

CurePSP, Inc.

**CONSOLIDATED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
Years Ended June 30, 2016 and 2015**

TABLE OF CONTENTS

Description	Page
Independent Auditors' Report	1 – 2
Consolidated Financial Statements:	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4 – 5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7 – 17
Supplemental Consolidated Schedule of Functional Expenses	18
Consolidating Statement of Financial Position	19
Consolidating Statement of Activities	20

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
CurePSP, Inc.

We have audited the accompanying consolidated financial statements of CurePSP, Inc. (a nonprofit organization) which comprise the consolidated statement of financial position as of June 30, 2016 and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of CurePSP, Inc. as of June 30, 2016, and the consolidated 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.

Prior Period Financial Statements

The financial statements of CurePSP, Inc. as of June 30, 2015, and for the year then ended, were audited by other auditors whose report dated December 31, 2015 expressed an unmodified audit opinion on those statements.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental consolidated schedule of functional expenses, the consolidating statement of financial position, and the consolidating statement of activities on pages 18 - 20 are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

The image shows a handwritten signature in cursive script that reads "Rubins & Company". The signature is written in black ink and is centered on the page.

Bethesda, Maryland
February 21, 2017

CurePSP, Inc.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,608,323	\$ 2,545,846
Cash and cash equivalents - temporarily restricted	932,117	350,870
Investments - unrestricted	16,172	2,442
Pledges receivable	3,850	3,700
Other receivables	13,104	12,850
Prepaid expenses	<u>34,854</u>	<u>83,266</u>
Total current assets	2,608,420	2,998,974
Property and equipment, net	166,452	32,016
Investments - permanent endowment	372,118	380,827
Deposits	<u>15,773</u>	<u>7,058</u>
Total assets	<u>\$ 3,162,763</u>	<u>\$ 3,418,875</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 169,652	\$ 296,387
Grants payable - current	<u>617,110</u>	<u>712,902</u>
Total current liabilities	786,762	1,009,289
Grants payable - non-current portion	<u>150,000</u>	<u>249,589</u>
Total liabilities	<u>936,762</u>	<u>1,258,878</u>
Net assets		
Unrestricted	1,311,400	1,555,625
Temporarily restricted	542,483	223,545
Permanently restricted	<u>372,118</u>	<u>380,827</u>
Total net assets	<u>2,226,001</u>	<u>2,159,997</u>
Total liabilities and net assets	<u>\$ 3,162,763</u>	<u>\$ 3,418,875</u>

The accompanying notes are an integral part of these consolidated financial statements.

CurePSP, Inc,
CONSOLIDATED STATEMENT OF ACTIVITIES
Year Ended June 30, 2016

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Revenue and support				
Contributions	\$ 2,068,200	\$ 775,482	\$ -	\$ 2,843,682
Special events, net	180,646	88,515	-	269,161
Patient engagement	72,121	-	-	72,121
Sponsorships	29,400	-	-	29,400
Merchandise sales, net	357	-	-	357
Net realized and unrealized gains(losses)	(4,230)	-	(5,591)	(9,821)
Interest and dividends	5,293	10,005	-	15,298
Gain/(loss) on disposal	(5,612)	-	-	(5,612)
Miscellaneous income	<u>3,642</u>	<u>-</u>	<u>-</u>	<u>3,642</u>
Total revenue, gains and support	2,349,817	874,002	(5,591)	3,218,228
Net assets released from restrictions	<u>558,182</u>	<u>(555,064)</u>	<u>(3,118)</u>	<u>-</u>
Total revenue, gains, support and releases	<u>2,907,999</u>	<u>318,938</u>	<u>(8,709)</u>	<u>3,218,228</u>
Expenses				
Program services				
Research	837,618	-	-	837,618
Outreach and education	701,207	-	-	701,207
Communications and awareness	504,471	-	-	504,471
Patient engagement	200,927	-	-	200,927
Supporting Services				
Management & general	309,019	-	-	309,019
Board	76,905	-	-	76,905
Fundraising	<u>522,077</u>	<u>-</u>	<u>-</u>	<u>522,077</u>
Total expenses	<u>3,152,224</u>	<u>-</u>	<u>-</u>	<u>3,152,224</u>
Change in net assets	(244,225)	318,938	(8,709)	66,004
Net assets, beginning of year	<u>1,555,625</u>	<u>223,545</u>	<u>380,827</u>	<u>2,159,997</u>
Net assets, end of year	<u>\$ 1,311,400</u>	<u>\$ 542,483</u>	<u>\$ 372,118</u>	<u>\$ 2,226,001</u>

The accompanying notes are an integral part of these consolidated financial statements.

