



THE BUONICONTI FUND TO CURE PARALYSIS, INC.

FINANCIAL STATEMENTS

MAY 31, 2012

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INDEPENDENT AUDITORS' REPORT

The Buoniconti Fund to Cure Paralysis, Inc.
Miami, Florida

We have audited the accompanying statement of financial position of The Buoniconti Fund to Cure Paralysis, Inc. (the "Fund"), as of May 31, 2012, and the related statement of activities and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. 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 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Buoniconti Fund to Cure Paralysis, Inc. as of May 31, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Miami, Florida
March 27, 2013



THE BUONICONTI FUND TO CURE PARALYSIS, INC.
STATEMENT OF FINANCIAL POSITION
MAY 31, 2012

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 744,041
Investments in equity securities	15,028
Pledges receivable, net of discounts of \$129,868 and allowance for doubtful pledges of \$0 (Note 2)	2,001,465
Inventory	110,296
Prepaid expenses and other current assets	622,620
Total current assets	3,493,450

PLEDGES RECEIVABLE, NET OF DISCOUNTS OF \$223,455 AND ALLOWANCE FOR DOUBTFUL PLEDGES OF \$375,000 (NOTE 2)	4,294,359
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LITERARY WORK INTANGIBLE ASSETS (NOTE 3)	246,027
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\$ 8,033,836

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 66,160
Deferred revenue	555,829
Total current liabilities	621,989

CONTINGENCIES (NOTE 8)

NET ASSETS

Unrestricted	2,684,875
Temporarily restricted (Note 6)	4,726,972
Total net assets	7,411,847

\$ 8,033,836

See accompanying notes.

THE BUONICONTI FUND TO CURE PARALYSIS, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED MAY 31, 2012

	Unrestricted	Temporarily Restricted	Total
EVENT REVENUES, PUBLIC SUPPORT AND OTHER INCOME (EXPENSES)			
Gross event revenues and public support:			
Contributions	\$ 3,565,540	\$ 250,000	\$ 3,815,540
Ticket sales	343,259	-	343,259
Auction proceeds	691,291	-	691,291
In-kind contributions	235,639	-	235,639
Total gross event revenues and public support	4,835,729	250,000	5,085,729
Reductions of gross revenues and public support:			
Auction cost of sales	(312,864)	-	(312,864)
Distributions to event partners	(15,000)	-	(15,000)
Discounts on pledges receivable	(55,673)	(11,482)	(67,155)
Total reductions of gross revenues and public support	(383,537)	(11,482)	(395,019)
Total event revenues and public support	4,452,192	238,518	4,690,710
Other income (expense):			
Interest and other investment activity	(2,594)	-	(2,594)
Amortization of discounts on pledges receivable	25,615	289,670	315,285
Total other income (expense)	23,021	289,670	312,691
Total event revenues, public support and other income (expense)	4,475,213	528,188	5,003,401
EXPENSES			
Contributions to The Miami Project (Note 4)	5,575,000	-	5,575,000
26th Annual Great Sports Legends Dinner	2,282,193	-	2,282,193
Buoniconti Fund Invitational	56,117	-	56,117
Other support	463,269	-	463,269
Chapters (Note 7)	326,106	-	326,106
Supporting services	873,001	-	873,001
Total expenses	9,575,686	-	9,575,686
NET ASSETS RELEASED FROM RESTRICTIONS	4,610,000	(4,610,000)	-
CHANGE IN NET ASSETS (NOTE 4)	(490,473)	(4,081,812)	(4,572,285)
NET ASSETS - BEGINNING OF YEAR	3,175,348	8,808,784	11,984,132
NET ASSETS - END OF YEAR	\$ 2,684,875	\$ 4,726,972	\$ 7,411,847

See accompanying notes.

THE BUONICONTI FUND TO CURE PARALYSIS, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED MAY 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$(4,572,285)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Bad debt expense	840,743
Amortization of discounts on pledges receivable	(315,285)
Net realized and unrealized loss on investments in equity investments	4,286
Changes in operating assets and liabilities:	
Pledges receivable	3,412,787
Inventory	(24,628)
Prepaid expenses and other current assets	(581,023)
Accounts payable and accrued expenses	27,140
Deferred revenue	547,977
Total adjustments	3,911,997
Net cash and cash equivalents used in operating activities	(660,288)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of literary work intangible assets	(13,460)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(673,748)
CASH AND CASH EQUIVALENTS - BEGINNING	1,417,789
CASH AND CASH EQUIVALENTS - ENDING	\$ 744,041
Supplemental Disclosure of Cash Flow Information:	
Interest paid	\$ -
Income taxes paid	\$ -

See accompanying notes.

