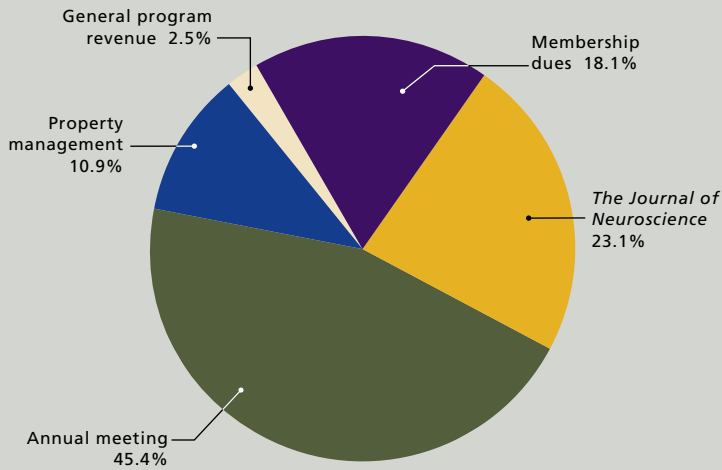
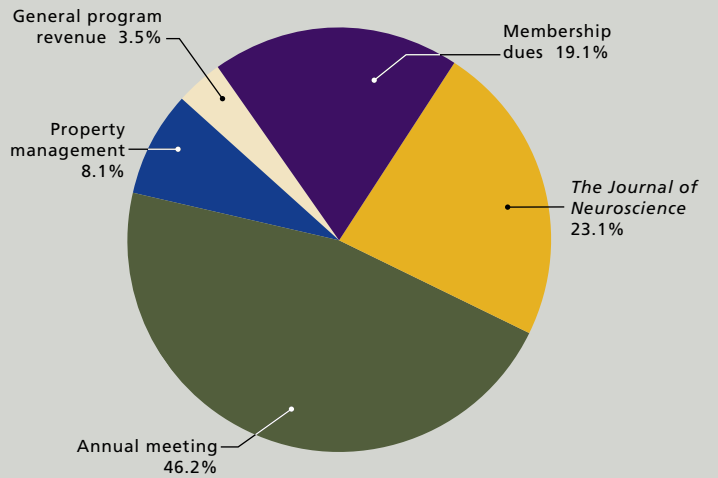


**CURRENT AND PAST FISCAL YEAR REVENUE AND EXPENDITURES BY ACTIVITY\***

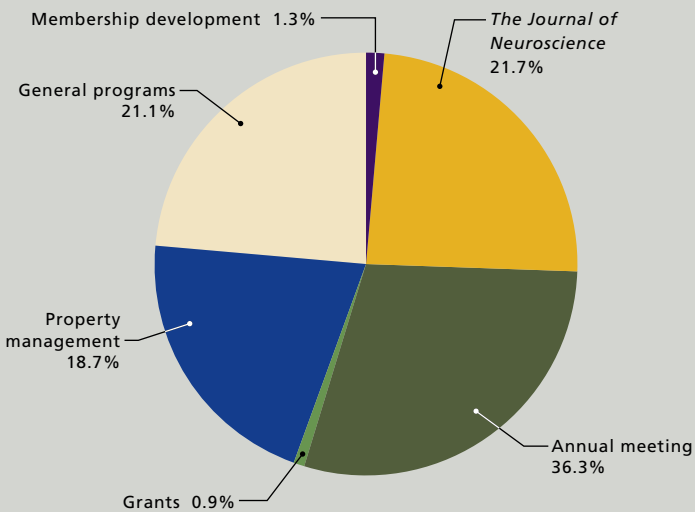
**FY2009 REVENUE — \$25,722,980**  
(excluding investment gain or loss)



