

ACCELERATED CURE PROJECT, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2010



ACCELERATED CURE PROJECT, INC.

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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, 2010, 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 2009 financial statements and, in our report dated May 10, 2010, 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, 2010, 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 12, 2011

Feeley & Driscoll, P.C.

ACCELERATED CURE PROJECT, INC.

Statement of Financial Position

December 31, 2010

(with comparative totals as of December 31, 2009)

	<u>Assets</u>		<u>Totals 2010</u>	<u>Totals 2009</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>		
Current assets:				
Cash and cash equivalents	\$ 738,461	\$ 283,693	\$ 1,022,154	\$ 1,198,125
Pledges receivable, net	-	1,356,789	1,356,789	1,408,577
Accounts receivable	138,519	-	138,519	-
Prepaid expenses and other current assets	39,465	-	39,465	104,778
Total current assets	<u>916,445</u>	<u>1,640,482</u>	<u>2,556,927</u>	<u>2,711,480</u>
Computer equipment	27,656	-	27,656	27,656
Equipment	10,269	-	10,269	10,269
	37,925	-	37,925	37,925
Less accumulated depreciation	31,454	-	31,454	28,164
	<u>6,471</u>	<u>-</u>	<u>6,471</u>	<u>9,761</u>
Other assets:				
Long-term portion of pledges receivable, net	-	205,893	205,893	1,379,274
Deposits	10,000	-	10,000	10,000
Total other assets	<u>10,000</u>	<u>205,893</u>	<u>215,893</u>	<u>1,389,274</u>
	<u>\$ 932,916</u>	<u>\$ 1,846,375</u>	<u>\$ 2,779,291</u>	<u>\$ 4,110,515</u>
Liabilities and Net Assets				
Liabilities:				
Accounts payable	\$ 152,102	\$ -	\$ 152,102	\$ 102,075
Accrued expenses	23,695	-	23,695	90,122
Total current liabilities	<u>175,797</u>	<u>-</u>	<u>175,797</u>	<u>192,197</u>
Commitments				
Net assets:				
Unrestricted	757,119	-	757,119	758,108
Temporarily restricted	-	1,846,375	1,846,375	3,160,210
Total net assets	<u>757,119</u>	<u>1,846,375</u>	<u>2,603,494</u>	<u>3,918,318</u>
Total liabilities and net assets	<u>\$ 932,916</u>	<u>\$ 1,846,375</u>	<u>\$ 2,779,291</u>	<u>\$ 4,110,515</u>

See accompanying notes.

ACCELERATED CURE PROJECT, INC.

Statement of Activities

For the year ended December 31, 2010
(with comparative totals for the year ended December 31, 2009)

	Unrestricted	Temporarily Restricted	Totals 2010	Totals 2009
Revenues and other support:				
Contribution revenue	\$ 651,571	\$ 117,756	\$ 769,327	\$ 4,507,012
Special events revenue, net	531,851	-	531,851	525,845
Total revenues and other support	<u>1,183,422</u>	<u>117,756</u>	<u>1,301,178</u>	<u>5,032,857</u>
Net assets released from restrictions -				
Satisfaction of donor restrictions, operations	1,431,591	(1,431,591)	-	-
Total revenue and contributed support	<u>2,615,013</u>	<u>(1,313,835)</u>	<u>1,301,178</u>	<u>5,032,857</u>
Expenses:				
Repository Program	1,834,564	-	1,834,564	1,660,354
Education and Community Building	236,592	-	236,592	199,203
MS Discovery Forum	60,534	-	60,534	-
Cure Map	29,568	-	29,568	34,246
Fundraising	145,445	-	145,445	456,552
General and Administrative	313,722	-	313,722	247,338
Total expenses	<u>2,620,425</u>	<u>-</u>	<u>2,620,425</u>	<u>2,597,693</u>
(Excess of expenses over revenues) excess of revenues over expenses	<u>(5,412)</u>	<u>(1,313,835)</u>	<u>(1,319,247)</u>	<u>2,435,164</u>
Other income:				
Interest income	4,423	-	4,423	10,837
Total other income	<u>4,423</u>	<u>-</u>	<u>4,423</u>	<u>10,837</u>
Change in net assets	(989)	(1,313,835)	(1,314,824)	2,446,001
Net assets as of beginning of year	<u>758,108</u>	<u>3,160,210</u>	<u>3,918,318</u>	<u>1,472,317</u>
Net assets as of end of year	<u>\$ 757,119</u>	<u>\$ 1,846,375</u>	<u>\$ 2,603,494</u>	<u>\$ 3,918,318</u>

See accompanying notes.

