

FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REPORT

TISCH MULTIPLE SCLEROSIS
RESEARCH CENTER OF NEW YORK, INC.

December 31, 2013 and 2012

Tisch Multiple Sclerosis Research Center of New York, Inc.

December 31, 2013 and 2012

Index

	<u>Page</u>
Independent Auditor's Report	1 - 2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5 - 6
Notes to the Financial Statements	7 - 15

Joseph L. Gil, C.P.A., P.C.

CERTIFIED PUBLIC ACCOUNTANTS
44 SOUTH BAYLES AVENUE, SUITE 206
PORT WASHINGTON, NEW YORK 11050

TEL: (516) 767-2760 • FAX: (516) 767-2763

Jgil@jgilcpa.com

JOSEPH L. GIL, C.P.A., M.S.

Independent Auditor's Report

To The Board of Directors of
Tisch Multiple Sclerosis Research Center of New York, Inc.

We have audited the accompanying financial statements of the Tisch Multiple Sclerosis Research Center of New York, Inc. ("TMSRCNY"), which comprise the statements of financial position as of December 31, 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

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 audit to obtain reasonable assurance about whether the 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.

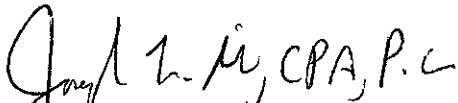
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tisch Multiple Sclerosis Research Center of New York, Inc. as of December 31, 2013 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The 2012 financial statements were audited by a predecessor auditor. They expressed an emphasis-of-matter regarding going concern in their report dated November 12, 2013, but they have not performed any auditing procedures since that date.


Port Washington, New York
September 22, 2014

TISCH MULTIPLE SCLEROSIS RESEARCH CENTER OF NEW YORK, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2013 AND 2012

	2013	2012
Assets		
Cash and cash equivalents (Note 2C)	\$ 312,882	\$ 215,703
Pledges receivable (Note 3)	88,674	134,514
Prepaid expenses and other assets	102,038	70,327
Security deposit (Note 5)	-	297,025
Property and equipment, net (Note 4)	3,744,077	4,400,511
Total assets	\$ 4,247,671	\$ 5,118,080
Liabilities		
Accounts payable and accrued expenses	\$ 224,960	\$ 1,037,937
Due to related party (Note 5)	3,153,651	3,495,262
Capital lease (Note 6)	53,795	89,799
Deferred rent (Notes 2H and 7)	1,699,979	1,622,322
Total Liabilities	5,132,385	6,245,320
Commitments and contingencies (Note 7)		
Net Assets		
Unrestricted:		
Invested in property and equipment	3,690,282	4,310,712
Liability for deferred rent	(1,699,979)	(1,622,322)
Operations (deficit) (Note 11)	(2,875,017)	(3,855,630)
Total unrestricted	(884,714)	(1,167,240)
Temporarily restricted (Note 8)	-	40,000
Total net assets	(884,714)	(1,127,240)
Total liabilities and net assets	\$ 4,247,671	\$ 5,118,080

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

TISCH MULTIPLE SCLEROSIS RESEARCH CENTER OF NEW YORK, INC.
STATEMENTS OF ACTIVITIES

For the Year Ended December 31, 2013

For the Year Ended December 31, 2012

	Unrestricted	Temporarily Restricted	Total 2013	Unrestricted	Temporarily Restricted	Total 2012
Support and Revenue						
Grants and contributions (Note 10)	\$ 5,549,637	-	\$ 5,549,637	\$ 2,936,783	\$ 464,325	\$ 3,401,108
Special events revenue (net of direct special events expenses of \$165,669 and \$98,446 in 2013 and 2012 respectively)	1,331,992	-	1,331,992	1,433,769	-	1,433,769
Contributions in kind (Note 5)	375,000	-	375,000	378,343	-	378,343
Bequests	-	-	-	19,739	-	19,739
Clinical trials	66,302	-	66,302	114,962	-	114,962
Realized (loss) gain on sale of contributed stocks	6,923	-	6,923	(3,777)	-	(3,777)
Net assets released from restrictions (Note 8)	40,000	(40,000)	-	772,825	(772,825)	-
Total support and revenue	7,369,854	(40,000)	7,329,854	5,652,644	(308,500)	5,344,144
Expenses						
Program services						
Research	6,169,646	-	6,169,646	6,075,929	-	6,075,929
Public information and education	170,974	-	170,974	172,119	-	172,119
Total program services	6,340,620	-	6,340,620	6,248,048	-	6,248,048
Supporting Services						
Management and general	324,285	-	324,285	631,289	-	631,289
Fundraising	422,423	-	422,423	422,578	-	422,578
Total supporting services	746,708	-	746,708	1,053,867	-	1,053,867
Total expenses	7,087,328	-	7,087,328	7,301,915	-	7,301,915
Change in net assets (Note 11)	282,526	(40,000)	242,526	(1,649,271)	(308,500)	(1,957,771)
Net assets - beginning of year	(1,167,240)	40,000	(1,127,240)	482,031	348,500	830,531
Net assets - end of year	\$ (884,714)	\$ -	\$ (884,714)	\$ (1,167,240)	\$ 40,000	\$ (1,127,240)

