively, Prepaid Real Estate Taxes of $3,796 and $5,302, respectively, and Real Estate Taxes of $24,653 and $22,384, respectively.

During the year ended June 30, 2014 Adaptive Sports Foundation received noncash donated land and equipment with fair value of $203,000 and $7,317, respectively.

During the year ended June 30, 2013 Adaptive Sports Foundation received donated marketable securities with total fair market values of $11,041.

NOTE A – NATURE OF ACTIVITIES

Adaptive Sports Foundation, Inc. ("ASF" or the "Organization") was organized as a not-for-profit corporation on July 1, 2000 under the laws of the State of New York. The Foundation is located in Windham, New York. ASF offers both summer and winter recreational opportunities to individuals with mental and/or physical disabilities. The winter program serves as a model for other ski resorts that are interested in establishing adaptive programs.

Prior to the existence of ASF, the adaptive programs were a component of the Professional Ski Instructors of America – Eastern Education Foundation. During the year ended June 30, 2001 all assets and liabilities related to the adaptive programs were transferred to ASF in order for ASF to carry out its purposes. The transfers occurred during the month of October 2000. ASF is not considered a related party to the Professional Ski Instructors of America – Eastern Education Foundation.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of ASF have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Financial Statement Presentation

The classification of ASF's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each three classes of net assets, permanently restricted, temporarily restricted and unrestricted, be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

The classes of net assets are defined as follows:

Unrestricted net assets represent resources whose use is not limited or restricted by donors. Resources are reported as unrestricted when the limitations placed on their use are no more specific than the broad limits of the Organization's purpose.

Temporarily restricted net assets represent resources whose use is limited only by donors for the purpose and/or time in which they may be expended. Eventually, temporarily restricted net assets are reclassified to unrestricted as their time and purpose requirements are met.

Permanently restricted net assets represent resources that must be maintained permanently. Permanently restricted net assets are generally restricted indefinitely.

At June 30, 2014, ASF had all three classes of net assets.

Advertising and Marketing Expenses

ASF's policy is to recognize advertising and marketing expenses during the period that the expense is incurred. For purposes of these financial statements advertising and marketing expenses included on the Statement of Functional Expenses is considered to be equivalent to Marketing Expense.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents
ASF considers all money market funds and investments with maturities of three months or less at the time of purchase to be cash equivalents.

Contributions Receivable
Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. ASF reports unconditional promises to give as Contribution Received For Support. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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.

Contributed Services
Contributed Services are recognized as contributions in accordance with the Not for Profit Entity's Topic FASB ASC. The services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by ASF.

ASF received 9,626 and 11,442 volunteer hours during the years ended June 30, 2014 and 2013, respectively. For the years ended June 30, 2014 and 2013, the value of contributed services was $96,260 and $114,420, respectively, and recorded as an increase in both noncash contributions and volunteer expenses.

Depreciation
Depreciation is calculated using the straight-line method over the estimated useful lives of the respective classes of property. Depreciation expense for the years ended June 30, 2014 and 2013 was $144,485 and $140,166, respectively.

Endowment
According to ASC, *Not-for-Profits Entities: Presentation of Financials Statement,* ASF is subject to an enacted version of Uniform Prudent Management of Institutional Funds Act (UPMIFA), which requires the Organization to reclassify certain amounts of donor-restricted endowment funds between temporarily restricted net assets and permanently restricted net assets. As of 2010, the state of New York has adopted its own version of UPMIFA. Under the NYPMIFA, Organizations are allowed to spend endowment funds below their original dollar amount ("historic dollar value") without court approval or Attorney General review, if the Organization's board of directors concludes that such spending is prudent.

Estimates
Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain expenses have been allocated between the program and supporting services benefited.

