

Accelerated Cure Project, Inc.

*Financial Statements as of and for the Years
Ended December 31, 2020 and 2019 and
Independent Auditors' Report*

ACCELERATED CURE PROJECT, INC.

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Accelerated Cure Project, Inc. (a non-profit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, 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.

Auditors' 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, 2020 and 2019, 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.

Stowe & Degon LLC

September 27, 2021

ACCELERATED CURE PROJECT, INC.

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2020 AND 2019

ASSETS	2020	2019
CURRENT ASSETS:		
Cash, cash equivalents and restricted cash	\$ 1,334,018	\$ 822,130
Accounts receivable	454,691	433,410
Pledges receivable, current (Note 4)	100,000	100,000
Prepaid expenses	11,496	12,005
Total current assets	1,900,205	1,367,545
PROPERTY AND EQUIPMENT, net	7,107	10,612
PLEDGES RECEIVABLE, net (Note 4)	89,845	175,007
OTHER ASSETS	2,507	2,507
TOTAL ASSETS	\$ 1,999,664	\$ 1,555,671
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 92,197	\$ 263,864
Accrued expenses and other current liabilities	32,031	28,602
Total current liabilities	124,228	292,466
LONG-TERM DEBT	91,733	-
TOTAL LIABILITIES	215,961	292,466
NET ASSETS:		
Without donor restrictions	440,488	413,185
With donor restrictions	1,343,215	850,020
Total net assets	1,783,703	1,263,205
TOTAL LIABILITIES AND NET ASSETS	\$ 1,999,664	\$ 1,555,671

See notes to financial statements.

ACCELERATED CURE PROJECT, INC.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING ACTIVITIES:			
REVENUES AND OTHER SUPPORT:			
Grants and contributions revenue	\$ 342,239	\$ 1,218,118	\$ 1,560,357
Program fees	232,532	-	232,532
In-kind revenue	1,850	-	1,850
Special events revenue	16,338	-	16,338
Net assets released from restrictions	724,923	(724,923)	-
Total revenues and other support	<u>1,317,882</u>	<u>493,195</u>	<u>1,811,077</u>
EXPENSES:			
Program services	1,006,491	-	1,006,491
Support services	286,090	-	286,090
Total expenses	<u>1,292,581</u>	<u>-</u>	<u>1,292,581</u>
Change in net assets from operating activities	<u>25,301</u>	<u>493,195</u>	<u>518,496</u>
NONOPERATING ACTIVITIES:			
Dividend and interest income	128	-	128
Realized gain on investment	1,874	-	1,874
Total nonoperating activities	<u>2,002</u>	<u>-</u>	<u>2,002</u>
Change in net assets	27,303	493,195	520,498
NET ASSETS - BEGINNING OF YEAR	<u>413,185</u>	<u>850,020</u>	<u>1,263,205</u>
NET ASSETS - END OF YEAR	<u>\$ 440,488</u>	<u>\$ 1,343,215</u>	<u>\$ 1,783,703</u>

See notes to financial statements.

ACCELERATED CURE PROJECT, INC.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING ACTIVITIES:			
REVENUES AND OTHER SUPPORT:			
Grants and contributions revenue	\$ 265,465	\$ 1,091,652	\$ 1,357,117
Program fees	544,998	-	544,998
Special events:			
Special events revenue	27,020	-	27,020
Less direct event expenses	(4,006)	-	(4,006)
Special events, net	23,014	-	23,014
Net assets released from restrictions	657,360	(657,360)	-
Total revenues and other support	<u>1,490,837</u>	<u>434,292</u>	<u>1,925,129</u>
EXPENSES:			
Program services	1,316,344	-	1,316,344
Support services	285,774	-	285,774
Total expenses	<u>1,602,118</u>	<u>-</u>	<u>1,602,118</u>
Change in net assets from operating activities	<u>(111,281)</u>	<u>434,292</u>	<u>323,011</u>
NONOPERATING ACTIVITIES:			
Dividend income	2,720	-	2,720
Net unrealized and realized gain on investment	7,093	-	7,093
Total nonoperating activities	<u>9,813</u>	<u>-</u>	<u>9,813</u>
Change in net assets	<u>(101,468)</u>	<u>434,292</u>	<u>332,824</u>
NET ASSETS - BEGINNING OF YEAR	<u>514,653</u>	<u>415,728</u>	<u>930,381</u>
NET ASSETS - END OF YEAR	<u>\$ 413,185</u>	<u>\$ 850,020</u>	<u>\$ 1,263,205</u>

