



# Accelerated Cure Project, Inc.

Financial Statements  
Years Ended December 31, 2017 and 2016

# **Accelerated Cure Project, Inc.**

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Financial Statements  
Years Ended December 31, 2017 and 2016

# 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 statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BDO USA, LLP.

November 14, 2018

## Financial Statements

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# Accelerated Cure Project, Inc.

## Statements of Financial Position

<i>December 31,</i>	<b>2017</b>	<b>2016</b>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 708,073	\$ 1,285,587
Accounts receivable	161,272	125,252
Pledge receivable	31,250	156,250
Prepaid expenses and other current assets	142,169	14,427
<b>Total Current Assets</b>	<b>1,042,764</b>	<b>1,581,516</b>
<b>Property and Equipment:</b>		
Website development	105,733	100,733
Computer equipment	43,206	43,206
Equipment	29,510	29,510
	<b>178,449</b>	<b>173,449</b>
Less accumulated depreciation and amortization	170,903	166,482
<b>Total Property and Equipment</b>	<b>7,546</b>	<b>6,967</b>
<b>Other Assets:</b>		
Deposit	27,507	27,507
<b>Total Assets</b>	<b>\$ 1,077,817</b>	<b>\$ 1,615,990</b>
 <b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 80,957	\$ 94,231
Accrued expenses and other current liabilities	424,563	26,067
<b>Total Current Liabilities</b>	<b>505,520</b>	<b>120,298</b>
 <b>Commitments (Note 4):</b>		
<b>Net Assets:</b>		
Unrestricted	446,505	149,279
Temporarily restricted	125,792	1,346,413
<b>Total Net Assets</b>	<b>572,297</b>	<b>1,495,692</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,077,817</b>	<b>\$ 1,615,990</b>

*See accompanying notes to Financial Statements.*

## Accelerated Cure Project, Inc.

### Statements of Activities

Years ended December 31,	2017		2016		Totals 2016
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	
<b>Revenues and Other Support:</b>					
Grants and Contribution revenue	\$ 539,038	\$ 85,000	\$ 624,038	\$ 30,000	\$ 715,345
Program revenue	738,029	-	738,029	-	684,654
In-Kind revenue	15,439	-	15,439	-	107,506
Special events:					
Special events revenue	18,169	-	18,169	-	16,719
Less direct event expenses	(31,304)	-	(31,304)	-	(3,774)
Special events revenue, net	(13,135)	-	(13,135)	-	12,945
<b>Net Assets Released from Restrictions:</b>					
Return of restricted contributions	-	(1,000,000)	(1,000,000)	-	-
Net assets released from restrictions, operations	305,621	(305,621)	-	(369,075)	-
<b>Total Revenue and Other Support</b>	<b>1,584,992</b>	<b>(1,220,621)</b>	<b>364,371</b>	<b>(339,075)</b>	<b>1,520,450</b>
<b>Expenses:</b>					
Scientific Collaboration	712,027	-	712,027	-	1,099,406
Repository	242,859	-	242,859	-	228,561
Education and Community Building	21,305	-	21,305	-	-
Fundraising	165,493	-	165,493	-	194,661
General and administrative	149,412	-	149,412	-	166,896
<b>Total Expenses</b>	<b>1,291,096</b>	<b>-</b>	<b>1,291,096</b>	<b>-</b>	<b>1,689,524</b>
<b>Deficit of Revenue and Other Support Over Expenses</b>	<b>293,896</b>	<b>(1,220,621)</b>	<b>(926,725)</b>	<b>(339,075)</b>	<b>(169,074)</b>
<b>Other Income:</b>					
Investment income	3,330	-	3,330	1,147	1,147
<b>Total Other Income</b>	<b>3,330</b>	<b>-</b>	<b>3,330</b>	<b>1,147</b>	<b>1,147</b>
<b>Change in Net Assets</b>	<b>297,226</b>	<b>(1,220,621)</b>	<b>(923,395)</b>	<b>(339,075)</b>	<b>(167,927)</b>
<b>Net Assets as of Beginning of Year</b>	<b>149,279</b>	<b>1,346,413</b>	<b>1,495,692</b>	<b>1,685,488</b>	<b>1,663,619</b>
<b>Net Assets as of End of Year</b>	<b>\$ 446,505</b>	<b>\$ 125,792</b>	<b>\$ 572,297</b>	<b>\$ 149,279</b>	<b>\$ 1,346,413</b>
			<b>\$ 149,279</b>	<b>\$ 1,346,413</b>	<b>\$ 1,495,692</b>

See accompanying notes to Financial Statements.

