



TISCH MS
RESEARCH CENTER OF NEW YORK

Financial Statements
(Together with Independent Auditors' Report)
Years Ended December 31, 2012 and 2011

MPS Marks Paneth & Shron LLP
Certified Public Accountants & Consultants
IT ALL ADDS UP.

TISCH MULTIPLE SCLEROSIS RESEARCH CENTER OF NEW YORK, INC.

FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)

YEARS ENDED DECEMBER 31, 2012 AND 2011

CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4-5
Statements of Cash Flows	6
Notes to Financial Statements	7-11



INDEPENDENT AUDITORS' REPORT

The Board of Directors
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, 2012 and 2011, 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.

Auditors' 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 the Tisch Multiple Sclerosis Research Center of New York, Inc. as of December 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Emphasis-of-matter Regarding Going Concern

The accompanying financial statements have been prepared assuming that TMSRCNY will continue as a going concern. As discussed in Note 11 to the financial statements, TMSRCNY has suffered recurring significant reductions in grants and contributions revenue and a significant increase in program service expenses and has a net deficiency in net assets from operations that raise substantial doubt about its ability to continue as a going concern. Management's plans regarding these matters also are described in Note 11. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.

Marks Paneth LLP

New York, NY
November 12, 2013

685 THIRD AVENUE
NEW YORK, NY 10017
P. 212.503.8800 F. 212.370.3759
WWW.MARKSPANETH.COM

MANHATTAN
LONG ISLAND
WESTCHESTER
CAYMAN ISLANDS



Morison International

TISCH MULTIPLE SCLEROSIS RESEARCH CENTER OF NEW YORK, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Cash and cash equivalents (Note 2C)	\$ 215,703	\$ 201,685
Pledges receivable (Note 3)	134,514	196,700
Prepaid expenses and other assets	70,327	62,751
Security deposit	297,025	297,025
Property and equipment, net (Note 4)	<u>4,400,511</u>	<u>4,480,485</u>
TOTAL ASSETS	<u>\$ 5,118,080</u>	<u>\$ 5,238,646</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 1,037,937	\$ 1,026,896
Due to related party (Note 5)	3,495,262	1,883,564
Capital lease (Note 6)	89,799	-
Deferred rent (Notes 2H and 7)	<u>1,622,322</u>	<u>1,497,655</u>
TOTAL LIABILITIES	<u>6,245,320</u>	<u>4,408,115</u>
COMMITMENTS AND CONTINGENCIES (Note 7)		
NET ASSETS:		
Unrestricted:		
Invested in property and equipment	4,310,712	4,480,485
Liability for deferred rent	(1,622,322)	(1,497,655)
Operations (deficit) (Note 11)	<u>(3,855,630)</u>	<u>(2,500,799)</u>
Total unrestricted	(1,167,240)	482,031
Temporarily restricted (Note 8)	<u>40,000</u>	<u>348,500</u>
TOTAL NET ASSETS	<u>(1,127,240)</u>	<u>830,531</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,118,080</u>	<u>\$ 5,238,646</u>

TISCH MULTIPLE SCLEROSIS RESEARCH CENTER OF NEW YORK, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	For the Year Ended December 31, 2012			For the Year Ended December 31, 2011		
	Unrestricted	Temporarily Restricted	Total 2012	Unrestricted	Temporarily Restricted	Total 2011
SUPPORT AND REVENUE:						
Grants and contributions (Note 10)	\$ 2,936,783	\$ 464,325	\$ 3,401,108	\$ 1,999,897	\$ 491,500	\$ 2,491,397
Special events revenue (net of direct special events expenses of \$98,446 and \$111,930 in 2012 and 2011, respectively)	1,433,769	-	1,433,769	1,232,576	-	1,232,576
Contributions in kind (Note 5)	378,343	-	378,343	377,591	-	377,591
Bequests	19,739	-	19,739	50,000	-	50,000
Clinical trials	114,962	-	114,962	118,711	-	118,711
Realized (loss) gain on sale of contributed stocks	(3,777)	-	(3,777)	5,118	-	5,118
Net assets released from restrictions (Note 8)	772,825	(772,825)	-	681,869	(681,869)	-
TOTAL SUPPORT AND REVENUE	5,652,644	(308,500)	5,344,144	4,465,762	(190,369)	4,275,393
EXPENSES:						
Program Services:						
Research	6,075,929	-	6,075,929	5,931,286	-	5,931,286
Public information and education	172,119	-	172,119	131,955	-	131,955
Total program services	6,248,048	-	6,248,048	6,063,241	-	6,063,241
Supporting Services:						
Management and general	631,289	-	631,289	1,143,613	-	1,143,613
Fundraising	422,578	-	422,578	356,604	-	356,604
Total supporting services	1,053,867	-	1,053,867	1,500,217	-	1,500,217
TOTAL EXPENSES	7,301,915	-	7,301,915	7,563,458	-	7,563,458
CHANGE IN NET ASSETS (Note 11)	(1,649,271)	(308,500)	(1,957,771)	(3,097,896)	(190,369)	(3,288,065)
Net assets - beginning of year	482,031	348,500	830,531	3,579,727	538,869	4,118,596
NET ASSETS - END OF YEAR	\$ (1,167,240)	\$ 40,000	\$ (1,127,240)	\$ 482,031	\$ 348,500	\$ 830,531

