

ACCELERATED CURE PROJECT, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2008



ACCELERATED CURE PROJECT, INC.

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Statement of Financial Position December 31, 2008 (with comparative totals as of December 31, 2007)	2
Statement of Activities For the year ended December 31, 2008 (with comparative totals for the year ended December 31, 2007)	3
Statement of Functional Expenses For the year ended December 31, 2008 (with comparative totals for the year ended December 31, 2007)	4
Statement of Cash Flows For the year ended December 31, 2008 (with comparative totals for the year ended December 31, 2007)	5
Notes to Financial Statements December 31, 2008	6





Feeley & Driscoll, P.C.
Certified Public Accountants / Business Consultants

To 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, 2008, 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 2007 financial statements and, in our report dated May 6, 2008, 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, 2008, 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 1, 2009

Feeley & Driscoll, P.C.

ACCELERATED CURE PROJECT, INC.

Statement of Financial Position

December 31, 2008
(with comparative totals as of December 31, 2007)

	<u>Assets</u>			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals 2008</u>	<u>Totals 2007</u>
Current assets:				
Cash and cash equivalents	\$ 204,915	\$ 1,052,341	\$ 1,257,256	\$ 1,057,755
Pledges receivable	-	166,435	166,435	224,698
Prepaid expenses and other current assets	17,704	-	17,704	59,350
Total current assets	<u>222,619</u>	<u>1,218,776</u>	<u>1,441,395</u>	<u>1,341,803</u>
Computer equipment	27,656	-	27,656	23,390
Equipment	10,269	-	10,269	-
	37,925	-	37,925	23,390
Less accumulated depreciation	22,714	-	22,714	14,149
	<u>15,211</u>	<u>-</u>	<u>15,211</u>	<u>9,241</u>
Other assets:				
Long-term portion of pledges receivable	-	109,519	109,519	96,731
Deposits	10,300	-	10,300	10,300
Total other assets	<u>10,300</u>	<u>109,519</u>	<u>119,819</u>	<u>107,031</u>
	<u>\$ 248,130</u>	<u>\$ 1,328,295</u>	<u>\$ 1,576,425</u>	<u>\$ 1,458,075</u>
<u>Liabilities and Net Assets (Deficit)</u>				
Liabilities:				
Accounts payable	\$ 91,804	\$ -	\$ 91,804	\$ 60,160
Accrued expenses	12,304	-	12,304	10,605
Total current liabilities	<u>104,108</u>	<u>-</u>	<u>104,108</u>	<u>70,765</u>
Commitments				
Net assets (deficit):				
Unrestricted	144,022	-	144,022	(9,474)
Temporarily restricted	-	1,328,295	1,328,295	1,396,784
Total net assets	<u>144,022</u>	<u>1,328,295</u>	<u>1,472,317</u>	<u>1,387,310</u>
	<u>\$ 248,130</u>	<u>\$ 1,328,295</u>	<u>\$ 1,576,425</u>	<u>\$ 1,458,075</u>

See accompanying notes.

ACCELERATED CURE PROJECT, INC.

Statement of Activities

For the year ended December 31, 2008
(with comparative totals for the year ended December 31, 2007)

	Unrestricted	Temporarily Restricted	Totals 2008	Totals 2007
Revenues and other support -				
Contribution revenue	\$ 973,539	\$ 1,415,764	\$ 2,389,303	\$ 2,023,818
Total revenues and other support	<u>973,539</u>	<u>1,415,764</u>	<u>2,389,303</u>	<u>2,023,818</u>
Net assets released from restrictions -				
Satisfaction of donor restrictions, operations	1,484,253	(1,484,253)	-	-
Total revenue and contributed support	<u>2,457,792</u>	<u>(68,489)</u>	<u>2,389,303</u>	<u>2,023,818</u>
Expenses:				
Repository Program	1,533,266	-	1,533,266	1,102,157
Education and Community Building	167,614	-	167,614	385,388
Cure Map	68,190	-	68,190	141,422
Fundraising	360,572	-	360,572	277,877
General and Administrative	206,646	-	206,646	184,544
Total expenses	<u>2,336,288</u>	<u>-</u>	<u>2,336,288</u>	<u>2,091,388</u>
Excess of revenues over expenses (expenses over revenues)	<u>121,504</u>	<u>(68,489)</u>	<u>53,015</u>	<u>(67,570)</u>
Other income:				
Interest income	31,992	-	31,992	32,960
Total other income	<u>31,992</u>	<u>-</u>	<u>31,992</u>	<u>32,960</u>
Change in net assets	153,496	(68,489)	85,007	(34,610)
Net assets (deficit) as of beginning of year	<u>(9,474)</u>	<u>1,396,784</u>	<u>1,387,310</u>	<u>1,421,920</u>
Net assets as of end of year	<u>\$ 144,022</u>	<u>\$ 1,328,295</u>	<u>\$ 1,472,317</u>	<u>\$ 1,387,310</u>

See accompanying notes.

ACCELERATED CURE PROJECT, INC.

