

**FOUNDATION FOR PSP | CBD
AND RELATED BRAIN DISEASES**

**REPORT ON AUDITS
OF FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED
JUNE 30, 2014 AND 2013**

C O N T E N T S

INDEPENDENT AUDITORS' REPORT

FINANCIAL STATEMENTS

Statements of Financial Position

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Foundation for PSP | CBD and Related
Brain Diseases
Timonium, Maryland

Report on the Financial Statements

We have audited the accompanying statements of financial position of Foundation for PSP | CBD and Related Brain Diseases (the "Foundation") as of June 30, 2014 and 2013 and the related statements of activities 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 audits to obtain reasonable assurance about whether the financial statements are free of 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.

Board of Directors
Foundation for PSP | CBD and Related
Brain Diseases
Timonium, Maryland

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2014 and 2013, 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.

Rivlin, Lichter & Feldman, P.C.

Owings Mills, Maryland

August 23, 2014

**FOUNDATION FOR PSP | CBD
AND RELATED BRAIN DISEASES**

**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2014 AND 2013**

	2014	2013
ASSETS		
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 1,599,363	\$ 861,143
Cash and Cash Equivalents - Temporarily Restricted	839,467	943,747
Pledges Receivable - Unrestricted	1,500	1,000
Pledges Receivable - Temporarily Restricted	308,985	13,850
Other Receivables	83,432	6,409
Prepaid Expenses	38,557	26,636
Total Current Assets	2,871,304	1,852,785
PROPERTY AND EQUIPMENT - AT COST:		
Office Equipment	101,672	99,406
Furniture and Fixtures	47,406	42,700
Software - Database	54,033	54,033
Website	31,253	31,253
	234,364	227,392
Less Accumulated Depreciation	210,911	205,223
Net Value of Property and Equipment	23,453	22,169
LONG TERM ASSETS:		
Marketable Securities - Permanent Endowment	383,411	351,244
Deposits	3,983	3,983
Total Other Assets	387,394	355,227
TOTAL ASSETS	\$ 3,282,151	\$ 2,230,181
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts Payable and Accrued Expenses	\$ 91,862	\$ 76,403
Grants Payable - Due Within One Year	809,731	368,570
Total Current Liabilities	901,593	444,973
LONG TERM LIABILITIES:		
Grants Payable - Due After One Year	466,663	43,750
Total Liabilities	1,368,256	488,723
NET ASSETS:		
Unrestricted		
Undesignated	1,115,555	786,077
Board Designated - Research	100,000	-
Board Designated - Programs and Education	5,346	8,935
Total Unrestricted	1,220,901	795,012
Temporarily Restricted	309,583	595,277
Permanently Restricted	383,411	351,169
Total Restricted	692,994	946,446
Total Net Assets	1,913,895	1,741,458
TOTAL LIABILITIES AND NET ASSETS	\$ 3,282,151	\$ 2,230,181

**FOUNDATION FOR PSP | CBD
AND RELATED BRAIN DISEASES**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

	2014			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
REVENUES AND OTHER SUPPORT:				
Contributions	\$ 2,339,915	\$ 775,912	\$ -	\$ 3,115,827
Special Events (Net of \$34,319 in Expenses)	165,834	9,930	-	175,764
Interest and Dividend Income	3,275	7,670	-	10,945
Realized and Unrealized Gains on Investments	-	-	35,179	35,179
Net Assets Released from Restrictions	<u>1,082,143</u>	<u>(1,079,206)</u>	<u>(2,937)</u>	<u>-</u>
Total Revenues and Other Support	<u>3,591,167</u>	<u>(285,694)</u>	<u>32,242</u>	<u>3,337,715</u>
EXPENSES:				
Program Services:				
Research	2,246,935	-	-	2,246,935
Programs and Education	369,558	-	-	369,558
Communications and Public Awareness	143,050	-	-	143,050
Support Services:				
Management and General	108,120	-	-	108,120
Board	40,022	-	-	40,022
Fundraising	<u>257,593</u>	<u>-</u>	<u>-</u>	<u>257,593</u>
Total Program and Support Services	<u>3,165,278</u>	<u>-</u>	<u>-</u>	<u>3,165,278</u>
CHANGE IN NET ASSETS	425,889	(285,694)	32,242	172,437
NET ASSETS AT BEGINNING OF YEAR	<u>795,012</u>	<u>595,277</u>	<u>351,169</u>	<u>1,741,458</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,220,901</u>	<u>\$ 309,583</u>	<u>\$ 383,411</u>	<u>\$ 1,913,895</u>

