



Accelerated Cure Project, Inc.

Financial Statements **Year Ended December 31, 2015**

ACCELERATED CURE PROJECT, INC.

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Independent Auditor's Report

To the Board of Directors
Accelerated Cure Project, Inc.
Waltham, Massachusetts

We have audited the accompanying financial statements of Accelerated Cure Project, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Accelerated Cure Project, Inc. as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The 2014 financial statements were audited by Feeley & Driscoll, P.C., whose partners and professional staff joined BDO USA, LLP as of May 1, 2016, and whose report dated May 7, 2015, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

BDO USA, LLP.

July 29, 2016

ACCELERATED CURE PROJECT, INC.

Statement of Financial Position

December 31, 2015

	<u>Assets</u>	
	<u>2015</u>	<u>2014</u>
Current assets:		
Cash and cash equivalents	\$ 400,764	\$ 934,688
Accounts receivable	13,917	129,575
Pledges receivable	1,281,250	-
Prepaid expenses and other current assets	22,241	27,688
Total current assets	<u>1,718,172</u>	<u>1,091,951</u>
Property and equipment:		
Website development	100,733	100,733
Computer equipment	42,038	42,038
Equipment	29,510	29,510
	<u>172,281</u>	<u>172,281</u>
Less accumulated depreciation and amortization	<u>151,398</u>	<u>121,749</u>
	<u>20,883</u>	<u>50,532</u>
Other assets -		
Deposit	27,507	25,000
Total other assets	<u>27,507</u>	<u>25,000</u>
Total assets	<u><u>\$ 1,766,562</u></u>	<u><u>\$ 1,167,483</u></u>
<u>Liabilities and Net Assets</u>		
Liabilities:		
Accounts payable	\$ 75,908	\$ 281,282
Accrued expenses	27,035	37,017
Total current liabilities	<u>102,943</u>	<u>318,299</u>
Commitments		
Net assets:		
Unrestricted	(21,869)	77,718
Temporarily restricted	1,685,488	771,466
Total net assets	<u>1,663,619</u>	<u>849,184</u>
Total liabilities and net assets	<u><u>\$ 1,766,562</u></u>	<u><u>\$ 1,167,483</u></u>

See accompanying notes.

ACCELERATED CURE PROJECT, INC.

Statement of Activities

For the year ended December 31, 2015

	Unrestricted	Temporarily Restricted	Totals 2015	Totals 2014
Revenues and other support:				
Contribution revenue	\$ 1,304,056	\$ 1,666,800	\$ 2,970,856	\$ 3,002,757
Special events:				
Special events revenue	15,349	-	15,349	414,972
Less direct event expenses	(7,487)	-	(7,487)	(184,850)
Special events revenue, net	<u>7,862</u>	<u>-</u>	<u>7,862</u>	<u>230,122</u>
Total revenues and other support	<u>1,311,918</u>	<u>1,666,800</u>	<u>2,978,718</u>	<u>3,232,879</u>
Net assets released from restrictions -				
Satisfaction of donor restrictions, operations	<u>752,778</u>	<u>(752,778)</u>	<u>-</u>	<u>-</u>
Total revenue and other support	<u>2,064,696</u>	<u>914,022</u>	<u>2,978,718</u>	<u>3,232,879</u>
Expenses:				
Scientific Collaboration	1,480,480	-	1,480,480	1,995,261
Repository	229,398	-	229,398	323,938
Education and Community Building	2,649	-	2,649	25,436
Fundraising	235,909	-	235,909	248,529
General and administrative	215,915	-	215,915	297,277
Total expenses	<u>2,164,351</u>	<u>-</u>	<u>2,164,351</u>	<u>2,890,441</u>
Excess (deficit) of revenue over expenses	<u>(99,655)</u>	<u>914,022</u>	<u>814,367</u>	<u>342,438</u>
Other income (expense):				
Interest income	68	-	68	1
Interest expense	-	-	-	(306)
Total other income (expense)	<u>68</u>	<u>-</u>	<u>68</u>	<u>(305)</u>
Change in net assets	<u>(99,587)</u>	<u>914,022</u>	<u>814,435</u>	<u>342,133</u>
Net assets as of beginning of year	<u>77,718</u>	<u>771,466</u>	<u>849,184</u>	<u>507,051</u>
Net assets as of end of year	<u>\$ (21,869)</u>	<u>\$ 1,685,488</u>	<u>\$ 1,663,619</u>	<u>\$ 849,184</u>

