



# The Buoniconti Fund to Cure Paralysis, Inc.

Financial Statements

May 31, 2018

## **C O N T E N T S**

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## **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying financial statements of The Buoniconti Fund to Cure Paralysis, Inc., which comprise the statement of financial position as of May 31, 2018, and the related statements of activities 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 the 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 the 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 audit opinion.

*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, 2018, 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.

A handwritten signature in black ink that reads "Kaufman, Rossin & Co." in a cursive style.

Kaufman, Rossin & Co., P.A.

October 1, 2018  
Miami, Florida

**THE BUONICONTI FUND TO CURE PARALYSIS, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**MAY 31, 2018**

**ASSETS**

**CURRENT ASSETS**

Cash	\$	652,983
Pledges receivable, net of discounts of \$85,102 (Note 2)		885,186
Inventory		113,282
Prepaid expenses and other current assets		24,931
<b>Total current assets</b>		<b>1,676,382</b>

PLEDGES RECEIVABLE, NET OF DISCOUNTS OF \$257,356 (NOTE 2) 4,076,645

LITERARY WORK INTANGIBLE ASSETS, NET (NOTE 3) 280,284

**\$ 6,033,311**

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable and accrued expenses	\$	65,767
Deferred revenue		65,800
<b>Total current liabilities</b>		<b>131,567</b>

CONTINGENCIES (NOTE 8)

**NET ASSETS**

Unrestricted	3,440,134
Temporarily restricted (Note 6)	2,461,610
<b>Total net assets</b>	<b>5,901,744</b>

**\$ 6,033,311**

See accompanying notes.

**THE BUONICONTI FUND TO CURE PARALYSIS, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED MAY 31, 2018**

	Unrestricted	Temporarily Restricted	Total
<b>EVENT REVENUES, PUBLIC SUPPORT AND OTHER INCOME (EXPENSE)</b>			
Gross event revenues and public support:			
Contributions	\$ 2,917,304	\$ -	\$ 2,917,304
Ticket sales	328,800	-	328,800
Auction proceeds	444,032	-	444,032
In-kind contributions (Note 5)	205,301	-	205,301
Book sales	49,022	-	49,022
<b>Total gross event revenues and public support</b>	<b>3,944,459</b>	<b>-</b>	<b>3,944,459</b>
Reductions of gross event revenues and public support:			
Auction cost of sales	( 229,777)	-	( 229,777)
<b>Total event revenues and public support</b>	<b>3,714,682</b>	<b>-</b>	<b>3,714,682</b>
Other income (expense):			
Interest	914	-	914
Amortization of discounts on pledges receivable	74,874	71,962	146,836
<b>Total other income (expense)</b>	<b>75,788</b>	<b>71,962</b>	<b>147,750</b>
<b>Total event revenues, public support and other income (expense)</b>	<b>3,790,470</b>	<b>71,962</b>	<b>3,862,432</b>
<b>EXPENSES</b>			
Contributions to The Miami Project (Note 4)	5,960,000	-	5,960,000
32 <sup>nd</sup> Annual Great Sports Legends Dinner	1,745,307	-	1,745,307
Buoniconti Fund Invitational	92,239	-	92,239
Other support	1,083,242	-	1,083,242
Chapters (Note 7)	234,810	-	234,810
Supporting services	472,514	-	472,514
<b>Total expenses</b>	<b>9,588,112</b>	<b>-</b>	<b>9,588,112</b>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<b>4,615,000</b>	<b>( 4,615,000)</b>	<b>-</b>
<b>CHANGE IN NET ASSETS (NOTE 4)</b>	<b>( 1,182,642)</b>	<b>( 4,543,038)</b>	<b>( 5,725,680)</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>4,622,776</b>	<b>7,004,648</b>	<b>11,627,424</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 3,440,134</b>	<b>\$ 2,461,610</b>	<b>\$ 5,901,744</b>

See accompanying notes.