THE BUONICONTI FUND TO CURE PARALYSIS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Buoniconti Fund to Cure Paralysis, Inc. (the “Fund”) is a not-for-profit organization incorporated under the laws of the State of Florida for the purpose of raising funds and promoting national awareness for the Miami Project to Cure Paralysis (“The Miami Project”), a Center of Excellence at the University of Miami School of Medicine. The Miami Project is a research center devoted to finding more effective treatments, and ultimately the cure, for paralysis induced by spinal cord injuries, and to provide information, education, and referral services to individuals with spinal cord injuries and their families and friends.

Basis of Presentation

The financial statement of the Fund are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, event revenues, public support, and other income are classified based on the existence or absence of donor-imposed restrictions as follows:

- *Unrestricted* - net assets which are free of donor-imposed restrictions.
- *Temporarily restricted* - net assets whose use by the Fund are limited by donor-imposed stipulations that either expire by passage of time or that can be fulfilled or removed by actions of the Fund, pursuant to those stipulations.
- *Permanently restricted* - net assets whose use by the Fund are limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Fund.

Cash and Cash Equivalents

The Fund considers all highly liquid instruments with a purchased maturity of three months or less to be cash equivalents. Cash and cash equivalents include temporarily restricted funds amounting to approximately \$130,000 at May 31, 2012.

Concentrations of Credit Risk

The Fund deposits excess cash with high-credit quality institutions. At times, such balances may be in excess of federally insured limits.

Investments

The Fund’s investments are reported at their fair values in the statement of financial position. Investment income, including realized and unrealized gains and losses, and interest and dividend income are included in the statement of activities and changes in net assets as changes in unrestricted or temporarily restricted net assets. Market risk is inherent and is dependent on the future changes in market prices of the various investments held.

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Fair Value Measurements

Fair value is defined as the price that the Fund would receive to sell an asset or pay to transfer a liability in an orderly transaction with an independent counter-party in the principal market, or in the absence of a principal market, the most advantageous market for the asset or liability. Fair value measurements establishes a three-tier hierarchy to distinguish between: (1) inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances (unobservable inputs), and to establish a classification of fair value measurements for disclosure purposes. Various inputs are used in determining the value of the Fund's assets.

Level 1 - quoted prices in active markets for identical assets

Level 2 - other significant observable inputs (including quoted prices for similar assets, interest rates, credit risk, etc.)

Level 3 - significant unobservable inputs (including the Fund's own assumptions in determining the fair value of assets)

In applying the provisions of fair value measurements to the Fund's investment activities during the year, the following valuation techniques have been employed on the Fund's investments in equity securities. Securities and other investments traded on a national exchange or on the national market system of NASDAQ are valued at their last reported sale price or, if there has been no sale on that date, at the closing "bid" price if long, or closing "ask" price if short. Other securities or investments for which over-the-counter market quotations are available are valued at their last reported sale price or, if there has been no sale on that date, at closing "bid" price if long, or closing "ask" price if short as reported by a reputable source selected by the Fund. The Fund has sole and absolute discretion in valuing any positions for which market quotations are not readily available and in adjusting the valuation of any other positions. The Fund's investments in equity securities are categorized in Level 1 of the fair value hierarchy.

Certain assets and liabilities are measured at fair value on a nonrecurring basis; that is, the assets and liabilities are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (for example, when there is evidence of impairment). The following is a description of the valuation methodologies used for the Fund's financial and non-financial assets and liabilities measured at fair value on a nonrecurring basis, as well as the general classification of such instruments pursuant to the valuation hierarchy:

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Pledges Receivable - Pledges receivable are initially reported at fair value based upon the present value of future cash flows, which includes an analysis of the collectability and expected payment dates, valued using risk-free rates. Revaluations are recorded upon evidence of declines in fair value arising from changes in expected timing of cash inflows. Fair values are estimated using Level 3 inputs based on customized discounting criteria.

There were no transfers between the levels of the fair value hierarchy during the year ended May 31, 2012.

Pledges Receivable

Unconditional pledges receivable are recognized at the time when the respective donor makes the promise. Unconditional pledges receivable due in the next year are recorded at their net realizable value, which is considered a reasonable estimate of fair value. Unconditional pledges receivable that are expected to be collected in future years are recognized at fair value, using present value techniques and applicable discount rates. The discounts on the estimated future cash flows of pledges receivable are computed using risk-free interest rates applicable to the respective years in which pledges are received. Conditional pledges receivable are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional.

