

ACCELERATED CURE PROJECT, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2007

ACCELERATED CURE PROJECT, INC.

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Statement of Financial Position December 31, 2007 (with comparative totals as of December 31, 2006)	2
Statement of Activities For the year ended December 31, 2007 (with comparative totals for the year ended December 31, 2006)	3
Statement of Functional Expenses For the year ended December 31, 2007	4
Statement of Functional Expenses For the year ended December 31, 2006	5
Statement of Cash Flows For the year ended December 31, 2007 (with comparative totals for the year ended December 31, 2006)	6
Notes to Financial Statements December 31, 2007	7

The Board of Directors
Accelerated Cure Project, Inc.
Waltham, Massachusetts

Independent Auditors' Report

We have audited the accompanying statement of financial position of Accelerated Cure Project, Inc. (a nonprofit organization) as of December 31, 2007, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Accelerated Cure Project, Inc.'s 2006 financial statements and, in our report dated June 8, 2007, we expressed an unqualified opinion on those financial 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 financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

May 6, 2008

ACCELERATED CURE PROJECT, INC.

Statement of Financial Position

December 31, 2007

(with comparative totals as of December 31, 2006)

Assets

	Unrestricted	Temporarily Restricted	Totals 2007	Totals 2006
Current assets:				
Cash and cash equivalents	\$ 32,325	\$ 1,025,430	\$ 1,057,755	\$ 1,043,873
Pledges receivable, net	-	224,698	224,698	182,179
Prepaid expenses and other current assets	9,425	49,925	59,350	36,705
Total current assets	<u>41,750</u>	<u>1,300,053</u>	<u>1,341,803</u>	<u>1,262,757</u>
Computer equipment	23,390	-	23,390	17,486
Less accumulated depreciation	14,149	-	14,149	7,611
	<u>9,241</u>	<u>-</u>	<u>9,241</u>	<u>9,875</u>
Other assets:				
Long-term portion of pledges receivable, net	-	96,731	96,731	182,206
Deposits	10,300	-	10,300	10,000
Total other assets	<u>10,300</u>	<u>96,731</u>	<u>107,031</u>	<u>192,206</u>
	<u>\$ 61,291</u>	<u>\$ 1,396,784</u>	<u>\$ 1,458,075</u>	<u>\$ 1,464,838</u>

Liabilities and Net Assets (Deficit)

Liabilities:				
Accounts payable	\$ 60,160	\$ -	\$ 60,160	\$ 32,004
Accrued expenses	10,605	-	10,605	10,914
Total current liabilities	<u>70,765</u>	<u>-</u>	<u>70,765</u>	<u>42,918</u>
Commitments				
Net assets (deficit):				
Unrestricted	(9,474)	-	(9,474)	190,735
Temporarily restricted	-	1,396,784	1,396,784	1,231,185
Total net assets (deficit)	<u>(9,474)</u>	<u>1,396,784</u>	<u>1,387,310</u>	<u>1,421,920</u>
	<u>\$ 61,291</u>	<u>\$ 1,396,784</u>	<u>\$ 1,458,075</u>	<u>\$ 1,464,838</u>

See accompanying notes.

ACCELERATED CURE PROJECT, INC.

Statement of Activities

For the year ended December 31, 2007
(with comparative totals for the year ended December 31, 2006)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals 2007</u>	<u>Totals 2006</u>
Revenues and other support -				
Contribution revenue	\$ 559,121	\$ 1,464,697	\$ 2,023,818	\$ 2,688,978
Total revenues and other support	<u>559,121</u>	<u>1,464,697</u>	<u>2,023,818</u>	<u>2,688,978</u>
Net assets released from restrictions -				
Satisfaction of donor restrictions, operations	1,299,098	(1,299,098)	-	-
Total revenue and contributed support	<u>1,858,219</u>	<u>165,599</u>	<u>2,023,818</u>	<u>2,688,978</u>
Expenses:				
Repository Program	1,102,157	-	1,102,157	758,347
Education and Community Building	385,388	-	385,388	495,560
Cure Map	141,422	-	141,422	154,668
LDN	-	-	-	25,000
Fundraising	277,877	-	277,877	229,963
General and administrative	184,544	-	184,544	123,549
Total expenses	<u>2,091,388</u>	<u>-</u>	<u>2,091,388</u>	<u>1,787,087</u>
Excess of revenues over expenses (expenses over revenues)	<u>(233,169)</u>	<u>165,599</u>	<u>(67,570)</u>	<u>901,891</u>
Other income:				
Interest income	32,960	-	32,960	24,380
Total other income	<u>32,960</u>	<u>-</u>	<u>32,960</u>	<u>24,380</u>
Change in net assets	(200,209)	165,599	(34,610)	926,271
Net assets as of beginning of year	<u>190,735</u>	<u>1,231,185</u>	<u>1,421,920</u>	<u>495,649</u>
Net assets (deficit) as of end of year	<u>\$ (9,474)</u>	<u>\$ 1,396,784</u>	<u>\$ 1,387,310</u>	<u>\$ 1,421,920</u>

See accompanying notes.