See accompanying notes.

ACCELERATED CURE PROJECT, INC.

Statement of Functional Expenses

For the year ended December 31, 2015

	Program Services						
	Scientific Collaboration	Repository	Education & Community Building	Fundraising	General and Administrative	Totals 2015	Totals 2014
Payroll and related costs	\$ 418,015	\$ 43,539	\$ 451	\$ 178,648	\$ 71,558	\$ 712,211	\$ 874,037
Research and data collection	476,671	130,021	-	-	-	606,692	802,439
Consultants	335,912	25,330	-	-	10,189	371,431	491,054
Professional fees	35,988	-	-	-	70,751	106,739	91,763
Facilities	50,851	6,062	1,383	23,135	12,418	93,849	97,177
Travel, meals and entertainment	49,541	611	580	390	1,832	52,954	71,157
Other benefits	36,979	3,886	29	12,888	11,694	65,476	56,357
Meetings and conferences	21,246	1,140	104	1,145	965	24,600	22,988
Office	8,246	2,830	102	4,943	18,904	35,025	40,332
Depreciation	-	13,891	-	-	15,758	29,649	42,416
Public relations	22,991	-	-	1,725	450	25,166	229,745
Printing	21,415	-	-	2,821	609	24,845	19,389
Dues and subscriptions	2,625	2,088	-	10,214	787	15,714	15,777
Events	-	-	-	-	-	-	23,121
Bad debt expense	-	-	-	-	-	-	10,825
Miscellaneous	-	-	-	-	-	-	1,864
	<u>\$ 1,480,480</u>	<u>\$ 229,398</u>	<u>\$ 2,649</u>	<u>\$ 235,909</u>	<u>\$ 215,915</u>	<u>\$ 2,164,351</u>	<u>\$ 2,890,441</u>

See accompanying notes.

ACCELERATED CURE PROJECT, INC.

Statement of Cash Flows

For the year ended December 31, 2015

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Change in net assets	\$ 814,435	\$ 342,133
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	29,649	42,416
Increase (decrease) in cash resulting from a change in:		
Accounts receivable	115,658	27,752
Pledges receivable	(1,281,250)	50,925
Prepaid expenses and other current assets	5,447	(9,450)
Deposits	(2,507)	
Accounts payable	(205,374)	176,834
Accrued expenses	(9,982)	4,858
Net cash (used in) provided by operating activities	<u>(533,924)</u>	<u>635,468</u>
Cash flows from investing activities -		
Purchases of property and equipment	<u>-</u>	<u>(516)</u>
Net cash used in investing activities	<u>-</u>	<u>(516)</u>
Net (decrease) increase in cash and cash equivalents	(533,924)	634,952
Cash and cash equivalents, beginning of year	<u>934,688</u>	<u>299,736</u>
Cash and cash equivalents, end of year	<u>\$ 400,764</u>	<u>\$ 934,688</u>

See accompanying notes.

ACCELERATED CURE PROJECT, INC.

Notes to Financial Statements

Note 1 - Organization

Accelerated Cure Project, Inc. (the “Organization”), which also conducts business under the name Accelerated Cure Project for Multiple Sclerosis, is located in Waltham, Massachusetts. The Organization, founded in March 2001, is a nonprofit organization dedicated to accelerating efforts towards a cure for multiple sclerosis (MS). Contributions are received from individuals and organizations for the purposes of being used in the Organization’s Repository, Scientific Collaboration, and Education and Community Building programs.

