

ACCELERATE BRAIN CANCER CURE, INC.

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT**

DECEMBER 31, 2014 AND 2013

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Independent Auditor's Report

To the Board of Directors
Accelerate Brain Cancer Cure, Inc.
Washington, DC

We have audited the accompanying statements of financial position of Accelerate Brain Cancer Cure, Inc. ("ABC²"), (a nonprofit organization), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

ABC²'s 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Accelerate Brain Cancer Cure, Inc. as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Jane Marusa & McQuade PA

October 9, 2015
Columbia, MD

ACCELERATE BRAIN CANCER CURE, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2014 AND 2013

	2014	2013
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,634,925	\$ 2,749,964
Donated stock held for resale	196,315	-
Pledges receivable	592,003	883,303
Other receivables	-	1,187
Accrued interest receivable	23	18
Prepays	26,447	4,740
Total current assets	3,449,713	3,639,212
PROPERTY AND EQUIPMENT		
Furniture and equipment	31,616	24,341
Less accumulated depreciation	(24,034)	(20,508)
Total property and equipment, net	7,582	3,833
TOTAL ASSETS	\$ 3,457,295	\$ 3,643,045
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable and accrued expenses	\$ 98,715	\$ 74,949
Deferred revenue	11,690	41,665
Due to related parties	7,574	288
Grants payable	-	610,622
Total liabilities	117,979	727,524
NET ASSETS		
Unrestricted	2,747,313	2,007,863
Temporarily restricted	592,003	907,658
Total net assets	3,339,316	2,915,521
TOTAL LIABILITIES AND NET ASSETS	\$ 3,457,295	\$ 3,643,045

See independent auditor's report and accompanying notes to the financial statements.

ACCELERATE BRAIN CANCER CURE, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2014

	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
Contributions	\$ 2,058,405	\$ 96,309	\$ 2,154,714
In-kind contributions	81,729	-	81,729
Interest	649	-	649
Net loss on investments	(1,628)	-	(1,628)
Net assets released from restrictions	411,964	(411,964)	-
Total revenue and support	2,551,119	(315,655)	2,235,464
EXPENSES			
Program services - research	626,431	-	626,431
Supporting services:			
Management and general	249,021	-	249,021
Fundraising	854,488	-	854,488
Total supporting services	1,103,509	-	1,103,509
In-kind services, unallocated	81,729	-	81,729
Total expenses	1,811,669	-	1,811,669
CHANGE IN NET ASSETS	739,450	(315,655)	423,795
NET ASSETS, beginning of year	2,007,863	907,658	2,915,521
NET ASSETS, end of year	\$ 2,747,313	\$ 592,003	\$ 3,339,316

See independent auditor's report and accompanying notes to the financial statements.

ACCELERATE BRAIN CANCER CURE, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2013

	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
Contributions	\$ 2,260,407	\$ 907,658	\$ 3,168,065
In-kind contributions	79,245	-	79,245
Interest	215	-	215
Net loss on investments	(10,805)	-	(10,805)
Net assets released from restrictions	76,567	(76,567)	-
Total revenue and support	2,405,629	831,091	3,236,720
EXPENSES			
Program services - research	522,744	-	522,744
Supporting services:			
Management and general	288,417	-	288,417
Fundraising	810,924	-	810,924
Total supporting services	1,099,341	-	1,099,341
In-kind services, unallocated	79,244	-	79,244
Total expenses	1,701,329	-	1,701,329
CHANGE IN NET ASSETS, BEFORE OTHER LOSSES	704,300	831,091	1,535,391
NET ASSETS , beginning of year	1,303,563	76,567	1,380,130
NET ASSETS , end of year	\$ 2,007,863	\$ 907,658	\$ 2,915,521

See independent auditor's report and accompanying notes to the financial statements.

