

**CurePSP, Inc.**

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**CONSOLIDATED FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT  
Years Ended June 30, 2017 and 2016**

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## **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, 2017 and 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, 2017 and 2016, and the consolidated changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **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 17 - 19 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.

A handwritten signature in black ink that reads "Rubins & Company". The signature is written in a cursive, flowing style.

Bethesda, Maryland  
January 30, 2018

**CurePSP, Inc.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 1,638,963	\$ 1,608,323
Cash and cash equivalents - temporarily restricted	734,996	932,117
Investments - unrestricted	23,714	16,172
Pledges receivable	4,650	3,850
Other receivables	22,920	13,104
Prepaid expenses	50,959	34,854
Inventory	20,382	-
Total current assets	<u>2,496,584</u>	<u>2,608,420</u>
Property and equipment, net	158,787	166,452
Investments - permanent endowment	403,444	372,118
Deposits	15,773	15,773
Total assets	<u>\$ 3,074,588</u>	<u>\$ 3,162,763</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 112,391	\$ 169,652
Grants payable - current	<u>304,040</u>	<u>617,110</u>
Total current liabilities	416,431	786,762
Grants payable - non-current portion	<u>50,000</u>	<u>150,000</u>
Total liabilities	<u>466,431</u>	<u>936,762</u>
Net assets		
Unrestricted	1,749,317	1,311,400
Temporarily restricted	455,396	542,483
Permanently restricted	<u>403,444</u>	<u>372,118</u>
Total net assets	<u>2,608,157</u>	<u>2,226,001</u>
Total liabilities and net assets	<u>\$ 3,074,588</u>	<u>\$ 3,162,763</u>

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

**CurePSP, Inc,**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue and support				
Contributions	\$ 2,175,725	\$ 219,065	\$ -	\$ 2,394,790
Special events, net	188,226	1,175	-	189,401
Patient engagement	17,630	-	-	17,630
Sponsorships	47,750	41,050	-	88,800
Merchandise sales, net	4,106	-	-	4,106
Net realized and unrealized gains(losses)	3,083	-	31,326	34,409
Interest and dividends	1,648	8,746	-	10,394
Gain/(loss) on disposal	(566)	-	-	(566)
Miscellaneous income	415	-	-	415
Total revenue, gains and support	2,438,017	270,036	31,326	2,739,379
Net assets released from restrictions	357,123	(357,123)	-	-
Total revenue, gains, support and releases	2,795,140	(87,087)	31,326	2,739,379
Expenses				
Program services				
Research	741,950	-	-	741,950
Outreach and education	527,273	-	-	527,273
Communications and awareness	273,786	-	-	273,786
Patient engagement	17,040	-	-	17,040
Supporting Services				
Management & general	263,479	-	-	263,479
Board	67,394	-	-	67,394
Fundraising	466,301	-	-	466,301
Total expenses	2,357,223	-	-	2,357,223
Change in net assets	437,917	(87,087)	31,326	382,156
Net assets, beginning of year	1,311,400	542,483	372,118	2,226,001
Net assets, end of year	<u>\$ 1,749,317</u>	<u>\$ 455,396</u>	<u>\$ 403,444</u>	<u>\$ 2,608,157</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>	<u>Temporarily Restricted</u>	<u>Permanently 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)	(1,112)	-	(8,709)	(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	2,352,935	874,002	(8,709)	3,218,228
Net assets released from restrictions	<u>555,064</u>	<u>(555,064)</u>	<u>-</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 STATEMENTS OF CASH FLOWS**  
**Years Ended June 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Change in net assets	\$ 382,156	\$ 66,004
Reconciling adjustments		
Depreciation and amortization	51,389	10,756
Loss on disposal of assets	641	5,612
Net realized and unrealized investment (gains)/losses	(34,409)	9,821
Changes in operating assets and liabilities:		
Pledges receivable	(800)	(150)
Other receivables	(9,816)	(254)
Inventory	(20,382)	-
Prepaid expenses	(16,105)	48,412
Deposits	-	(8,715)
Accounts payable and accrued expenses	(57,261)	(126,735)
Grants payable	<u>(413,070)</u>	<u>(195,381)</u>
Net cash used by operating activities	<u>(117,657)</u>	<u>(190,630)</u>
Cash flows from investing activities		
Acquisitions of property and equipment	(44,365)	(150,804)
Purchases and sales of marketable securities, net	<u>(4,459)</u>	<u>(14,842)</u>
Net cash used by investing activities	<u>(48,824)</u>	<u>(165,646)</u>
Net decrease in cash and cash equivalents	(166,481)	(356,276)
Cash and cash equivalents, beginning of year	<u>2,540,440</u>	<u>2,896,716</u>
Cash and cash equivalents, end of year	<u>\$ 2,373,959</u>	<u>\$ 2,540,440</u>