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

TISCH MULTIPLE SCLEROSIS RESEARCH CENTER OF NEW YORK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013
(With Comparative Totals for the Year Ended December 31, 2012)

	Program Services		Supporting Services				Total 2012
	Research	Public Information and Education	Total Program Services	Management and General	Fund Raising	Total Supporting Services	
Salaries	\$ 1,297,755	-	\$ 1,297,755	\$ 288,698	\$ 216,902	\$ 505,600	\$ 1,803,355
Payroll taxes and related costs (Note 9)	336,964	-	336,964	63,293	55,100	118,393	455,357
Total salaries and related costs	1,634,719	-	1,634,719	351,991	272,002	623,993	2,258,712
Occupancy (Note 7)	2,031,603	-	2,031,603	19,167	57,500	76,667	2,108,270
Research and related expenses (Note 5)	1,666,886	-	1,666,886	-	-	-	1,666,886
Professional services (Note 12)	(24,283)	-	(24,283)	(215,387)	(686)	(216,073)	(240,356)
Equipment and related maintenance	198,064	-	198,064	1,869	5,606	7,474	205,538
Patient symposium	-	170,974	170,974	-	-	-	170,974
Office expenses and other	19,266	-	19,266	133,263	69,792	203,055	222,321
Depreciation and amortization (Note 4)	643,392	-	643,392	6,070	18,209	24,279	667,671
Bad debt expense	-	-	-	27,313	-	27,313	27,313
Special events expenses	-	-	-	-	165,699	165,699	165,699
Subtotal	6,169,646	170,974	6,340,620	324,285	588,122	912,407	7,253,027
Less: special events direct expenses	-	-	-	-	(165,699)	(165,699)	(165,699)
Total expenses	\$ 6,169,646	\$ 170,974	\$ 6,340,620	\$ 324,285	\$ 422,423	\$ 746,708	\$ 7,087,228

Subtotal

Less: special events direct expenses

Total expenses

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

TISCH MULTIPLE SCLEROSIS RESEARCH CENTER OF NEW YORK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012

	Program Services			Supporting Services			Total 2012
	Research	Public Information and Education	Total Program Services	Management and General	Fund Raising	Total Supporting Services	
Salaries	\$ 1,265,123	\$ -	\$ 1,265,123	\$ 237,723	\$ 206,956	\$ 444,679	\$ 1,709,802
Payroll taxes and related costs (Note 9)	267,763	-	267,763	50,315	43,802	94,117	361,880
Total salaries and related costs	1,532,886	-	1,532,886	288,038	250,758	538,796	2,071,682
Occupancy (Note 7)	2,024,518	-	2,024,518	19,100	57,300	76,400	2,100,918
Research and related expenses (Note 5)	1,704,593	-	1,704,593	-	-	-	1,704,593
Professional services (Note 5)	11,924	-	11,924	105,763	337	106,100	118,024
Equipment and related maintenance	159,460	-	159,460	1,495	4,485	5,980	164,440
Patient symposium	-	172,119	172,119	-	-	-	172,119
Office expenses and other	25,453	-	25,453	176,062	92,205	268,267	293,720
Depreciation and amortization (Note 4)	618,095	-	618,095	5,831	17,493	23,324	641,419
Bad debt expense	-	-	-	35,000	-	35,000	35,000
Special events expenses	-	-	-	-	98,446	98,446	98,446
Subtotal	6,075,929	172,119	6,248,048	631,289	521,024	1,152,313	7,400,361
Less: special events direct expenses	-	-	-	-	(98,446)	(98,446)	(98,446)
Total expenses	\$ 6,075,929	\$ 172,119	\$ 6,248,048	\$ 631,289	\$ 422,578	\$ 1,053,867	\$ 7,301,915