See notes to financial statements.

ACCELERATED CURE PROJECT, INC.

STATEMENTS OF FUNCTIONAL EXPENSES FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	Program Services				Support Services		Total
	Repository	Scientific Collaboration	Education and Community Building	Program Services	General and Administrative	Fundraising	
For the Year Ended December 31, 2020:							
Payroll and related costs	\$ 35,712	\$ 444,097	\$ -	\$ 479,809	\$ 9,443	\$ 157,578	\$ 646,830
Research and data collection	93,232	-	-	93,232	-	-	93,232
Professional fees	-	36,625	-	36,625	60,404	-	97,029
Facilities	2,828	38,834	-	41,662	4,107	12,843	58,612
Other program expenses	-	42,512	5,690	48,202	4,771	18,524	71,497
Scientific program consulting	39,025	251,311	-	290,336	-	-	290,336
Travel	-	13,210	-	13,210	100	-	13,310
Office	267	3,148	-	3,415	8,366	4,015	15,796
In-kind expense	-	-	-	-	-	1,850	1,850
Interest expense	-	-	-	-	584	-	584
Depreciation	-	-	-	-	3,505	-	3,505
Total expenses	\$ 171,064	\$ 829,737	\$ 5,690	\$ 1,006,491	\$ 91,280	\$ 194,810	\$ 1,292,581
For the Year Ended December 31, 2019:							
Payroll and related costs	\$ 73,824	\$ 380,760	\$ 36,642	\$ 491,226	\$ 57,136	\$ 98,866	\$ 647,228
Research and data collection	85,302	-	-	85,302	-	-	85,302
Professional fees	-	50,456	520	50,976	71,593	607	123,176
Facilities	5,680	31,755	2,816	40,251	7,267	7,944	55,462
Other program expenses	-	109,235	7,302	116,537	4,361	13,315	134,213
Scientific program consulting	39,980	397,914	-	437,894	-	-	437,894
Travel	-	88,968	-	88,968	415	221	89,604
Office	432	4,544	214	5,190	16,036	4,421	25,647
Depreciation	-	-	-	-	3,592	-	3,592
Total expenses	\$ 205,218	\$ 1,063,632	\$ 47,494	\$ 1,316,344	\$ 160,400	\$ 125,374	\$ 1,602,118

See notes to financial statements.

ACCELERATED CURE PROJECT, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 520,498	\$ 332,824
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,505	3,592
Net unrealized and realized gain on investments	(1,874)	(7,093)
Stock donation	(4,636)	(14,472)
Changes in operating assets and liabilities:		
Accounts receivable	(21,281)	(261,708)
Pledges receivable	85,162	80,863
Prepaid expenses	509	921
Other assets	-	25,000
Accounts payable	(171,667)	225,049
Accrued expenses and other current liabilities	3,429	1,978
Net cash provided by operating activities	<u>413,645</u>	<u>386,954</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	-	(9,660)
Investment sales	6,510	46,971
Net cash provided by investing activities	<u>6,510</u>	<u>37,311</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from long-term debt	<u>91,733</u>	<u>-</u>
NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	511,888	424,265
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR	<u>822,130</u>	<u>397,865</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR	<u>\$ 1,334,018</u>	<u>\$ 822,130</u>

See notes to financial statements.