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



**CUREPSP, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**Years Ended June 30, 2017 and 2016**

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**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 \$177,090 and \$152,124 as of June 30, 2017 and 2016, respectively.

**CUREPSP, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**Years Ended June 30, 2017 and 2016**

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**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, 2017 and 2016.

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 4. There were no additional contributions to the Endowment Fund during the years ended June 30, 2017 and 2016.

**CUREPSP, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**Years Ended June 30, 2017 and 2016**

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**2. Summary of Significant Accounting Policies (continued)**

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.

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, 2017 and 2016, and accordingly, are not recognized as contributions on the consolidated financial statements.

Typically, CurePSP receives donations of marketable securities which it immediately converts to cash. For the years ended June 30, 2017 and 2016, stocks donated and converted to cash totaled \$82,830 and \$402,277, respectively.

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, 2017 and 2016, 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, 2017 and 2016**

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**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, 2017 and 2016**

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**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 January 30, 2018, 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, 2017 and 2016 since all pledges are expected to be collected within one year and are deemed fully collectible.

	<u>2017</u>	<u>2016</u>
Pledges - Unrestricted	\$ 2,500	\$ 1,000
Pledges - Restricted	<u>2,150</u>	<u>2,850</u>
Total pledges receivable	<u><u>\$ 4,650</u></u>	<u><u>\$ 3,850</u></u>

**CUREPSP, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**Years Ended June 30, 2017 and 2016**

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**4. Investments**

Investments consist of the following at June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>	<u>Input Level</u>
Mutual Funds	\$ 372,260	\$ 335,885	1
Exchange Traded Funds	<u>54,898</u>	<u>52,405</u>	1
Total investments	<u>\$ 427,158</u>	<u>\$ 388,290</u>	

Investment return for the years ended June 30, 2017 and 2016, consists of the following:

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$ 10,394	\$ 15,298
Net realized and unrealized (losses) gains (net of investment fees of \$3,270 and \$3,118)	<u>31,139</u>	<u>(12,939)</u>
Net investment return	<u>\$ 41,533</u>	<u>\$ 2,359</u>

Investments are reported at fair value at year-end. See Note 8 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, 2017 and 2016**

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**5. Property and Equipment**

Property and equipment as of June 30, 2017 and 2016, consists of the following:

	<u>2017</u>	<u>2016</u>
Website development	\$ 170,846	\$ 129,592
Software	56,111	56,111
Computers	38,298	36,318
Furniture & fixtures	29,534	29,534
	<u>294,789</u>	<u>251,555</u>
Less: accumulated depreciation and amortization	<u>(136,002)</u>	<u>(85,103)</u>
Property and equipment, net	<u>\$ 158,787</u>	<u>\$ 166,452</u>

Depreciation expense totaled \$51,389 and 10,756 for the years ended June 30, 2017 and 2016, respectively.

**6. Commitments and Contingencies**

Leases

CurePSP entered into an operating lease agreement for office space and equipment for its offices in Baltimore, MD which commenced on October 1, 2010. Rent expense for this lease was \$73,657 and \$71,631 for the years ended June 30, 2017 and 2016, 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. Subsequently, CurePSP entered into a lease agreement for office space in Lutherville, MD effective December 18, 2017; expiring December 31, 2019.