ACCELERATED CURE PROJECT, INC.

Statement of Functional Expenses

For the year ended December 31, 2007

	Program Services					Total
	Repository Program	Education & Community Building	Cure Map	Fundraising	General and Administrative	
Research and data collection	\$ 919,430	\$ -	\$ -	\$ -	\$ -	\$ 919,430
Payroll	110,093	38,200	95,160	157,507	59,413	460,373
Public relations	-	180,848	-	-	-	180,848
Printing	150	91,976	-	5,903	2,824	100,853
Facilities	19,506	3,901	19,546	23,139	15,225	81,317
Benefits	16,061	5,888	14,114	23,334	9,870	69,267
Professional fees	-	-	-	-	57,028	57,028
Consultants	16,500	-	3,871	17,545	15,990	53,906
Office	4,281	13,752	2,533	9,970	11,133	41,669
Prizes	-	18,082	-	12,895	169	31,146
Travel, meals and entertainment	3,636	11,509	3,154	3,630	432	22,361
Depreciation	-	-	-	-	6,538	6,538
Miscellaneous	12,500	21,232	3,044	23,954	5,922	66,652
	<u>\$ 1,102,157</u>	<u>\$ 385,388</u>	<u>\$ 141,422</u>	<u>\$ 277,877</u>	<u>\$ 184,544</u>	<u>\$ 2,091,388</u>

See accompanying notes.

ACCELERATED CURE PROJECT, INC.

Statement of Functional Expenses

For the year ended December 31, 2006

	Program Services						Total
	Repository Program	Education & Community Building	Cure Map	LDN	Fundraising	General and Administrative	
Research and data collection	\$ 590,075	\$ -	\$ -	-	\$ -	-	\$ 590,075
Payroll	86,467	33,000	97,551	-	124,800	42,959	384,777
Public relations	-	257,365	-	-	-	100	257,465
Printing	53	138,266	-	-	12,721	5,950	156,990
Travel, meals and entertainment	7,175	29,290	8,157	-	28,405	1,099	74,126
Consultants	-	560	8,665	25,000	22,823	13,077	70,125
Facilities	18,159	6,030	12,129	-	12,059	20,045	68,422
Benefits	13,740	5,496	15,600	-	20,065	10,975	65,876
Professional fees	32,450	-	-	-	-	10,543	42,993
Educational training	409	-	11,681	-	-	-	12,090
Depreciation	-	-	-	-	-	3,425	3,425
Office	86	358	180	-	131	-	755
Prizes	-	380	-	-	33	-	413
Miscellaneous	9,733	24,815	705	-	8,926	15,376	59,555
	<u>\$ 758,347</u>	<u>\$ 495,560</u>	<u>\$ 154,668</u>	<u>\$ 25,000</u>	<u>\$ 229,963</u>	<u>\$ 123,549</u>	<u>\$ 1,787,087</u>

See accompanying notes.

ACCELERATED CURE PROJECT, INC.

Statement of Cash Flows

For the year ended December 31, 2007
 (with comparative totals for the year ended December 31, 2006)

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Change in net assets	\$ (34,610)	\$ 926,271
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	6,538	3,425
Changes in operating assets and liabilities:		
Decrease (increase) in pledges receivable	42,956	(348,588)
Increase in prepaid expenses and other current assets	(22,645)	(27,898)
Increase in accounts payable	28,156	18,215
Decrease in accrued expenses	(309)	(426)
Net cash provided by operating activities	<u>20,086</u>	<u>570,999</u>
Cash flows from investing activities:		
Purchases of property and equipment	(5,904)	(11,327)
Payment of deposits	(300)	(8,052)
Net cash used in investing activities	<u>(6,204)</u>	<u>(19,379)</u>
Net increase in cash and cash equivalents	13,882	551,620
Cash and cash equivalents, beginning of year	<u>1,043,873</u>	<u>492,253</u>
Cash and cash equivalents, end of year	<u>\$ 1,057,755</u>	<u>\$ 1,043,873</u>

See accompanying notes.

ACCELERATED CURE PROJECT, INC.

Notes to Financial Statements

December 31, 2007

Note 1 - Organization

Accelerated Cure Project, Inc. (the "Organization"), also conducting 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 creating and executing a plan to cure multiple sclerosis (MS). Contributions are received from individuals and organizations for the purposes of being used in the Organization's various programs.

At December 31, 2007, the Organization's unrestricted assets were less than its unrestricted liabilities. Management expects to generate sufficient unrestricted funds during 2008 to correct this situation.