ACCELERATED CURE PROJECT, INC.

Statement of Functional Expenses

For the year ended December 31, 2010
(with comparative totals for the year ended December 31, 2009)

	Program Services						Totals 2010	Totals 2009
	Repository Program	Education & Community Building	Discovery Forum	Cure Map	Fundraising	General and Administrative		
Research and data collection	\$ 1,507,474	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,507,474	\$ 1,407,029
Payroll	195,649	113,403	55,729	26,194	78,967	100,403	570,345	555,899
Professional fees	-	28,050	-	-	-	74,327	102,377	58,931
Consultants	8,580	-	-	-	13,908	56,883	79,371	241,263
Facilities	25,823	14,728	-	2,604	14,401	21,244	78,800	67,423
Grant Expense	63,572	-	-	-	-	-	63,572	-
Office	1,504	5,296	377	-	14,753	24,184	46,114	48,209
Travel, meals and entertainment	9,935	21,387	4,093	-	6,842	-	42,257	41,744
Bad debt expense	-	-	-	-	-	27,273	27,273	-
Benefits	10,625	5,210	310	462	4,450	5,350	26,407	79,296
Printing	136	17,106	-	64	2,500	2,496	22,302	75,288
Events	-	16,353	-	-	-	-	16,353	607
Prizes	-	6,799	-	-	-	-	6,799	-
Depreciation	1,832	365	-	-	365	728	3,290	5,450
Public relations	2,780	400	-	-	-	-	3,180	4,000
Miscellaneous	6,654	7,495	25	244	9,259	834	24,511	12,554
	<u>\$ 1,834,564</u>	<u>\$ 236,592</u>	<u>\$ 60,534</u>	<u>\$ 29,568</u>	<u>\$ 145,445</u>	<u>\$ 313,722</u>	<u>\$ 2,620,425</u>	<u>\$ 2,597,693</u>

See accompanying notes.

ACCELERATED CURE PROJECT, INC.

Statement of Cash Flows

For the year ended December 31, 2010
(with comparative totals for the year ended December 31, 2009)

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Change in net assets	\$ (1,314,824)	\$ 2,446,001
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	3,290	5,450
Increase (decrease) in cash resulting from a change in:		
Pledges receivable, net	1,225,169	(2,511,897)
Prepaid expenses and other current assets	65,313	(87,074)
Accounts receivable	(138,519)	-
Accounts payable	50,027	10,271
Accrued expenses	(66,427)	77,818
Net cash used in operating activities	<u>(175,971)</u>	<u>(59,431)</u>
Cash flows from investing activities -		
Receipt of deposits	-	300
Net cash provided by investing activities	<u>-</u>	<u>300</u>
Net decrease in cash and cash equivalents	(175,971)	(59,131)
Cash and cash equivalents, beginning of year	<u>1,198,125</u>	<u>1,257,256</u>
Cash and cash equivalents, end of year	<u>\$ 1,022,154</u>	<u>\$ 1,198,125</u>

See accompanying notes.

ACCELERATED CURE PROJECT, INC.

Notes to Financial Statements

December 31, 2010

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 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, MS Discovery Forum, and Community Building programs.

Descriptions of the Organization's major programs are as follows; Cure Map: a program designed to help find the cause of Multiple Sclerosis, leading to the cure for Multiple Sclerosis; Education and Community Building: a program to enhance community knowledge of the Cure Map program and other Multiple Sclerosis issues; Repository Program: a recruiting program created to collect subjects with and without Multiple Sclerosis and other related diseases to help determine the cause of these diseases; MS Discovery Forum: an online resource program that aims to accelerate progress towards a cure for Multiple Sclerosis by sparking new ideas and catalyzing 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 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, 2009, 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.

