

THE FOUNDATION OF THE CONSORTIUM OF MULTIPLE SCLEROSIS CENTERS, INC.

FINANCIAL STATEMENTS

December 31, 2010

The Foundation Of The Consortium Of Multiple Sclerosis Centers, Inc.
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Independent Auditors' Report

To the Board of Directors of
The Foundation Of The Consortium Of Multiple Sclerosis Centers, Inc.
Hackensack, New Jersey

I have audited the accompanying statement of financial position of The Foundation Of The Consortium Of Multiple Sclerosis Centers, Inc. (a nonprofit organization) as of December 31, 2010, and the related statements of activities and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Foundation Of The Consortium Of Multiple Sclerosis Centers, 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.

As discussed in Note 3 to the financial statement, The Foundation Of The Consortium Of Multiple Sclerosis Centers, Inc. adopted the provisions of Statement of Financial Accounting Standards No. 117, Financial Statements of Not-for-Profit Organizations in 2010.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules appearing on pages 7 to 9 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Eatontown, New Jersey
May 24, 2011

The Foundation Of The Consortium Of Multiple Sclerosis Centers, Inc.
Statement of Financial Position
December 31, 2010

ASSETS

Current assets:	
Cash and cash equivalents	\$ 469,875
Pledges receivable	40,000
Prepaid expenses	<u>6,858</u>
Total current assets	<u>516,733</u>
Fixed assets:	
Furniture and equipment	11,826
Software	<u>46,645</u>
	58,471
Less: Accumulated depreciation	<u>(21,826)</u>
Net fixed assets	<u>36,645</u>
Total assets	<u>\$ 553,378</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	\$ 82,382
Accrued expenses	<u>302</u>
Total current liabilities	82,684
Net assets:	
Unrestricted (deficit)	(170,703)
Temporarily restricted	<u>641,397</u>
Total net assets	<u>470,694</u>
Total liabilities and net assets	<u>\$ 553,378</u>

See Accompanying Notes and Independent Auditors' Report.

The Foundation Of The Consortium Of Multiple Sclerosis Centers, Inc.
Statement of Activities
For the Year Ended December 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue:			
Unrestricted contributions	\$ 41,169	\$ -	\$ 41,169
Unrestricted grants	178,469	-	178,469
Temporarily restricted:			
Workforce of the Future	-	115,340	115,340
Professional Tools and Resources	-	563,533	563,533
Research Initiative	-	40,360	40,360
Net assets released from restrictions:			
Satisfaction of purpose restrictions	755,014	(755,014)	-
Investment income	<u>391</u>	<u>-</u>	<u>391</u>
Total revenue	975,043	(35,781)	939,262
Expenses:			
Projects, meetings and programs (Schedule 1)	830,217	-	830,217
Administrative (Schedule 2)	230,515	-	230,515
Fundraising (Schedule 2)	<u>72,630</u>	<u>-</u>	<u>72,630</u>
Total expenses	<u>1,133,362</u>	<u>-</u>	<u>1,133,362</u>
Change in net assets	(158,319)	(35,781)	(194,100)
Unrealized loss on investment	(25)	-	(25)
Net assets beginning of the year - restated	<u>(12,359)</u>	<u>677,178</u>	<u>677,178</u>
Net assets (deficit) end of the year	<u>\$ (170,703)</u>	<u>\$ 641,397</u>	<u>\$ 470,694</u>

See Accompanying Notes and Independent Auditors' Report.

The Foundation Of The Consortium Of Multiple Sclerosis Centers, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2010

Cash flows from operating activities:	
Change in net assets	\$ (194,100)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	11,242
Changes in operating assets and liabilities:	
Increase in pledges receivable	(40,000)
Increase in prepaid expenses	(5,558)
Increase in accounts payable	50,866
Increase in accrued expenses	302
Decrease in accounts payable – Consortium of Multiple Sclerosis Centers, Inc.	<u>(4,748)</u>
Net cash used by operating activities	<u>(181,996)</u>
Cash flows from investing activities:	
Purchase of fixed assets	(4,130)
Unrealized loss on investment	<u>(25)</u>
Net cash used by investing activities	<u>(4,155)</u>
Net decrease in cash and cash equivalents	(186,151)
Cash and cash equivalents at beginning of the year	<u>656,026</u>
Cash and cash equivalents at end of the year	<u>\$ 469,875</u>

See Accompanying Notes and Independent Auditor's Report.