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 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 and designated by the Board of Directors 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.

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, 2006, from which the summarized information was derived.

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 (3) months or less to be cash equivalents.

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

ACCELERATED CURE PROJECT, INC.

Notes to Financial Statements - Continued

December 31, 2007

Note 2 - Summary of Significant Accounting Policies - Continued

Contributions - Continued - 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 operations as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same operating period are presented as unrestricted contributions.

Property and Equipment - Property and equipment are stated at cost. Depreciation is computed over the estimated useful lives of the assets using the straight-line method. Major additions are capitalized, while repairs and maintenance are charged to expense as incurred. Computer equipment is being depreciated over a three (3) year useful life.

Contributed Goods and Services - Contributed professional services are recognized if the services received a) create or enhance long-lived assets 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 and tangible assets are recognized at fair market value when received.

The Organization receives a significant amount of contributed time, which does not meet the two recognition criteria described above. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying financial statements. For the years ended December 31, 2007 and 2006, the Organization received approximately 5,104 and 9,497 hours of donated time, respectively.

Pledges Receivable - Unconditional promises to give that are expected to be collected or paid within one (1) 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 considered necessary at December 31, 2007 and 2006.

Income Tax Exempt Status - The Organization is a nonprofit corporation as described in Section 501(c)(3) of the United States Internal Revenue Code and is determined to be an Organization, which is not a private foundation and, accordingly, does not provide for state and federal income taxes.

ACCELERATED CURE PROJECT, INC.

Notes to Financial Statements - Continued

December 31, 2007

Note 3 - Pledges Receivable

Pledges receivable are composed of unconditional promises to give that are expected to be collected in future periods. The following is the breakdown of such unconditional promises to give as of December 31, 2007:

Unconditional promises to give	\$	346,483
Less unamortized discount (at 5%)		<u>25,054</u>
Net unconditional promises to give	\$	<u><u>321,429</u></u>
Amounts due in:		
Less than one year	\$	224,698
One to five years		<u>96,731</u>
	\$	<u><u>321,429</u></u>

Note 4 - Concentration of Credit Risk

The Organization, at times, 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 total amount of uninsured deposits totaled \$910,509 and \$975,459 at December 31, 2007 and 2006, respectively.

Note 5 - Operating Leases

The Organization conducts its operations in a facility located in Waltham, Massachusetts, under a lease agreement which was renewed through May 2009. The rental expense related to this lease was \$63,358 and \$46,036 for the years ended December 31, 2007 and 2006, respectively.

During 2007, the Organization entered into a lease agreement for a facility located in San Francisco, California. The lease expires in December 2008. The rental expense related to this lease was \$1,958 and \$-0- for the years ended December 31, 2007 and 2006, respectively.

The Organization also leases office equipment under various leases expiring in March 2011. The total expense related to these equipment leases was \$1,314 and \$1,304 for the years ended December 31, 2007 and 2006, respectively.

ACCELERATED CURE PROJECT, INC.

Notes to Financial Statements - Continued

December 31, 2007

Note 5 - Operating Leases - continued

On June 1, 2004, the Organization entered into a sublease agreement in which it leased office space to an unrelated party for a period of two (2) years. The sublease expired in May of 2006. Total rental income for the years ended December 31, 2007 and 2006 was \$-0- and \$2,500, respectively, and is netted against rent expense in the statement of functional expenses.

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

2008	\$	72,813
2009		31,295
2010		3,896
2011		3,611
		<u>111,615</u>
	\$	<u>111,615</u>

Note 6 - Temporarily Restricted Net Assets

Temporarily restricted net assets were available for use as follows:

	<u>2007</u>	<u>2006</u>
Repository program	\$ 783,894	\$ 1,223,385
Research program	600,000	-
Future events	12,470	6,300
Scholarship program	420	-
Cure map program	-	1,500
	<u>\$ 1,396,784</u>	<u>\$ 1,231,185</u>

Note 7 - Contributed Goods and Services

The Organization receives printing, internet development and other professional services without charge. The estimated fair market value of the services has been reported as contribution revenue and printing expenses, professional fees and other miscellaneous expenses. Both contribution revenue and expenses for the years ended December 31, 2007 and 2006 were recorded at \$256,093 and \$355,120, respectively.

ACCELERATED CURE PROJECT, INC.

Notes to Financial Statements - Continued

December 31, 2007

Note 7 - Contributed Goods and Services - Continued

Contributed goods and the associated expenses for the years ended December 31, 2007 and 2006 were recorded at \$45,709 and \$7,098, respectively.

The organization also receives donated vehicles which in turn are sold by a third party for scrap value. The value of the vehicles after the third party expenses are deducted for the years ended December 31, 2007 and 2006 were recorded at \$858 and \$759, respectively.