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
(With Comparative Totals for the Year Ended December 31, 2011)

	Year Ended December 31, 2012							
	Program Services		Total Program Services	Supporting Services			Total 2012	Total 2011
Research	Public Information and Education	Management and General		Fund Raising	Total Supporting Services			
Salaries	\$ 1,265,123	\$ -	\$ 1,265,123	237,723	\$ 206,956	\$ 444,679	\$ 1,709,802	\$ 1,434,683
Payroll taxes and related costs (Note 9)	267,763	-	267,763	50,315	43,802	94,117	361,880	334,653
Total Salaries and Related Costs	1,532,886	-	1,532,886	288,038	250,758	538,796	2,071,682	1,769,336
Occupancy (Note 7)	2,024,518	-	2,024,518	19,100	57,300	76,400	2,100,918	2,077,097
Research and related expenses (Note 5)	1,704,593	-	1,704,593	-	-	-	1,704,593	1,677,115
Professional services (Note 5)	11,924	-	11,924	105,763	337	106,100	118,024	823,312
Equipment and related maintenance	158,460	-	158,460	1,495	4,485	5,980	164,440	178,467
Patient symposium	-	172,119	172,119	-	-	-	172,119	131,955
Office expenses and other	25,453	-	25,453	176,062	92,205	268,267	293,720	261,712
Depreciation and amortization (Note 4)	618,095	-	618,095	5,831	17,493	23,324	641,419	599,964
Bad debt expense	-	-	-	35,000	-	35,000	35,000	24,500
Special events expenses	-	-	-	-	98,446	98,446	98,446	111,930
Subtotal	6,075,929	172,119	6,248,048	631,289	521,024	1,152,313	7,400,361	7,675,388
Less: special events direct expenses	-	-	-	-	(98,446)	(98,446)	(98,446)	(111,930)
TOTAL EXPENSES	\$ 6,075,929	\$ 172,119	\$ 6,248,048	\$ 631,289	\$ 422,578	\$ 1,053,867	\$ 7,301,915	\$ 7,563,458

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, 2011

	Program Services			Supporting Services			Total 2011
	Research	Public Information and Education	Total Program Services	Management and General	Fund Raising	Total Supporting Services	
Salaries	\$ 1,071,042	\$ -	\$ 1,071,042	\$ 238,251	\$ 125,390	\$ 363,641	\$ 1,434,683
Payroll taxes and related costs (Note 9)	249,831	-	249,831	55,574	29,248	84,822	334,653
Total Salaries and Related Costs	1,320,873	-	1,320,873	293,825	154,638	448,463	1,769,336
Occupancy (Note 7)	2,001,566	-	2,001,566	18,883	56,648	75,531	2,077,097
Research and related expenses (Note 5)	1,677,115	-	1,677,115	-	-	-	1,677,115
Professional services (Note 5)	69,340	-	69,340	753,337	635	753,972	823,312
Equipment and related maintenance	171,977	-	171,977	1,622	4,868	6,490	178,467
Patient symposium	-	131,955	131,955	-	-	-	131,955
Office expenses and other	112,268	-	112,268	45,992	123,452	169,444	281,712
Depreciation and amortization (Note 4)	578,147	-	578,147	5,454	16,363	21,817	599,964
Bad debt expense	-	-	-	24,500	-	24,500	24,500
Special events expenses	-	-	-	-	111,930	111,930	111,930
Subtotal	5,931,286	131,955	6,063,241	1,143,613	468,534	1,612,147	7,675,388
Less: special events direct expenses	-	-	-	-	(111,930)	(111,930)	(111,930)
TOTAL EXPENSES	\$ 5,931,286	\$ 131,955	\$ 6,063,241	\$ 1,143,613	\$ 356,604	\$ 1,500,217	\$ 7,563,458