The Foundation Of The Consortium Of Multiple Sclerosis Centers, Inc.
Notes to Financial Statements
December 31, 2010

Note 1 - Summary of Significant Accounting Policies

Nature of activity

The mission of The Foundation Of The Consortium Of Multiple Sclerosis Centers, Inc. (the Foundation) is to stimulate the growth, development and provision of patient care services, education and research in the field of multiple sclerosis and to enhance the quality of life of those affected by multiple sclerosis through supporting the activities of The Consortium of Multiple Sclerosis Centers, Inc.

Net Asset Classes

The accompanying financial statements present information regarding the Foundation's financial position according to two classes of net assets: unrestricted and temporarily restricted. The two classes are differentiated by donor restrictions.

Unrestricted net assets may be designated for specific purposes by the Foundation.

Temporarily restricted net assets are subject to donor stipulations that expire by the passage of time or can be fulfilled or removed by actions pursuant to the stipulations. Temporarily restricted net assets consist primarily of grants for projects which have yet to be completed.

Cash and cash equivalents

For purposes of the statement of cash flows, the Foundation considers all instruments with an original maturity of three months or less to be cash equivalents.

Pledges receivable

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Furniture and equipment

Furniture and equipment are recorded at cost and depreciated over the estimated useful lives of the related assets using the straight line method.

Depreciation expense for the year was \$11,242.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenue and expenses during the period reported. Actual results could differ from those estimates. Estimates are used when accounting for uncollectible accounts receivable, inventory obsolescence, depreciation and amortization, employee benefit plans, taxes and other contingencies, among others.

Income taxes

The Foundation has received approval from the Internal Revenue Service to be treated as a 501c(3) tax-exempt organization. The revenue earned by the Foundation is used to carry out its objectives and is not subject to income taxes.

See Independent Auditors' Report.

The Foundation Of The Consortium Of Multiple Sclerosis Centers, Inc.
Notes to Financial Statements
December 31, 2010

Note 2 – Concentration of Credit Risk

The Foundation maintains cash in demand deposit accounts with federally insured banks. At times, the balances in these accounts may be in excess of federally insured limits.

The Foundation does not believe it is exposed to any significant credit risk in connection with cash and cash equivalents.

Note 3 – Restatement of Prior Year Balances

The Foundation changed its recognition of grant revenue to conform to Statement of Financial Accounting Standards No. 117, *Financial Statements of Not-for-Profit Organizations* effective January 1, 2010. This statement requires classifying the difference between assets and liabilities as unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets based on the existence or absence of donor-imposed restrictions. In addition SFAS No. 117 requires the reporting of the changes in each of those classes of net assets in the statement of activities. Prior to this the Foundation recorded grant revenue received but not recognized as deferred revenue on the Statement of Financial Position. The effect of this change was to increase temporarily restricted net assets at January 1, 2010 by \$677,178.

Note 4 – Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

Administrative costs	\$ 1,520
Specific grant programs	<u>639,877</u>
	<u>\$ 641,397</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

Purpose restrictions accomplished:	
Administrative costs	\$ 4,206
Workforce of the Future	129,182
Professional Tools and Resources	440,117
Research Initiative	61,293
Global MS Patient Registry	<u>120,216</u>
Total restrictions released	<u>\$ 755,014</u>

Note 5 – Subsequent Events

The Foundation is a related party to the Consortium of Multiple Sclerosis Centers, Inc. (CMSC), a 501 c(3) organization. The Executive Board and Executive Director of the CMSC serve as the Board of Directors of the Foundation. The Board of CMSC has agreed to amend the 2011 budget to include an unrestricted contribution of \$100,000 to the Foundation to assist in providing for administrative costs. These funds will be paid evenly throughout 2011 to the Foundation.

