

*Financial Statements*

# Act of Multiple Sclerosis

December 31, 2016 (Audited) and 2015 (Unaudited)

**Maryanov Madsen Gordon & Campbell**  
CERTIFIED PUBLIC ACCOUNTANTS - A Professional Corporation

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Act for Multiple Sclerosis

We have audited the accompanying financial statements of Act for Multiple Sclerosis, (a nonprofit organization) which comprise the statements of financial position as of December 31, 2016, and the related statements of activities and changes in net assets and cash flows for the year 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 audit. We conducted our audit 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 qualified audit opinion.

**Basis for Qualified Opinion**

As explained in Note 1 to the financial statements, grants that Act for Multiple Sclerosis were awarded were not properly recorded in the financial statements. Accounting principles generally accepted in the United States of America require grants to be recorded at its fair value at the date awarded. The effects on the accompanying financial statements of the failure to record the grant have not been determined.

To the Board of Directors  
Act for Multiple Sclerosis

### **Qualified Opinion**

In our opinion, except for the effects of the matter described in the Basis for Qualified paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Act for Multiple Sclerosis as of December 31, 2016, 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.

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 5 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

### **Report on Summarized Comparative Information**

Management is responsible for the accompanying summarized comparative statement of financial position (total unrestricted funds) of Act for Multiple Sclerosis as of December 31, 2015, and the related summarized comparative statements of activities and changes in net assets, functional expenses and cash flows (total unrestricted funds), and related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

*Maryanne Maden Gordon & Campbell*

Palm Springs, California  
July 31, 2017

ACT FOR MULTIPLE SCLEROSIS  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2016  
(WITH COMPARATIVE TOTALS FOR 2015)

	2016 (Audited)	2015 (Unaudited)
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 330,750	\$ 152,152
Accounts receivable and pledges	100	6,280
Grants receivable - Note 1	202,525	-
Prepaid expenses	3,714	3,653
Total current assets	<u>537,089</u>	<u>162,085</u>
 <b>PROPERTY AND EQUIPMENT</b>		
Property and equipment, net - Note 2	<u>-</u>	<u>933</u>
 <b>OTHER ASSETS</b>		
Refundable deposits	<u>2,470</u>	<u>2,470</u>
 <b>TOTAL ASSETS</b>	<u><u>\$ 539,559</u></u>	<u><u>\$ 165,488</u></u>
 <b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 4,631	\$ 14,433
Deferred revenue - Note 1	202,525	10,023
Total liabilities	<u>207,156</u>	<u>24,456</u>
 <b>NET ASSETS</b>		
Unrestricted funds	<u>332,403</u>	<u>141,032</u>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 539,559</u></u>	<u><u>\$ 165,488</u></u>

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

# ACT FOR MULTIPLE SCLEROSIS

## STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2016 (WITH COMPARATIVE TOTALS FOR 2015)

	2016 (Audited)	2015 (Unaudited)
<b>PUBLIC SUPPORT AND REVENUES</b>		
Donations and contributions	\$ 223,578	\$ 12,605
Grant revenue - Note 3	294,526	173,298
Fundraising/special events - Note 4	329,764	254,291
Interest income	908	1,039
	<u>848,776</u>	<u>441,233</u>
Total public support and revenue		
<b>ALLOCATIONS AND EXPENSES</b>		
Program services	342,411	274,644
Management and general	133,217	104,693
Fundraising/special events	181,777	103,597
	<u>657,405</u>	<u>482,934</u>
Total allocations and expenses		
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<u>191,371</u>	<u>(41,701)</u>
<b>NET ASSETS at beginning of year</b>	<u>141,032</u>	<u>182,733</u>
<b>NET ASSETS at end of year</b>	<u>\$ 332,403</u>	<u>\$ 141,032</u>