Fair Value of Financial Instruments and Fair Value Disclosures

The Organization has adopted the accounting guidance in FASB in Accounting Standards Update, *Improving Disclosures about Fair Value Measurement Requirements.* The guidance defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The guidance also establishes a fair value hierarchy that requires the Organization to maximize the use of observable input when measuring fair value. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Organization's market assumptions. The three levels of valuation hierarchy are as follows:

- Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets. ASF's Level 1 non derivatives financial investments include equity and debt securities, and cash and cash equivalents.
- Level 2 – Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and input that are observable for the asset or liability, either directly or indirectly.
- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Transfers between levels may occur when there is a change in the observability of significant inputs. A transfer between Level 1 and Level 2 generally occurs when the availability of quoted prices changes or when market activity of an investment significantly changes to active or inactive. A transfer between Level 2 and Level 3 generally occurs when the underlying inputs become, or can no longer be, corroborated with market observable data.

For the years ended June 30, 2014 and 2013, there were no transfers between Levels 1, 2 or 3.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments in the accordance with the provisions of ASC:

Cash and Cash Equivalents – The carrying amounts reported in the accompanying statements of financial position approximate their fair value, due to the short-term maturity of these instruments.

ASF carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statements of Activities and Statements of Restricted Activities and Changes in Restricted Net Assets.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income from Investments

Investment income is reported as an increase in unrestricted net assets unless the donor placed restriction on the income's use. Income that is restricted is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restrictions. Gains and losses are reflected as increases or decreases in the unrestricted class of net assets unless the donor or relevant laws placed temporary or permanent restrictions on those gains and losses. Donor-restricted investment income and gains whose restriction is met in the same reporting period are reported as unrestricted income. During the years ended June 30, 2014 and 2013 investment income from assets that were unrestricted and permanently restricted were recognized and reflected on the Statements of Activities and Changes in Net Assets and Schedules of Restricted Activities and Changes in Restricted Net Assets.

Income Tax Status

ASF is exempt from income taxes under Internal Revenue Service Code Section 501(c)(3). Therefore, income tax expense has not been provided for in these financial statements.

Some activities and revenues are recognized as unrelated business income for tax return purposes. Therefore ASF files Forms 990-T and CT-13 with the Internal Revenue Service and New York State, respectively. None of the filings from inception has resulted in the recognition of taxable income or income tax due. However, filings of these unrelated business income tax returns for the years ended June 30, 2011 and forward are currently open for possible public inspection.

Property and Equipment

Property and equipment are stated on the balance sheet at cost and do not purport to represent replacement or realizable value. Upon sale or retirement of items, the cost and related accumulated depreciation are removed from the respective accounts and the net difference, less any amount realized from disposition, is reflected in earnings.

Revenue Recognition

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increase the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets. Investment income that is limited to specific uses by donor restrictions is reported as increases in unrestricted net assets if the restrictions are met in the same reporting period as the income is recognized.

NOTE C – CASH AND CASH EQUIVALENTS

The balances comprising cash and cash equivalents on hand and in bank at June 30, 2014 and 2013 are as follows:

	June 30, 2014	June 30, 2013
Cash in bank, checking accounts	$ 288,457	$ 97,326
Schwab Money Market Funds	6,735	17,518
Key Bank - Money Market	27,622	15,614
Total Cash and Cash Equivalents	$ 322,814	$ 130,458

NOTE D – PREPAID EXPENSES

As of June 30, 2014 and 2013 prepaid expenses consisted of advanced payments for the following:

	June 30, 2014	June 30, 2013
Insurance	$ 24,400	$ 15,286
Real Estate Taxes	3,796	5,302
Total Prepaid Expenses	$ 28,196	$ 20,588

NOTE E – MARKETABLE SECURITIES

Adaptive Sports Foundation, Inc.'s investment portfolio is managed by Finarc, LLC Investment Management which has discretion to alter the portfolio asset allocation within the ranges specified by ASF, depending on the economic and capital market outlook to achieve ASF's investment objectives.

Marketable securities consist of common stocks, corporate bonds and stocks and equity mutual funds traded on the national stock exchanges, and are stated at fair value.