**Accelerated Cure Project, Inc.**  
**Statement of Functional Expenses**

Year ended December 31, 2017	Program Services							Totals
	Scientific Collaboration	Repository	Education and Community Building	Total Program Services	Fundraising	General and Administrative		
Payroll and related costs	\$ 381,178	\$ 57,043	\$ 19,544	\$ 457,765	\$ 132,914	\$ 56,115	\$ 646,794	
Research and data collection	124,878	171,690	-	296,568	17,546	6,585	320,699	
Professional fees	93,065	-	-	93,065	165	64,493	157,723	
Facilities	37,699	5,369	1,761	44,829	12,962	7,356	65,147	
Travel	58,173	2,551	-	60,724	-	477	61,201	
Office	1,595	4,349	-	5,944	1,906	11,822	19,672	
In-kind donations	15,439	-	-	15,439	-	-	15,439	
Depreciation	-	1,857	-	1,857	-	2,564	4,421	
	\$ 712,027	\$ 242,859	\$ 21,305	\$ 976,191	\$ 165,493	\$ 149,412	\$ 1,291,096	

See accompanying notes to Financial Statements.

**Accelerated Cure Project, Inc.**  
**Statement of Functional Expenses**

Year ended December 31, 2016	Program Services					Totals
	Scientific Collaboration	Repository	Total Program Services	Fundraising	General and Administrative	
Payroll and related costs	\$ 429,678	\$ 34,050	\$ 463,728	\$ 156,486	\$ 64,466	\$ 684,680
Research and data collection	325,091	170,770	495,861	15,663	4,313	515,837
Professional fees	116,756	-	116,756	2,252	60,027	179,035
Facilities	44,146	3,461	47,607	16,077	12,446	76,130
Travel	71,661	2,553	74,214	2,023	9,251	85,488
In-kind donations	107,505	-	107,505	-	-	107,505
Office	4,569	4,204	8,773	2,160	14,832	25,765
Depreciation	-	13,523	13,523	-	1,561	15,084
	\$ 1,099,406	\$ 228,561	\$ 1,327,967	\$ 194,661	\$ 166,896	\$ 1,689,524

See accompanying notes to Financial Statements.

# Accelerated Cure Project, Inc.

## Statements of Cash Flows

<i>Years ended December 31,</i>	<b>2017</b>	<b>2016</b>
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ (923,395)	\$ (167,927)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	4,421	15,084
Return of restricted contributions	1,000,000	-
Increase (decrease) in cash resulting from a change in:		
Accounts receivable	(36,020)	(111,335)
Pledge receivable	125,000	1,125,000
Prepaid expenses and other current assets	(127,742)	7,814
Accounts payable	(13,274)	18,323
Accrued expenses	398,496	(968)
<b>Net Cash Provided by Operating Activities</b>	<b>427,486</b>	<b>885,991</b>
<b>Cash Flows from Investing Activities:</b>		
Purchases of property and equipment	(5,000)	(1,168)
<b>Net Cash Used in Investing Activities</b>	<b>(5,000)</b>	<b>(1,168)</b>
<b>Cash Flows from Financing Activities:</b>		
Return of restricted contributions	(1,000,000)	-
<b>Net Cash Used in Financing Activities:</b>	<b>(1,000,000)</b>	<b>-</b>
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	<b>(577,514)</b>	<b>884,823</b>
<b>Cash and Cash Equivalents - beginning of year</b>	<b>1,285,587</b>	<b>400,764</b>
<b>Cash and Cash Equivalents - end of year</b>	<b>\$ 708,073</b>	<b>\$ 1,285,587</b>

*See accompanying notes to Financial Statements.*

# Accelerated Cure Project, Inc.

## Notes to Financial Statements

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### 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 patient-founded non-profit organization dedicated to accelerating research efforts to improve diagnoses, optimize treatment outcomes, and develop cures for multiple sclerosis (“MS”). The Organization promotes scientific collaboration and accelerates research by rapidly and cost-effectively providing researchers with the resources they need to explore novel research ideas that can lead to better care for people living with MS.

The Organization’s major programs are as follows: Repository Program, a program that provides researchers with materials and data they need to explore novel research ideas based on a collection of biological specimens and data from people with and without MS; Scientific Collaboration, a program that stimulates and enables research and networking amongst MS stakeholders, especially through the input and data contributed by participants in the Organization’s IConquerMS™ People-Powered Research Network (“IConquerMS PPRN”), to accelerate research on what matters most to people affected by MS; Education and Community Building, a program to enhance MS stakeholders’ knowledge about the Repository Program, the IConquerMS PPRN, and other MS-related topics.

### 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 accordance with accounting principles generally accepted in the United States of America.

#### *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.

#### *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.

# Accelerated Cure Project, Inc.

## Notes to Financial Statements

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### *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.

### *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, 2017 and 2016, and all pledges were determined to be collectible as of December 31, 2017.

### *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:

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

Depreciation expense was \$4,421 and \$15,084 for the years ended December 31, 2017 and 2016, respectively.

### *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 Organization 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 in the amount by which the carrying amount of the asset

# Accelerated Cure Project, Inc.

## Notes to Financial Statements

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exceeds the fair value of the asset. As of December 31, 2017, 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 statements 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 statements 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.

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, 2017, there were no interest or penalties recorded or included in the statements of activities.