See Independent Auditors' Report.

The Foundation Of The Consortium Of Multiple Sclerosis Centers, Inc.
Schedule 1
Schedule of Project Expenses
For the Year Ended December 31, 2010

	<u>Workforce of the Future</u>	<u>Professional Tools and Resources</u>	<u>Research Initiatives</u>	<u>Global MS Patient Registry</u>	<u>Total</u>
Expenses					
Advertising	\$ -	\$ 4,065	\$ -	\$ -	\$ 4,065
Audio/visual	-	13,446	-	-	13,446
Awards	-	500	5,100	-	5,600
Database	-	-	-	16,666	16,666
Fellowships	-	48,700	-	96,250	144,950
Graphic design	2,875	12,875	-	-	15,750
Honoraria	2,000	109,450	-	-	111,450
Hotel	-	66,609	1,394	-	68,003
Meals	-	38,198	-	-	38,198
Meeting management	-	25,620	-	-	25,620
Office supplies and expenses	268	184	-	-	452
Postage and shipping	-	2,220	32	-	2,252
Printing	120	30,296	-	-	30,416
Professional fees	2,900	28,267	-	1,150	32,317
Project management	-	1,354	-	-	1,354
Research grants	-	-	54,767	6,150	60,917
Scholarships	168,000	-	-	-	168,000
Telephone	-	10	-	-	10
Travel	-	54,431	-	-	54,431
Website development	-	36,320	-	-	36,320
Total expenses	<u>\$ 176,163</u>	<u>\$ 472,545</u>	<u>\$ 61,293</u>	<u>\$ 120,216</u>	<u>\$ 830,217</u>

See Accompanying Notes and Independent Auditors' Report.

The Foundation Of The Consortium Of Multiple Sclerosis Centers, Inc.
Schedule 2
Schedule of Administrative and Fundraising Expenses
For the Year Ended December 31, 2010

Administrative:	
Salaries	\$ 81,011
Payroll taxes and employee benefits	8,440
Accounting fees	29,544
Advertising	1,119
Audio/visual	83
Audit fees	4,000
Contract administration	4,793
Consultants	46,950
Credit card fees	1,990
Depreciation	11,242
Equipment lease	959
Graphic design	2,000
Hotels	2,911
Insurance	7,876
Legal	2,140
Meals	1,054
Miscellaneous	1,103
Office supplies and expenses	2,111
On-site management	12,220
Postage and shipping	2,229
Printing	913
Rent and utilities	687
Telephone	1,500
Travel	<u>3,640</u>
Total administrative expenses	<u>\$ 230,515</u>
Fundraising:	
Advertising	3,060
Audio/visual	1,249
Consultants	11,798
Credit card fees	356
Database	13,411
Graphic design	6,441
Meals	11,491
Office supplies and expenses	275
On-site management	10,959
Postage and shipping	812
Printing	6,208
Professional fees	5,128
Travel	956
State licenses	155
Website development	<u>331</u>
Total fundraising expenses	<u>\$ 72,630</u>

See Accompanying Notes and Independent Auditor's Report.

The Foundation Of The Consortium Of Multiple Sclerosis Centers, Inc.
Schedule 3
Schedule of Cash and Cash Equivalents
For the Year Ended December 31, 2010

<u>Bank Account</u>	<u>Description</u>	<u>Amount</u>
Bank of New Jersey	Operating Checking	\$ 40,690
Bank of New Jersey	Payroll Checking	4,832
Bank of New Jersey	Credit Card Checking	6,923
Wells Fargo	Mutual Funds	<u>417,430</u>
Total cash and cash equivalents as of December 31, 2010		<u>\$ 469,875</u>

See Accompanying Notes and Independent Auditors' Report.