**THE BUONICONTI FUND TO CURE PARALYSIS, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED MAY 31, 2018**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Change in net assets	\$( 5,725,680)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Bad debt expense	55,000
Amortization of discounts on pledges receivable	( 146,836)
Amortization of literary work intangible assets	42,043
Changes in operating assets and liabilities:	
Pledges receivable	5,403,788
Inventory	( 6,475)
Prepaid expenses and other current assets	116,815
Accounts payable and accrued expenses	42,622
Deferred revenue	( 36,932)
Total adjustments	5,470,025
Net cash used in operating activities	( 255,655)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Purchases of literary work intangible assets	( 53,136)
<b>NET DECREASE IN CASH</b>	<b>( 308,791)</b>
<b>CASH - BEGINNING</b>	<b>961,774</b>
<b>CASH - ENDING</b>	<b>\$ 652,983</b>
<b>Supplemental Disclosure of Cash Flow Information:</b>	
Interest paid	\$ -
Income taxes paid	\$ -

See accompanying notes.

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

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**NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

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*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”), 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 statements 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*

Cash includes temporarily restricted funds amounting to approximately \$653,000 at May 31, 2018.

*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.



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

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***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 expected to be 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 pledges receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of fund raising activity. Pledges receivable are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. As of May 31, 2018, no allowance for uncollectible pledges receivable was deemed necessary by management.

At May 31, 2018, pledges receivable from one donor accounted for approximately 84% of total pledges receivable, net of discounts.

***Inventory***

Inventory consists primarily of auction items and event gifts stated at the lower of cost or net realizable value. 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 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.

***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, 2018.

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

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***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 as net assets released from restrictions.

For the year ended May 31, 2018, contributions from one donor accounted for approximately 14% of total gross event revenues and public support.

***Donated Services and In-kind Contributions***

The Fund records the value of donated services when there is an objective basis available to measure their value. For the year ended May 31, 2018, the estimated value of donated services meeting the requirements for recognition in the financial statements amounted to approximately \$205,000.

***Functional Expense Allocation***

The costs of holding the Fund's events and other activities have been summarized on a functional basis. Direct costs are allocated specifically to the Fund's events and supporting services. Indirect costs are allocated by management to the events and supporting services based on the percentage of employee time spent among other factors. The allocation of costs on a functional basis is based on management's estimates.

***Advertising and Promotion***

Advertising and promotion costs are expensed as incurred. For the year ended May 31, 2018, advertising and promotion expense amounted to approximately \$449,000.

***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.

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

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***Income Taxes (continued)***

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 period. Actual results could differ from those estimates.

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.

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**NOTE 2. PLEDGES RECEIVABLE**

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At May 31, 2018 unconditional pledges receivable consisted of the following:

Amounts due in:	
Less than one year	\$ 970,289
One to five years	2,834,000
Thereafter	1,500,000
	<hr/> 5,304,289
Less: unamortized discount	( 342,458)
	<hr/> \$ 4,961,831

The interest rate used in calculating discounts on the present value of estimated future cash flows ranges between 1.75% and 6%.

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**NOTE 2 PLEDGES RECEIVABLE (Continued)**

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As of May 31, 2018, gross pledges receivable from members of the Board of Directors amounted to approximately \$5,237,000, of which approximately \$700,000 was temporarily restricted.

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**NOTE 3. LITERARY WORK INTANGIBLE ASSETS**

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In 2010, the Fund entered into an agreement to engage a third party to write Marc Buoniconti's, *Undefeated: From Tragedy to Triumph*, biography and provide publishing and promotion consulting services. All proceeds raised from the sale of the biography will benefit the Fund. The biography was released on September 19, 2017, and sales of the book are expected to continue through the end of the 2023 fiscal year; accordingly, the Fund's literary work intangible assets are being amortized on a straight-line basis over 5.75 years, the estimated future benefit period. Sales of the book amounted to approximately \$49,000 for the year ended May 31, 2018, and are included in gross event revenues and public support in the accompanying statement of activities.