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

TISCH MULTIPLE SCLEROSIS RESEARCH CENTER OF NEW YORK, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	December 31,	
	2013	2012
Cash Flows from Operating Activities		
Change in net assets	\$ 242,526	\$ (1,957,771)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation and amortization expense	667,671	641,419
Bad debt expense	27,313	35,000
Realized loss (gain) on sale of contributed stocks	(6,923)	3,777
Contributed stocks	(115,960)	(232,141)
Deferred rent	77,657	124,667
Sub-total	892,284	(1,385,049)
Changes in operating assets and liabilities		
(Increase) Decrease in assets		
Pledges receivable	18,527	27,186
Prepaid expenses and other assets	(31,711)	(7,576)
Security deposits	297,025	-
(Decrease) Increase in liabilities		
Accounts payable and accrued expenses	(812,977)	11,041
Net cash provided by (used in) operating activities	363,148	(1,354,398)
Cash flows from investing activities		
Proceeds from sale of contributed marketable securities	122,884	228,364
Purchases of property and equipment	(11,238)	(451,562)
Net cash provided by (used in) investing activities	111,646	(223,198)
Cash flows from financial activities		
Repayment of capital leases	(36,004)	(20,084)
Due to related party	(341,611)	1,611,698
Net cash (used in) provided by financing activities	(377,615)	1,591,614
Net increase in cash and cash equivalents	97,179	14,018
Cash and cash equivalents - beginning of the year	215,703	201,685
Cash and cash equivalents - end of year	\$ 312,882	\$ 215,703
Non-cash investing activities		
Equipment purchased under capital leases	\$ -	\$ 109,883

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

Tisch Multiple Sclerosis Research Center of New York, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013 and 2012

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

The Tisch Multiple Sclerosis Research Center of New York, Inc. ("TMSRCNY") (formerly known as The Multiple Sclerosis Research Center of New York, Inc.) is organized under the Not-For-Profit Corporation Law of the State of New York. TMSRCNY was incorporated in August 2005 to conduct medical research directed toward the treatment and eventual cure of multiple sclerosis. TMSRCNY's medical research activities are designed to understand all aspects of multiple sclerosis, including research at the cellular and molecular levels.

TMSRCNY is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and from state and local taxes under comparable laws.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. TMSRCNY's financial statements have been prepared on the accrual basis of accounting. TMSRCNY adheres to accounting principles generally accepted in the United States of America ("U.S. GAAP").
- B. TMSRCNY classifies its net assets in the following two categories:
 - Unrestricted - represents resources available for support of TMSRCNY's operations over which the Board of Directors has discretionary control.
 - Temporarily Restricted - represents assets resulting from contributions and other inflows of assets whose use by TMSRCNY is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of TMSRCNY pursuant to those stipulations. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.
- C. TMSRCNY considers cash equivalents to be all highly liquid investments with maturities of 90 days or less when acquired.
- D. Unconditional promises to give (pledges) are recorded as income when TMSRCNY is formally notified of the grants or contributions by the respective donors. Conditional promises to give are not included as support until the conditions are substantially met.

Tisch Multiple Sclerosis Research Center of New York, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013 and 2012

- E. TMSRCNY recognizes bequests and legacies as support when the wills have passed probate and the sum is certain.
- F. As of December 31, 2013 and 2012, TMSRCNY determined that no allowance for doubtful accounts should be provided for receivables. Such estimate is based on management's evaluation of the creditworthiness of its donors, a review of individual donor accounts outstanding, the aging of its receivables, as well as current economic conditions and historical loss experience.
- G. Property and equipment is stated at cost or contributed value less accumulated depreciation and amortization. TMSRCNY capitalizes property and equipment with a cost of \$2,000 or more and a useful life greater than one year. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the lesser of their useful lives or the term of the lease.
- H. Rent expense is recognized using the straight-line method over the length of the lease. The difference between rent expense incurred and the lesser rental amounts actually due and paid (due to rent holidays and scheduled future rent increases) is reported as a deferred rent obligation in the accompanying statements of financial position. For the years ended December 31, 2013 and 2012, TMSRCNY recorded adjustments to deferred rent to reflect the difference between the rent paid and the average rent to be paid over the term of the lease which amounted to \$77,657 and \$124,667, respectively, and recorded such amount as an increase in rent expense. The estimated annual amortization and accretion of deferred rent for the five years following December 31, 2013 is amortization of \$29,000 for 2014, with annual accretion of \$117,000 for 2015, \$265,000 for 2016, \$318,000 for 2017 and \$373,000 for 2018.
- I. TMSRCNY received goods and services consisting primarily of contributed equipment, legal, recruiting, and research-related services. The contributed goods and services have been valued at the estimated market rates that would have been incurred by TMSRCNY to obtain them and are reported as both revenue and expense in the accompanying financial statements.

