The Charles A. Dana Foundation, Incorporated and Affiliates

Combined Financial Statements

December 31, 2014 and 2013

O'CONNOR DAVIES

PKF

Independent Auditors' Report

The Board of Directors
The Charles A. Dana Foundation, Incorporated

We have audited the accompanying combined financial statements of The Charles A. Dana Foundation, Incorporated and Affiliates (the "Foundation"), which comprise the combined statements of financial position as of December 31, 2014 and 2013, and the related combined statements of activities and cash flows for the years then ended, and the related notes to the combined 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 from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these combined 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 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 combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the combined financial position of The Charles A. Dana Foundation, Incorporated and Affiliates as of December 31, 2014 and 2013, and the combined changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

O'Connor Davies, LLP

June 11, 2015

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The Charles A. Dana Foundation,
Incorporated and Affiliates

Combined Statement of Financial Position

	December 31	
	2014	2013
ASSETS		
Cash and cash equivalents	$ 10,447,268	$ 13,101,738
Accounts and interest receivable	7,392	9,840
Prepaid Federal and state unrelated business income tax	34,500	-
Investments	230,379,315	229,348,927
Prepaid expenses	70,851	133,238
Security deposits	132,170	136,665
Leasehold improvements, net of accumulated amortization of $154,580 and $114,706 for 2014 and 2013	255,858	295,732
	$ 241,327,354	$ 243,026,140
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 353,977	$ 323,952
Unpaid grant awards	5,952,000	6,558,909
Federal excise tax payable	-	55,000
Federal and state unrelated business income tax payable	-	33,000
Deferred federal excise tax	1,004,000	1,000,000
Other deferred liabilities	366,477	364,470
Postretirement benefit obligation	3,733,457	2,911,935
Total Liabilities	11,409,911	11,247,266
Net Assets		
Unrestricted net assets	229,881,617	231,670,961
Temporarily restricted net assets	35,826	107,913
Total Net Assets	229,917,443	231,778,874
	$ 241,327,354	$ 243,026,140

See notes to combined financial statements

The Charles A. Dana Foundation,
Incorporated and Affiliates

Combined Statement of Activities

	Year Ended December 31	
	2014	2013
UNRESTRICTED NET ASSETS		
REALIZED INCOME AND SUPPORT		
Realized Investment Income		
Dividends and interest	$ 1,358,906	$ 1,241,194
Net income from partnership interests	10,417,132	8,251,794
Net realized gain from sales and redemptions of securities and limited partnership interests	2,297,081	3,396,026
	14,073,119	12,889,014
Less investment expenses	429,164	420,579
Net Realized Investment Income	13,643,955	12,468,435
Other income	9,577	12,150
Net assets released from restrictions	72,087	49,996
Total Realized Income and Support	13,725,619	12,530,581
EXPENSES		
Grant awards	5,512,721	4,960,311
Direct charitable activities	6,102,091	6,200,666
Operations and governance	2,497,122	2,326,414
Federal excise and unrelated business tax provision	320,303	334,962
Total Expenses	14,432,237	13,822,353
Deficiency of Realized Income and Support Over Expenses	(706,618)	(1,291,772)
Unrealized (depreciation) appreciation of investments, net of provision for deferred Federal excise tax of $4,000 and $325,000	(582,075)	14,485,560
Change in Unrestricted Net Assets Before Postretirement Benefit Obligation Adjustment	(1,288,693)	13,193,788
Postretirement benefit obligation adjustment	(500,651)	105,372
Change in Unrestricted Net Assets	(1,789,344)	13,299,160
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	-	60,000
Net assets released from restrictions	(72,087)	(49,996)
Change in Temporarily Restricted Net Assets	(72,087)	10,004
Change in Net Assets	(1,861,431)	13,309,164
NET ASSETS		
Beginning of year	231,778,874	218,469,710
End of year	$ 229,917,443	$ 231,778,874