Descriptions of the Organization’s major programs are as follows; Education and Community Building: a program to enhance community knowledge of the Repository Program and other multiple sclerosis issues; Repository Program: a recruiting program created to collect biological specimens and data from subjects with and without multiple sclerosis and other related diseases to help determine the cause of these diseases; Scientific Collaboration: a program that aims to accelerate progress toward a cure for multiple sclerosis by stimulating and enabling research and creating networking opportunities within the scientific community to spark new ideas and catalyze unforeseen connections.

Note 2 - Summary of Significant Accounting Policies

A summary of the significant accounting policies followed by the Organization in the preparation of the accompanying financial statements is set forth below:

Basis of Accounting - The financial statements have been prepared on an accrual basis. In the statement of financial position, assets are presented in order of liquidity or conversion to cash and liabilities are presented according to their maturity resulting in the use of cash.

Financial Statement Presentation - Net assets are classified into permanently restricted, temporarily restricted and unrestricted, when appropriate, to properly disclose the nature and amount of significant resources that have been restricted in accordance with specified objectives of donors and grantors. The Organization has both unrestricted net assets and temporarily restricted net assets. The unrestricted net assets are available to be used for the general purposes of the Organization. Temporarily restricted net assets are those whose use has been limited by donors to a specific period or purpose.

Comparative Financial Information - In addition, the 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 Organization’s financial statements for the year ended December 31, 2014, from which the summarized information was derived.

ACCELERATED CURE PROJECT, INC.

Notes to Financial Statements - Continued

Note 2 - Summary of Significant Accounting Policies - Continued

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from the estimates that were used.

Cash and Cash Equivalents - For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable - The Organization grants credit to customers in the Organization's repository research programs. An allowance for doubtful accounts is considered based on a review of outstanding receivables, historical collection information, and existing economic conditions. Trade receivables are due in 30 days after the issuance of the invoice. Delinquent receivables are considered on an individual basis and will be written off based on credit evaluation and specific circumstances of the customer. No allowance was deemed necessary at December 31, 2015.

Pledges Receivable - Unconditional promises to give that are expected to be collected or paid within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected or paid in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received or paid. Amortization of the discounts is included in contribution revenue or expense. Conditional promises to give are not included in support or expenses until the conditions are substantially met. The Organization provides an allowance for doubtful accounts equal to estimated pledge defaults. The estimated defaults are based on historical collection experience together with a review of the current status of the existing receivables. No allowance was deemed necessary at December 31, 2015.

Property and Equipment - Property and equipment are stated at historic cost. Major renewals, additions and betterments greater than \$1,500 are charged to the property accounts, while replacements, maintenance and repairs, which do not improve or extend the lives of the respective assets, are expensed in the year incurred.

Depreciation and Amortization - Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the related assets as follows:

<u>Assets</u>	<u>Life in Years</u>
Website development	3
Computer equipment	3
Equipment	7

ACCELERATED CURE PROJECT, INC.

Notes to Financial Statements - Continued

Note 2 - Summary of Significant Accounting Policies - Continued

Impairment of Long-Lived Assets - Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 360-10-35, “Accounting for the Impairment or Disposal of Long-Lived Assets,” requires the Association to review long-lived assets, such as property and equipment or intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. As of December 31, 2015, the Organization did not recognize any impairment.

Contributions - Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

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 statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same operating period are presented as unrestricted contributions.

Contributed Services - Contributed services are recognized if the services received (a) create or enhance a non-financial asset or (b) require specialized skills, which are provided by individuals possessing those skills and which would typically need to be purchased, if not provided by donation. Contributions of services are recognized at fair market value when received.

Functional Allocation of Expenses - The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of activities which includes all expenses incurred for the year. Accordingly, certain costs have been allocated among the program and supporting services benefited, based on usage or other equitable bases established by management.