Market values and unrealized appreciation (depreciation) at June 30, 2014 are summarized below:

Year 2014	Cost	Fair Market Value	Unrealized Appreciation/ (Depreciation)
Stock/Equity Mutual Funds	$ 665,670	$ 697,664	$ 31,994
Common Stocks	1,077,350	1,507,226	429,876
Corporate Bonds	331,202	329,029	(2,173)
	$ 2,074,222	$ 2,533,919	$ 459,697

NOTE E – MARKETABLE SECURITIES – CONTINUED

The unrestricted unrealized appreciation of marketable securities as of the year ended June 30, 2014 was $136,731. The permanently restricted unrealized appreciation of marketable securities as of the year ended June 30, 2014 was $322,966.

Market values and unrealized appreciation (depreciation) at June 30, 2013 are summarized below:

Year 2013	Cost	Fair Market Value	Unrealized Appreciation/ (Depreciation)
Stock/Equity Mutual Funds	$ 647,800	$ 690,267	$ 42,467
Common Stocks	685,650	856,907	171,257
Corporate Bonds	218,298	215,037	(3,261)
	$ 1,551,748	$ 1,762,211	$ 210,463

The unrestricted unrealized appreciation of marketable securities as of the year ended June 30, 2013 was $56,763. The permanently restricted unrealized appreciation of marketable securities as of the year ended June 30, 2013 was $153,700.

Net realized and unrealized gains (losses) on marketable securities are as follows for the years ended June 30, 2014 and June 30, 2013:

	June 30, 2014	June 30, 2013
Realized gains (loss)	$ 48,861	$ 39,777
Unrealized gains (loss)	249,234	124,086
Net realized & unrealized gains (losses) on marketable securities	$ 298,095	$ 163,863

The unrestricted net realized and unrealized gain on marketable securities for the year ended June 30, 2014 was $91,969. For the year ended June 30, 2013 the unrestricted net realized and unrealized gain on marketable securities was $49,132. The permanently restricted net realized and unrealized gain for the year ended June 30, 2014 was $206,126. For the year ended June 30, 2013 the permanently restricted net realized and unrealized loss on marketable securities was $114,731.

NOTE F – LAND HELD FOR RESALE

As of June 30, 2014 Land Held for Resale represents three parcels of land. Two of these parcels were bought in conjunction with the parcel of property purchased for the purposes of the construction for the existing facility which was occupied during the year ended June 30, 2006.

NOTE F – LAND HELD FOR RESALE – CONTINUED

The third parcel was received as a noncash contribution with a FMV of $203,000 and held for sale during the year ended June 30, 2014. As of June 30, 2014 the total value assigned to these three parcels was $1,153,730.

NOTE G – PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2014 and 2013 consist of the following:

	June 30, 2014	June 30, 2013
Equipment	$ 620,310	$ 615,712
Machinery & Equipment	50,761	50,161
Office Equipment	53,236	50,443
Uniforms	157,167	152,470
Computer Software	37,703	36,755
Furniture & Fixtures	64,207	63,451
Building	2,288,598	2,288,598
Building Improvements	145,657	145,657
Land Improvements	16,162	16,162
Land	313,370	313,370
Total Property & Equipment	3,747,171	3,732,779
Less: Accumulated Depreciation	(1,228,075)	(1,083,589)
Total Property & Equipment - Net	$ 2,519,096	$ 2,649,190