See notes to combined financial statements

The Charles A. Dana Foundation,
Incorporated and Affiliates

Combined Statement of Financial Position

	Year Ended December 31	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (1,861,431)	$ 13,309,164
Adjustments to reconcile change in net assets to net cash from operating activities		
Amortization	39,874	37,862
Net realized and unrealized gains on investments	(1,719,006)	(18,206,586)
Postretirement benefit obligation adjustment	500,651	(105,372)
Deferred federal excise tax provision	4,000	325,000
Net changes in operating assets and liabilities		
Accounts and interest receivable	2,448	383,726
Prepaid Federal and state unrelated business income tax	(34,500)	-
Prepaid federal excise tax	-	59,050
Prepaid expenses	62,387	23,189
Accounts payable and accrued liabilities	30,025	141,818
Unpaid grant awards	(606,909)	(1,936,841)
Federal excise tax payable	(55,000)	55,000
Federal and state unrelated business income tax payable	(33,000)	33,000
Other deferred liabilities	2,007	(132,992)
Postretirement benefit obligation	320,871	279,957
Net Cash From Operating Activities	(3,347,583)	(5,734,025)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(26,318,742)	(54,667,544)
Proceeds from sale of investments	27,007,360	63,635,138
Security deposits received, net	4,495	560
Net Cash From Investing Activities	693,113	8,968,154
Net Change in Cash and Cash Equivalents	(2,654,470)	3,234,129
CASH AND CASH EQUIVALENTS		
Beginning of year	13,101,738	9,867,609
End of year	$ 10,447,268	$ 13,101,738
SUPPLEMENTAL CASH FLOW INFORMATION		
Federal excise and unrelated business income taxes paid	$ 382,500	$ 135,000

See notes to combined financial statements

1. Organization

The Charles A. Dana Foundation, Incorporated (the "Foundation") is a private philanthropic organization chartered in 1950 with a particular interest in neuroscience. The Foundation is a nonprofit organization exempt from Federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code (the "Code"), and is a private foundation as defined in Section 509(a) of the Code.

Dana Publications LLC (Publications) was organized in 2006 as a wholly-owned subsidiary of the Foundation to support the charitable activities of the Foundation.

The Dana Alliance for Brain Initiatives, Inc. (the "Alliance") is a private philanthropic organization chartered in 1993. The principal purposes of the Alliance are to educate and inform the general public and interested professionals regarding advancement in research on the human brain, development of new effective treatments for brain diseases and the critical need for such research and development to be vigorously pursued and supported. The Alliance is a nonprofit organization exempt from Federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code (the Code), and is a private foundation as defined in Section 509(a) of the Code.

European Dana Alliance for the Brain, LLC (EDAB), a wholly-owned subsidiary of the Alliance was formed for the purpose of increasing public awareness in Europe of the latest developments in neuroscience.

2. Summary of Significant Accounting Policies

Principles of Combination

The accompanying combined financial statements include the accounts of all the above organizations. These combined entities have common Board and share the same mission and are referred to collectively as the "Foundation", unless otherwise specifically referred to. All intercompany balances and transactions have been eliminated when combined.

Basis of Presentation and Use of Estimates

The accompanying combined financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which 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. Accordingly actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents represent short-term investments with maturities at the time of purchase of three months or less. At times, cash balances may be in excess of FDIC insurance limit.

2. Summary of Significant Accounting Policies *(continued)*

Fair Value Measurements

The Foundation follows U.S. GAAP guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Investments Valuation

Investments, other than cash, are carried at fair value. The fair value of alternative investments has been estimated using the Net Asset Value ("NAV") as reported by the management of the respective alternative investment fund. U.S. GAAP guidance provides for the use of NAV as a "Practical Expedient" for estimating fair value of alternative investments. NAV reported by each alternative investment fund is used as a practical expedient to estimate the fair value of the Foundation's interest therein and their classification within Level 2 or 3 is based on the Foundation's ability to redeem its interest in the near term.

Investment Income Recognition

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized gains and losses on the sale of investments are computed on the specific identification basis. Realized and unrealized gains and losses are included in the determination of the change in net assets.