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

	<u>Rental</u> <u>Payments</u>	<u>Rental</u> <u>Reciepts</u>	<u>Net</u>
Year ending June 30, 2018	\$ 44,637	\$ (9,600)	\$ 35,037
2019	14,730	-	14,730
2020	7,586	-	7,586
	<u>\$ 66,953</u>	<u>\$ (9,600)</u>	<u>\$ 57,353</u>

**CUREPSP, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**Years Ended June 30, 2017 and 2016**

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**6. Commitments and Contingencies (continued)**

CurePSP also 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 \$7,939 and \$7,915 for the years ended June 30, 2017 and 2016, respectively. Minimum future non-cancelable lease payments for operating equipment are as follows:

Year ending June 30, 2018	\$ 6,918
2019	6,918
2020	6,918
2021	<u>6,918</u>
	<u>\$ 27,672</u>

Grants Payable

As of June 30, 2017 and 2016, \$354,040 and \$767,110 in grants were payable to medical professionals to conduct research. During 2017 and 2016 no grant adjustment amounts were 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, 2017 and 2016**

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**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>2017</u>	<u>2016</u>
Temporarily Restricted:		
Research	\$ 435,817	\$ 542,483
Respite Care	19,579	-
Total Temporarily Restricted	<u>\$ 455,396</u>	<u>\$ 542,483</u>
Permanently Restricted:		
Student Research	<u>\$ 403,444</u>	<u>\$ 372,118</u>

**CUREPSP, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**Years Ended June 30, 2017 and 2016**

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**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 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.

All investments held by CurePSP at June 30, 2017 and 2016 are level 1 input.

## **SUPPLEMENTAL INFORMATION**

**CurePSP, Inc.**  
**SUPPLEMENTAL CONSOLIDATED SCHEDULE OF FUNCTIONAL EXPENSES**  
**Year Ended June 30, 2017**

	Program Services				Support Services			
	Research	Outreach & Education	Communications & Awareness	Patient Engagement	Total	Management & General	Board	Fundraising
Salaries & labor	\$ 190,680	\$ 203,649	\$ 172,410	\$ 4,993	\$ 571,732	\$ 121,587	\$ 30,004	\$ 122,102
Employee benefits & payroll taxes	24,187	25,832	21,869	1,650	73,538	15,423	3,806	15,488
Bank & payroll fees	-	-	-	15	15	7,198	-	16,570
Brain bank - tissue harvesting	21,989	-	-	-	21,989	-	-	-
Conferences/education	-	172,950	-	3,345	176,295	-	-	-
Consultants	-	-	-	-	-	-	-	-
Depreciation & amortization	11,310	12,078	10,225	1,544	35,157	8,991	-	7,242
Direct Mail	-	-	-	-	-	-	-	216,473
Dues, subscriptions	547	585	495	-	1,627	435	-	351
Equipment rental/small purchases	1,474	1,508	1,427	145	4,554	3,358	-	2,355
Insurance	2,132	2,277	1,928	2,820	9,157	1,695	-	1,365
Professional, accounting & audit fees	80	6,840	6,306	-	13,226	46,896	8,477	-
Corporate, plan giving, donor supplies	-	-	-	-	-	-	-	13,201
Marketing	-	-	4,270	-	4,270	69	-	4,339
Materials & supplies	2,933	3,133	2,652	1,669	10,387	2,332	-	1,878
Meeting & board expenses	1,216	1,216	1,216	-	3,648	-	21,843	-
Postage & shipping	3,022	3,228	2,733	9	8,992	2,403	-	1,935
Rent	28,375	29,933	26,181	-	84,489	31,508	3,264	26,057
Repairs & maintenance	297	297	297	589	1,480	898	-	617
Research grants/support	360,477	-	-	-	360,477	-	-	-
Research symposium	78,086	-	-	-	78,086	-	-	78,086
Respite fund	-	9,664	-	-	9,664	-	-	9,664
Staff development	-	-	-	-	-	8,212	-	-
State registrations	-	-	-	-	-	-	-	8,212
Support groups/peer orgs/vol. develop	-	20,866	-	-	20,866	-	-	9,661
Technology expenses	13,963	11,560	11,000	-	36,523	2,720	-	28,545
Telephone	1,182	1,182	1,182	26	3,572	3,578	-	2,461
Travel	-	-	-	235	235	6,176	-	-
Design, Printing & Exhibit	-	20,475	-	-	20,475	-	-	-
Merchandise Sale	-	-	7,687	-	7,687	-	-	7,687
Website updates and maintenance	-	-	1,908	-	1,908	-	-	1,908
Total expenses	\$ 741,950	\$ 527,273	\$ 273,786	\$ 17,040	\$ 1,560,049	\$ 263,479	\$ 67,394	\$ 466,301
								\$ 2,357,223