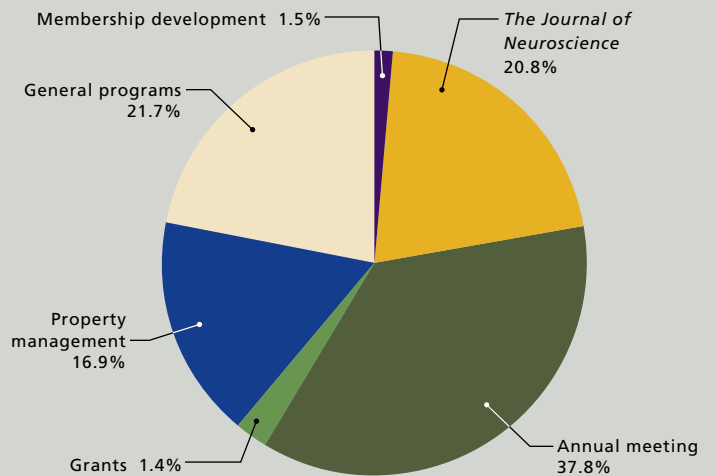
**FY2008 REVENUE — \$23,539,962**  
(excluding investment gain or loss)



**FY2009 EXPENSES — \$24,781,044**



**FY2008 EXPENSES — \$24,173,943**



\*These graphs represent the functional revenue and expense totals for the most recent two fiscal years ending June 30, 2009 and 2008, respectively. These totals were obtained from the audited financial statements of the Society for Neuroscience.





**GELMAN, ROSENBERG & FREEDMAN**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT**

To the Council  
Society for Neuroscience and 1121 Properties, LLC  
Washington, D.C.

We have audited the accompanying consolidated statement of financial position of the Society for Neuroscience and 1121 Properties, LLC (collectively, the Society), as of June 30, 2009, and the related consolidated statements of activities and change in net assets and cash flows for the year then ended. These consolidated financial statements are the responsibility of the the Society's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The prior year summarized comparative information has been derived from the Society's 2008 consolidated financial statements and, in our report dated September 17, 2008, we expressed an unqualified opinion on those statements.

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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Society as of June 30, 2009, and its consolidated change in net assets and its consolidated cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Gelman Rosenberg & Freedman*

September 10, 2009

4550 MONTGOMERY AVENUE · SUITE 650 NORTH · BETHESDA, MARYLAND 20814  
(301) 951-9090 · Fax (301) 951-3570 · [www.grfcpa.com](http://www.grfcpa.com)

MEMBER OF CPAMERICA INTERNATIONAL, AN AFFILIATE OF HORWATH INTERNATIONAL  
MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

2

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(as of June 30, 2009)*

ASSETS	2009	2008
<b>Current Assets</b>		
Cash and cash equivalents	\$736,764	\$458,917
Accounts receivable, net of allowance for doubtful accounts	424,722	375,547
Prepaid expenses	925,903	800,159
<b>Total current assets</b>	<b>2,087,389</b>	<b>1,634,623</b>
<b>Non-current Assets</b>		
Investments (Notes 2 and 13)	24,732,520	29,135,763
Property, furniture, equipment and improvements, net of accumulated depreciation and amortization of \$5,183,459 for 2009 (Notes 6, 8 and 9)	34,713,204	34,530,879
Deferred rent receivable (Note 5)	657,991	377,435
Deposits	3,892	3,892
<b>Total non-current assets</b>	<b>60,107,607</b>	<b>64,047,969</b>
<b>Total assets</b>	<b>\$62,194,996</b>	<b>\$65,682,592</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Current portion of note payable (Note 8)	\$512,500	\$483,333
Line of credit (Note 11)	1,601,561	1,764,960
Accounts payable and accrued liabilities	1,732,738	1,204,677
Deferred revenue	6,196,308	5,612,885
<b>Total current liabilities</b>	<b>10,043,107</b>	<b>9,065,855</b>
<b>Non-current Liabilities</b>		
Note payable, net of current portion (Note 8)	18,579,167	19,091,667
Bonds payable (Note 9)	12,000,000	12,000,000
Tenant deposits	17,584	17,584
Interest rate swap obligation (Note 10)	4,413,612	1,695,549
<b>Total non-current liabilities</b>	<b>35,010,363</b>	<b>32,804,800</b>
<b>Total liabilities</b>	<b>45,053,470</b>	<b>41,870,655</b>
<b>Net Assets</b>		
Unrestricted	15,979,027	23,040,876
Temporarily restricted (Note 3)	1,162,499	771,061
<b>Total net assets</b>	<b>17,141,526</b>	<b>23,811,937</b>
<b>Total liabilities and net assets</b>	<b>\$62,194,996</b>	<b>\$65,682,592</b>

See accompanying notes to consolidated financial statements.