An allowance for uncollectible pledge receivables is provided based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of fund raising activity. Pledge receivables are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

At May 31, 2012, pledges receivable from three donors, accounted for approximately 68% of total pledges receivable.

Inventory

Inventory consists primarily of auction items and event gifts stated at the lower of cost or market. Cost is determined by the first-in first-out method.

Prepaid Expenses and Deferred Revenue

Prepaid expenses represent amounts paid in advance for special events to be held subsequent to year-end. Revenue from special event ticket sales received in advance for subsequent year events is deferred until the period in which the event is held. The Fund considers the contribution portion of special event ticket sales to be conditional upon the event taking place, as such; it is recorded as deferred revenue along with the exchange portion of ticket sales.

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Intangible Assets

Intangible assets having indefinite lives are not amortized but are subject to annual impairment testing. Intangible assets having finite lives are amortized over their estimated useful lives using the straight-line method. The Fund performs annual impairment testing on its recorded intangible assets. Based on management's plans for future operations, and their estimates considering current and future discounted operating cash flows, no impairment was recognized during the year ended May 31, 2012.

Recognition of Donor Restrictions

The Fund reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 and changes in net assets as net assets released from restrictions.

Contributions

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support, as applicable. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions.

For the year ended May 31, 2012, contributions from one donor accounted for approximately 13% of total gross event revenues and public support.

Donated Services and In-kind Contributions

For the year ended May 31, 2012, the value of contributed services meeting the requirements for recognition in the financial statements amounted to approximately \$236,000.

Functional Expense Allocation

Direct expenses are allocated specifically to the Fund's events. Indirect expenses are allocated to the events based on the percentage of employees time spent related to functional category. The allocations reflect costs associated with program and supporting service functions.

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Event Partners

From time to time, the Fund participates in events which require the net proceeds of the events to be shared with other organizations. Contributions and payments to these other organizations are reflected in total gross event revenues and public support and as distributions to event partners, in the accompanying statement of activities and changes in net assets.

Advertising and Promotion

Advertising and promotion costs are expensed as incurred. For the year ended May 31, 2012, advertising and promotion expense amounted to approximately \$14,000.

Income Taxes

Income taxes are not provided for in the financial statements since the Fund is exempt from federal and state income taxes under Sections 501(c)(3) and 509(a)(1) of the Internal Revenue Code and similar state provisions. The Fund is not classified as a private foundation.

The Fund assesses its tax positions in accordance with "*Accounting for Uncertainties in Income Taxes*" as prescribed by the Accounting Standards Codification, which provides guidance for financial statement recognition and measurement of uncertain tax positions taken or expected to be taken in a tax return for open tax years (generally a period of three years from the later of each return's due date or the date filed) that remain subject to examination by the Fund's major tax jurisdictions. Generally, the Fund is no longer subject to income tax examinations by major taxing authorities for years before fiscal 2009.

The Fund assesses its tax positions and determines whether it has any material unrecognized liabilities for uncertain tax positions. The Fund records these liabilities to the extent it deems them more likely than not to be incurred. Interest and penalties related to uncertain tax positions, if any, would be classified as a component of income tax expense.

The Fund believes that it does not have any significant uncertain tax positions requiring recognition or measurement in the accompanying financial statements.

Use of Estimates in the Preparation of Financial Statements

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the statement of financial position date and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Management's estimate of the fair value of "unconditional pledges receivable" is based upon historical collection rates, analysis of the collectability, and expected payment dates of individual pledges, valued using risk-free rates. This estimate may be subject to change as a result of potential amendments made to the terms of the individual pledges. Given the nature of this estimate, it is reasonably possible the fair value of the Fund's pledges receivable could materially change in the near future.

NOTE 2. PLEDGES RECEIVABLE AND FAIR VALUE MEASUREMENTS

At May 31, 2012 unconditional pledges receivable consisted of the following:

Amounts due in:	
Less than one year	\$ 2,131,333
One to five years	4,692,815
Thereafter	200,000
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	7,024,148
Less: unamortized discount	(353,324)
Less: allowance for doubtful accounts	(375,000)
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	\$ 6,295,824
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The interest rate used in calculating discounts on the present value of estimated future cash flows ranges between 1.33% and 6%. During the year ended May 31, 2012, management's estimated realizability of certain pledge receivables was revised; the result of which was a current period charge of approximately \$841,000 to bad debt expense.

As of May 31, 2012, gross pledges receivable from members of the Board of Directors amounted to approximately \$5,302,000, of which approximately \$4,252,000 were temporarily restricted.