ACCELERATED CURE PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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 not-for-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 health, healthcare, and quality of life for people affected by MS.

The Organization’s major programs consist of the following:

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

Basis of presentation – The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the board of directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Measure of operations – The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization’s ongoing activities working towards a cure for multiple sclerosis. Nonoperating activities are limited to resources that generate returns from investments and other activities considered to be of a more unusual or nonrecurring nature.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash, cash equivalents and restricted cash – For purposes of the statement of cash flows, the Organization considers all highly liquid deposits to be cash and cash equivalents. The Organization maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. The Organization has not experienced, nor does it anticipate, any losses in such accounts. Total restricted cash in 2020 and 2019 amounted to \$910,570 and \$505,013, respectively, and is included with donor restriction – temporarily restricted net assets at December 31, 2020 and 2019.

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-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included in revenues and other support until the conditions are met. Management believes all pledges receivable will be collected; therefore, no allowance for bad debt is recorded. Pledges receivable are written-off as bad debt after significant measures have failed to result in collection of such pledges.

Property and equipment, net – Property and equipment are recorded at cost. Expenditures for maintenance, repairs and renewals are charged to expense as incurred, whereas major betterments greater than \$1,500 with a useful life over one year are capitalized as additions to property and equipment. Depreciation is provided over the estimated useful lives of the assets, which range from 3-7 years, using the straight-line method.

Other assets – Other assets consist of security deposits paid for the Organization's office lease space.

Revenue recognition – The Organization recognizes program fees when the related services are performed. The majority of the Organization's revenue arrangements consist of a single performance obligation to transfer promised services. Grants and contributions are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions when cash is received or acknowledgment of intent is received. Contributions of assets other than cash are recorded at their fair value at the date of the gift. Conditional promises to give, which depend on the occurrence of a specified future and uncertain event to bind the promisor, are recognized when the conditions on which they depend are substantially met.

All donor restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Use of estimates – The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Income tax status – The Organization is exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purposes, unless that income is otherwise excluded by the Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Reclassifications – Certain prior year amounts have been reclassified to conform to the current year presentation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional expenses – The cost of providing the various programs and other activities has been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among program and supporting services. Such allocations are determined by management on the basis of estimates of time and effort.

3. PLEDGES RECEIVABLE

The Organization anticipates collection of outstanding pledges receivable as follows at December 31:

	2020	2019
Pledges receivable before unamortized discount	\$ 200,000	\$ 300,000
Less: unamortized discount	<u>10,155</u>	<u>24,993</u>
Net pledges receivable	<u>\$ 189,845</u>	<u>\$ 275,007</u>
Amounts due in:		
Less than one year	\$ 100,000	\$ 100,000
One to two years	<u>100,000</u>	<u>200,000</u>
	<u>\$ 200,000</u>	<u>\$ 300,000</u>

Amounts presented above have been discounted to present value using a discount rate of 5.5% in 2020 and 2019. The discount will be recognized as contribution income in years 2021-2022 as the pledges are received and using the same effective discount rate for each year.

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2020	2019
Website development	\$ 105,733	\$ 105,733
Computer equipment	46,952	46,952
Other equipment	<u>37,222</u>	<u>37,222</u>
	189,907	189,907
Less: accumulated depreciation	<u>182,800</u>	<u>179,295</u>
Property and equipment, net	<u>\$ 7,107</u>	<u>\$ 10,612</u>

5. LONG-TERM DEBT

On April 12, 2020, the Organization entered into a 2-year Paycheck Protection Program (PPP) loan in the amount of \$91,733 with a financial institution. The note bears interest at 1% and matures on April 12, 2022. For the first six months, interest and principal payments are deferred. On November 12, 2020, the outstanding principal balance will be amortized for the remaining 18 months and the first monthly payment will be due. The loan is secured by the Small Business Administration (SBA) under The Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan is subject to the loan forgiveness provisions of the CARES Act and SBA interim final rule dated April 2, 2020. At December 31, 2020 there have been no payments of principal or interest and the loan, in accordance with its expected forgiveness, is reported as long-term debt. The Organization applied and received acknowledgement of forgiveness in July 2021 (see Note 11).