CurePSP, Inc,
CONSOLIDATED STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Revenue and support				
Contributions	\$ 2,184,731	\$ 103,799	\$ -	\$ 2,288,530
Special events (net of \$25,968 in expenses)	277,300	6,353	-	283,653
Net realized and unrealized gains(losses)	-	-	529	529
Interest and dividends	6,292	6,454	-	12,746
Grant adjustment	<u>-</u>	<u>135,495</u>	<u>-</u>	<u>135,495</u>
Total revenue, gains and support	2,468,323	252,101	529	2,720,953
Net assets released from restrictions	<u>341,252</u>	<u>(338,139)</u>	<u>(3,113)</u>	<u>-</u>
Total revenue, gains, support and releases	<u>2,809,575</u>	<u>(86,038)</u>	<u>(2,584)</u>	<u>2,720,953</u>
Expenses				
Program services				
Research	1,095,450	-	-	1,095,450
Outreach and education	563,094	-	-	563,094
Communications and awareness	225,443	-	-	225,443
Supporting services				
Management & general	185,566	-	-	185,566
Board	52,366	-	-	52,366
Fundraising	<u>352,932</u>	<u>-</u>	<u>-</u>	<u>352,932</u>
Total expenses	<u>2,474,851</u>	<u>-</u>	<u>-</u>	<u>2,474,851</u>
Change in net assets	334,724	(86,038)	(2,584)	246,102
Net assets, beginning of year	<u>1,220,901</u>	<u>309,583</u>	<u>383,411</u>	<u>1,913,895</u>
Net assets, end of year	<u>\$ 1,555,625</u>	<u>\$ 223,545</u>	<u>\$ 380,827</u>	<u>\$ 2,159,997</u>

The accompanying notes are an integral part of these consolidated financial statements.

CurePSP, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Change in net assets	\$ 66,004	\$ 246,102
Reconciling adjustments		
Depreciation and amortization	10,756	6,127
Loss on disposal of assets	5,612	-
Net realized and unrealized investment losses (gains)	9,821	(529)
Changes in operating assets and liabilities:		
Pledges receivable	(150)	306,785
Other receivables	(254)	70,582
Prepaid expenses	48,412	(44,709)
Deposits	(8,715)	(3,075)
Accounts payable and accrued expenses	(126,735)	204,525
Grants payable	<u>(195,381)</u>	<u>(313,903)</u>
Net cash (used) provided by operating activities	<u>(190,630)</u>	<u>471,905</u>
Cash flows from investing activities		
Acquisitions of property and equipment	(150,804)	(14,690)
Purchases and sales of marketable securities, net	<u>(14,842)</u>	<u>671</u>
Net cash used by investing activities	<u>(165,646)</u>	<u>(14,019)</u>
Net (decrease) increase in cash and cash equivalents	(356,276)	457,886
Cash and cash equivalents, beginning of year	<u>2,896,716</u>	<u>2,438,830</u>
Cash and cash equivalents, end of year	<u>\$ 2,540,440</u>	<u>\$ 2,896,716</u>

The accompanying notes are an integral part of these consolidated financial statements.

CUREPSP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2016 and 2015

1. Organization

CurePSP, Inc. (CurePSP), formerly The Foundation for PSP | CBD and Related Brain Diseases, is a nonprofit organization formed to promote and fund research with the purpose of finding the cause and cure as well as treatment and prevention for progressive supranuclear palsy (PSP), corticobasal degeneration (CBD) and other atypical Parkinsonian disorders. CurePSP provides information, education, support and advocacy to persons with these disorders, their families, caregivers and the general public. The organization 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 CurePSP receives is from individual, corporate and foundation donors as well as from special events held throughout the year.