Investments Risks and Uncertainties

Alternative investments consist of non-traditional, not readily marketable investments, some of which may be structured as offshore limited partnerships, venture capital funds, hedge funds, private equity funds and common trust funds. The underlying investments of such funds, whether invested in stock or other securities, are generally not currently traded in a public market and typically are subject to restrictions on resale. Values determined by investment managers and general partners of underlying securities that are thinly traded or not traded in an active market may be based on historical cost, appraisals, a review of the investees' financial results, financial condition and prospects, together with comparisons to similar companies for which quoted market prices are available or other estimates that require varying degrees of judgment.

2. Summary of Significant Accounting Policies *(continued)*

Investments Risks and Uncertainties (continued)

Because of the inherent uncertainty of valuations, the estimated fair values may differ significantly from the values that would have been used had a ready market for such investments existed or had such investments been liquidated, and those differences could be material.

Leasehold Improvements

Leasehold improvements are stated at cost and amortized over the term of the office lease. Furniture, fixtures and equipment purchased during the course of normal business activities are charged to operations when purchased.

Grant Expense

The Foundation recognizes grant expense upon award of the grant.

Postretirement Benefit Plan

The Foundation follows U.S. GAAP guidance on defined benefit plans which requires the Foundation to recognize the funded status of the Foundation's postretirement medical and health benefits as an asset or liability in its combined statement of financial position with a corresponding adjustment to change in net assets in the combined statement of activities. The adjustment to change in net assets represents the balance of unrecognized actuarial gains/(losses) that will be subsequently recognized within net periodic cost in the future.

Presentation of Net Assets

Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Foundation's net assets and changes therein are classified as permanently restricted, temporarily restricted or unrestricted. The Foundation does not have any permanently restricted net assets.

Accounting for Uncertainty in Income Taxes

The Foundation's accounting policy is to provide liabilities for uncertain income tax positions when a liability is probable and estimable. Management is not aware of any violation of its tax status as a foundation exempt from income taxes. The Foundation and Alliance are no longer subject to examinations by applicable taxing jurisdictions for periods prior to December 31, 2011.

2. Summary of Significant Accounting Policies (continued)

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the combined financial statements through the date that the financial statements were available to be issued, which date is June 11, 2015.

3. Investments

The following are major categories of investments at December 31, grouped by the fair value hierarchy for those investments measured at fair value on a recurring basis:

	2014			
Description	(Level 1)	(Level 2)	(Level 3)	Total
Commodities (Gold)	$ 9,140,478	$ -	$ -	$ 9,140,478
Marketable Securities				
Consumer	2,657,747	-	-	2,657,747
Financial	3,486,381	-	-	3,486,381
Technology	2,838,349	-	-	2,838,349
Other industries	3,972,524	-	-	3,972,524
Mutual funds	41,237,186	-	-	41,237,186
Hedge Funds				
Equity long/short	-	24,341,174	-	24,341,174
Global opportunities	-	31,778,601	9,897,795	41,676,396
Absolute returns (a)	-	11,797,774	46,778,183	58,575,957
Private equity investments (a)	-	-	27,805,476	27,805,476
Venture capital investments (a)	-	-	11,648,749	11,648,749
Real assets (a)	-	2,417,409	581,489	2,998,898
Total Investments	$ 63,332,665	$ 70,334,958	$ 96,711,692	$ 230,379,315

	2013			
Description	(Level 1)	(Level 2)	(Level 3)	Total
Commodities (Gold)	$ 9,129,109	$ -	$ -	$ 9,129,109
Marketable Securities				
Consumer	3,035,799	-	-	3,035,799
Financial	3,219,740	-	-	3,219,740
Industrial/service	1,941,790	-	-	1,941,790
Other industries	3,568,826	-	-	3,568,826
Mutual funds	46,827,371	-	-	46,827,371
Hedge Funds				
Equity long/short	-	20,571,595	-	20,571,595
Global opportunities	-	32,506,297	6,565,200	39,071,497
Absolute returns (a)	-	9,314,406	44,701,691	54,016,097
Private equity investments (a)	-	-	30,397,700	30,397,700
Venture capital investments (a)	-	-	10,962,087	10,962,087
Real assets (a)	-	2,074,834	264,191	2,339,025
Total at Fair Value	$ 67,722,635	$ 64,467,132	$ 92,890,869	225,080,636
Cash and cash equivalents, at cost				4,268,291
Total Investments				$ 229,348,927

3. Investments *(continued)*

(a) Based on its analysis of the nature and risks of these investments, the Foundation has determined that presenting them as a single class is appropriate.

