

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

FINANCIAL STATEMENTS

December 31, 2016

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 financial statements of The Foundation of the Consortium of Multiple Sclerosis Centers, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2016 and the related statements of activities and changes in net assets, and cash flows for the year 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

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 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

M.D. Sullivan

Eatontown, New Jersey
May 5, 2017

The Foundation Of The Consortium Of Multiple Sclerosis Centers, Inc.
Statement of Financial Position
December 31, 2016

ASSETS

Current assets:	
Cash and cash equivalents	\$ 530,510
Prepaid expenses	<u>450</u>
Total current assets	<u>530,960</u>
Fixed assets:	
Furniture and equipment	13,363
Software	<u>47,539</u>
	60,902
Less: Accumulated depreciation	<u>(60,327)</u>
Net fixed assets	<u>575</u>
Total assets	<u>\$ 531,535</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	\$ 8,838
Accrued expenses	<u>4,874</u>
Total current liabilities	13,712
Net assets:	
Unrestricted	145,020
Temporarily restricted	<u>372,803</u>
Total net assets	<u>517,823</u>
Total liabilities and net assets	<u>\$ 531,535</u>

See Accompanying Notes and Independent Auditors' Report.

The Foundation Of The Consortium Of Multiple Sclerosis Centers, Inc.
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Changes in Net Assets From Operating Activities			
Revenue:			
Contributions	\$ 169,916	\$ -	\$ 169,916
Unrestricted grants	17,120	-	17,120
CMSC Board designated support	200,000	-	200,000
Temporarily restricted grants:			
Workforce of the Future	-	99,680	99,680
Professional Tools and Resources	-	75,240	75,240
Research, Resources and Patient Registry	-	85,900	85,900
Net assets released from restrictions:			
Satisfaction of purpose restrictions	<u>425,380</u>	<u>(425,380)</u>	<u>-</u>
Total revenue	812,416	(164,560)	647,856
Expenses:			
Program services (Schedule 1)	425,380	-	425,380
Administrative (Schedule 1)	292,402	-	292,402
Fundraising (Schedule 1)	<u>1,309</u>	<u>-</u>	<u>1,309</u>
Total expenses	<u>719,091</u>	<u>-</u>	<u>719,091</u>
Change in net assets from operating activities	93,325	(164,560)	(71,235)
Changes in Net Assets From Non-Operating Activities			
Investment income	<u>1,996</u>	<u>-</u>	<u>1,996</u>
Change in net assets from non-operating activities	<u>1,996</u>	<u>-</u>	<u>1,996</u>
Change in net assets	95,321	(164,560)	(69,239)
Net assets beginning of the year	<u>49,699</u>	<u>537,363</u>	<u>587,062</u>
Net assets end of the year	<u>\$ 145,020</u>	<u>\$ 372,803</u>	<u>\$ 517,823</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, 2016

Cash flows from operating activities:	
Change in net assets	\$ (69,239)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	414
Changes in operating assets and liabilities:	
Increase in prepaid expenses	(26)
Decrease in accounts payable	(1,136)
Increase in accrued expenses	<u>1,354</u>
Net cash used by operating activities	<u>(68,633)</u>
Net decrease in cash and cash equivalents	(68,633)
Cash and cash equivalents at beginning of the year	<u>599,143</u>
Cash and cash equivalents at end of the year	<u>\$ 530,510</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, 2016

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 mission of the membership 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 \$414.

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 501(c)(3) tax-exempt organization. The revenue earned by the Foundation is used to carry out its objectives and is not subject to income taxes. The Foundation's tax returns for 2016, 2015, 2014 and 2013 are subject to examination by the IRS generally for three years after they were filed.

See Independent Auditors' Report.

The Foundation Of The Consortium Of Multiple Sclerosis Centers, Inc.
Notes to Financial Statements
December 31, 2016

Note 1 - Summary of Significant Accounting Policies (continued)

Contributions

Contributions received are recorded as unrestricted or temporarily restricted net assets depending on the existence or nature of any donor restrictions.