Patient Engagement Program, LLC

CurePSP formed Patient Engagement Program, LLC as a Maryland limited liability company which became fully operational in October 2015. Patient Engagement Program, LLC (PEP) is managed by CurePSP and was developed with the mission of partnering with pharmaceutical companies and contract research organizations to facilitate human clinical trials with the purpose of advancing science and bringing new drugs to the market for rare diseases. PEP offers educational programs, patient recruitment services, and development of in-print and online publications.

2. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements of CurePSP have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Principles of Consolidation

The consolidated financial statements include the accounts of CurePSP and Patient Engagement Program, LLC. All material intercompany transactions and accounts have been eliminated in consolidation which include an intercompany receivable (CurePSP) and payable (PEP) of \$152,124 at June 30, 2016.

CUREPSP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2016 and 2015

2. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and support and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

Income Taxes

CurePSP is exempt from Federal income taxes under section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as a publicly supported organization. As such, it is exempt from federal income taxes on all but unrelated business income, if any. There was no net unrelated business income for the years ended June 30, 2016 and 2015

Cash and Cash Equivalents

For purposes of the statements of cash flows, CurePSP considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments

Investments are recorded at estimated fair values based on quoted market prices in active markets. Investment transactions are recorded on a trade-date basis. Investment income, including unrealized gains or losses, is reported in the statement of activities as non-operating increases or decreases in unrestricted net assets, unless otherwise restricted by the donor or law.

CurePSP has an investment account held specifically for its Endowment Fund, the principal and any related appreciation in value of which is permanently restricted to provide future earnings. Earnings include dividends and interest of the endowment fund and are used to support student related research. CurePSP's investment policy is approved by the Board of Directors and designated to an outside investment advisor. The endowment fund consists primarily of restricted cash and the investments as described in Note 3. There were no additional contributions to the Endowment Fund during the years ended June 30, 2016 and 2015.

CUREPSP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2016 and 2015

2. Summary of Significant Accounting Policies (continued)

For the years ended June 30, 2016 and 2015 a total of \$3,118 and \$3,113, respectively, in earnings was released from permanently restricted funds to be used for student research.

Contributions

Contributions and unconditional promises to give are recorded as support, at fair value, when received. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor as to the time or purpose are reported as an increase in temporarily restricted net assets. When a time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions with restrictions that are met in the same reporting period are reported as unrestricted support.

In-Kind Contributions

CurePSP regularly receives non-cash donations from the public for its programs and activities. These in-kind donations are recognized as contributions in accordance with FASB ASC 958-605-15-2, *Revenue Recognition-Contributions Received*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the organization. Typically, CurePSP receives donations of marketable securities which it immediately converts to cash. For the years ended June 30, 2016 and 2015, stocks donated and converted to cash totaled \$402,277 and \$40,579, respectively. In addition, CurePSP often receives in-kind donations in the form of volunteers donating time for various administrative tasks; however, these services have not met the above stated criteria for the years ended June 30, 2016 and 2015, and accordingly, are not recognized as contributions on the consolidated financial statements.

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 is reported in the statement of activities with an offsetting entry to a valuation allowance. All receivables at June 30, 2016 and 2015, are believed to be collectible and accordingly, management did not record a reserve allowance.

CUREPSP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2016 and 2015

2. Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment are carried at cost if purchased and at estimated fair value at the date contributed, if applicable. All property and equipment in excess of \$500 are capitalized using the straight line method of depreciation over a period of 3 to 7 years. Expenditures for maintenance and repairs are charged to operations as incurred. Major renewals and betterments are capitalized. At the time property or equipment is retired or otherwise disposed of, the specified asset account and related accumulated depreciation or amortization accounts are relieved of the applicable amounts and any gain or loss is credited to income or charged to expense.