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

# ACT FOR MULTIPLE SCLEROSIS

## STATEMENTS OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2016 (WITH COMPARATIVE TOTALS FOR 2015)

	Total Program Services	Management and General	Fundraising Support	2016 (Audited)	Combined Total 2015 (Unaudited)
Accounting and audit	\$ -	\$ 1,785	\$ -	\$ 1,785	\$ 1,500
Advertising	-	10,653	-	10,653	3,446
Bank charges	-	16	-	16	-
Client quarterly meetings	5,079	-	-	5,079	3,525
Depreciation	-	933	-	933	1,838
Dues and subscriptions	-	384	-	384	-
Educational materials	-	-	-	-	1,105
Household assistance	5,690	-	-	5,690	2,500
Insurance	-	4,867	-	4,867	6,125
Interest	-	24	-	24	-
Merchant fees	-	4,417	-	4,417	4,931
Miscellaneous	-	150	-	150	-
Mobility	9,143	-	-	9,143	4,083
Office expense	1,923	10,331	-	12,254	5,175
Outside services	-	18,699	-	18,699	-
Payroll fees	324	522	26	872	530
Payroll taxes	3,658	5,890	294	9,842	4,017
Postage	-	378	-	378	810
Printing and publications	-	513	-	513	351
Professional fees - grant	36,000	-	-	36,000	36,000
Rent	15,813	3,235	-	19,048	19,048
Resource Center	783	-	-	783	269
Salaries	40,977	65,972	3,298	110,247	51,368
Taxes and licenses	-	250	-	250	10
Telephone	-	2,059	-	2,059	2,722
Therapy	203,682	-	-	203,682	209,815
Subsidized client utilities	17,873	-	-	17,873	16,834
Utilities	1,466	300	-	1,766	1,599
Volunteer appreciation	-	318	-	318	-
Website hosting and maintenance	-	1,521	-	1,521	1,736
Subtotal	342,411	133,217	3,618	479,246	379,337
Fundraising Direct Event Expenses:					
Gala	-	-	86,776	86,776	69,476
Christmas Tree Lane	-	-	73,725	73,725	20,636
Jazz it Up	-	-	12,258	12,258	7,428
Literary Salon	-	-	-	-	6,057
Tour de Palm Springs	-	-	5,400	5,400	-
Subtotal	-	-	178,159	178,159	103,597
TOTAL FUNCTIONAL EXPENSES	\$ 342,411	\$ 133,217	\$ 181,777	\$ 657,405	\$ 482,934

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

ACT FOR MULTIPLE SCLEROSIS

STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(WITH COMPARATIVE TOTALS FOR 2015)

	<u>2016</u> <u>(Audited)</u>	<u>2015</u> <u>(Unaudited)</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 191,371	\$ (41,701)
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation	933	1,838
(Increase) decrease in assets:		
Accounts receivable	6,180	3,520
Grants receivable	(202,525)	88,512
Prepaid expenses	(61)	(723)
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	(9,802)	376
Deferred revenue	<u>192,502</u>	<u>(108,061)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>(12,773)</u>	<u>(14,538)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	178,598	(56,239)
CASH AND CASH EQUIVALENTS, beginning of year	<u>152,152</u>	<u>208,391</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 330,750</u></u>	<u><u>\$ 152,152</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS ACTIVITIES:		
Cash paid during the year for:		
Taxes	<u><u>\$ 10</u></u>	<u><u>\$ 10</u></u>

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

ACT FOR MULTIPLE SCLEROSIS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 (AUDITED) AND 2015 (UNAUDITED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

Act for Multiple Sclerosis (Act for MS) is a California nonprofit public organization chartered on October 18, 1999. Its purpose is to become the premier resource for individuals in the Coachella Valley who have been diagnosed with multiple sclerosis. Act for MS offers clients a variety of programs and services to help them live with multiple sclerosis and its symptoms and debilities by providing the tools and resources necessary to successfully improve their quality of life while living with an incurable medical condition. Major client programs include educational seminars and workshops, access to the Education Resource Center, weekly strength training, exercise and cardiovascular health programs, monthly therapeutic and flexible massage, professionally led group therapy sessions, and assistance with equipment products designed to improve clients' safety, mobility, and independence, along with a program of providing electric bill payments and air conditioning repairs for clients who are financially limited. Act for MS's goal is a program of quality assistance that makes a meaningful difference to people with multiple sclerosis and their family members. Act for MS's support comes primarily through grants and donor contributions.

Fund Accounting and Description of Funds

To ensure observance of limitations and restrictions placed on the use of resources available to Act for MS, the accounts of Act for MS are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been reported by fund group. The assets, fund balances, revenue, and expenses of Act for MS are reported in balancing fund group as follows:

The Unrestricted Fund represents all resources over which the Board has discretionary control for use in operating Act for MS.