**CurePSP, Inc.**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**June 30, 2017**

	<u>CurePSP</u>	<u>PEP</u>	<u>Eliminations</u>	<u>Total</u>
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 1,627,176	\$ 11,787	\$ -	\$ 1,638,963
Cash and cash equivalents - temp restricted	734,996	-	-	734,996
Investments - unrestricted	23,714	-	-	23,714
Pledges receivable	4,650	-	-	4,650
Other receivables	17,159	5,761	-	22,920
Due from PEP	177,090	-	(177,090)	-
Prepaid expenses	50,959	-	-	50,959
Inventory	<u>20,382</u>	<u>-</u>	<u>-</u>	<u>20,382</u>
Total current assets	2,656,126	17,548	(177,090)	2,496,584
Property and equipment, net	157,243	1,544	-	158,787
Investments - permanent endowment	403,444	-	-	403,444
Deposits	<u>15,773</u>	<u>-</u>	<u>-</u>	<u>15,773</u>
Total assets	<u>\$ 3,232,586</u>	<u>\$ 19,092</u>	<u>\$ (177,090)</u>	<u>\$ 3,074,588</u>
<b>LIABILITIES AND NET ASSETS</b>				
Current liabilities				
Accounts payable and accrued expenses	\$ 109,994	\$ 2,397	\$ -	\$ 112,391
Grants payable - current	304,040	-	-	304,040
Due to CurePSP	<u>-</u>	<u>177,090</u>	<u>(177,090)</u>	<u>-</u>
Total current liabilities	414,034	179,487	(177,090)	416,431
Grants payable - non-current portion	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
Total liabilities	<u>464,034</u>	<u>179,487</u>	<u>(177,090)</u>	<u>466,431</u>
Net assets				
Unrestricted	1,909,712	(160,395)	-	1,749,317
Temporarily restricted	455,396	-	-	455,396
Permanently restricted	<u>403,444</u>	<u>-</u>	<u>-</u>	<u>403,444</u>
Total net assets	<u>2,768,552</u>	<u>(160,395)</u>	<u>-</u>	<u>2,608,157</u>
Total liabilities and net assets	<u>\$ 3,232,586</u>	<u>\$ 19,092</u>	<u>\$ (177,090)</u>	<u>\$ 3,074,588</u>

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

**CurePSP, Inc,**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2017**

	<u>CurePSP</u>	<u>PEP</u>	<u>Eliminations</u>	<u>Total</u>
Revenue and support				
Contributions	\$2,394,790	\$ -	\$ -	\$ 2,394,790
Special events, net	189,401	-	-	189,401
Patient engagement	26,596	17,630	(26,596)	17,630
Sponsorships	88,800	-	-	88,800
Merchandise sales , net	4,106	-	-	4,106
Net realized and unrealized gains(losses)	34,409	-	-	34,409
Interest and dividends	10,394	-	-	10,394
Gain/(loss) on disposal	(566)	-	-	(566)
Miscellaneous income	415	-	-	415
Total revenue, gains and support	2,748,345	17,630	(26,596)	2,739,379
Net assets released from restrictions	-	-	-	-
Total revenue, gains, support and releases	2,748,345	17,630	(26,596)	2,739,379
Expenses				
Program services				
Research	741,950	-	-	741,950
Outreach and education	527,273	-	-	527,273
Communications and awareness	273,786	-	-	273,786
Patient engagement	-	43,636	(26,596)	17,040
Supporting services				
Management & general	263,479	-	-	263,479
Board	67,394	-	-	67,394
Fundraising	466,301	-	-	466,301
Total expenses	2,340,183	43,636	(26,596)	2,357,223
Change in net assets	408,162	(26,006)	-	382,156
Net assets, beginning of year	2,360,390	(134,389)	-	2,226,001
Net assets, end of year	\$2,768,552	\$ (160,395)	\$ -	\$ 2,608,157

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