Statement of Functional Expenses

For the year ended December 31, 2008
(with comparative totals for the year ended December 31, 2007)

	Program Services						Totals 2007	
	Repository Program	Education &		Cure Map	Fundraising	General and Administrative		Totals 2008
		Community Building						
Research and data collection	\$ 1,274,110	\$ -	\$ 12,500	\$ -	\$ -	\$ -	\$ 1,286,610	
Payroll	180,749	34,018	28,323	191,352	69,986	504,428	460,373	
Facilities	28,390	4,074	12,154	28,910	16,187	89,715	81,317	
Printing	420	74,996	-	8,591	3,895	87,902	100,853	
Benefits	28,315	5,115	4,409	30,303	12,600	80,742	69,267	
Consultants	11,210	-	3,662	17,000	28,261	60,133	53,906	
Prizes	-	22,223	-	33,210	-	55,433	31,146	
Office	3,634	8,790	2,588	10,109	18,398	43,519	41,669	
Professional fees	-	-	-	-	42,425	42,425	57,028	
Events	-	8,217	-	29,259	-	37,476	-	
Travel, meals and entertainment	5,338	4,286	4,554	8,776	1,994	24,948	22,361	
Depreciation	1,100	-	-	-	7,465	8,565	6,538	
Public relations	-	5,895	-	535	-	6,430	180,848	
Miscellaneous	-	-	-	2,527	5,435	7,962	66,652	
	<u>\$ 1,533,266</u>	<u>\$ 167,614</u>	<u>\$ 68,190</u>	<u>\$ 360,572</u>	<u>\$ 206,646</u>	<u>\$ 2,336,288</u>	<u>\$ 2,091,388</u>	

See accompanying notes.

ACCELERATED CURE PROJECT, INC.

Statement of Cash Flows

For the year ended December 31, 2008
(with comparative totals for the year ended December 31, 2007)

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Change in net assets	\$ 85,007	\$ (34,610)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	8,565	6,538
Increase (decrease) in cash resulting from a change in:		
Pledges receivable	45,475	42,956
Prepaid expenses and other current assets	41,646	(22,645)
Accounts payable	31,644	28,156
Accrued expenses	1,699	(309)
Net cash provided by operating activities	<u>214,036</u>	<u>20,086</u>
Cash flows from investing activities:		
Purchases of property and equipment	(14,535)	(5,904)
Payment of deposits	-	(300)
Net cash used in investing activities	<u>(14,535)</u>	<u>(6,204)</u>
Net increase in cash and cash equivalents	199,501	13,882
Cash and cash equivalents, beginning of year	<u>1,057,755</u>	<u>1,043,873</u>
Cash and cash equivalents, end of year	<u>\$ 1,257,256</u>	<u>\$ 1,057,755</u>

See accompanying notes.

ACCELERATED CURE PROJECT, INC.

Notes to Financial Statements

December 31, 2008

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 Repository, Cure Map, and Community Building programs.

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 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, 2007, 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, 2008

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. Major additions are capitalized, while repairs and maintenance are charged to expense as incurred.

Depreciation - Depreciation is 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>
Computer Equipment	3
Equipment	7

Contributed Goods - Contributions of tangible assets are recognized at fair market value when received.

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.

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 year ended December 31, 2008, the Organization received approximately 4,200 hours of donated time.

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, 2008 and 2007.

ACCELERATED CURE PROJECT, INC.

Notes to Financial Statements - Continued

December 31, 2008

Note 2 - Summary of Significant Accounting Policies - Continued

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.

In accordance with FASB Staff Position (FSP) 48-3, the Organization has elected to defer the application of FASB Interpretation (FIN) 48 to fiscal years beginning after December 15, 2008. The Organization has not evaluated its tax positions in accordance with FIN 48 and, therefore, cannot determine its effect. The current tax positions have been evaluated using FASB 5, Accounting for Contingencies.

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, 2008:

Unconditional promises to give	\$	287,970
Less unamortized discount (at 5%)		<u>12,016</u>
Net unconditional promises to give	\$	<u>275,954</u>
Amounts due in:		
Less than one year	\$	166,435
One to five years		<u>109,519</u>
	\$	<u>275,954</u>

Note 4 - Concentration of Credit Risk

The Organization has a potential concentration of credit risk in that it maintains deposits with a financial institution in excess of the amount insured by the Federal Deposit Insurance Corporation (FDIC). On October 3, 2008, the FDIC formally approved and increased the insurance limit to \$250,000 per banking institution per account owner from its previous limit of \$100,000. The temporary increase is in effect until December 31, 2009. The amount of deposits in excess of the FDIC limit was \$319,181 at December 31, 2008.

ACCELERATED CURE PROJECT, INC.

Notes to Financial Statements - Continued

December 31, 2008

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 2012. The rental expense related to this lease was \$63,880 for the year ended December 31, 2008.

During 2007, the Organization entered into a lease agreement for a facility located in San Francisco, California. The lease expired in December 2008. The rental expense related to this lease was \$5,220 for the year ended December 31, 2008.

The Organization also leases office equipment under various leases expiring in June 2010. The total expense related to these equipment leases was \$684 for the year ended December 31, 2008.

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

2009	\$	65,484
2010		65,085
2011		64,800
2012		<u>27,000</u>
	\$	<u>222,369</u>

Note 6 - Temporarily Restricted Net Assets

Temporarily restricted net assets were available for use as follows:

	<u>2008</u>	<u>2007</u>
Repository program	\$ 798,063	\$ 783,894
Research program	500,000	600,000
Future events	22,418	12,470
Scholarship program	<u>7,814</u>	<u>420</u>
	<u>\$ 1,328,295</u>	<u>\$ 1,396,784</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 year ended December 31, 2008 was recorded at \$96,526.

ACCELERATED CURE PROJECT, INC.

Notes to Financial Statements - Continued

December 31, 2008

Note 7 - Contributed Goods and Services - Continued

Contributed goods and the associated expenses for the year ended December 31, 2008 was recorded at \$64,099.