NOTE 2. PLEDGES RECEIVABLE AND FAIR VALUE MEASUREMENTS
(Continued)

Nonrecurring basis fair value measurements on the Fund’s pledges receivable (initial recordation/revaluation) during the year ended May 31, 2012 were as follows:

ASSETS, at fair value	Quoted Prices			Total
	in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Pledges receivable:				
New pledges	\$ -	\$ -	\$ 857,845	\$ 857,845
Revalued pledges	-	-	1,083,642	1,083,642
	\$ -	\$ -	\$ 1,941,487	\$ 1,941,487

NOTE 3. LITERARY WORK INTANGIBLE ASSETS

In February 2010, the Fund entered into an agreement to engage a third party to write Marc Buoniconti’s, President of the Fund, biography and provide publishing and promotion consulting services. As of May 31, 2012, the Fund incurred approximately \$246,000 of cost associated with the agreement which was capitalized as literary work intangible assets in the accompanying statement of financial position. All proceeds raised from the sale of the biography will benefit the Fund. As of May 31, 2012, the biography has not yet been published; accordingly, no amortization expense has been recorded relative to the literary work.

NOTE 4. CONTRIBUTIONS TO THE MIAMI PROJECT

In accordance with its specific purpose, the Fund, upon approval of its Board of Directors, makes periodic contributions to the Miami Project based on the availability of cash. The nature of the Fund’s activities is such that in any given fiscal year significant unconditional pledge receivables can be promised yet the cash related to these receivables is not collected until subsequent fiscal years. As a consequence, the Fund can have large fluctuations in its change in net assets from fiscal year-to-year, since the contributions to support to the Miami Project are made at the Board of Director’s discretion as the cash becomes available from the collection of its unconditional pledge receivables.

During the year ended May 31, 2012, the Fund contributed \$5,575,000 in support of the Miami Project.

NOTE 5 RELATED PARTY TRANSACTIONS

Several of the Fund’s officers and directors are employed by the Miami Project. The management and staff of the Miami Project are compensated by the University of Miami (the “University”). During the year ended May 31, 2012, the Fund was allocated salaries and employee benefits of approximately \$192,000 based on efforts spent to operate the Fund’s activities. These are reflected as in-kind contributions in the accompanying statement of activities and changes in net assets. The Fund hired a new Vice President earning annual compensation of \$195,000. The Vice President is an immediate relative of the President.

The Fund’s Miami office is operated by the Miami Project and the University is responsible for all expenses related to the office.

NOTE 6. NET ASSETS

At May 31, 2012 temporarily restricted net assets were available for the following purposes:

Capital campaign	\$	113,844
Clinical trials		4,613,128
	\$	4,726,972

Clinical Trials

The Fund has embarked on a campaign to raise monies to move the Human Schwann Cell Clinical Trials Initiative forward and has received temporarily restricted funds for this purpose. Subsequent to year-end in July 2012, the Food and Drug Administration has given the Miami Project its approval to begin the Human Clinical Trials.

NOTE 7. CHAPTERS OF THE BUONICONTI FUND TO CURE PARALYSIS, INC.

The Fund has established committees (“Chapters”) consisting of volunteers who seek to promote the national fund-raising efforts of the Fund and the Miami Project by hosting events in their respective cities. As of May 31, 2012, there are sixteen active chapters throughout Florida, Georgia, South Carolina, Massachusetts, Illinois, Tennessee, Texas, New York, Maryland, and Ohio. Fund-raising activities are coordinated by the staff of the Fund and revenue and expenses related to all such activities are included in the accompanying financial statements.

NOTE 8. CONTINGENCIES

Economic Conditions

The Fund depends substantially on contributions and contributed services for its revenues. The ability of certain Fund contributors to continue giving amounts comparable with prior years may be dependent upon current and future overall economic conditions and the continued deductibility for income tax purposes of contributions to the Fund. While the Fund's Board of Directors believes the organization has the resources to continue its programs, its ability to do so and the extent to which it continues, may be dependent on the above factors.

NOTE 9. REVOCABLE TRUST SPLIT-INTEREST AGREEMENT

The Fund is the beneficiary of a revocable trust. Under the terms of the split-interest agreement, upon the donor's death the Fund is to receive a one-third residuary beneficial interest after provision for specified individuals. The estimated value of the beneficial interest is \$3,000,000. However, this amount is not reflected in the accompanying financial statements since the Fund's interest is revocable.

NOTE 10. SUBSEQUENT EVENTS

The Fund has evaluated subsequent events through March 27, 2013, which is the date the accompanying financial statements were available to be issued.