**FOUNDATION FOR PSP | CBD
AND RELATED BRAIN DISEASES**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

	2013			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
REVENUES AND OTHER SUPPORT:				
Contributions	\$ 936,720	\$ 518,125	\$ -	\$ 1,454,845
Special Events (Net of \$21,183 in Expenses)	206,888	41,766	-	248,654
Interest and Dividend Income	2,932	5,486	-	8,418
Realized and Unrealized Gains on Investments	-	-	29,537	29,537
Grant Adjustment	-	125,000	-	125,000
Net Assets Released from Restrictions	<u>933,687</u>	<u>(929,950)</u>	<u>(3,737)</u>	<u>-</u>
Total Revenues and Other Support	<u>2,080,227</u>	<u>(239,573)</u>	<u>25,800</u>	<u>1,866,454</u>
EXPENSES:				
Program Services:				
Research	1,235,276	-	-	1,235,276
Programs and Education	383,804	-	-	383,804
Communications and Public Awareness	148,510	-	-	148,510
Support Services:				
Management and General	104,345	-	-	104,345
Board	38,724	-	-	38,724
Fundraising	<u>236,685</u>	<u>-</u>	<u>-</u>	<u>236,685</u>
Total Program and Support Services	<u>2,147,344</u>	<u>-</u>	<u>-</u>	<u>2,147,344</u>
CHANGE IN NET ASSETS	(67,117)	(239,573)	25,800	(280,890)
NET ASSETS AT BEGINNING OF YEAR	<u>862,129</u>	<u>834,850</u>	<u>325,369</u>	<u>2,022,348</u>
NET ASSETS AT END OF YEAR	<u>\$ 795,012</u>	<u>\$ 595,277</u>	<u>\$ 351,169</u>	<u>\$ 1,741,458</u>