## CONSOLIDATED STATEMENT OF ACTIVITIES *(as of June 30, 2009)*

	2009			2008
	Unrestricted	Temporarily Restricted	Total	Total
<b>REVENUE</b>				
Membership dues	\$4,643,634	\$-	\$4,643,634	\$4,503,158
<i>The Journal of Neuroscience</i>	5,952,069	-	5,952,069	5,437,701
Annual meeting	11,021,603	657,200	11,678,803	10,864,475
Investment income (loss) (Note 2)	(4,682,752)	(211,533)	(4,894,285)	(2,188,968)
Property management revenue (Note 5)	2,809,100	-	2,809,100	1,908,649
General program revenue	516,247	123,128	639,375	825,979
Net assets released from donor restrictions (Note 4)	177,357	(177,357)	-	-
<b>Total revenue</b>	<b>20,437,258</b>	<b>391,438</b>	<b>20,828,696</b>	<b>21,350,994</b>
<b>EXPENSES</b>				
<b>Program Services:</b>				
<i>The Journal of Neuroscience</i>	5,373,335	-	5,373,335	5,016,387
Annual meeting	8,984,465	-	8,984,465	9,143,335
Grants	230,934	-	230,934	336,573
General programs	5,235,839	-	5,235,839	5,242,459
<b>Total program services</b>	<b>19,824,573</b>	<b>-</b>	<b>19,824,573</b>	<b>19,738,754</b>
<b>Supporting Services:</b>				
Membership development	310,633	-	310,633	368,997
Property management expenses	4,645,838	-	4,645,838	4,066,192
<b>Total supporting services</b>	<b>4,956,471</b>	<b>-</b>	<b>4,956,471</b>	<b>4,435,189</b>
<b>Total expenses</b>	<b>24,781,044</b>	<b>-</b>	<b>24,781,044</b>	<b>24,173,943</b>
Change in net assets before other item	(4,343,786)	391,438	(3,952,348)	(2,822,949)
<b>OTHER ITEM</b>				
Unrealized loss on interest rate swap (Note 10)	(2,718,063)	-	(2,718,063)	(1,695,549)
Change in net assets	(7,061,849)	391,438	(6,670,411)	(4,518,498)
<b>Net assets at beginning of year</b>	<b>23,040,876</b>	<b>771,061</b>	<b>23,811,937</b>	<b>28,330,435</b>
<b>Net assets at end of year</b>	<b>\$15,979,027</b>	<b>\$1,162,499</b>	<b>\$17,141,526</b>	<b>\$23,811,937</b>

See accompanying notes to consolidated financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS *(as of June 30, 2009)*