Tisch Multiple Sclerosis Research Center of New York, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013 and 2012

J. The primary purpose of TMSRCNY in conducting research is to support its mission to find the cause, treatment and cure for MS. TMSRCNY intends to make any valuable discoveries available for public use as early as reasonably possible. TMSRCNY recognizes that its research may result in discoveries that have commercial value. Therefore it has adopted a policy that applies to all intellectual property (the "Policy") created through resources of or supported by TMSRCNY.

The policy provides that all rights in intellectual property produced by TMSRCNY resources are its property. To assure reasonable development of such intellectual property, TMSRCNY files for legal protection when appropriate. The policy also provides that if individual researchers at TMSRCNY were the creators of discoveries that result in income to TMSRCNY, these individuals will receive a share of such income based on a fixed schedule comparable to those in effect at other major research institutions.

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

L. The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingencies. Actual results may differ from those estimates.

NOTE 3 - PLEDGES RECEIVABLE

Pledges receivable are unconditional promises to give consisting of the following as of December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Amount due in less than one year	<u>\$ 88,674</u>	<u>\$ 134,514</u>

Approximately \$20,000 of the total pledges receivable as of December 31, 2012 were from TMSRCNY's Board members.

Tisch Multiple Sclerosis Research Center of New York, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013 and 2012

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>	<u>Estimated Useful Life</u>
Leasehold improvements	\$ 4,940,941	\$4,940,941	Lesser of their useful lives or the term of the lease
Research equipment	2,175,863	2,171,256	5-7 years
Office furniture and equipment	825,861	819,231	5-7 years
Construction in progress (see below)	<u>313,356</u>	<u>313,356</u>	
Total cost	8,256,021	8,244,784	
Less: accumulated depreciation and amortization	<u>(4,511,944)</u>	<u>(3,844,273)</u>	
Net book value	<u>\$3,744,077</u>	<u>\$4,400,511</u>	

Depreciation and amortization expense amounted to \$667,671 and \$641,419 for the years ended December 31, 2013 and 2012 respectively.

Expansion for the research laboratory (construction to progress above) has been suspended until further notice pending securing funding. Approximately \$6 million is required to complete the expansion project.

NOTE 5 - RELATED PARTY TRANSACTIONS

Pursuant to an agreement between TMSRCNY and the International Multiple Sclerosis Management Practice ("IMSMP"), a separate and distinct for-profit company, TMSRCNY shares space in the same facility with IMSMP and, consequently, shares certain costs (including leasehold improvements) associated with the facility, which have been allocated based on the square-foot usage for each entity. In addition, IMSMP

provided advances and laboratory procedure services to TMSRCNY. As of December 31, 2013 and 2012, TMSRCNY owed \$3,153,651 and \$3,495,262, respectively, to IMSMP for its share of these costs, including rent, advances and laboratory procedure fees.

Tisch Multiple Sclerosis Research Center of New York, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013 and 2012

The Director/Chief Research Scientist of TMSRCNY (the "Director") is a member of the Board of Directors of TMSRCNY. He also is the sole stockholder of IMSMP, which treats patients with multiple sclerosis. TMSRCNY's Board of Directors oversees and controls the policies, management and activities of TMSRCNY. The criteria of control and economic interest that might require consolidation of the two entities' financial statements under U.S. GAAP are not met. Procedures are in place to ensure the proper allocation of expenses between each organization. The Director donates time to TMSRCNY without compensation from TMSRCNY, as noted below.

Contributed goods and services consist of the following for the years ended December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Legal services	\$ -	\$ 3,343
Research-related services provided by the Director	<u>375,000</u>	<u>375,000</u>
	<u>\$ 375,000</u>	<u>\$ 378,343</u>

The decrease in Security Deposit of \$297,025 represents a decrease in the obligation to the related party, IMSMP. The balance in the security deposit was not paid to IMSMP; however, it was recorded as a payable to the related party.

NOTE 6 - CAPITAL LEASE

TMSRCNY entered into a lease agreement for computer equipment under a capital lease expiring in 2015. As of December 31, 2013, the liability, representing the present value of future minimum lease payments with an interest rate imputed at 4.41% was \$53,795. The leased assets (with a net book value of \$51,889 as of December 31, 2013) are depreciated over their estimated productive lives. Depreciation of the assets under the capital lease is included in depreciation expense. The cost of the machines was \$109,883 and they have accumulated depreciation of \$57,994 as of December 31, 2013.