FOUNDATION FOR PSP | CBD AND RELATED BRAIN DISEASES
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2014

Functional Expenses	Program Services					Support Services				
	Research	Programs and Education	Communications and Public Awareness	Total Program Services	Management and General	Board	Fund-Raising	Total Support Services	Total Program and Support Services	
Annual Report and Public Relations	\$ 1,813	\$ 1,482	\$ -	\$ 3,295	\$ -	\$ -	\$ -	\$ -	\$ 3,295	
Bad Debt	-	-	-	-	4,000	-	-	4,000	4,000	
Bank and Payroll Fees	4,821	1,645	4,231	10,697	296	-	12,573	12,869	23,566	
Benefits	22,848	32,596	11,853	67,097	9,821	3,020	17,780	30,621	97,718	
Brain Bank	66,000	-	-	66,000	-	-	-	-	66,000	
Brain Bank - Tissue Harvesting	13,511	-	-	13,511	-	-	-	-	13,511	
Conferences/Webinars/Training	25	46,564	15	46,604	-	-	15	15	46,619	
Depreciation	1,365	1,876	1,365	4,606	514	-	568	1,082	5,688	
Dues, Subscriptions & Publications	321	385	400	1,106	64	-	509	573	1,679	
Equipment Rental/Small Purchases	2,894	4,144	2,894	9,932	578	-	1,806	2,384	12,316	
Insurance	-	-	-	-	7,444	-	-	7,444	7,444	
International Leadership	-	11,116	-	11,116	-	-	-	-	11,116	
Legal, Accounting and Audit Fees	722	866	722	2,310	22,117	-	433	22,550	24,860	
Corporate, Major Donor & Planned Giving Supplies, Direct Mail	1,058	-	17,033	18,091	672	-	92,985	93,657	111,748	
Marketing	8,998	3,453	258	12,709	-	-	-	-	12,709	
Materials and Supplies	1,540	1,543	1,232	4,315	246	-	739	985	5,300	
Meeting and Board Expenses	-	-	-	-	-	20,046	-	20,046	20,046	
Miscellaneous	171	205	252	628	649	-	103	752	1,380	
Newsletter/Magazine	965	13,182	643	14,790	-	-	-	-	14,790	
Patient Advocacy	175	4,555	180	4,910	35	-	105	140	5,050	
Postage and Shipping	1,793	16,970	1,510	20,273	302	-	907	1,209	21,482	
Printing	915	1,098	915	2,928	183	-	549	732	3,660	
Rent - Office	16,776	20,131	16,776	53,683	3,355	-	10,066	13,421	67,104	
Research Grants	1,935,877	-	-	1,935,877	-	-	-	-	1,935,877	
Research Symposium	16,177	474	3,893	20,544	-	-	-	-	20,544	
Salaries	135,650	186,518	67,824	389,992	56,403	16,956	101,738	175,097	565,089	
State Registrations	362	434	4,067	4,863	72	-	5,316	5,388	10,251	
Support Groups/Peer Organizations	162	3,832	-	3,994	-	-	-	-	3,994	
Technology Expenses	7,742	9,248	5,187	22,177	755	-	7,678	8,433	30,610	
Telephone	3,071	4,735	970	8,776	614	-	2,893	3,507	12,283	
Website Updates and Maintenance	1,383	2,506	830	4,719	-	-	830	830	5,549	
Totals	\$ 2,246,935	\$ 369,558	\$ 143,050	\$ 2,759,543	\$ 108,120	\$ 40,022	\$ 257,593	\$ 405,735	\$ 3,165,278	

See Independent Auditor's Report and Accompanying Notes

FOUNDATION FOR FSP | CBD AND RELATED BRAIN DISEASES

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2013

Functional Expenses	Program Services					Support Services				
	Research	Programs and Education	Communications and Public Awareness	Total Program Services	Management and General	Board	Fund-Raising	Total Support Services	Total Program and Support Services	
Annual Report and Public Relations	\$ -	\$ 2,394	\$ 95	\$ 2,489	\$ -	\$ -	\$ -	\$ -	\$ 2,489	
Bank and Payroll Fees	5,086	1,580	4,377	11,043	531	-	12,332	12,863	23,906	
Benefits	23,147	31,510	11,507	66,164	9,590	2,877	17,260	29,727	95,891	
Brain Bank	66,000	-	-	66,000	-	-	-	-	66,000	
Brain Bank - Tissue Harvesting	11,732	-	-	11,732	-	-	-	-	11,732	
Conferences/Webinars/Training	29,043	78,505	2,867	110,415	-	-	1,014	1,014	111,429	
Depreciation	1,983	2,727	992	5,702	662	248	1,648	2,558	8,260	
Dues, Subscriptions and Publications	348	450	72	870	58	-	160	218	1,088	
Equipment Rental/Small Purchases	2,431	2,796	2,431	7,658	2,312	-	1,458	3,770	11,428	
Insurance	-	-	-	-	7,723	-	-	7,723	7,723	
Legal, Accounting and Audit Fees	-	-	-	-	21,843	-	-	21,843	21,843	
Corporate, Major Donor & Planned Giving Supplies, Direct Mail	-	255	25,936	26,191	-	-	81,335	81,335	107,526	
Materials and Supplies	1,310	1,704	1,428	4,442	317	-	938	1,255	5,697	
Meeting and Board Expenses	-	-	-	-	-	19,161	-	19,161	19,161	
Miscellaneous	122	145	122	389	570	-	72	642	1,031	
Patient Advocacy	500	2,448	-	2,948	-	-	-	-	2,948	
Postage and Shipping	2,285	15,772	2,134	20,191	410	-	1,281	1,691	21,882	
Printing	613	735	613	1,961	122	-	367	489	2,450	
Publications	4,345	15,580	2,897	22,822	-	-	-	-	22,822	
Rent - Office	16,408	19,688	16,408	52,504	3,280	-	9,844	13,124	65,628	
Research Grants	928,000	-	-	928,000	-	-	-	-	928,000	
Support Groups/Peer Orgs./Vol. Develop	-	8,758	-	8,758	-	-	-	-	8,758	
Salaries	131,559	180,903	65,779	378,241	54,816	16,438	91,447	162,701	540,942	
Staff Development	-	1,542	-	1,542	750	-	-	750	2,292	
State Registrations	26	31	4,847	4,904	5	-	7,248	7,253	12,157	
Technology Expenses	7,289	8,874	4,705	20,868	911	-	7,702	8,613	29,481	
Telephone	2,183	3,439	781	6,403	445	-	2,060	2,505	8,908	
Website Updates and Maintenance	866	3,968	519	5,353	-	-	519	519	5,872	
Totals	\$ 1,235,276	\$ 383,804	\$ 148,510	\$ 1,767,590	\$ 104,345	\$ 98,724	\$ 236,685	\$ 379,754	\$ 2,147,344	