ACCELERATE BRAIN CANCER CURE, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014				2013			
	Supporting Services		Supporting Services		Management and General		Supporting Services	
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Conference expenses	\$ 6,933	-	-	\$ 6,933	\$ 157,347	-	-	\$ 157,347
Consulting	77,498	-	55,788	133,286	81,144	-	58,673	139,817
Depreciation	-	3,526	-	3,526	-	2,449	-	2,449
Employee benefits	9,965	10,856	35,979	56,800	10,263	10,789	28,887	49,939
Grants and awards	290,000	-	-	290,000	75,000	-	-	75,000
Insurance	2,811	13,997	4,834	21,642	13,097	2,799	-	15,896
Legal fees	-	-	-	-	-	2,462	-	2,462
Licenses and registration	-	-	10,615	10,615	-	1,332	17,790	19,122
Meals and entertainment	13,367	121	3,007	16,495	8,561	210	3,812	12,583
Occupancy expense	4,800	10,421	4,800	20,021	3,375	3,672	1,688	8,735
Office supplies	1,908	1,342	4,079	7,329	4,238	1,558	7,699	13,495
Payroll taxes	6,721	7,986	30,770	45,477	6,823	10,595	27,603	45,021
Postage	215	1,517	295	2,027	362	714	279	1,355
Printing	-	97	5,086	5,183	-	234	7,218	7,452
Professional fees	1,350	44,815	80	46,245	-	46,954	-	46,954
Salaries	144,118	142,184	440,501	726,803	130,733	194,530	401,159	726,422
Special event activities	-	-	221,239	221,239	-	-	236,955	236,955
Telephone	-	8,234	960	9,194	169	9,855	1,386	11,410
Travel	66,745	5	7,225	73,975	31,632	264	11,338	43,234
Website and audiovisual	-	3,920	29,230	33,150	-	-	6,437	6,437
	626,431	249,021	854,488	1,729,940	522,744	288,417	810,924	1,622,085
In-kind professional fees and rent	81,729	-	-	81,729	79,244	-	-	79,244
Total expenses	\$ 708,160	\$ 249,021	\$ 854,488	\$ 1,811,669	\$ 601,988	\$ 288,417	\$ 810,924	\$ 1,701,329

See independent auditor's report and accompanying notes to the financial statements.

ACCELERATE BRAIN CANCER CURE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 423,795	\$ 1,535,391
Adjustments to reconcile change in net assets provided by (used in) operating activities:		
Non-cash activities:		
Depreciation and amortization	3,526	2,449
Net loss on investments	1,628	10,805
Donated stocks	(197,943)	(331,718)
Decrease (increase) in assets:		
Pledges receivable	291,300	(807,923)
Other receivable	1,187	-
Accrued interest receivable	(5)	(4)
Prepays	(21,707)	19,108
Deposits	-	1,225
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	23,766	17,689
Deferred income	(29,975)	41,665
Due to related parties	7,286	(99)
Grants payable	(610,622)	-
Net cash (used in) provided by operating activities	(107,764)	488,588
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of equipment	(7,275)	-
Proceeds from sales of investments	-	320,913
Net cash provided by investing activities	(7,275)	320,913
NET INCREASE IN CASH AND CASH EQUIVALENTS	(115,039)	809,501
CASH AND CASH EQUIVALENTS, beginning of year	2,749,964	1,940,463
CASH AND CASH EQUIVALENTS, end of year	\$ 2,634,925	\$ 2,749,964

See independent auditor's report and accompanying notes to the financial statements.

ACCELERATE BRAIN CANCER CURE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

NOTE A – ORGANIZATION AND NATURE OF BUSINESS

Accelerate Brain Cancer Cure (“ABC²”) was incorporated in the District of Columbia on May 17, 2001. The primary objective of ABC² is to accelerate progress in what has been an underserved field of research. ABC² aims to raise awareness about brain cancer and help mobilize critical scientific research through research grants and partnerships.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Net assets, contributions, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of ABC² and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met by either actions of ABC² and/or the passage of time. Temporarily restricted net assets totaling \$592,003 and \$907,658 as of December 31, 2014 and 2013, respectively, are restricted for future time periods.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that may be maintained permanently by ABC². There were no permanently restricted net assets as of December 31, 2014 and 2013.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America. Revenue is recognized when earned and expenses are recorded as incurred.

ACCELERATE BRAIN CANCER CURE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Cash and Cash Equivalents

Cash equivalents include items that are readily convertible into cash and are stated at cost, which approximates fair value. Cash equivalents of \$2,634,925 and \$2,749,964 at December 31, 2014 and 2013, respectively, consisted of money market accounts and overnight deposits and are held at one financial institution. Periodically, the cash balances may exceed the amount insured by the Federal Deposit Insurance Corporation. ABC² believes it is not exposed to any significant credit risk on cash or cash equivalents.