Net Assets

For financial statement purposes, net assets are as follows:

- Unrestricted net assets include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by board designation.
- Temporarily restricted net assets include those net assets whose use by CurePSP has been donor restricted by specified time or purpose limitations. The organization's mission is awareness, education, care and cure of neurodegenerative diseases. As such, CurePSP participates in and supports various programs related to either research, outreach and education, and communications and public awareness around finding a cure for PSP and other atypical neurodegenerative diseases. Typically, temporarily restricted net assets are for net assets that are purpose restricted in that the donor stipulates a specific program for which CurePSP is to use the donated funds. Support that is restricted by the donor, by either time or purpose, is reported as an increase in temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statements of activities as net assets released from restrictions.
- Permanently restricted net assets must be maintained in perpetuity by CurePSP and consists of an original contribution and appreciation in the value of the underlying investments. Investment income earned on the permanently restricted net assets is used to fund student research.

CUREPSP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2016 and 2015

2. Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Subsequent Events

Management has evaluated subsequent events and transactions through February 21, 2017, the date which the financial statements were available to be issued. There were no subsequent events that require recognition of or disclosure in these financial statements.

3. Pledges Receivable

Pledges receivable represent promises to give from individuals, corporations and foundations. No discount was recorded as of June 30, 2016 and 2015 since all pledges are expected to be collected within one year and are deemed fully collectible.

	<u>2016</u>	<u>2015</u>
Pledges - Unrestricted	\$ 1,000	\$ -
Pledges - Restricted	<u>2,850</u>	<u>3,700</u>
Total pledges receivable	<u>\$ 3,850</u>	<u>\$ 3,700</u>

CUREPSP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2016 and 2015

4. Investments

Investments consist of the following at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Mutual Funds		
World Bond	\$ 54,915	\$ 53,787
US Government Bond	65,449	-
Equity - International	69,085	71,407
Equity - Large Blend	146,436	151,425
Exchange Traded Funds		
US Government Bond	12,078	72,059
Equity - Large Blend	3,974	3,968
Equity - Real Estate	<u>36,353</u>	<u>30,623</u>
 Total investments	 <u>\$ 388,290</u>	 <u>\$ 383,269</u>

Investment return for the years ended June 30, 2016 and 2015, consists of the following:

	<u>2016</u>	<u>2015</u>
Interest and dividends	\$ 15,298	\$ 12,746
Net realized and unrealized (losses) gains	<u>(9,821)</u>	<u>529</u>
 Subtotal	 5,477	 13,275
Investment fees	<u>(3,118)</u>	<u>(3,113)</u>
 Net investment return	 <u>\$ 2,359</u>	 <u>\$ 10,162</u>

Investments are reported at fair value at year-end. See Note 9 for a discussion of fair value measurements. The investments are subject to market risks, and their values fluctuate daily. Due to the level of risk associated with investment securities, changes in the values of investment securities will occur in the near term, and such changes could materially affect CurePSP's consolidated financial position.

CUREPSP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2016 and 2015

5. Property and Equipment

Property and equipment as of June 30, 2016 and 2015, consists of the following:

	<u>2016</u>	<u>2015</u>
Website development	\$ 129,592	\$ -
Software	56,111	54,033
Computers	36,318	70,108
Furniture & fixtures	29,534	81,248
	<u>251,555</u>	<u>205,389</u>
Less: accumulated depreciation and amortization	<u>(85,103)</u>	<u>(173,373)</u>
Property and equipment, net	<u>\$ 166,452</u>	<u>\$ 32,016</u>

Depreciation expense totaled \$10,756 and \$6,126 for the years ended June 30, 2016 and 2015, respectively.

6. Commitments and Contingencies

Leases

CurePSP entered into operating lease agreements for office space and equipment for its offices in Baltimore, MD which commenced on October 1, 2010. Rent expense for this lease was \$71,631 and \$69,118 for the years ended June 30, 2016 and 2015, respectively.

During 2016, the majority of CurePSP staff transitioned to a new office location in New York City. Accordingly, CurePSP entered into an agreement to sublease 1,000 square feet of the Baltimore office effective September 1, 2016; expiring December 31, 2017, the expiration date of the prime lease.