NOTE H – LAND ACQUISITION LOAN

During the month of March 2005 ASF obtained a non-recourse non-interest loan from Peter Kellogg in the amount of one million two-hundred fifty-thousand dollars ($1,250,000) for the purchase of land on which the existing facility was constructed and occupied during the year ended June 30, 2006. The loan is to be repaid without interest upon the sale of two of the three parcels purchased. However, even though ASF will not pay interest annually to Mr. Kellogg, the Organization will recognize interest expense and contribution income at the applicable federal interest rate determined at the end of each fiscal year beginning with the year ended June 30, 2006. The applicable federal rate as of June 30, 2014 was 0.32%. Therefore, the interest expense and contribution income recognized for the year ended June 30, 2014 was $4,000. The applicable federal interest rate as of June 30, 2013 was 0.18%. Therefore, the interest expense and contribution income recognized for the year ended June 30, 2013 was $2,250. This contribution income is considered a noncash contribution. See Note M. The third parcel of property is where the new facility is situated on for operations. The sale of the two lots is expected to result in proceeds of at least $1,250,000 net of taxes as a result of capital gains, thus allowing for repayment of the loan in full. If the sales do not recognize a net of the $1,250,000 owed to Mr. Kellogg, the remaining difference owed will be forgiven. There is no allowance for forgiveness of debt in these financial statements. Forgiveness of debt, if any, will result in the recognition of revenue during the year of occurrence.

NOTE I – NET ASSETS

Net assets at June 30, 2014 and 2013 consist of the following:

	June 30, 2014	June 30, 2013
Unrestricted		
Undesignated	$ 3,572,888	$ 2,953,855
Total Undesignated	3,572,888	2,953,855
Temporarily Restricted		
Elijah Net Asset	3,261	3,545
Caitlin Net Asset	-	5,000
MVP Net Asset	5,000	-
Staci Net Asset	45,512	9,357
Samuel Weiss Foundation	3,615	5,615
Total Temporarily Restricted	57,388	23,517
Permanently Restricted		
Endowment Fund	1,452,424	1,258,414
Total Permanently Restricted	1,452,424	1,258,414
Total Net Assets	$ 5,082,700	$ 4,235,786

The interest and dividend earnings from the permanently restricted net assets are to be used towards the maintenance and operations of the facility with any direct expenses related to the investments and any realized and unrealized capital gains and losses to affect the balance of the restricted net assets. As of June 30, 2014 and 2013, the permanently restricted net assets were $1,452,424 and $1,258,414, respectively. These net assets are being held with Charles Schwab in the form of investments and are managed by Finarc, LLC Investment Management. See Supplemental Schedule to Statements of Activities and Changes in Assets - Temporarily and Permanently Restricted Net Assets on page 22.

NOTE J – ENDOWMENT FUNDS

ASF's endowment consists of various individual funds established for a variety of purposes. Its endowment includes donor-restricted funds. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

ASF has interpreted the New York Prudent Management of Institutional Funds Act (NYPMIFA) as requiring each person responsible for managing and investing an institutional fund "shall manage and invest the fund in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances." The act also requires that the following

NOTE J – ENDOWMENT FUNDS – CONTINUED

eight factors, if relevant, be considered in managing and investing an institutional fund: (1) general economic conditions, (2) the possible effect of inflation or deflation, (3) the expected tax consequences, if any, of investment decisions or strategies, (4) the role that each investment or course of action plays within the overall investment portfolio of the fund, (5) the expected total return from income and the appreciation of investments, (6) other resources of the institution, (7) the needs of the institution and the fund to make distributions and to preserve capital, and (8) an asset's special relationship or special value, if any, to the purposes of the institution. In addition to the eight factors set forth above the governing board must consider the purposes of the Organization as well as the purposes for which the fund was established when managing and investing an institutional fund.

Under NYPMIFA a fund's investments must be diversified unless the Organization's governing board determines that, due to special circumstances, the purposes of the fund are better served without diversification. Any decision not to diversify must be reviewed by the Organization's governing board at least annually.

Management and investment decisions about a specific asset must be made in the context of the portfolio of investments in which the fund is invested and as part of an overall investment strategy in light of return objectives "reasonably suited" to the charity and the fund. In addition, the organization shall be required, within a reasonable time after receiving property, to make and carry out decisions regarding retaining or disposing of the property, or rebalancing the Organization's portfolio in order to bring the fund into compliance with NYPMIFA, and to take into consideration the Organization's other circumstances, including, for example, its distribution requirements and/or general liquidity needs.