**FOUNDATION FOR PSP | CBD
AND RELATED BRAIN DISEASES**

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 172,437	\$ (280,890)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	5,688	8,260
Unrealized and Realized Gain on Marketable Securities	(35,179)	(29,537)
Changes in:		
Pledges Receivable	(500)	100
Pledges Receivable - Temporarily Restricted	(295,135)	27,600
Other Receivables	(77,023)	11,133
Prepaid Expenses	(11,921)	(3,705)
Accounts Payable and Accrued Expenses	15,459	(25,445)
Grants Payable	<u>864,074</u>	<u>(390,190)</u>
Net Cash Provided by (used in) Operating Activities	<u>637,900</u>	<u>(682,674)</u>
CASH FLOWS (USED IN) INVESTING ACTIVITIES:		
Acquisitions of Property and Equipment	(6,972)	(4,139)
Purchases of Marketable Securities	-	(63,839)
Proceeds from Sale of Marketable Securities	<u>3,012</u>	<u>63,441</u>
Net Cash (used in) Investing Activities	<u>(3,960)</u>	<u>(4,537)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	633,940	(687,211)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,804,890</u>	<u>2,492,101</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,438,830</u>	<u>\$ 1,804,890</u>

**FOUNDATION FOR PSP | CBD
AND RELATED BRAIN DISEASES**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

**NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES**

Organization and Nature of Activities: The Foundation for PSP | CBD and Related Brain Diseases (the “Foundation”) is a not-for-profit organization formed to promote and fund research into finding the cause and cure as well as treatment and prevention for progressive supranuclear palsy (PSP), corticobasal degeneration (CBD) and other atypical Parkinsonian disorders. The Foundation provides information, education, support and advocacy to persons with these disorders, their families, caregivers and the general public. The Foundation awards research grants to scientists and educates physicians and other health professionals on PSP, CBD, and other atypical Parkinsonian disorders and how to improve patient care. A majority of the revenue and support the Foundation receives is from individual, corporate and foundation donors as well as special events held during the year.

Financial Statement Presentation: The financial statement presentation follows financial accounting standards for not-for-profit organizations. Under these standards, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted Net Assets – net assets that are not subject to donor imposed stipulations or are designated by the Board of Directors. As of June 30, 2014 and 2013, the Board of Directors has designated \$105,346 and \$8,935, respectively for research and programs and education.

Temporarily Restricted Net Assets – net assets subject to donor imposed stipulations that may or will be met, either by actions of the Foundation and/or passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction.

Permanently Restricted Net Assets – net assets subject to donor imposed stipulations that the principal amount be maintained permanently by the Foundation and any income earned on the principal amount will be used for student research.