CASH FLOWS FROM OPERATING ACTIVITIES	2009	2008
Change in net assets	\$(6,670,411)	\$(4,518,498)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,676,692	1,435,844
Net depreciation of investments	6,008,110	3,151,817
Unrealized loss on interest rate swap	2,718,063	1,695,549
(Increase) decrease in:		
Accounts receivable	(49,175)	161,029
Prepaid expenses	(125,744)	688,872
Deferred rent receivable	(280,556)	(377,435)
Increase (decrease) in:		
Accounts payable and accrued liabilities	528,061	(1,222,728)
Deferred revenue	583,423	397,893
Net cash provided by operating activities	4,388,463	1,412,343
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales and maturities (purchases) of investments, net	(1,604,867)	(238,764)
Purchase of property, furniture and equipment	(1,859,017)	(1,665,168)
Net cash used by investing activities	(3,463,884)	(1,903,932)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	2,645,783	2,051,477
Payments on the line of credit	(2,809,182)	(1,317,073)
Payments on notes payable	(483,333)	(425,000)
Net cash provided (used) by financing activities	(646,732)	309,404
Net increase (decrease) in cash and cash equivalents	277,847	(182,185)
Cash and cash equivalents at beginning of year	458,917	641,102
<b>Cash and cash equivalents at end of year</b>	<b>\$736,764</b>	<b>\$458,917</b>
SUPPLEMENTAL INFORMATION:		
<b>Interest paid</b>	<b>\$1,609,212</b>	<b>\$1,676,374</b>

See accompanying notes to consolidated financial statements.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

#### Organization

The Society for Neuroscience (SfN) is a non-profit organization, incorporated in the District of Columbia. The primary purposes of SfN are to advance the understanding of the nervous system, including the part it plays in determining behavior, by bringing together scientists of various backgrounds and by facilitating the integration of research directed at all levels of biological organization; to promote education in the field of neuroscience; to inform the general public on the results and implications of current research in this area.

The 1121 Properties, LLC (the LLC) is a limited liability company, incorporated in the District of Columbia on July 7, 2005. The primary purpose of the LLC is to engage in the business of performing services as directed by SfN for leasing and maintaining the leases of offices and other retail space in the premises known as 1121 14th St., NW, Washington, D.C. 20005.

The accompanying consolidated financial statements reflect the activity of the Society for Neuroscience and 1121 Properties, LLC (collectively, the Society) as of June 30, 2009. The financial statements of the two organizations have been consolidated because they are under common control. All intercompany transactions have been eliminated during consolidation.

#### Basis of presentation

The accompanying consolidated financial statements are presented on the accrual basis of accounting, and in accordance with Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organizations".

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Society's consolidated financial statements for the year ended June 30, 2008, from which the summarized information was derived.

#### Cash and cash equivalents

The Society considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

At times during the year, the Society maintains cash balances at financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) limits. Management believes the risk in these situations to be minimal.

#### Investments

The Society invests in shares held in individual securities or investment funds which include bonds, stocks, money market funds held for investment purposes, and limited partnerships. Investment fund managers trade in various domestic and foreign financial markets, which carry a certain amount of risk of loss. Investments are stated at fair value based on quoted market prices at the reporting date, or in absence of such quoted market price, a reasonable estimate of fair value as approved by management. Realized and unrealized gains and losses are included in investment income in the Consolidated Statement of Activities and Change in Net Assets.

The fair value of financial instruments is determined by reference to various market data and other valuation techniques as appropriate. Credit risk from financial instruments relate to the possibility that invested assets within a particular industry segment may experience loss due to market conditions. The Society has diversified its financial instruments to help ensure that no one industry segment represents a significant concentration of risk.

Although management uses its best judgment at estimating fair value of the underlying assets for its investments, there are inherent limitations in any valuation technique. Therefore, the value is not necessarily indicative of the amount that could be realized in a current transaction. Future events will also affect the estimates of fair value, and the effect of such events on the estimates of fair value could be material.

#### Fair value measurements

The Society adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 157, entitled Fair Value Measurements. SFAS No. 157 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions

that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. The Society accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

#### Accounts receivable

Accounts receivable are stated at their fair value. The allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and the historical experience with the customer.

#### Property, furniture, equipment and improvements

Property, furniture, equipment and improvements are stated at cost. Property, furniture, equipment and improvements are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to ten years. The building and building costs are recorded at cost and are depreciated over thirty-nine years. Expenditures for major repairs and improvements with useful lives greater than one year and in excess of \$3,000 are capitalized and expenditures of lesser amounts for minor and maintenance costs are expensed when incurred.

#### Income taxes

The Society is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2) of the Code. Accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements.