Future minimum lease payments, net of future minimum sublease receipts, are as follows:

	<u>Rental</u> <u>Payments</u>	<u>Rental</u> <u>Receipts</u>	<u>Net</u>
Year ending June 30, 2017	\$ 73,327	\$ (16,000)	\$ 57,327
2018	<u>37,486</u>	<u>(9,600)</u>	<u>27,886</u>
	<u>\$ 110,813</u>	<u>\$ (25,600)</u>	<u>\$ 85,213</u>

CUREPSP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2016 and 2015

6. Commitments and Contingencies (continued)

CurePSP pays for the use of office space in NY, NY on a month-to-month basis, with the original agreement effective April 1, 2016 and an agreement amendment for additional space effective June 6, 2016. Therefore, there are no future minimum lease payments for this location.

CurePSP leases office equipment with terms running through June 2021. Rental expenses for operating leases were \$7,915 and \$7,355 for the years ended June 30, 2016 and 2015, respectively. Minimum future non-cancelable lease payments for operating equipment are as follows:

Year ending June 30, 2017	\$ 15,290
2018	14,728
2019	6,918
2020	6,918
2021	<u>6,918</u>
	<u>\$ 50,772</u>

Grants Payable

As of June 30, 2016 and 2015, \$767,110 and \$962,491 in grants were payable to medical professionals to conduct research. During 2015, a grant adjustment was made for \$135,495 for grants previously awarded for research that could not be completed or for amounts spent that were less than amounts originally awarded. During 2016 no grant adjustment amount was required.

7. Net Assets

The Board of Directors of CurePSP has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets, until those amounts are appropriated for expenditures by the Association in a manner consistent with the standard of prudence prescribed by UPMIFA.

CUREPSP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2016 and 2015

7. Net Assets (continued)

CurePSP has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain purchasing power of the endowment assets.

In accordance with UPMIFA, CurePSP considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of CurePSP and the donor-restricted endowment fund
- General economic conditions
- The possible effects of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of CurePSP
- The investment policies of CurePSP

Temporarily restricted net assets consist of cash and pledges restricted by donors less grants payable associated with those assets. 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>2016</u>	<u>2015</u>
Temporarily Restricted:		
Research	\$ 542,483	\$ 223,545
	<u> </u>	<u> </u>
Permanently Restricted:		
Student Research	\$ 372,118	\$ 380,827
	<u> </u>	<u> </u>

8. Fair Value Measurements

CurePSP records its investments based on fair value on a recurring basis. Financial accounting and reporting standards define fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the measurement date. The standards emphasize that fair value is a market-based measurement, not an entity specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability.

As a basis for considering market participant assumptions in fair value measurements, the standards establish a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent from the reporting entity (observable inputs that are classified within level 1 and 2 of the hierarchy) and the

CUREPSP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2016 and 2015

8. Fair Value Measurements (continued)

reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within level 3 of the hierarchy).

The fair value levels are as follows:

- Level 1: Inputs that utilize unadjusted quoted prices in active markets for identical assets or liabilities that CurePSP has the ability to access at the measurement date.
- Level 2: Inputs other than quoted prices included in level 1 that are observable for the assets or liabilities, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets or liabilities in active markets, as well as inputs that are observable for the assets or liabilities (other than quoted prices), such as interest rates, foreign exchange rates and yield curves that are observable at commonly quoted intervals.
- Level 3: Inputs that are unobservable inputs for the assets or liabilities, which are typically based on an entity's own assumptions as there is little, if any, related market activity.

The determination of the fair value level within which the entire fair value measurement falls is based on the lowest level of input that is significant to the fair value measurement in its entirety. CurePSP's assessment of the significance of the particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the assets or liabilities.

CUREPSP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2016 and 2015

8. Fair Value Measurements (continued)

The following summarizes information about the fair value measurements used as of June 30, 2016 and 2015:

<u>June 30, 2016</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
Mutual Funds - bonds	\$ 120,364	\$ 120,364	\$ -
Mutual Funds - equity	215,521	215,521	-
Exchange Traded Funds - bonds	12,078	12,078	-
Exchange Traded Funds - equity	<u>40,327</u>	<u>40,327</u>	<u>-</u>
Total investments	<u>\$ 388,290</u>	<u>\$ 388,290</u>	<u>\$ -</u>
<u>June 30, 2015</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
Mutual funds - bonds	\$ 53,787	\$ 53,787	\$ -
Mutual funds - equity	222,832	222,832	-
Exchange Traded Funds - bonds	72,059	72,059	-
Exchange Traded Funds - equity	<u>34,591</u>	<u>34,591</u>	<u>-</u>
Total investments	<u>\$ 383,269</u>	<u>\$ 383,269</u>	<u>\$ -</u>

