

MULTIPLE SCLEROSIS FOUNDATION, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 1995

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Multiple Sclerosis Foundation, Inc.

I have audited the accompanying balance sheet of the Multiple Sclerosis Foundation, Inc. as of December 31, 1995, and the related statements of revenue and expenses and changes in fund balances and of functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the results of its operations and changes in fund balances for the year then ended in conformity with generally accepted accounting principles.



Sunrise, Florida
June 25, 1996

MULTIPLE SCLEROSIS FOUNDATION, INC.
BALANCE SHEET
DECEMBER 31, 1995

ASSETS

Current Assets		
Cash	\$141,204	
Pre-paid expenses	9,880	\$151,084

Non-current assets		
Security deposits	9,900	
Furniture and equipment		
less acumulated depreciation		
of \$95,670 (Note 1)	112,592	
Investment in real estate (Note 1)	3,000	125,492
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		\$276,576
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LIABILITIES AND FUND BALANCES

Current Liabilities		
Accounts payable and accrued liabilities (Note 3)		\$77,529
Commitments and contingencies (Note 5)		-
Fund balance - unrestricted (Note 1)		199,047

		\$276,576
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MULTIPLE SCLEROSIS FOUNDATION, INC.
STATEMENT OF REVENUES AND EXPENSES, AND CHANGES
IN FUND BALANCES
DECEMBER 31, 1995

Revenues		
Public support - contributions (Note 1)	\$4,391,426	
Interest	7,305	

Total revenues		\$4,398,731
Expenses		
Program services (Notes 5 and 6)	\$2,945,181	
Management and general services (Note 4)	138,700	
Fund raising services	1,377,286	

		4,461,167

Excess of expenses over revenues		(62,436)
Fund balance, beginning of year		261,483

Fund balance, end of year (Note 1)		\$199,047
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MULTIPLE SCLEROSIS FOUNDATION, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 1995

Cash flows from operating activities:	
Excess of expenses over revenues	(\$62,436)
Adjustment to reconcile excess of expenses over revenues to net cash from operating activities:	
Depreciation	33,714
Changes in assets and liabilities:	
Prepaid expenses	7,450
Accounts payable	8,874
Accrued payroll	822
Accrued payroll taxes	589
Accrued profit sharing plan	25,000

Net cash from operating activities	14,013

Cash flows from investing activities:	
Capital expenditures	(58,099)

Net cash from investing activities	(58,099)

Net changes in cash and cash equivalents	(44,086)
Cash and cash equivalents at beginning of year	185,290

Cash and cash equivalents at end of year	\$141,204
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MULTIPLE SCLEROSIS FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 1995

	Total	Program Services	Management and General	Fund Raising
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Expenses				
Advertising	\$5,237	\$4,451	\$314	\$472
Bank charges	18,126	15,407	1,088	1,631
Travel	23,333	21,339	1,330	664
Utilities	214,390	153,487	13,152	47,751
Professional fees	29,488	25,065	1,770	2,653
Professional services	2,297,385	1,148,692	-	1,148,693
General expense	57,873	43,410	3,330	11,133
Supplies	37,044	31,487	2,223	3,334
Printing	73,446	66,191	-	7,255
Rent	104,070	88,459	6,244	9,367
Program service	104,307	102,908	801	598
Fees	10,494	9,101	-	1,393
Insurance	18,696	15,143	935	2,618
Payroll-officers and directors	110,100	96,765	8,890	4,445
Payroll-other	720,142	575,730	32,622	111,790
Payroll-taxes	63,714	51,608	3,185	8,921
Equipment-rental and maintenance	61,041	51,415	3,850	5,776
Public relations	55,482	47,072	-	8,410
Grants, gifts and donations	393,083	393,083	-	-
Miscellaneous	5,002	4368	252	382
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Total expenses before depreciation and profit sharing plan	4,402,453	2,945,181	79,986	1,377,286
Depreciation	33,714		33,714	
Profit sharing plan	25,000		25,000	
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Total expenses	\$4,461,167	\$2,945,181	\$138,700	\$1,377,286
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See accompanying notes

MULTIPLE SCLEROSIS FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1995

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Multiple Sclerosis Foundation, Inc. was incorporated under the Florida non-profit law in 1986. The Foundation was organized in order to educate the public about traditional and non-traditional options for treatment to insure the best quality of life for people with multiple sclerosis through support services and to aid in research in discovering the cause, treatment and cure of multiple sclerosis.