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, 2012 AND 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (1,957,771)	\$ (3,288,065)
Adjustments to reconcile change in net assets to		
Net cash used in operating activities:		
Depreciation and amortization expense	641,419	599,964
Bad debt expense	35,000	24,500
Realized loss (gain) on sale of contributed stocks	3,777	(5,118)
Contributed stocks	(232,141)	(86,562)
Contribution from related party	-	(150,000)
Deferred rent	124,667	417,528
	(1,385,049)	(2,487,753)
Changes in operating assets and liabilities:		
(Increase) or decrease in assets:		
Accounts receivable	-	24,000
Pledges receivable	27,186	58,669
Prepaid expenses and other assets	(7,576)	(13,572)
Increase in liabilities:		
Accounts payable and accrued expenses	11,041	815,478
	(1,354,398)	(1,603,178)
Net Cash Used in Operating Activities	(1,354,398)	(1,603,178)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of contributed marketable securities	228,364	91,680
Purchases of property and equipment	(451,562)	(33,981)
	(223,198)	57,699
Net Cash (Used in) Provided by Investing Activities	(223,198)	57,699
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of capital leases	(20,084)	-
Due to related party	1,611,698	1,580,792
	1,591,614	1,580,792
Net Cash Provided by Financing Activities	1,591,614	1,580,792
NET INCREASE IN CASH AND CASH EQUIVALENTS	14,018	35,313
Cash and cash equivalents - beginning of the year	201,685	166,372
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 215,703	\$ 201,685
Non-cash investing activities:		
Equipment purchased under capital leases	\$ 109,883	\$ -

TISCH MULTIPLE SCLEROSIS RESEARCH CENTER OF NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

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 three 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.
 - Permanently Restricted – represents those resources subject to donor-imposed stipulations that they be maintained intact in perpetuity by TMSRCNY. Currently, TMSRCNY has no permanently restricted net assets.
- 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. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.
- E. TMSRCNY recognizes bequests and legacies as support when the wills have passed probate and the sum is certain.
- F. As of December 31, 2012 and 2011, 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.

TISCH MULTIPLE SCLEROSIS RESEARCH CENTER OF NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 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, 2012 and 2011, TMSRCNY recorded adjustments to rent expense to reflect the difference between the rent paid and the average rent to be paid over the term of the lease which amounted to \$124,667 and \$417,528, respectively, and recorded such amount as an increase in occupancy expense. The estimated annual amortization and accretion of deferred rent for the five years following December 31, 2012 is amortization of \$77,656 for 2013, \$29,365 for 2014, with annual accretion of \$116,871 for 2015, \$264,901 for 2016 and \$318,090 for 2017.
- 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.
- 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.
- M. Certain line items in the December 31, 2011 financial statements have been reclassified to conform to the December 31, 2012 presentation.

NOTE 3 – PLEDGES RECEIVABLE

Pledges receivable are unconditional promises to give consisting of the following as of December 31, 2012 and 2011:

	2012	2011
Amount due in less than one year	\$ 134,514	\$ 171,700
Amount due from one to five years	-	25,000
	\$ 134,514	\$ 196,700

Approximately \$20,000 and \$133,000 of the total pledges receivable as of December 31, 2012 and 2011, respectively, were from TMSRCNY’s Board members.

TISCH MULTIPLE SCLEROSIS RESEARCH CENTER OF NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>	<u>Estimated Useful Life</u>
Leasehold improvements	\$ 4,940,941	\$ 4,219,411	lesser of their useful lives or the term of the lease
Research equipment	2,171,256	2,137,555	5-7 years
Office furniture and equipment	819,231	709,348	5-7 years
Construction in progress (See below)	<u>313,356</u>	<u>617,025</u>	
Total cost	8,244,784	7,683,339	
Less: accumulated depreciation and amortization	<u>(3,844,273)</u>	<u>(3,202,854)</u>	
Net book value	<u>\$ 4,400,511</u>	<u>\$ 4,480,485</u>	

Depreciation and amortization expense amounted to \$641,419 and \$599,964 for the years ended December 31, 2012 and 2011, respectively.

Expansion for the research laboratory (construction in 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. During 2011, IMSMP made a contribution of \$150,000 to TMSRCNY. As of December 31, 2012 and 2011, TMSRCNY owed approximately \$3,495,000 and \$1,884,000, respectively, to IMSMP for its share of these costs, including rent, advances and laboratory procedure fees.