SUPPLEMENTAL INFORMATION

CurePSP, Inc.
SUPPLEMENTAL CONSOLIDATED SCHEDULE OF FUNCTIONAL EXPENSES
Year Ended June 30, 2016

	Program Services					Support Services			Total
	Research	Outreach & Education	Communications & Awareness	Patient Engagement	Total	Management & General	Board	Fundraising	
Salaries & labor	\$ 166,983	\$ 183,990	\$ 174,306	\$ 130,848	\$ 656,127	\$ 154,939	\$ 38,735	\$ 183,990	\$ 1,033,791
Employee benefits & payroll taxes	31,243	24,734	23,433	1,983	81,393	20,829	5,207	24,734	132,163
Bank & payroll fees	3,117	-	-	10	3,127	3,719	-	22,610	29,456
Brain bank - tissue harvesting	20,119	-	-	-	20,119	-	-	-	20,119
Conferences/education	-	157,098	-	5,433	162,531	-	-	-	162,531
Consultants	1,719	1,669	187,171	-	190,559	-	-	96,250	286,809
Depreciation	2,581	2,044	1,936	-	6,561	2,151	-	2,044	10,756
Direct Mail	-	-	29,684	-	29,684	-	-	89,052	118,736
Dues, subscriptions	861	681	646	-	2,188	717	-	681	3,586
Equipment rental/small purchases	1,583	3,325	2,483	3,254	10,645	2,492	-	3,471	16,608
Insurance	2,042	1,617	1,532	-	5,191	1,702	-	1,616	8,509
Professional, accounting & audit fees	-	3,726	1,336	26,320	31,382	56,025	10,000	-	97,407
Corporate, plan giving, donor supplies	-	-	-	-	-	-	-	31,750	31,750
Marketing	-	241,597	25,416	15,500	282,513	3,338	-	-	285,851
Materials & supplies	6,983	5,528	5,237	7,186	24,934	5,815	-	5,529	36,278
Meeting & board expenses	1,186	1,186	1,186	-	3,558	-	22,963	-	26,521
Postage & shipping	474	4,737	3,158	2,523	10,892	2,685	-	4,737	18,314
Rent	17,202	21,790	18,842	-	57,834	17,446	-	26,457	101,737
Repairs & maintenance	418	528	352	-	1,298	440	-	462	2,200
Research grants/support	504,674	-	-	-	504,674	-	-	-	504,674
Research symposium	58,106	-	-	-	58,106	-	-	-	58,106
Respite fund	-	6,569	-	-	6,569	-	-	-	6,569
Staff development	-	-	-	4,270	4,270	8,878	-	-	13,148
State registrations	-	-	-	-	-	-	-	3,584	3,584
Support groups/peer orgs/vol. develop	-	24,360	-	-	24,360	-	-	-	24,360
Technology expenses	14,616	11,340	10,962	-	36,918	7,576	-	21,008	65,502
Telephone	3,711	4,688	3,125	554	12,078	3,906	-	4,102	20,086
Travel	-	-	-	3,046	3,046	16,361	-	-	19,407
Website updates and maintenance	-	-	13,666	-	13,666	-	-	-	13,666
Total expenses	\$ 837,618	\$ 701,207	\$ 504,471	\$ 200,927	\$ 2,244,223	\$ 309,019	\$ 76,905	\$ 522,077	\$ 3,152,224