The Society is required to report unrelated business income to the Internal Revenue Service and the appropriate state taxing authorities. The Society leases office space to several unaffiliated tenants. The activity is considered to be unrelated business activity under the Internal Revenue Service regulations. Defined net income from the operations is taxable. To date, there has been a loss from unrelated business activities.

As of June 30, 2009, there were net operating loss carryforwards of approximately \$270,350. No deferred tax asset has been recognized due to uncertainty realization. The net operating losses expire between 2028 and 2029.

In June 2006, the Financial Accounting Standards Board (FASB) released FASB Interpretation No. (FIN) 48, Accounting for Uncertainty in Income Taxes. FIN 48 interprets the guidance in FASB Statement of Financial Accounting Standards (SFAS) No. 109, Accounting for Income Taxes. When FIN 48 is implemented, reporting entities utilize different recognition thresholds and measurement requirements when compared to prior technical literature. On December 30, 2008, the FASB Staff issued FASB Staff Position (FSP) FIN 48-3, Effective Date of FASB Interpretation No. 48 for Certain Non-public Enterprises. During 2008, management elected to implement FASB interpretation No. (FIN) 48, Accounting for Uncertainty in Income Taxes. As a result, SfN did not identify any uncertain tax positions that qualify for either recognition or disclosure in the consolidated financial statements.

For the purpose of corporate tax reporting for the LLC, all financial transactions are reported under SfN's filing status.

#### Deferred revenue

Deferred revenue consists of member dues, journal subscriptions, and annual meeting-related fees. The Society recognizes member dues and journal subscriptions on a pro-rata basis over an annual period, while annual meeting fees are recorded at the time the annual meeting occurs.

#### Net asset classification

The net assets of the Society are reported in two self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of the Society and include both internally designated and undesignated resources.
- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of the Society and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Consolidated Statement of Activities and Change in Net Assets as net assets released from restrictions.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Revenue recognition

Membership dues and journal subscription revenues are recorded as revenue in the year to which the revenue is related. Contributions and grants are recorded as revenue in the year notification is received from the donor. Contributions and grants are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. The Society recognizes annual meeting fees when the related event has occurred.

Contracts and grants received from departments or agencies of the United States Government are considered to be exchange transactions (as opposed to contributions) and are not recorded as revenue until related costs are incurred.

Rental income is recognized on a straight-line basis. The leases call for rent abatement and/or annual rental payment escalations. The difference between rental income received and rental income recognized on the straight-line basis is recorded as deferred rents receivable in the accompanying Consolidated Statement of Financial Position. Deferred revenue is recognized for rental payments received in advance of the period earned.

### Use of estimates

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

### Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Consolidated Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

### Reclassification

Certain amounts in the prior year's consolidated financial statements have been reclassified to conform to the current year's presentation.

## 2. INVESTMENTS

Investments consisted of the following at June 30, 2009:

	Cost	Market Value
U.S. government obligations	\$1,244,193	\$1,267,284
Fixed income	9,156,167	8,747,537
Equities	16,308,838	13,948,796
Cash	768,903	768,903
<b>Total long-term investments</b>	<b>\$27,478,101</b>	<b>\$24,732,520</b>

Alternative investments are comprised of the following at June 30, 2009:

Investment Type	Amount	Liquidity
Cayman Islands Exempted Company	\$926,114	Quarterly with 90 days prior notice
Vintage Fund V Offshore LP	220,018	None until dissolution or transfer to another party
	<b>\$1,146,132</b>	

As of June 30, 2009, the Society has no uncalled commitments.

Included in investment income (loss) are the following:

Interest and dividends	\$1,113,825
Net depreciation of investments	(6,008,110)
<b>Total investment income (loss)</b>	<b>\$(4,894,285)</b>

The investment management fee expense was \$169,076 for the year ended June 30, 2009.

Included in equities are alternative investments with an estimated market value of \$1,146,132. The sale of these investments is subject to certain conditions.