ACCELERATED CURE PROJECT, INC.

Notes to Financial Statements - Continued

December 31, 2010

Note 2 - Summary of Significant Accounting Policies - Continued

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 thirty (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, 2010.

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 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 either of 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, 2010, the Organization received approximately 2,800 hours of donated time.

ACCELERATED CURE PROJECT, INC.

Notes to Financial Statements - Continued

December 31, 2010

Note 2 - Summary of Significant Accounting Policies - Continued

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.

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. Tax years from 2007 through the current year remain open for examination by federal and state tax authorities.

Subsequent Events - The Organization has evaluated subsequent events through May 12, 2011, which is the date the financial statements were available for issuance.

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, 2010:

Unconditional promises to give	\$ 1,638,659
Less unamortized discount (at 3.25%)	<u>(53,727)</u>
	1,584,932
Less allowance for uncollectible accounts	<u>(22,250)</u>
Net unconditional promises to give	1,562,682
Less amount due in one year	<u>(1,356,789)</u>
Unconditional promises to give, less current portion	<u>\$ 205,893</u>

Future maturities on pledge receivables are as follows for years ending December 31:

2011	\$ 1,356,789
2012	96,838
2013	75,225
2014	<u>33,830</u>
	<u>\$ 1,562,682</u>

ACCELERATED CURE PROJECT, INC.

Notes to Financial Statements - Continued

December 31, 2010

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 amounts insured by the Federal Deposit Insurance Corporation ("FDIC"). The maximum deposit insurance amount is \$250,000 for interest-bearing accounts, which is applied per depositor, per insured depository institution for each account ownership category. Non-interest bearing transaction deposit accounts are provided unlimited insurance coverage through December 31, 2012. As of December 31, 2010, the Organization had deposits of \$344,539 in excess of FDIC limits.

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 lease commenced on May 1, 2006 and requires monthly payments beginning at \$5,000 and increasing to \$5,400. The rental expense related to this lease was \$64,800 for the year ended December 31, 2010.

The Organization also leases office equipment under various leases expiring in October 2012. Under these agreements, the Organization is required to pay monthly installments ranging from \$57 to \$119. The total expense related to these equipment leases was \$1,600 for the year ended December 31, 2010.

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

2011	\$	66,228
2012		<u>28,190</u>
	\$	<u>94,418</u>

Note 6 - Temporarily Restricted Net Assets

Temporarily restricted net assets were available for use as follows:

Pledges	\$	1,562,682
Repository program		166,643
Research program		<u>117,050</u>
	\$	<u>1,846,375</u>

ACCELERATED CURE PROJECT, INC.

Notes to Financial Statements - Continued

December 31, 2010

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, 2010 were recorded at \$59,713, which directly pertained to the Cure Map program, the Education and Community Building program, as well as general fundraising.

Contributed goods and the associated expenses for the year ended December 31, 2010 was recorded at \$79,406.

Note 8 - Special Events

Special event income is presented in the statement of activities at the net amount realized from the particular events. The revenue and expenses from the special events during the year ended December 31, 2010 were as follows:

	Revenue	Expenses	Net Income (Loss)
Signature Recognition Dinner	\$ 367,927	\$ 121,241	\$ 246,686
MS Global	236,527	63,990	172,537
Boston Marathon	72,826	1,068	71,758
Volunteer Events	24,372	809	23,563
Shoe Ball Atlanta	35,150	28,728	6,422
GCCP Canine Happy Hour	21,065	10,444	10,621
Shoe Ball Boston	43,411	53,388	(9,977)
Marine Corp Marathon	11,646	2,068	9,578
Scavenger Hunt Boston	1,865	105	1,760
Shoe Ball Chicago	2,500	3,597	(1,097)
Total special events	<u>\$ 817,289</u>	<u>\$ 285,438</u>	<u>\$ 531,851</u>

Note 9 - Concentrations

Two (2) donors accounted for approximately seventy-three percent (73%) of pledges receivable at December 31, 2010.