Tisch Multiple Sclerosis Research Center of New York, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013 and 2012

Future minimum payments required under the lease, together with its present value as of December 31, 2013 follows:

2014	\$ 39,240
2015	<u>16,350</u>
Total minimum lease payments	55,590
Less: amount representing interest (Imputed at 4.41%)	<u>(1,795)</u>
Present value of minimum lease payments	<u>\$ 53,795</u>

NOTE 7 - COMMITMENTS AND CONTINGENCIES

A. TMSRCNY and IMSMP share leased space that commenced on January 1, 2006 and was amended with an effective date of September 30, 2009, to expire on June 30, 2020, whereby IMSMP subleases a portion of the 4th floor to TMSRCNY8 (see Note 5). The lease was amended to include the 3rd floor commencing July 1, 2010. The rent expense allocated to TMSRCNY is apportioned strictly based on its square foot usage.

TMSRCNY is also committed by the terms of the sublease to pay a proportionate share of escalation charges. Future minimum rent payment through June 30, 2020, exclusive of escalation charges, are as follows for the years ended after December 31, 2013:

2014	\$ 1,833,000
2015	1,980,000
2016	2,128,000
2017	2,181,000
2018	2,235,000
Thereafter	<u>3,451,000</u>
	<u>\$13,808,000</u>

Rent expense for the years ended December 31, 2013 and 2012 amounted to \$1,862,633 and \$1,862,633, respectively. Such amounts are included in occupancy expense in the accompanying financial statements.

Tisch Multiple Sclerosis Research Center of New York, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013 and 2012

B. TMSRCNY has no uncertain tax positions as of December 31, 2013 and 2012 in accordance with Accounting Standards Codification ("ASC") Topic 740 ("Income Taxes"), which provides standards for establishing and classifying any tax provisions for uncertain tax positions. TMSRCNY is no longer subject to federal or state and local income tax examinations by tax authorities for the years ended before December 31, 2009.

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following as of December 31, 2012:

	<u>2012</u>
Temporarily Restricted	<u>\$ 40,000</u>

For the year ended December 31, 2013, temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrences of time as follows:

	<u>2013</u>	<u>2012</u>
Purpose restrictions accomplished	\$ 40,000	\$ 707,825
Expiration of time restrictions		<u>65,000</u>
	<u>\$ 40,000</u>	<u>\$ 772,825</u>

NOTE 9 - EMPLOYEE RETIREMENT PLAN

TMSRCNY maintains an employee benefit plan under section 401(k) of the Internal Revenue Code (the "Plan") into which eligible employees may contribute a portion of their annual salaries. Under the terms of the plan, TMSRCNY may provide a discretionary matching contribution of the employees' contributions up to 8% of their annual salary. For the years ended December 31, 2013 and 2012, TMSRCNY elected not to provide a discretionary match.

NOTE 10 - CONCENTRATIONS

For the years ended December 31, 2013 and 2012, TMSRCNY received contributions from board members totaling approximately \$250,000 and \$800,000, respectively. Such amounts constitute approximately 4.5% and 24% of the total grants and contributions for the years ended December 31, 2013 and 2012, respectively.

Tisch Multiple Sclerosis Research Center of New York, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013 and 2012

For the years ended December 31, 2013 and 2012, TMSRCNY received contributions from a not-for-profit foundation totaling \$2,500,000 and \$1,000,000, respectively. Such amounts constitute approximately 45% and 29% of the total grants and contributions for the years ended December 31, 2013 and 2012, respectively.

NOTE 11 - NEGATIVE OPERATING NET ASSETS

During the years ended December 31, 2013 and 2012, TMSRCNY had a net profit amounting to approximately \$242,000 and a loss of \$1,958,000, respectively, resulting in cumulative deficit net assets from operations of approximately \$2,875,000 and \$3,856,000 at December 31, 2013 and 2012, respectively. TMSRCNY has obtained from IMSMP assurance indicating IMSMP's willingness to provide funding sufficient to meet the cash flow obligations of TMSRCNY through September 22, 2015. In addition, management of TMSRCNY is addressing this situation by continuing to fund raise through special events, seeking new grants and exploring new collaborations with third parties with the goal of achieving future unrestricted surpluses to offset the cumulative losses.

NOTE 12 - CHANGE IN ACCOUNTING ESTIMATE

During the year 2011, accrued legal expenses in the amount of \$522,891 were subsequently settled in 2013 for \$200,000. As a result, professional services are shown as a negative expense of \$213,356 in 2013.

NOTE 13 - SUBSEQUENT EVENTS

Management has evaluated events subsequent to the date of the statement of financial position through September 22, 2014, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through September 22, 2014 that would require adjustment to or disclosure in the financial statements.