As of December 31, 2014, one individual investment represented approximately 11% of total investments.

There were no transfers into or out of each level of the fair value hierarchy for assets measured at fair value for the years ended December 31, 2014 and 2013.

The following is a reconciliation of the beginning and ending balances for investments measured at fair value using significant unobservable inputs (Level 3) during the year ended December 31:

	2014					
	Hedge Funds	Absolute Returns	Private Equity Investments	Venture Capital Investments	Real Assets	Total
Beginning balance	$ 6,565,200	$ 44,701,691	$ 30,397,700	$ 10,962,087	$ 264,191	$ 92,890,869
Total realized gains/(losses) included in change in net assets	-	1,902,024	2,504,845	850,495	(38,565)	5,218,799
Unrealized gains/(losses) relating to instruments still held at the reporting date included in the change in net asstes	332,595	-	147,158	1,261,814	(19,137)	1,722,430
Purchases, issuances and (settlements), net	3,000,000	174,468	(5,244,227)	(1,425,647)	375,000	(3,120,406)
Ending balance	$ 9,897,795	$ 46,778,183	$ 27,805,476	$ 11,648,749	$ 581,489	$ 96,711,692

	2013					
	Hedge Funds	Absolute Returns	Private Equity Investments	Venture Capital Investments	Real Assets	Total
Beginning balance	$ 5,623,145	$ 45,388,001	$ 30,318,222	$ 8,736,383	$ -	$ 90,065,751
Total realized gains/(losses) included in change in net assets	-	1,701,898	2,669,329	229,883	(12,032)	4,589,078
Unrealized gains/(losses) relating to instruments still held at the reporting date included in the change in net asstes	942,055	5,292,491	1,412,986	2,440,827	(11,277)	10,077,082
Purchases, issuances and (settlements), net	-	(7,680,699)	(4,002,837)	(445,006)	287,500	(11,841,042)
Ending balance	$ 6,565,200	$ 44,701,691	$ 30,397,700	$ 10,962,087	$ 264,191	$ 92,890,869

3. Investments *(continued)*

Information regarding alternative investments valued at NAV using the practical expedient at December 31, 2014 is as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Equity long/short hedge funds (see "a" below)	$ 24,341,174	$ -	Quarterly	60 days
Global opportunity hedge funds (see "b" below)	41,676,396	-	Monthly/Quarterly	10 to 60 days
Absolute return investments (see "c" below)	58,575,957	-	Annual	45 to 90 days
Private equity investments (see "d" below)	27,805,476	6,066,884	Locked 2015 to 2020	N/A
Venture capital funds (see "e" below)	11,648,749	945,833	Locked 2019	N/A
Real asset investments (see "f" below)	2,998,898	1,837,500	Monthly/Locked 2024	30 days
	$ 167,046,650	$ 8,850,217		

(a) This investment seeks to outperform the S&P 500 Index by 2% to 4% per year using a risk-controlled industry-neutral, analyst driven portfolio management approach. The investment process emphasizes intra-industry investment opportunities.

(b) This class includes investment managers that take a bottoms-up approach to their investment methodology, seeking long term capital appreciation. They place a focus on meeting management, analyzing market position and financial metrics. Because of their focus on industry and country diversification, currency hedges are rarely used. There are six investments in this class.

(c) Some of this class looks to invest in a vast universe of private equity firms and hedge funds that allows it to diversify its investments and risks and generate absolute returns. Others in this class look to achieve an absolute return strategy through hedging their investments using various trading techniques, while trading both equities and debt. These investments generally have a year-end withdrawal date, with appropriate notice. There are eight investments in this class.

