

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

FINANCIAL STATEMENTS

December 31, 2018

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, 2018 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, 2018, 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 CPA

Eatontown, New Jersey
August 15, 2019

**The Foundation Of The Consortium Of Multiple Sclerosis Centers, Inc.
Statement of Financial Position
December 31, 2018**

ASSETS

Current assets:	
Cash and cash equivalents	\$ 707,526
Prepaid expenses	<u>6,331</u>
Total current assets	<u>713,857</u>
Fixed assets:	
Furniture and equipment	13,363
Software	<u>47,539</u>
	60,902
Less: Accumulated depreciation	<u>(60,902)</u>
Net fixed assets	<u>-</u>
Total assets	<u>\$ 713,857</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	\$ 29,665
Accounts payable – Consortium of Multiple Sclerosis Centers	8,815
Accrued expenses	<u>3,026</u>
Total current liabilities	41,506
Net assets:	
Net assets without donor restrictions	237,560
Net assets with donor restrictions	<u>434,791</u>
Total net assets	<u>672,351</u>
Total liabilities and net assets	<u>\$ 713,857</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, 2018**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Changes in Net Assets From Operating Activities			
Revenue:			
Contributions	\$ 20,954	\$ -	\$ 20,954
Unrestricted grants	17,550	-	17,550
CMSC Board designated support	100,000	-	100,000
Newsletter Sponsors	11,500	-	11,500
Annual Meeting Fund Raising	7,924	-	7,924
Investment income	2,078	-	2,078
Temporarily restricted grants:			
Workforce of the Future	-	318,140	318,140
Professional Tools and Resources	-	116,843	116,843
Research, Resources and Patient Registry	-	170,000	170,000
Net assets released from restrictions:			
Satisfaction of purpose restrictions	<u>455,069</u>	<u>(455,069)</u>	<u>-</u>
 Total revenue	 615,075	 149,914	 764,989
Expenses:			
Management and general (Schedule 1)	136,139	-	136,139
Fundraising (Schedule 1)	5,384	-	5,384
Program services (Schedule 1)	<u>474,383</u>	<u>-</u>	<u>474,383</u>
 Total expenses	 <u>615,906</u>	 <u>-</u>	 <u>615,906</u>
 Change in net assets	 (831)	 149,914	 149,083
Net assets beginning of the year	<u>238,391</u>	<u>284,877</u>	<u>523,268</u>
Net assets end of the year	<u>\$ 237,560</u>	<u>\$ 434,791</u>	<u>\$ 672,351</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, 2018

Cash flows from operating activities:	
Change in net assets	\$ 149,083
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	154
Changes in operating assets and liabilities:	
Increase in prepaid expenses	(5,824)
Increase in accounts payable	35,124
Increase in accrued expenses	<u>1,436</u>
Net cash provided by operating activities	<u>179,973</u>
Net increase in cash and cash equivalents	179,973
Cash and cash equivalents at beginning of the year	<u>527,553</u>
Cash and cash equivalents at end of the year	<u>\$ 707,526</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, 2018

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.

Classification of Net Assets

Net assets of the Foundation are classified based on the presence or absence of donor restrictions. Net assets are comprised of two groups as follows:

Net Assets Without Donor Restrictions – Amounts that are not subject to usage restrictions based on donor-imposed requirements. The class also includes assets previously restricted where restrictions have expired or been met.

Net Assets with Donor Restrictions – Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Foundation. Certain restrictions may need to be maintained in perpetuity.

Cash and cash equivalents

For purposes of the statement of cash flows, the Foundation considers all instruments with an original maturity of one year 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 \$154.

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.

See Independent Auditors' Report.

The Foundation Of The Consortium Of Multiple Sclerosis Centers, Inc.
Notes to Financial Statements
December 31, 2018

Note 1 - Summary of Significant Accounting Policies (continued)

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 2018, 2017, 2016 and 2015 are subject to examination by the IRS generally for three years after they were filed

Contributions

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

Note 2 – Liquidity and Availability

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the balance sheet date comprise the following:

Cash and cash equivalents	\$ <u>272,735</u>
	\$ <u>272,735</u>

As part of Foundation's liquidity management plan, the Foundation invests cash in excess of daily requirements in short-term investments, CD's and money market funds.