The Director/Senior 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, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Legal services	\$ 3,343	\$ 2,591
Research-related services provided by the Director	<u>375,000</u>	<u>375,000</u>
	<u>\$ 378,343</u>	<u>\$ 377,591</u>

NOTE 6 – CAPITAL LEASE

TMSRCNY entered into a lease agreement for computer equipment under a capital lease expiring in 2015. As of December 31, 2012, the liability, representing the present value of future minimum lease payments with an interest rate imputed at 4.41% was \$89,799. The leased assets (with a net book value of \$88,517 as of December 31, 2012) 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 \$21,366 as of December 31, 2012.

TISCH MULTIPLE SCLEROSIS RESEARCH CENTER OF NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE 6 – CAPITAL LEASE (Continued)

Future minimum payments required under the lease, together with its present value as of December 31, 2012 follows:

2013	\$ 39,240
2014	39,240
2015	<u>16,350</u>
Total minimum lease payments	94,830
Less: amount representing interest (Imputed at 4.41%)	<u>(5,031)</u>
Present value of minimum lease payments	<u>\$ 89,799</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 TMSRCNY subleases a portion of the 4th floor to IMSMP (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 payments through June 30, 2020, exclusive of escalation charges, are as follows for the years ended after December 31, 2012:

2013	\$ 1,785,000
2014	1,833,000
2015	1,980,000
2016	2,128,000
2017	2,181,000
Thereafter	<u>5,686,000</u>
	<u>\$ 15,593,000</u>

Rent expense for the years ended December 31, 2012 and 2011 amounted to \$1,862,633 and \$1,838,860, respectively. Such amounts are included in occupancy expense in the accompanying financial statements.

B. TMSRCNY has no uncertain tax positions as of December 31, 2012 and 2011 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 and 2011:

	<u>2012</u>	<u>2011</u>
Purpose restricted	<u>\$ 40,000</u>	<u>\$ 283,500</u>
Time restricted for the period ending December 31:		
2012	-	40,000
Thereafter	-	<u>25,000</u>
	<u>-</u>	<u>65,000</u>
Total Temporarily Restricted	<u>\$ 40,000</u>	<u>\$ 348,500</u>

TISCH MULTIPLE SCLEROSIS RESEARCH CENTER OF NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE 8 – TEMPORARILY RESTRICTED NET ASSETS (Continued)

For the years ended December 31, 2012 and 2011, temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors as follows:

	2012	2011
Purpose restrictions accomplished	\$ 707,825	\$ 441,500
Expiration of time restrictions	65,000	240,369
	\$ 772,825	\$ 681,869

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 year ended December 31, 2012, TMSRCNY elected not to provide a discretionary match. For the year ended 2011, TMSRCNY elected to match its employees' contributions limited to 6% of their annual salary resulting in an expense of \$46,352.

NOTE 10 – CONCENTRATIONS

For the years ended December 31, 2012 and 2011, TMSRCNY received contributions from board members totaling approximately \$800,000 and \$700,000, respectively. Such amounts constitute approximately 24% and 28% of the total grants and contributions for the years ended December 31, 2012 and 2011, respectively.

For the years ended December 31, 2012 and 2011, TMSRCNY received contributions from an individual donor (non-board member) totaling \$1,000,000 and \$500,000, respectively. Such amounts constitute approximately 29% and 20% of the total grants and contributions for the years ended December 31, 2012 and 2011, respectively.

NOTE 11 – OPERATIONAL LOSSES AND NEGATIVE OPERATING NET ASSETS

During the years ended December 31, 2012 and 2011, TMSRCNY had losses amounting to approximately \$1,958,000 and \$3,288,000, respectively, resulting in cumulative deficit net assets from operations of approximately \$3,856,000 and \$2,501,000 as of December 31, 2012 and 2011, respectively. TMSRCNY has obtained from IMSMP assurance indicating IMSMP's willingness to provide funding sufficient to meet the cash flow obligations of TMSRCNY through January 1, 2014. In addition, management of TMSRCNY is addressing this situation by continuing to fundraise through special events, seeking new grants and exploring new collaborations with third parties with the goal of achieving (although there can be no assurance) future unrestricted surpluses to offset the cumulative losses. In addition, commencing during the latter part of 2013, TMSRCNY will curtail certain research activities and related expenditures to enable it to focus more fully its efforts on two primary areas of research; neural regeneration with stem cells and identification of the cause of multiple sclerosis.

NOTE 12 – SUBSEQUENT EVENTS

Management has evaluated events subsequent to the date of the statement of financial position through November 12, 2013, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through November 12, 2013 that would require adjustment to or disclosure in the financial statements.