### ***Subsequent Events***

The Organization has evaluated subsequent events through November 14, 2018, which is the date the financial statements were available to be issued.

# Accelerated Cure Project, Inc.

## Notes to Financial Statements

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### *Accounting Pronouncements Issued but not Yet Adopted*

In August 2016, the FASB issued ASU 2016-14, “Not-For-Profit Entities (Topic 958) and Health Care Entities (Topic 954) - Presentation of Financial Statement of Not-For-Profit Entities.” The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions,” (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclosure a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The ASU is effective for the Organization’s financial statements for fiscal years beginning after December 15, 2017. Early adoption is permitted. The provisions of the ASU must be applied on a retrospective basis for all years presented although certain optional practical expedients area available for periods prior to adoption. Management is currently evaluation the impact of this ASU on its financial statements.

In February 2016, the FASB issued ASU 2016-02, “Accounting for Leases,” which applies a right-to-use (“ROU”) model that requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset and a liability to make lease payments. For leases with a term of 12 months or less, a practical expedient is available whereby a lessee may elect, by class of underlying asset, not to recognize an ROU asset or lease liability. At inception, lessees must classify all lease as either finance or operating based on the five criteria. Balance sheet recognition of finance and operating leases is similar, but the pattern of expense recognition in the income statements, as well as the effect on the statements of cash flows, differs depending on the lease classification. In addition, lessees and lessors are required to provide certain qualitative and quantitative disclosures to enable users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The amendment is effective for fiscal years beginning after December 15, 2019. Management is currently evaluating the impact of the pending adoption of ASUC 2016-02.

In April 2016, the FASB issued ASU 2016-10, “Revenue from Contracts with Customers” (Topic 606). The core principle of the guidance in Topic 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following steps: (1) identify the contract(s) with a customer, (2) identify the performance obligations in the contract, (3) Determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract and (5) recognize revenue when (or as) the entity satisfies a performance obligation. The amendments in this update do not change the core principle of the guidance in Topic 606. Rather, the amendments in this update clarify the following two aspects of Topic 606: identifying performance obligations and the licensing implementation guidance, while retaining the related principles for those areas. The new standard will be effective for reporting periods beginning after December 15, 2018, with early adoption permitted. The Organization will apply the provisions of this standard upon adoption.

# Accelerated Cure Project, Inc.

## Notes to Financial Statements

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### 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, 2017 and 2016, the Organization had \$1,443,788 and \$1,020,689 in excess of FDIC limits, respectively.

### 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 Organization has extended the lease term through March 31, 2019, with monthly payments ranging between \$2,563 and \$3,671. The rent expense related to this lease was \$43,069 and \$30,084 for the years ended December 31, 2017 and 2016, respectively.

The Organization is still responsible for its 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 \$61,290 and \$80,443 for the years ended December 31, 2017 and 2016, respectively. 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 \$65,769 and \$68,668 for the years ended December 31, 2017 and 2016, respectively, and was netted with rent expense.

The Organization has a lease agreement for office equipment, which expired in November 2017. Under the agreement, the Organization is required to pay monthly installments of \$159. The total expense related to the equipment lease was \$2,217 and \$1,749 for the years ended December 31, 2017 and 2016, respectively.

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

*Years ending December 31,*

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2018	\$	33,630
2019		9,760
	\$	43,390

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### 5. Temporarily Restricted Net Assets

Temporarily restricted net assets were available for use as follows:

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<i>December 31,</i>	2017	2016
OPT-UP	\$ 96,746	\$ 1,304,790
MS Discovery Forum	4,899	9,338
MS-Patient Powered Research Network	24,147	32,285
	\$ 125,792	\$ 1,346,413

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# Accelerated Cure Project, Inc.

## Notes to Financial Statements

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Temporarily restricted net assets were released for use as follows:

<i>Years ended December 31,</i>	<b>2017</b>	<b>2016</b>
OPT-UP	\$ 208,043	\$ 173,137
MS Discovery Forum	19,440	89,524
MS-Patient Powered Research Network	78,138	106,414
	<b>\$ 305,621</b>	<b>\$ 369,075</b>

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During the year ended December 31, 2017, the majority of the pre-launch activities of the OPT-UP project were completed. In December 2017, the Organization's Board of Directors decided not to launch the project. As such, \$1,000,000 of the temporarily restricted net assets was returned to its sponsor and is reflected as such in the statement of activities. There will continue to be some OPT-UP spending during the year ended December 31, 2018, as pre-launch committed activities are completed.

### 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 years ended December 31, 2017 and 2016, were recorded at \$15,439 and \$107,506, respectively.

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 years ended December 31, 2017 and 2016, the Organization received approximately 112 and 48 hours of donated time, respectively.

### 7. Concentrations

Three and two donors accounted for approximately 92% and 97% of accounts receivable as of December 31, 2017 and 2016, respectively.

One donor accounted for approximately 39% and 24% of grant and contribution revenue for the years ended December 31, 2017 and 2016, respectively.