The composition of endowment net assets and the changes in endowment net assets are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Funds, 7/1/2013	$ -	$ 23,517	$ 1,258,414	$ 1,281,931
Contributions	-	86,808	-	86,808
Net Realized and Unrealized Gain(Loss)	-	-	206,126	206,126
Investment Fees	-	-	(12,116)	(12,116)
Net (Released) or Transferred for Expenditures	-	(52,937)	-	(52,937)
Endowment funds, 6/30/2014	$ -	$ 57,388	$ 1,452,424	$ 1,509,812

NOTE K – CONTINGENCIES

ASF is subject to litigation in its normal course of operations and carries insurance related to such possibilities. Presently, ASF is not subject to any matters that require the recognition of a liability in the financial statements.

NOTE L – SPECIAL EVENT REVENUE

During the years ended June 30, 2014 and 2013, there were many separate special events generating income totaling $656,341 and $338,654, respectively. The income from each of the special events is summarized on the following page:

	June 30,	
	2014	2013
Master Chef Income	$ 230,423	$ -
Dinner Dance/Auction Income	102,197	114,602
Special Events Income	111,799	-
First Giving - Board Appeal Income	-	9,850
Skiathon Income	21,270	20,120
Michael Gray Race Income	30,233	29,599
Annual Fund Drive Income	25,302	12,166
Golf Tournament Income	100,344	105,253
Wine Tasting Income	25,523	25,622
Chairlift Sponsorship Income	9,250	21,442
Total Special Event Income	$ 656,341	$ 338,654

NOTE M – NET INCOME ON RETAIL SALES

ASF periodically sells apparel and other items to its winter and summer program instructors as well as to the public. During the years ended June 30, 2014 and 2013 net income (loss) on retail sales was computed as follows:

	June 30,	
	2014	2013
Sales Income	$ 4,240	$ 3,545
Less: Apparel and Other Item Costs	(7,809)	(10,515)
Net Income (Loss) on Sales of Apparel	$ (3,569)	$ (6,970)

NOTE N – NET INCOME – LUNCH & VENDING SALES

ASF recognizes income and cost of sales from transactions related to unprepared sales of food and beverage in the kitchen area of the facility. Below is a schedule for the years ended June 30, 2014 and 2013 showing the sales and cost of sales related to such transactions:

	June 30, 2014	June 30, 2013
Sales Income	$ 17,561	$ 14,970
Less: Food and Beverage Costs	(12,359)	(13,095)
Net Income on Lunch Program	$ 5,202	$ 1,875

NOTE O – NONCASH CONTRIBUTIONS

During the years ended June 30, 2014 and 2013 Adaptive Sports Foundation, Inc. received the following noncash contributions that have been reflected in the financial statements of the organization:

	June 30, 2014	June 30, 2013
Donated Services - Volunteers(See below)	$ 96,260	$ 114,420
Interest on loan forgiven - See Note H	4,000	2,250
Donated Marketable Securities	-	11,041
Donated Lift Tickets	173,445	209,994
Land - See Note F	203,000	-
Equipment	7,317	-
Total Noncash Contributions	$ 484,022	$ 337,705

During the years ended June 30, 2014 and 2013 donated services from volunteers were recorded based upon the actual number of volunteer hours factored by the average fair market value for costs per hour. The amounts recorded for the years ended June 30, 2014 and 2013 were $96,260 and $114,420, respectively.

NOTE P – PROGRAM REVENUE

During the years ended June 30, 2014 and 2013 income was provided by the various programs offered by ASF as follows:

	June 30, 2014	June 30, 2013
Soldier Program Income	$ 81,943	$ 7,997
Winter Program Income	126,593	105,009
Summer Program Income	660	-
Total Program Revenue	$ 209,196	$ 113,006

NOTE Q – GRANTS

During the years ended June 30, 2014 and 2013, ASF recognized revenue for grants from various foundations and individuals totaling $281,837 and $311,036, respectively.

Grant Receivable represented an amount of $28,761 recognized as revenue during the year ended June 30, 2013, but not received as of the close of the 2013 fiscal year. During the year ended June 30, 2014 the amount was received in full.