5. LONG-TERM DEBT (CONTINUED)

A total of \$584 of interest was accrued on this note and reported with accrued expenses and other current liabilities on the statement of financial position as of December 31, 2020. The forgiveness of both the principal and interest will be reported as non-operating revenue in fiscal year 2021.

6. NET ASSETS

Net assets – with donor restrictions consist of temporarily restricted assets that are available for the following purposes at December 31:

	2020	2019
MS discovery forum	\$ 1,068	\$ 4,817
MS patient powered research network	672,696	295,872
Pledges receivable - time restriction	189,845	275,006
Diversity, equity and inclusion	364,606	159,325
Repository/iConquerMS	115,000	115,000
	<u>\$ 1,343,215</u>	<u>\$ 850,020</u>

Net assets released from net assets with donor restrictions are as follows for the year ended December 31:

	2020	2019
MS discovery forum	\$ 3,750	\$ 2,258
MS patient powered research network	571,454	470,427
Long-term pledges receivable - passage of time	100,000	100,000
Diversity, equity and inclusion	49,719	64,675
Communications	-	20,000
	<u>\$ 724,923</u>	<u>\$ 657,360</u>

7. AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at December 31, 2020:

Financial assets at year-end:

Cash, cash equivalents and restricted cash	\$ 1,334,018
Accounts receivable	454,691
Pledges receivable, current	<u>100,000</u>
Total financial assets	<u>1,888,709</u>
Less net assets with purpose restrictions to be met in less than one year	<u>(1,253,370)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 635,339</u>

The Organization has a goal to maintain financial assets to meet 90 days of normal operating expenses (approximately \$314,000).

8. CONCENTRATIONS

Four donors accounted for approximately 74% of accounts receivable at December 31, 2020 and four donors accounted for approximately 77% of accounts receivable at December 31, 2019. Two donors accounted for approximately 34% of grants and contributions revenue for the year ended December 31, 2020 and four donors accounted for approximately 62% of grants and contributions revenue for the year ended December 31, 2019.

9. COMMITMENTS AND CONTINGENCIES

Operating leases – The Organization leases office space under a lease agreement that expires in March 2021 and storage space under a month-to-month agreement. The office space lease was amended in December 2020 to extend the term to March 31, 2023. Lease expense associated with the office and storage space for the years ended December 31, 2020 and 2019 was \$40,061 and \$38,413, respectively. A security deposit for the office space of \$2,500 is included in the accompanying statements of financial position in other assets for 2020 and 2019, respectively.

The Organization has entered into additional lease agreements for various equipment. Equipment lease expense for the years ended December 31, 2020 and 2019 was \$3,273 and \$3,153, respectively.

The future minimum payments arising from the above operating leases are as follows:

2021	\$	37,616
2022		34,008
2023		<u>8,502</u>
Total	\$	<u>80,126</u>

Contingencies – The Organization may become involved in litigation or other claims in the ordinary course of business. Management is not aware of any claims that will have a material adverse effect on the financial statements.

10. RISKS AND UNCERTAINTIES

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic. Due to the pandemic, economic uncertainties have arisen which have resulted in significant volatility in the economy. These uncertainties may continue to negatively impact financial operations in the near future.

11. SUBSEQUENT EVENTS

During 2021, the Organization submitted its application for PPP loan and interest forgiveness in accordance with the provisions outlined in the CARES Act and in the SBA interim final rule dated April 2, 2020. On July 16, 2021, the Organization received notification from the financial institution and SBA that full-forgiveness had been granted. A total of \$91,733 in principal and \$1,077 in accrued interest was forgiven.

Management has evaluated subsequent events through September 27, 2021, the date the financial statements were available to be issued.

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