The Temporarily Restricted Fund represents those resources that are received with temporary stipulations that limit the use of the donated assets. 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 statement of activities as net assets released from restrictions. As of December 31, 2016 and 2015, there are no temporarily restricted funds.

Continued



ACT FOR MULTIPLE SCLEROSIS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 (AUDITED) AND 2015 (UNAUDITED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting and Description of Funds (Continued)

The Permanently Restricted Fund represents funds that are subject to permanent restriction by the donor requiring that the principal be invested and only the income be used for unrestricted purposes, with the exception of investment income, which is available to support the general and administrative expenses of Act for MS. As of December 31, 2016 and 2015, there are no permanently restricted funds.

Public Support, Revenue, Pledges and Accounts Receivable

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Pledges for contributions are not recorded until received. Act for MS considers all receivables and pledges to be collectible. Therefore, no allowance for any accounts receivable or pledges deemed uncollectible is currently necessary.

Functional Expenses

Act for MS allocates its expenses on a functional basis among its various programs. Expenses are charged directly to program or management and general, and fundraising categories based on specific identification.

Program Services

Act for MS's principal programs and services are as follows:

Core Services – These core services provide a non-invasive approach toward the management of multiple sclerosis. The program includes exercise, cardio programs, strength training, massage, yoga, and reflexology. Exercise and motion therapy are evaluated and charted for each participant by a physical therapist every six months. The goal is to prove that exercise training and massage either stops or slows the progression of multiple sclerosis.

Strength Retention Training – This program is designed to enhance mobility and provides clients with training sessions with a personal trainer to a maximum of twice a week.

Massage Therapy – This program provides clients with therapeutic massage or reflexology sessions once per month.

Continued

ACT FOR MULTIPLE SCLEROSIS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 (AUDITED) AND 2015 (UNAUDITED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Program Services (Continued)

Subsidized Client Utilities – This program provides relief from the summer heat by subsidizing electricity costs from June 1 through September 30 for those clients whose household income does not exceed the established threshold.

Other Distribution Expenses – Act for MS provides additional assistance for mobility equipment and repairs related to either this equipment or other necessities, such as a client's air conditioner. It also provides a number of educational workshops, client quarterly meetings, and other special programs throughout the year. In addition, its Education Resource Center provides clients with the opportunity to learn a variety of computer programs, including Dragon voice activation and participation in webcast sessions. The Reading and Lending Library provides clients access to significant books and resource materials covering all aspects of multiple sclerosis.

Cash and Cash Equivalents

Act for MS considers all cash and cash equivalents with an original maturity of three months or less to be cash equivalents.

Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates would relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Financial Instruments

The carrying value of Act for MS's financial instruments is considered to approximate the fair value. Cash, most receivables, and accounts payable are settled so close to the statement of financial position date that the fair value does not differ significantly from the stated amounts.

Continued

ACT FOR MULTIPLE SCLEROSIS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 (AUDITED) AND 2015 (UNAUDITED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Total All Funds/Comparative Information

The financial information for 2015, presented for comparative purposes, is not intended to be a complete financial statement presentation. This information is presented in total and does not include sufficient detail to be in conformity with generally accepted accounting principles. Such information should be read together with the financial statements for the year ended December 31, 2015, from which the summarized information was extracted.

Reclassifications

Certain reclassifications were made to the 2015 financial information in order to conform to the 2016 presentation.

Concentration Credit Risk

Act for MS maintains a cash account at First Foundation Bank. This account has exceeded the amount guaranteed by the Federal Deposit Insurance Corporation ("FDIC) up to \$250,000, during and at the end of fiscal year.

NOTE 1: GRANTS RECEIVABLE

Act for MS receives various grants for client expenses and to assist with funding operations. During the prior year, Act for MS was approved a grant in the amount of \$368,228 from Desert Healthcare District for the period January 1, 2016 through December 31, 2017. This grant is designated to fund the strength retention training and massage therapies of clients and certain management expenses. Of this amount, a total of \$165,703 was received by Act for MS during 2016. As of December 31, 2016, the balance of \$202,525 was retained by the grantor and will be made available to Act for MS when it has complied with all reporting requirements. The retained amount is recorded in the accompanying statements of financial position as grants receivable and deferred grant revenue.