Deferred Grant Revenue was $203,791 and $44,973 as of June 30, 2014 and 2013, respectively. These are recorded for amounts received from grantors but not yet earned and expended as of the close of the fiscal years.

NOTE R – LEASE INCOME/LEASE EXPENSE

During the year ended June 30, 2006 ASF purchased and installed a chairlift upon land owned by Ski Windham Operating Corporation to provide access to and from base facilities of the ski area to the ASF facilities southeast of the ski lodge. The real estate owners of the ski facilities and owners of the ski operations agreed to this arrangement. The cost of the new ski lift plus installation was $389,021.

The most recent agreement entered into by ASF is a ten year agreement (with options for five more years renewal following expiration) effective during the year ended June 30, 2013 with Ski Windham Operating Corporation and Windham Mountain Partners to lease the land necessary for use in its programs for $10,000 per year. Conversely, ASF agreed to a ten year lease for the use of this new lift equipment to the owners of Ski Windham Operating Corporation and Windham Mountain Partners for $10,000 annually. Lease payments are due annually.

The following is a schedule of anticipated future lease payments for the next five years:

NOTE R – LEASE INCOME/LEASE EXPENSE - CONTINUED

For the years ending June 30,	Amount
2015	$ 10,000
2016	10,000
2017	10,000
2018	10,000
2019	10,000
Total	$ 50,000

NOTE S – DEVELOPER INCOME

During the years ended June 30, 2014 and 2013 the real estate taxes were paid on parcels of land held for resale (see Note F) by the Developer as designated by a contract for sale of the land. The payment of real estate taxes resulted in Developer Income of $21,860 and $22,539, respectively, for the years ended June 30, 2014 and 2013.

NOTE T – CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject ASF to concentrations of credit risk consist principally of cash and cash equivalent accounts in financial institutions. The Federal Depository Insurance Corporation (FDIC) provides insured coverage for cash and cash equivalent accounts in member financial institutions up to $250,000 per depositor. This coverage was effective as of and for the years ended June 30, 2014 and 2013.

For the year ended June 30, 2014 ASF was subject to a credit risk loss of $64,808 (the amount above the FDIC insured coverage threshold). For the year ended June 30, 2013, ASF's cash account was below the FDIC threshold.

NOTE U – SUBSEQUENT EVENTS

Events that occur after the date of the Statements of Financial Position but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the date of the Statements of Financial Position are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the date of the Statement of Financial Position require disclosure in the accompanying notes. Management evaluated the activity of the Organization through November 25, 2014 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

ADAPTIVE SPORTS FOUNDATION, INC.
SUPPLEMENTAL SCHEDULE TO STATEMENTS OF ACTIVITIES AND CHANGES IN ASSETS
TEMPORARILY RESTRICED AND PERMANENTLY RESTRICTED NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

SCHEDULES OF RESTRICTED ACTIVITIES AND CHANGES IN RESTRICTED NET ASSETS

	Notes	For the Years Ended June 30, 2014	2013
Temporarily Restricted Net Assets	B & I		
Temprorarily Restricted Net Assets at Beginning of Year		$ **23,517**	$ 31,285
Increase in Temporarily Restricted Net Assets		**86,808**	101,972
Net Assets Released from Restrictions		**(52,937)**	(109,740)
Increase (Decrease) in Temporarily Restricted Net Assets		**33,871**	(7,768)
Temporarily Restricted Net Assets at End of Year		$ **57,388**	$ 23,517
Permanently Restricted Net Assets			
Permanently Restricted Net Assets at Beginning of Year	B & I	$ **1,258,414**	$ 1,162,153
Net Realized and Unrealized Gain (Loss) on Investments	E	**206,126**	114,731
Investment Account Fees		**(12,116)**	(11,165)
Transfer to Unrestricted Net Assets		**-**	(7,305)
Increase (Decrease) in Permanently Restricted Net Assets		**194,010**	96,261
Permanently Restricted Net Assets at End of Year		$ **1,452,424**	$ 1,258,414

See auditor's report