Note 2 – Concentrations

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 – Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

Workforce of the Future	\$ 58,676
Professional Tools and Resources	74,467
Research, Resources and Patient Registry	<u>239,660</u>
	<u>\$ 372,803</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:	
Workforce of the Future	\$ 131,313
Professional Tools and Resources	66,143
Research, Resources and Patient Registry	<u>227,924</u>
Total restrictions released	<u>\$ 425,380</u>

Note 4 – Investment return

Investment income consisted of interest earned of \$1,996 for the year ended December 31, 2016.

Note 5 – Pension

The Foundation has established a retirement program titled a 403(b) Retirement Plan (the Plan) for employees meeting plan criteria. Requirements for plan participation are two years of employment. The Foundation contributes to the Plan 3% of the employees' salary and the employee can contribute to the maximum allowed by the Plan. The employees, upon separation from the Foundation retain ownership of the contributions made by the Foundation and may elect withdrawal or an annuity beginning at age 65. The Foundation's contribution to the Plan for the year ended December 31, 2016 was \$1,794.

See Independent Auditors' Report.

**The Foundation Of The Consortium Of Multiple Sclerosis Centers, Inc.
Notes to Financial Statements
December 31, 2016**

Note 6 – Related Party Transactions

The Foundation receives administrative and support services and grant funding from The Consortium of Multiple Sclerosis Centers, Inc. (CMSC).

Note 7 – Subsequent Events

The Foundation has evaluated subsequent events through May 5, 2017, which is the date the financial statements were available to be issued.

See Independent Auditors' Report.

SUPPLEMENTARY INFORMATION

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Independent Auditors' Report on Supplementary Information

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

My audit of the financial statements included in the preceding section of this report was conducted for the purpose of forming an opinion on those statements as a whole. The supplementary information presented in the following section of this report is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

M.D. Sullivan

Eatontown, New Jersey
May 5, 2017

The Foundation Of The Consortium Of Multiple Sclerosis Centers, Inc.
Schedule 1
Schedule of Expenses
For the Year Ended December 31, 2016

	<u>Administrative</u>	<u>Fundraising</u>	<u>Program Services</u>	<u>Total</u>
Expenses:				
Salaries	\$ 129,161	\$ -	\$ -	\$ 129,161
Payroll taxes and employee benefits	30,422	-	-	30,422
Executive Director fee	51,901	-	-	51,901
Accounting fees	19,618	-	-	19,618
Administrative support	16,950	-	-	16,950
Advertising	429	-	-	429
Audit fee	7,150	-	-	7,150
Awards and plaques	-	-	5,680	5,680
CMSC program management	-	-	25,000	25,000
Credit card fees	-	80	-	80
Database maintenance	2,460	-	-	2,460
Depreciation	414	-	-	414
Fellowships	-	-	147,708	147,708
Graphic design	1,368	-	-	1,368
Honoraria	400	-	12,500	12,900
Insurance	8,785	-	-	8,785
Legal fees	1,386	-	-	1,386
Meals	2,431	-	7,160	9,591
Office supplies and expense	1,533	-	-	1,533
Onsite meeting management	891	-	2,880	3,771
Payroll processing fees	2,111	-	-	2,111
Postage and shipping	725	-	873	1,598
Printing	1,875	866	-	2,741
Professional fees	820	-	-	820
Publications	-	-	3,886	3,886
Repairs and maintenance	250	-	-	250
Research grants	-	-	75,081	75,081
Scholarships	-	-	141,645	141,645
State licenses	(90)	363	-	273
Subscription and license fees	1,024	-	-	1,024
Telephone	178	-	-	178
Travel	10,210	-	2,967	13,177
Total expenses	\$ 292,402	\$ 1,309	\$ 425,380	\$ 719,091

See Independent Auditors' Report on Supplementary Information.

The Foundation Of The Consortium Of Multiple Sclerosis Centers, Inc.
Schedule 2
Schedule of Cash and Cash Equivalents
December 31, 2016

<u>Bank Account</u>	<u>Description</u>	<u>Amount</u>
Bank of New Jersey	Operating Checking	\$ 121,825
Bank of New Jersey	Payroll Checking	778
Bank of New Jersey	Credit Card Checking	7,907
Bank of New Jersey	CDARS - Savings	<u>400,000</u>
Total cash and cash equivalents as of December 31, 2016		<u>\$ 530,510</u>

See Independent Auditors' Report on Supplementary Information.