Note 3 – 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 4 – Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

Workforce of the Future	\$ 214,470
Professional Tools and Resources	26,348
Research, Resources and Patient Registry	<u>193,973</u>
	\$ <u>434,791</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	\$ 207,104
Professional Tools and Resources	170,452
Research, Resources and Patient Registry	<u>77,513</u>
Total restrictions released	\$ <u>455,069</u>

See Independent Auditors' Report.

The Foundation Of The Consortium Of Multiple Sclerosis Centers, Inc.
Notes to Financial Statements
December 31, 2018

Note 5 – Investment return

Investment income consisted of interest earned of \$2,078 for the year ended December 31, 2018.

Note 6 – 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, 2018 was \$2,525.

Note 7 – Related Party Transactions

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

Note 8 – Subsequent Events

The Foundation has evaluated subsequent events through August 15, 2019, which is the date the financial statements were available to be issued.

Note 9 – Adoption of Accounting Pronouncement

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit entities (Topic 958): Presentation of financial Statements of Not-for Profit Entities. ASU 2016-14 requires significant changes to the financial reporting model of organizations who follow the not-for-profit reporting model. The changes include reducing the classes of net assets from three classes to two – net assets with donor restrictions and net assets without donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by the Foundation, including required disclosures about liquidity and availability of resources and increased disclosure of financial expenses. The new standard is effective for the Foundation's year ending December 31, 2018 and thereafter and must be applied on a retrospective basis. The Foundation adopted the AU effective January 1, 2018. Adoption of the ASU did not result in any reclassifications or restatements to net assets or changes in net assets.

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 CPA

Eatontown, New Jersey
August 15, 2019

The Foundation Of The Consortium Of Multiple Sclerosis Centers, Inc.
Schedule 1
Schedule of Functional Expenses
For the Year Ended December 31, 2018

	<u>Management and General</u>	<u>Fundraising</u>	<u>Program Services</u>	<u>Total</u>
Expenses:				
Salaries	\$ 57,685	\$ -	\$ -	\$ 57,685
Payroll taxes and employee benefits	8,879	-	-	8,879
Bookkeeping fees	21,694	-	-	21,694
Administrative support	16,955	-	-	16,955
Audiovisual	-	-	2,216	2,216
Audit fee	6,925	-	-	6,925
Awards and plaques	-	-	5,685	5,685
Credit card fees	40	-	-	40
Database maintenance	2,415	-	-	2,415
Depreciation	154	-	-	154
Fellowships	-	-	53,334	53,334
Food and Beverage – Annual Meeting	912	-	14,857	15,769
Graphic design	430	413	-	843
Honoraria	-	-	21,000	21,000
Insurance	10,537	-	-	10,537
Office supplies and expense	803	-	-	803
Onsite meeting management	1,489	3,310	1,041	5,840
Payroll processing fees	2,117	-	-	2,117
Postage and shipping	292	-	468	760
Printing	48	145	35	228
Publications and outreach	522	1,186	114,400	116,108
Research grants	-	-	38,358	38,358
Scholarships	-	-	191,900	191,900
State licenses	28	300	-	328
Subscription and license fees	397	30	-	427
Travel, meetings and conferences	3,817	-	26,089	29,906
Website development and maintenance	-	-	5,000	5,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 136,139</u>	<u>\$ 5,384</u>	<u>\$ 474,383</u>	<u>\$ 615,906</u>

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, 2018

<u>Bank Account</u>	<u>Description</u>	<u>Amount</u>
Bank of New Jersey	Operating Checking	\$ 357,604
Bank of New Jersey	Payroll Checking	526
Bank of New Jersey	Credit Card Checking	3,047
Mariner's Bank	Money Market Savings	246,349
Bank of New Jersey	CDARS - Savings	<u>100,000</u>
Total cash and cash equivalents as of December 31, 2018		<u>\$ 707,526</u>

See Independent Auditors' Report on Supplementary Information.