The Society has resolved to use available funds and future earnings thereon to establish a strategic reserve pool that represents at least one year of expense budget. Based upon the intent of the Society, assets of the strategic reserve pool are classified as long-term.

## 3. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at June 30, 2009:

Julius Axelrod Prize	\$443,820
Grass Traveling Scientist Program	34,459
Ricardo Miledi Neuroscience Training Program	173,592
The Jacob P. Waletzky Award	503,428
Bernice Grafstein Award	7,200
	<b>\$1,162,499</b>

## 4. NET ASSETS RELEASED FROM RESTRICTIONS

The following temporarily restricted net assets were released from donor restrictions by incurring expenses which satisfied the restricted purposes specified by the donors:

Julius Axelrod Prize	\$38,739
Grass Traveling Scientist Program	39,941
History of Neuroscience Video Series	60,000
The Jacob P. Waletzky Award	38,677
	<b>\$177,357</b>

## 5. LEASE COMMITMENTS

The LLC currently has a total of nine tenants leasing office space within its premises. The period of the leases range from August 14, 2006 to May 31, 2018. Rental income from these leases is included in the accompanying Consolidated Statement of Activities and Change in Net Assets in property management revenue. Rental income from these leases totaled \$1,932,396 for the year ended June 30, 2009 and is included in the accompanying Consolidated Statement of Activities and Change in Net Assets in property management revenue. Property management revenue totaled \$2,809,100, and includes income for garage and storage leasing fees and operating expense recoverables.

Rental income is recognized on a straight-line basis. The difference between rental income received and rental income recognized on the straight-line basis is recorded as deferred rent receivable in the accompanying Consolidated Statement of Financial Position. As of June 30, 2009, the deferred rent receivable totaled \$657,991.

The following is a schedule of future minimum rental payments to be received by the LLC:

Year Ended June 30,	Tenants
2010	\$2,556,801
2011	2,281,046
2012	2,029,183
2013	1,785,276
2014	1,841,539
Thereafter	6,126,118
	<b>\$16,619,963</b>

## 6. PROPERTY, FURNITURE, EQUIPMENT AND IMPROVEMENTS

At June 30, 2009, property, furniture, equipment and improvements consisted of the following:

Land	\$7,150,400
Building	22,939,766
Building improvements	5,768,190
Furniture	1,137,488
Computer equipment	1,637,807
Other	1,263,012
	39,896,663
Accumulated depreciation and amortization	(5,183,459)
<b>Total</b>	<b>\$34,713,204</b>

Depreciation expense was \$1,676,692 for the year ended June 30, 2009.

## 7. DEFINED CONTRIBUTION PENSION PLAN

The Society maintains a defined contribution plan for employees meeting certain eligibility requirements. Eligible employees may contribute a percentage of their salary subject to the maximum contribution as per the applicable IRS regulation.

The Society contributes 4% to 16% of a participating employee's salary depending upon the percentage of contribution made by the employees. The Society's contributions to the plan for the year ended June 30, 2009 totaled \$695,580.

## 8. NOTES PAYABLE

On February 1, 2006, the Society entered into an agreement to purchase the property at 1121 14th Street, N.W., Washington D.C. The purchase was financed through a \$20,000,000 note payable from Bank of America, N.A. The note calls for interest-only payments until the building reaches stabilization of tenant income or once a period of eighteen months has elapsed since the closing. As of August 1, 2007, the latter criteria was met. The Society entered into a swap agreement to artificially fix the interest rate, see Note 10.

Future minimum principal payments are as follows:

Year Ended June 30,	
2010	\$512,500
2011	537,500
2012	563,333
2013	592,500
2014	622,500
Thereafter	16,263,334
	19,091,667
Less: Current Portion	(512,500)
<b>Non-Current Portion</b>	<b>\$18,579,167</b>

## 9. BONDS PAYABLE

On February 1, 2006, the District of Columbia agreed to issue its Variable Rate Revenue Bonds (Society for Neuroscience Issue) Series 2006 in the aggregate principal amount of \$12,000,000, for the benefit of the Society through Bank of America, N.A., in order to finance a portion of the costs of acquiring, constructing, and furnishing the office building, including parking garage, located at 1121 14th Street, N.W., Washington D.C. The Society agreed to pay the principal or purchase price and interest on the bonds. The bonds carry a fluctuating rate of interest per annum that approximates the BMA index (a national index of seven-day floating tax-exempt rates). As of June 30, 2009, the interest rate was 0.32%. Principal payments shall begin February 1, 2030.