Contributions: The Foundation accounts for contributions in accordance with the generally accepted accounting standard, *Accounting for Contributions Received and Contributions Made for Not-for-Profit Organizations*. In accordance with generally accepted accounting standards, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

**FOUNDATION FOR PSP | CBD
AND RELATED BRAIN DISEASES**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

**NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)**

Revenue Recognition: The Foundation raises monies through various special events in addition to accepting contributions. These special events help to involve the general public in various geographical areas raising awareness for those affected by PSP and CBD. These events include dinner parties, runner sponsorships, wine tastings and walkathons.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Certain estimates, such as the fair value of investments, could be subject to material change in the near term.

Basis of Accounting: The accompanying financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Cash and Cash Equivalents: For purposes of the Statements of Cash Flows, the Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Donated Goods and Services: The Foundation receives non-cash donations from the public for its programs and activities. Donations of marketable securities are immediately converted to cash. Stocks donated and converted to cash totaled \$16,588 and \$55,530 for the years ended June 30, 2014 and 2013, respectively. Other non-cash donations consist of volunteers donating time for various administrative tasks. Donations of time have not been reported in these financial statements as there is no objective basis to measure the value of such donations. For the year ended June 30, 2014, a boat was donated to the Foundation that was recorded as of June 30, 2014 for \$50,000 less a \$5,000 selling fee that was recorded in the year ended June 30, 2015.

Concentration of Credit Risk: Financial instruments that potentially expose the Foundation to concentrations of credit risk consist primarily of pledges receivable. Pledges receivable at June 30, 2014 and 2013 are all believed to be collectible. Therefore, the Foundation does not consider pledges receivable to be a significant credit risk and has not recorded a reserve allowance for uncollectible pledges.

Property and Equipment: Acquisitions of property and equipment over \$500 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over a period of 3 – 7 years.

**FOUNDATION FOR PSP | CBD
AND RELATED BRAIN DISEASES**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued).

Income Taxes: The Foundation is exempt from federal income taxes (except taxes on unrelated business income) under Section 501 (C) (3) of the Internal Revenue Code and is classified by the Internal Revenue Service as a publicly supported organization. No provision for income taxes is required for the year ended June 30, 2014 and 2013, since the Foundation had no taxable income from unrelated business activities. The Foundation is also exempt from state income taxes.

Investments: Investments are recorded at fair value based on quoted market prices. Changes in fair value are recorded as unrealized gains or losses in the Statement of Activities.

Accounts and Pledges Receivable: Accounts and Pledges Receivable are reported at the amounts management expects to collect from outstanding balances. The difference between the amount due and the amount management expects to collect are reported in the statement of activities with an offsetting entry to a valuation allowance. Management did not record a reserve allowance as of June 30, 2014 and 2013 because no receivables were considered uncollectible.

Subsequent Events: Management has evaluated subsequent events and transactions through August 23, 2014, the date these financial statements were available to be issued and have determined that no material subsequent events, unless otherwise noted, have occurred that should be recorded in the accompanying financial statements as of June 30, 2014.

Functional Allocation of Expenses: The cost of providing programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among programs and supporting services benefited.

Endowment Policy: The investments in the Endowment Fund have a growth objective defined as low income generation with an emphasis on growth over the long term. The principal amount is permanently restricted to provide future earnings. The earnings of the endowment fund are used to support student related research. The investment policy is in accordance with the Board of Directors and designated to BB&T) as the investment advisor through June 30, 2013. Effective July 1, 2013, the Endowment Fund has been managed by Passive Capital Management. The Endowment Fund consists primarily of restricted cash and the investments as described in the subsequent Note B – Investments. There were no additional contributions to the Endowment Fund during the year ended June 30, 2014. A total of \$2,937 and \$3,737 for the years ended June 30, 2014 and 2013, respectively in earnings from the Endowment Fund was released. from permanently restricted funds to be used for student research. The Endowment Fund is classified in accordance with laws and regulations that impact donor-restricted endowment funds.