(d) This category is primarily represented by investments that take a fund-of-fund approach. Using their vast array of contacts and research, they seek out the best private equity investment managers for their portfolios. This category is highly diversified and is represented by twelve investments.

(e) This class is represented by two investments. Both investments focus on investing in venture partnerships that invest in technology-based and healthcare companies, at the seed and early stage levels.

(f) This category is invested in a Master Limited Partnership (MLP), and a private equity fund which invests in various natural resource opportunities. These investments represent a diversified group of natural resources, including the oil and gas sector, mining, oilfield services, energy infrastructure, and, to a lesser extent, opportunistic sectors including clean energy, agriculture, and timber.

4. Taxes

The Foundation and the Alliance are both subject to a Federal excise tax of 2% of their net investment income. This tax is reduced to 1% if certain distribution requirements are met. The Foundation provides for deferred Federal excise tax at 2% on the net unrealized appreciation in the fair value of investments. In addition the Foundation's investment in certain alternative investments gives rise to unrelated business income taxed at general corporate rates.

5. Retirement Plan

Retirement benefits under a defined contribution plan are provided to full-time employees who have completed six months of continuous service. The Foundation makes contributions to the plan equal to 15% of employee compensation, as defined in the plan document, subject to statutory limitations. Retirement plan expense was $424,633 and $405,713 for 2014 and 2013.

6. Postretirement Healthcare Benefits

In addition to the above retirement plan, the Foundation sponsors an unfunded plan to provide certain health care benefits for retirees of the Foundation and the Alliance. The Foundation funds its postretirement benefits costs on a pay as you go basis.

Information as of and for the years ended December 31, for the plan is as follows:

	2014	2013
Benefit Obligation (funded status)		
at end of year	$ 3,733,457	$ 2,911,935
Net postretirement benefit costs	364,764	336,498
Unrecognized actuarial (loss) gain	(500,651)	105,372
Benefits paid	43,893	56,541
Discount rate used	3.88%	4.85%
Components of Net Periodic Expense		
for the Year		
Service cost	$ 229,042	$ 226,988
Interest cost	135,722	109,510
	$ 364,764	$ 336,498

6. Postretirement Healthcare Benefits *(continued)*

	Increase (Decrease)	
	2014	2013
Effect of a one-percent point increase in HCCTR* on		
Year end benefit obligation	$ 631,245	$ 441,007
Total of service and interest cost component	36,371	18,116
Effect of a one-percent point decrease in HCCTR* on		
Year end benefit obligation	(503,933)	(356,906)
Total of service and interest cost component	(89,010)	(82,132)

* Health Care Cost Trend Rate

Measurements used to determine the postretirement benefit obligation for 2014 and 2013 were computed as of December 31.

For measurement purposes, an 8% annual rate of increase in per capita cost of covered health benefits was assumed for 2014, decreasing to 5% in 2018 and thereafter. Net benefits expected to be paid in each of the next five years and the following five years in the aggregate are as follows:

2015	$ 132,234
2016	156,320
2017	154,699
2018	165,288
2019	160,244
5 years thereafter	1,050,780

7. Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2014 and 2013 are restricted to support the expansion of the Staying Sharp public forums initiative and all net assets released from restrictions during 2014 and 2013 were for this initiative.

8. Lease Commitments

The Foundation leases office space in New York City. The office space lease is for the period beginning February 1, 2011 and ending in May 2021.

8. Lease Commitments *(continued)*

As of December 31, 2014 future minimum annual rental payments are as follows:

2015	$ 782,430
2016	847,633
2017	853,560
2018	853,560
2019	853,560
Thereafter	1,209,210
	$5,399,953

The lease agreement requires additional payments to cover the escalation of maintenance costs and real estate taxes. The Foundation records its rental expense on the strai-line basis. The Foundation's share of rental expense included in the combined statements of activities, amounted to $920,448 in 2014 and $853,713 in 2013.

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