At May 31, 2018, literary work intangible assets, net consisted of the following:

Literary work intangible asset costs	\$	322,327
Less: amortization	(	42,043)
	\$	280,284

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Literary work intangible assets amortization expense amounted to approximately \$42,000 for the year ended May 31, 2018.

As of May 31, 2018, the remaining unamortized balance of literary work intangible assets will be amortized approximately as follows:

2019	\$	56,000
2020		56,000
2021		56,000
2022		56,000
2023		56,000
Total	\$	280,000

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**NOTE 4. CONTRIBUTIONS TO THE MIAMI PROJECT**

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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 The Miami Project are made at the discretion of the Fund's Board of Directors as the cash becomes available from the collection of its unconditional pledge receivables. During the year ended May 31, 2018, the Fund contributed \$5,960,000 in support of The Miami Project.

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**NOTE 5. RELATED PARTY TRANSACTIONS**

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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, 2018, the Fund was allocated salaries of approximately \$143,000 based on efforts spent to operate the Fund. These are reflected as in-kind contributions in the accompanying statement of activities.

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

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**NOTE 6. NET ASSETS**

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At May 31, 2018, temporarily restricted net assets were available for the following purposes:

Capital building	\$ 900,000
Clinical trials	1,561,610
	<hr/>
	\$ 2,461,610

***Capital Building***

Through the generosity of Christine E. Lynn, a major donor of the Fund, The Miami Project, in conjunction with the University and Jackson Memorial Hospital, is constructing a world class rehabilitation center which will be named the Christine E. Lynn Rehabilitation Institute for The Miami Project to Cure Paralysis (the "Institute"). Architectural drawings have been completed and approved by Mrs. Lynn. Construction is scheduled to begin in late 2018 with an expected completion in 2020.

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**NOTE 6. NET ASSETS (Continued)**

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With the consent of the donor, during the year ended May 31, 2017, the Fund utilized \$1,200,000 from net assets temporarily restricted for the Capital Building to fund research in support of The Miami Project. During the year ended May 31, 2018, \$300,000 was repaid by the Fund, and the Fund intends to repay the \$900,000 balance prior to the completion of the Institute.

***Clinical Trials***

The Fund continues to raise funds for the Human Schwann Cell Clinical Trial. The Miami Project has completed the Phase 1 clinical study for Schwann cell transplantation for subacute spinal cord injury (“SCI”). The Miami Project is currently conducting the Phase 2 chronic Schwann cell trial where Schwann cells are administered in subjects at least one year after SCI. Four chronic thoracic SCI subjects have been successfully transplanted and undergone the pre-rehabilitation and post-rehabilitation protocol. All four subjects are progressing and have experienced no serious risk factors. To date, three cervical chronic SCI subjects have also been successfully transplanted including two complete and one incomplete SCI. Those individuals are currently being evaluated and thus far have demonstrated no serious risk factors. The final incomplete SCI subject is scheduled for transplant in February 2019. In parallel studies, chronic SCI subjects are being recruited to undergo novel neural stimulation protocols including transcranial magnetic and peripheral nerve stimulation to induce circuit plasticity within the brain and spinal cord. These baseline studies are also producing exciting results that are being published in high impact journals. In future studies the goal will be to combine these circuit stimulation approaches with cellular therapies to promote functional recovery.

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

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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, 2018, there are 11 active chapters throughout Florida, South Carolina, Massachusetts, Illinois, Indiana, Pennsylvania, and Michigan. 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.

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**NOTE 8. CONTINGENCIES**

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The Fund depends substantially on contributions and contributed services for its revenues. The ability of certain Fund donors 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 believe the Fund has the resources to continue its activities, its ability to do so and the extent to which it continues, may be dependent on the above factors.

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**NOTE 9. SUBSEQUENT EVENTS**

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The Fund has evaluated subsequent events through October 1, 2018, which is the date the accompanying financial statements were available to be issued.