Donated Stock Held For Resale

Occasionally donated stock that is given at year end and is in the process of being sold is shown as donated stock held for resale and included as a current asset due to timing reasons. As of December 31, 2014, the donated stock with a market value of \$196,315 was shown as a current asset.

Pledges Receivable

Pledges receivables are stated at the amount management expects to collect from balances outstanding at year end. Annually, management determines if an allowance for doubtful pledges is necessary based upon a review of outstanding receivables, historical collection of information and existing economic conditions. Pledges deemed uncollectible are charged off based on specific circumstances of the parties involved. As of December 31, 2014 and 2013, management has determined that all significant receivables are collectible within a year or less; therefore, an allowance for doubtful accounts has not been established.

Property and Equipment

Expenditures for furniture and equipment are capitalized at cost and are depreciated using the straight-line basis over estimated useful lives of five years. Expenditures for major repairs and improvements are capitalized, while expenditures for minor repairs and maintenance costs are expensed when incurred. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss is included in the statement of activities. Depreciation and amortization expense for the years ending December 31, 2014 and 2013 totaled \$3,526 and \$2,449, respectively.

ACCELERATE BRAIN CANCER CURE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Revenue Recognition

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

Contributions

Unconditional contributions to ABC² are recognized in the period promised by the donor. Noncash contributions are recognized at fair value at the date of contribution. All contributions received for a future event are recorded as deferred income.

Functional Allocation of Expenses

The costs of providing programs and services are summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated between the program and supporting services benefited.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. ABC² is also required to make estimates and assumptions that affect the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE C – INCOME TAXES

ABC² is recognized as a 501(c)(3) organization, exempt from federal income tax on income other than unrelated business income under Section 501(a) of the Internal Revenue Code. ABC² has been recognized by the Internal Revenue Service as an organization that is a public charity and not a private foundation.

ABC² recognizes the effect of income tax positions only if those positions are more likely than not to being sustained. ABC² does not believe its financial statements include any uncertain tax positions. There were no tax liabilities recorded for the years ended December 31, 2014 and 2013.

ACCELERATE BRAIN CANCER CURE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(continued)

NOTE C – INCOME TAXES – continued

ABC²'s income tax returns are subject to examination by the Internal Revenue Service for a period of three years from the date they were filed, except under certain circumstances. ABC²'s Form 990 tax returns for the years 2011 through 2013 are open for a tax examination by the Internal Revenue Service, although no request has been made as of the date of these financial statements.

NOTE D – PENSION PLAN

In 2014 and 2013, ABC² sponsored a 401(K) Plan for all employees. ABC² matches the first four percent of a participant's compensation that is deferred as an elective deferral. For the years ended December 31, 2014 and 2013, the pension expense totaled \$16,495 and \$5,775, respectively.

NOTE E – GRANTS PAYABLE

Grants payable represent grant commitments made by ABC² in support of research to cure brain cancer. These commitments are recognized when made. All of these commitments are due in less than one year. As of December 31, 2014, ABC² had no grants payable. As of December 31, 2013, ABC² had grant commitments totaling \$610,622, all of which were paid as of December 31, 2014.

NOTE F – RELATED PARTIES AND IN-KIND CONTRIBUTIONS

ABC² shares office space and employees with various related parties. During the years ended December 31, 2014 and 2013, the recorded value of in-kind contributions from related parties for professional service, and certain administrative services totaled \$81,729 and \$79,245, respectively. The in-kind contribution amounts have been reported as contributions revenue and as unallocated in-kind services expenses in the statement of activities. As of December 31, 2014 and 2013, \$7,574 and \$288, respectively, was due to related parties for benefits paid on behalf of ABC² employees.

During the years ended December 31, 2014 and 2013, members of the Board of Directors contributed \$60,500 and \$242,793, respectively.

NOTE G – SUBSEQUENT EVENTS

In preparing these financial statements, the management of ABC² has evaluated events and transactions for potential recognition or disclosure through October 9, 2015, the date the financial statements were available to be issued. There were no additional events or transactions that were discovered during the evaluation that required further disclosure.