Basis of Presentation

The significant accounting policies followed by the Foundation conform to the requirements of the industry audit guide entitled "Audits of Voluntary Health and Welfare Organizations" published by the American Institute of Certified Public Accountants. The Foundation's financial statements are prepared on the accrual basis of accounting.

Investments

Investment in real estate, which was donated to the Foundation in 1989, is carried at its market value at date of receipt.

Fund Accounting

The Board has discretionary control over all funds and therefore all funds have been classified as unrestricted.

Allocated Expenses

Expenses by function have been allocated among program, management and general and fund raising services classification on the basis of time records and on estimates made by the Foundation's management.

Furniture and Equipment

Furniture and equipment are stated at cost except for donated equipment, which is stated at fair market value at date of receipt. The provision for depreciation is computed on the straight line method over the estimated useful lives of the assets. As of December 31, 1995 furniture and fixtures consisted of the following:

Furniture and fixtures	\$ 96,189
Computers	112,073

	\$ 208,262
Less accumulated depreciation	95,670

	<u>\$ 112,592</u>

MULTIPLE SCLEROSIS FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1995

Cash Equivalents

Holding of money market funds are considered to be cash equivalents by the Foundation.

Revenue Recognition

The Foundation recognizes income from legacies and bequests when an unassalable right to the gift has been established and the proceeds are measurable in amount. Contributions, unless specifically restricted by the donor, are considered to be available for unrestricted use. Unrestricted contributions are recognized as income when received.

NOTE 2 INCOME TAX STATUS

The Foundation qualifies as a charitable organization as defined by the Internal Revenue Code Section 501(c)(3) and accordingly, is exempt from Federal income taxes under Internal Revenue Code Section 501(a). The Foundation files its tax return on the cash basis of accounting. Additionally, since the Foundation is publicly supported, contributions qualify for the maximum charitable contribution deduction under the Internal Revenue Code.

NOTE 3 ACCOUNTS PAYABLE

Accounts payable as of December 31, 1995 consists of the following:

Trade payables	\$ 35,960
Accrued payroll	12,212
Payroll taxes	4,357
Profit sharing plan (Note 4)	25,000
	<u>77,529</u>
	<u>\$ 77,529</u>

NOTE 4 PROFIT SHARING PLAN

The board of directors adopted a profit sharing plan effective for 1995. The plan is classified as a profit sharing plan for purposes of section 401(a) and section 404(a)(3) of the Internal Revenue Code. The board has contributed \$25,000 for 1995. The plan allows the board the option of contributing to the plan each year, an amount between zero and 15% of the payroll of eligible participants.

MULTIPLE SCLEROSIS FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1995

NOTE 5 COMMITMENT AND CONTINGENCIES

LEASES:

The foundation leases office space under an operating lease that has been renewed through January 31, 2001. Future minimum rental payments under leases with remaining noncancellable terms in excess of one year are:

Year ending December 31	
1996	\$ 70,200
1997	72,306
1998	75,921
1999	75,921
2000	75,921
Thereafter	6,327

Total minimum payments	\$ 376,596
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AFFILIATION AGREEMENT:

On August 30, 1994 the foundation entered into an agreement with a non-affiliated Multiple Sclerosis state society. The foundation supplied administrative and fund raising expertise along with the opportunity to coordinate joint appeals with the state society. The foundation was obligated to fund any deficit in the operating budget of the society. In 1995 the operating deficit was approximately \$148,000 which included salaries of \$25,000 paid to two employees of the foundation for consulting services. The foundation also paid approximately \$4,000 for miscellaneous costs. The agreement expires on February 28, 2000, however, it may be cancelled by either party by giving 180 day notice.

NOTE 6 RELATED PARTY TRANSACTION

In 1995 the foundation paid \$65,000 to a not-for-profit corporation, who shares the same management as the foundation, in order to fund a pilot study to assist people with home health care.