CurePSP, Inc.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
June 30, 2016

	<u>CurePSP</u>	<u>PEP</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1,596,712	\$ 11,611	\$ -	\$ 1,608,323
Cash and cash equivalents - temp restricted	932,117	-	-	932,117
Investments - unrestricted	16,172	-	-	16,172
Pledges receivable	3,850	-	-	3,850
Other receivables	9,154	3,950	-	13,104
Due from PEP	152,124	-	(152,124)	-
Prepaid expenses	34,854	-	-	34,854
	<u>2,744,983</u>	<u>15,561</u>	<u>(152,124)</u>	<u>2,608,420</u>
Total current assets	2,744,983	15,561	(152,124)	2,608,420
Property and equipment, net	163,364	3,088	-	166,452
Investments - permanent endowment	372,118	-	-	372,118
Deposits	15,773	-	-	15,773
	<u>15,773</u>	<u>-</u>	<u>-</u>	<u>15,773</u>
Total assets	<u>\$ 3,296,238</u>	<u>\$ 18,649</u>	<u>\$ (152,124)</u>	<u>\$ 3,162,763</u>
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable and accrued expenses	\$ 168,737	\$ 915	\$ -	\$ 169,652
Grants payable - current	617,110	-	-	617,110
Due to CurePSP	-	152,124	(152,124)	-
	<u>-</u>	<u>152,124</u>	<u>(152,124)</u>	<u>-</u>
Total current liabilities	785,847	153,039	(152,124)	786,762
Grants payable - non-current portion	150,000	-	-	150,000
	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>150,000</u>
Total liabilities	<u>935,847</u>	<u>153,039</u>	<u>(152,124)</u>	<u>936,762</u>
Net assets				
Unrestricted	1,445,790	(134,390)	-	1,311,400
Temporarily restricted	542,483	-	-	542,483
Permanently restricted	372,118	-	-	372,118
	<u>372,118</u>	<u>-</u>	<u>-</u>	<u>372,118</u>
Tota net assets	<u>2,360,391</u>	<u>(134,390)</u>	<u>-</u>	<u>2,226,001</u>
Total liabilities and net assets	<u>\$ 3,296,238</u>	<u>\$ 18,649</u>	<u>\$ (152,124)</u>	<u>\$ 3,162,763</u>

The accompanying notes are an integral part of these consolidated financial statements

CurePSP, Inc,
CONSOLIDATING STATEMENT OF ACTIVITIES
Year Ended June 30, 2016

	<u>CurePSP</u>	<u>PEP</u>	<u>Eliminations</u>	<u>Total</u>
Revenue and support				
Contributions	\$ 2,843,682	\$ -	\$ -	\$ 2,843,682
Special events, net	269,161	-	-	269,161
Patient engagement	71,009	72,121	(71,009)	72,121
Sponsorships	29,400	-	-	29,400
Merchandise sales , net	357	-	-	357
Net realized and unrealized gains(losses)	(9,821)	-	-	(9,821)
Interest and dividends	15,298	-	-	15,298
Gain/(loss) on disposal	(5,612)	-	-	(5,612)
Miscellaneous income	3,642	-	-	3,642
	<u>3,217,116</u>	<u>72,121</u>	<u>(71,009)</u>	<u>3,218,228</u>
Total revenue, gains and support				
Net assets released from restrictions	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue, gains, support and releases	<u>3,217,116</u>	<u>72,121</u>	<u>(71,009)</u>	<u>3,218,228</u>
Expenses				
Program services				
Research	837,618	-	-	837,618
Outreach and education	701,207	-	-	701,207
Communications and awareness	504,471	-	-	504,471
Patient engagement	65,425	206,511	(71,009)	200,927
Supporting services				
Management & general	309,019	-	-	309,019
Board	76,905	-	-	76,905
Fundraising	522,077	-	-	522,077
	<u>3,016,722</u>	<u>206,511</u>	<u>(71,009)</u>	<u>3,152,224</u>
Total expenses				
Change in net assets	200,394	(134,390)	-	66,004
Net assets, beginning of year	2,159,997	-	-	2,159,997
	<u>2,159,997</u>	<u>-</u>	<u>-</u>	<u>2,159,997</u>
Net assets, end of year	\$ 2,360,391	\$ (134,390)	\$ -	\$ 2,226,001
	<u>\$ 2,360,391</u>	<u>\$ (134,390)</u>	<u>\$ -</u>	<u>\$ 2,226,001</u>

The accompanying notes are an integral part of these consolidated financial statements