## 10. INTEREST SWAP AGREEMENT

To minimize the effect of changes in the variable rate, the Society entered into an interest rate swap contract with a commercial bank for both the note and bonds payable, which it pays interest at a blended fixed rate of 5.2%. The interest rate swap contract is considered a derivative financial instrument, because it derives its value from the interest rate paid on the DC Bonds.

The fair value of the interest rate swap contract has been included as a liability in the amount of \$4,413,612 in the Consolidated Statement of Financial Position as of June 30, 2009. The unrealized loss on the interest rate swap of \$2,718,063 is shown as an other item in the Consolidated Statement of Activities and Change in Net Assets. The liability amounts represent an estimate of what the Society would have to pay if the agreement was cancelled as of June 30, 2009.

The recorded amount of the liability or asset representing the fair value of the swap contract will vary from year to year as (1) the variable rate received changes in relation to the fixed rate paid, (2) the principal amount is paid down, which reduces the corresponding amount of the swap contract and (3) the remaining time until maturity of the swap contract which terminates in 2030 for the note payable and 2037 for the bond payable.

## 11. LINE OF CREDIT

The Society has a line of credit with Citigroup Global Market, Inc. in the amount of \$5,000,000, with a fixed interest rate based on the applicable floating rate, LIBOR plus 50 basis points (1.139% at June 30, 2009). As of June 30, 2009, the line of credit had borrowings in the amount of \$1,601,561. The line of credit is collateralized by investments held by Citigroup.

## 12. REVOLVING CREDIT NOTE

The Society has a revolving credit note with Bank of America, NA in the amount of \$400,000 with an interest rate per annum equal to the applicable floating daily rate of the British Bankers Association (BBA), LIBOR plus 75 basis points. As of June 30, 2009, the revolving credit note had no borrowings.

## 13. FAIR VALUE MEASUREMENTS

In accordance with Statement of Financial Accounting Standards (SFAS) No. 157, the Society has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Consolidated Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

**Level 1.** These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Society has the ability to access.

**Level 2.** These are investments where values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full-term of the investments.

**Level 3.** These are investments where values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect assumptions of management about assumptions market participants would use in pricing the investments. These investments include non-readily marketable securities that do not have an active market.

Financial assets recorded in the Consolidated Statement of Financial Position are categorized based on the inputs to the valuation technique as follows for the year ended June 30, 2009:

	Level 1	Level 2	Level 3	Total
Asset Category:				
<b>Investments</b>	<b>\$23,586,388</b>	<b>\$ -</b>	<b>\$1,146,132</b>	<b>\$24,732,520</b>

### Level 3 Financial Assets

The following table provides a summary of changes in fair value of the Society's financial assets for the year ended June 30, 2009:

	Investments
Beginning balance as of July 1, 2008	\$1,069,757
Unrealized and realized gains (losses)	(143,643)
Purchases	220,018
<b>Balance as of June 30, 2009</b>	<b>\$1,146,132</b>

## 14. SUBSEQUENT EVENT

On May 27, 2009, the Society entered into an agreement with the Association of Neuroscience Departments and Programs (ANDP) to bring its programs and activities into and become a part of the Society effective July 1, 2009.

A summary of the financial position of ANDP at July 1, 2009 is as follows:

Total assets	\$109,720
Total liabilities	\$1,617
Net assets - Unrestricted	\$108,103

The revenue and expenses for ANDP for the six-month period ended June 30, 2009 totaled \$56,143 and \$41,511, respectively.