Income Tax Exempt Status - The Organization is exempt from federal, state and local income taxes under Section 501(c)(3) of the Internal Revenue Code (the “Code”) and, therefore, has made no provision for income taxes in the accompanying financial statements. In addition, the Organization has been determined by the Internal Revenue Service (“IRS”) not to be a “private foundation” within the meaning of Section 509(a) of the Code. The Organization did not have any Unrelated Business Income (“UBI”) at December 31, 2015.

Under ASC 740, an organization must recognize the financial statement effects of an uncertain tax position when it is more likely than not that the position will not be sustained upon examination by a taxing authority. The Organization does not believe it has taken any material uncertain tax positions and, accordingly, it has not recorded any liability for unrecognized tax benefits. The Organization has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Organization has filed IRS Form 990 information returns, as required, and all other applicable returns in jurisdictions where so required. For the year ended December 31, 2015, there were no interest or penalties recorded or included in the statement of activities. Management believes that the Organization is no longer subject to income tax examinations for years prior to 2012.

ACCELERATED CURE PROJECT, INC.

Notes to Financial Statements - Continued

Note 2 - Summary of Significant Accounting Policies - Continued

Subsequent Events - The Organization has evaluated subsequent events through July 29, 2016, which is the date the financial statements were available for issuance.

Note 3 - Concentration of Credit Risk

The Organization has a potential concentration of credit risk in that it maintains deposits with financial institutions in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC). The maximum deposit insurance amount is \$250,000, which is applied per depositor, per insured bank for each account ownership category. As of December 31, 2015, the Organization had \$203,379 in excess of FDIC limits.

Note 4 - Operating Leases

On July 1, 2015, the Organization entered into a new lease agreement for a facility located in Waltham, Massachusetts, with monthly payments of \$2,507, and expiring on March 15, 2017. The rent expense related to this lease was \$15,042 for the year ended December 31, 2015.

The Organization is still responsible for their prior lease agreement dated July 1, 2012, for a facility located in Waltham, Massachusetts, with monthly payments ranging from \$6,240 to \$6,810, and expiring on October 31, 2017. The rent expense related to this lease was \$78,740 for the year ended December 31, 2015. On September 1, 2015, the Organization sub-leased this location to a third party with monthly payments ranging from \$6,243 to \$6,455 and expiring on September 30, 2017. Rental income related to this sub-lease was \$26,421 for the year ended December 31, 2015, and was netted with rent expense.

The Organization has a lease agreement for office equipment, which expired in November 2015. Under the agreement, the Organization was required to pay monthly installments of \$149. The total expense related to the equipment lease was \$1,639 for the year ended December 31, 2015.

Minimum annual future rental payments are as follows for the years ending December 31:

2016	\$	110,527
2017		67,558
	\$	178,085

ACCELERATED CURE PROJECT, INC.

Notes to Financial Statements - Continued

Note 5 - Temporarily Restricted Net Assets

Temporarily restricted net assets were available for use as follows:

Scientific Collaboration Program:

OPT-UP	\$ 1,496,766
MS Discovery Forum	149,422
MS-PPRN	<u>39,300</u>
	<u>\$ 1,685,488</u>

Note 6 - Contributed Services

The Organization receives printing, internet development and technology, research and data collection, and public relations and communications services without charge. The estimated fair market value of the services has been reported as contribution revenue and research and data collection expenses. Both contribution revenue and expenses for the year ended December 31, 2015, were recorded at \$199,912.

The Organization received a significant amount of contributed time, which did not meet either of the two recognition criteria described in Note 2. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying financial statements. For the year ended December 31, 2015, the Organization received approximately 128 hours of donated time.

Note 7 - Concentrations

Two donors accounted for approximately 99% of pledges receivable as of December 31, 2015.

Three donors accounted for approximately 49% of revenue for the year ended December 31, 2015.