**FOUNDATION FOR PSP | CBD
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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE B – INVESTMENTS

The costs, estimated fair values and unrealized appreciation of marketable securities are as follows as of June 30, 2014 and 2013:

	2014	2013
Cost	Estimated Fair Value	Unrealized Gain
Mutual Funds	<u>\$ 324,711</u>	<u>\$ 383,411</u> <u>\$ 49,301</u>
	2014	2013
	Cost	Estimated Fair Value
Mutual Funds	<u>\$ 297,330</u>	<u>\$ 351,244</u> <u>\$ 53,914</u>

The above investments are all traded on public markets and therefore are considered Level I investments in accordance with generally accepted accounting principles. Estimated fair value was determined by quoted market price at June 30, 2014 and 2013. These investments earned \$35,179 and \$29,537 in 2014 and 2013 in dividend income; realized and unrealized gains.

NOTE C – LEASE AGREEMENT

The Foundation entered into operating lease agreements for office space and equipment that commenced on October 1, 2010. The initial lease term was 87 months for the office space and 60 months for office equipment and there is a one five year renewal option under the office lease.

Future minimum lease payments under these lease agreements are as follows:

2015	78,795
2016	81,634
2017	84,587
2018	47,734

Rent expense for the year ended June 30, 2014 and 2013 was \$79,420 and \$75,837, respectively for the above leases.

**FOUNDATION FOR PSP | CBD
AND RELATED BRAIN DISEASES**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE D – PLEDGED CONTRIBUTIONS

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 or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

NOTE E – RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets consist of cash and pledges restricted by donors less grants payable associated with those assets. Included in cash and cash equivalents – permanently restricted on the accompanying statements of financial position is \$ - 0 - and \$4,060 that is not expected to be used within the next year. Permanently restricted net assets represent funds stipulated by the donor, the earnings of which are to be used for student research.

Restricted net assets are available for the following purposes:

	<u>2014</u>	<u>2013</u>
Temporarily restricted:		
- Research	<u>\$ 309,583</u>	<u>\$ 595,277</u>
Permanently restricted – research	<u>\$ 383,411</u>	<u>\$ 351,169</u>

NOTE F – CONCENTRATIONS

Concentrations of Revenue: For the years ended June 30, 2014 and 2013, donations from one and two donors accounted for approximately 37% and 13% of total revenue. Additionally, two research grants and five research grants accounted for 44% and 75% of all grant expenses for June 30, 2014 and 2013, respectively

Deposits in Excess of Insured Limit: The Foundation maintains its cash balances in primarily two financial institutions. As of the date of this audit report, the cash is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for each financial institution in which the foundation maintains cash balances.

**FOUNDATION FOR PSP | CBD
AND RELATED BRAIN DISEASES**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE G – GRANTS PAYABLE

Major expenses of the Foundation are grants awarded to scientific and medical professionals to conduct research. As of June 30, 2014 and 2013, \$1,276,394 and \$412,320 in grants were payable to such professionals. The Grant Adjustments of \$50,000 and \$125,000 included in the Statements of Activities and Changes in Net Assets for the years ended June 30, 2014 and 2013, respectively represents grants previously awarded the research of which will not be completed or amounts spent were less than grants originally allocated.

NOTE H – AGREEMENT – CBD SOLUTIONS

CBD Solutions, incorporated in Sweden has agreed to provide funds to the Foundation in the amount of \$292,000 for a project between University of California and Rutgers Medical School. The Foundation will monitor the project and perform all parts of the assignment and CBD will donate the money. The Foundation shall adhere to the time schedule as specified in this agreement. Both parties agree that all presentations and publications of the results of the projects will acknowledge the support of both organizations and shall be made available for use of the public.

NOTE I – SPECIAL INITIATIVE GRANTS PROGRAM

CurePSP has initiated a Special Initiative Grant Program (SIG) for the purpose of funding major components and projects established in the Foundation's \$15 million Research Road Map. Funding for these grants may or may not be available at the time the grant is awarded. A SIG award may be terminated by CurePSP before the agreed term of the project in the event that ongoing fundraising efforts are not sufficient or other reasons determined by the Board of Directors.