All of the grants received are intended for Act for MS's principal programs and core services and as such, are reported as unrestricted funds.

# ACT FOR MULTIPLE SCLEROSIS

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016 (AUDITED) AND 2015 (UNAUDITED)

### NOTE 2: PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2016</u>	<u>2015</u>
Furniture and fixtures	\$ 8,495	\$ 8,495
Software	1,024	1,024
Equipment	<u>23,212</u>	<u>23,212</u>
Total	32,731	32,731
Less accumulated depreciation	<u>32,731</u>	<u>31,798</u>
Property and equipment, net	<u>\$ -</u>	<u>\$ 933</u>

### NOTE 3: GRANT REVENUE

Grant revenue consists of the following:

	<u>2016</u>	<u>2015</u>
Agua Caliente Band of Cahuilla Indians	\$ 5,000	\$ 5,000
Auen Foundation	15,000	20,000
Barker Foundation	3,000	2,500
Riverside County	-	1,500
Berger Foundation	59,923	21,000
Big Horn Golf Club Charities	5,000	-
Champions Volunteer Foundation	3,000	3,000
City of Indian Wells	6,400	1,100
City of Indio	2,000	-
City of Rancho Mirage	-	4,000
City of La Quinta	1,000	-
City of Palm Desert	5,000	2,000
Coachella Valley Wellness Foundation	10,000	10,000
Community Foundation	-	10,000
Desert Healthcare District	165,703	74,098
Doyle Foundation	-	5,000
Grace Helen Spearman Foundation	-	5,000
Hannon Foundation	2,500	2,500
Jordan Tucker Fund	-	5,600
Regional Access Project	5,000	-
Sirpuhe & John Conte Foundation	5,000	-
Webb Foundation	-	1,000
Wells Fargo Community Foundation	<u>1,000</u>	<u>-</u>
Total grant revenue	<u>\$ 294,526</u>	<u>\$ 173,298</u>

## ACT FOR MULTIPLE SCLEROSIS

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016 (AUDITED) AND 2015 (UNAUDITED)

#### NOTE 4: FUNDRAISING EVENTS

Act for MS conducts several fundraising events to assist in generating support and revenue. A summary of the events for the year ended December 31, 2016, is as follows:

<u>Event</u>	<u>2016</u>	<u>2015</u>
Gala	\$ 185,918	\$ 147,851
Christmas Tree Lane	117,767	67,915
Jazz It Up	22,120	13,405
Literary Salon	-	12,214
Tour de Palm Springs	<u>3,959</u>	<u>12,906</u>
Total	<u>\$ 329,764</u>	<u>\$ 254,291</u>

#### NOTE 5: INCOME TAXES

Act for MS is exempt from federal income and California franchise taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the State Revenue and Taxation Code, respectively. Act for MS has not engaged in any activities subject to income tax on unrelated business income; therefore, no provision has been made for income taxes.

Act for MS's policy is to record income tax related interest and penalties in operating expenses. For the years ended December 31, 2016 and 2015, there was no interest or penalties expense recorded and no accrued interest or penalties.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by Act for MS and recognize a tax liability (or asset) if Act for MS has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by Act for MS, and has concluded that as of December 31, 2016 and 2015 there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. Act for MS is subject to routine audits by taxing jurisdictions; however there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations by the IRS prior to 2013 or the FTB prior to 2012.

## ACT FOR MULTIPLE SCLEROSIS

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016 (AUDITED) AND 2015 (UNAUDITED)

#### NOTE 6: RELATED-PARTY TRANSACTIONS

Act for MS has a policy that allows members of its Board of Directors and their families to register with Act for MS as clients and receive program services. The Board of Directors believes that individuals involved with the Board who are afflicted with multiple sclerosis can provide valuable insight as to which treatments, therapies, and support programs can improve the quality of life for clients. All such, services are provided on terms equivalents to those that prevail in arm's-length transactions.

#### NOTE 7: SUBSEQUENT EVENTS

Events subsequent to December 31, 2016, have been evaluated through July 31, 2017, the date at which Act for MS's audited financial statements were available to be issued. No events requiring updates to the financial statements or disclosures have occurred through this date.

