

MULTIDISCIPLINARY ASSOCIATION FOR PSYCHEDELIC STUDIES, INC.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

May 31, 2016 and 2015

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Multidisciplinary Association for Psychedelic Studies, Inc. and subsidiaries

We have audited the accompanying consolidated financial statements of Multidisciplinary Association for Psychedelic Studies, Inc. (a nonprofit organization) and subsidiaries, which comprise the consolidated statements of financial position as of May 31, 2016 and 2015, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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

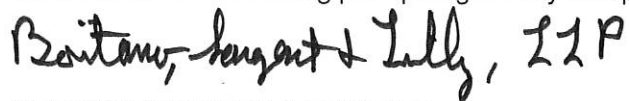
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Multidisciplinary Association for Psychedelic Studies, Inc. and subsidiaries as of May 31, 2016 and 2015, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



BOITANO, SARGENT & LILLY, LLP
San Jose, California
October 31, 2016

**MULTIDISCIPLINARY ASSOCIATION FOR PSYCHEDELIC STUDIES, INC.
AND SUBSIDIARIES**

Consolidated Statements of Financial Position

May 31, 2016 and 2015

	2016	2015
Assets		
Cash and cash equivalents	\$ 1,006,176	\$ 2,115,152
Investments	6,486,396	6,729,472
Promises to give	2,194,352	333,570
Government grant receivable	34,610	-
Inventory	81,782	76,605
Notes receivable	197,052	133,285
Property and equipment, net	16,131	12,228
Prepays and deposits	173,898	25,921
Total assets	\$ 10,190,397	\$ 9,426,233
 Liabilities and net assets		
Liabilities		
Accounts payable	\$ 150,939	\$ 175,436
Accrued expenses	132,644	87,943
Total liabilities	283,583	263,379
Net Assets		
Unrestricted net assets	8,941,390	8,763,633
Temporarily restricted net assets	965,424	399,221
Total net assets	9,906,814	9,162,854
Total liabilities and net assets	\$ 10,190,397	\$ 9,426,233

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

**MULTIDISCIPLINARY ASSOCIATION FOR PSYCHEDELIC STUDIES, INC.
AND SUBSIDIARIES**

Consolidated Statements of Activities
For the Years Ended May 31, 2016 and 2015

	2016	2015
Unrestricted net assets		
Revenue		
Contributions	\$ 3,302,928	\$ 557,851
Contributions - fiscal sponsors	359,821	119,564
Events and activities	145,229	93,305
Merchandise sales, net	44,945	63,284
Government grant	34,610	-
Other Income	30,375	24,361
Investment income (loss), net	(240,637)	466,826
Net assets released from restrictions	942,905	2,242,542
Total revenue	4,620,176	3,567,733
Expenses		
Program services	3,849,367	2,593,787
Management and general	243,662	360,722
Fund raising	349,390	301,498
Total expenses	4,442,419	3,256,007
Increase in unrestricted net assets	177,757	311,726
Temporarily restricted net assets		
Contributions	1,509,108	1,730,495
Net assets released from restrictions	(942,905)	(2,242,542)
Increase (decrease) in temporarily restricted net assets	566,203	(512,047)
Change in net assets	743,960	(200,321)
Net assets, beginning of year	9,162,854	9,363,175
Net assets, end of year	\$ 9,906,814	\$ 9,162,854

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

**MULTIDISCIPLINARY ASSOCIATION FOR PSYCHEDELIC STUDIES, INC.
AND SUBSIDIARIES**

Consolidated Statement of Functional Expenses
For the Year Ended May 31, 2016

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total Expenses</u>
Salaries and related expenses				
Salaries and wages	\$ 1,055,725	\$ 56,710	\$ 210,004	\$ 1,322,439
Payroll taxes	82,018	4,344	14,971	101,333
Employee benefits	164,657	7,939	16,451	189,047
Total salaries and related expenses	<u>1,302,400</u>	<u>68,993</u>	<u>241,426</u>	<u>1,612,819</u>
Services and supplies				
Clinical research	1,260,928	-	-	1,260,928
Depreciation	1,894	-	-	1,894
Event expense	249,670	-	10,739	260,409
Education and outreach	122,284	-	-	122,284
IT expenses	138,184	5,066	7,082	150,332
Insurance	6,248	9,380	-	15,628
Office expenses	62,721	14,437	22,597	99,755
Occupancy	66,987	5,251	9,809	82,047
Postage and delivery	12,737	20,481	4,044	37,262
Fiscal sponsor - education	351,889	-	-	351,889
Staff development	841	9,551	71	10,463
Professional expenses	118,596	100,835	36,714	256,145
Marketing expenses	49,429	50	6,928	56,407
Conferences, conventions, and meetings	104,559	9,618	9,980	124,157
Total services and supplies	<u>2,546,967</u>	<u>174,669</u>	<u>107,964</u>	<u>2,829,600</u>
Total expenses	<u>\$ 3,849,367</u>	<u>\$ 243,662</u>	<u>\$ 349,390</u>	<u>\$ 4,442,419</u>

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

**MULTIDISCIPLINARY ASSOCIATION FOR PSYCHEDELIC STUDIES, INC.
AND SUBSIDIARIES**

Consolidated Statement of Functional Expenses
For the Year Ended May 31, 2015

	Program Services	Management and General	Fund Raising	Total Expenses
Salaries and related expenses				
Salaries and wages	\$ 701,397	\$ 92,225	\$ 161,797	\$ 955,419
Payroll taxes	67,692	9,899	14,538	92,129
Employee benefits	96,934	40,707	25,004	162,645
Total salaries and related expenses	866,023	142,831	201,339	1,210,193
Services and supplies				
Clinical research	1,115,851	-	-	1,115,851
Event expense	139,349	1,322	19,019	159,690
Education and outreach	16,271	-	-	16,271
IT expenses	78,175	27,381	5,944	111,500
Insurance	2,859	6,472	-	9,331
Office expenses	36,998	10,365	17,833	65,196
Occupancy	24,137	24,331	3,766	52,234
Postage and delivery	39,438	-	-	39,438
Fiscal sponsor - education	117,871	-	-	117,871
Staff development	-	12,012	2,769	14,781
Professional expenses	93,636	115,998	24,845	234,479
Marketing expenses	21,789	-	16,983	38,772
Conferences, conventions, and meetings	41,390	20,010	9,000	70,400
Total services and supplies	1,727,764	217,891	100,159	2,045,814
Total expenses	\$ 2,593,787	\$ 360,722	\$ 301,498	\$ 3,256,007

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

**MULTIDISCIPLINARY ASSOCIATION FOR PSYCHEDELIC STUDIES, INC.
AND SUBSIDIARIES**

Consolidated Statements of Cash Flows
For the Years Ended May 31, 2016 and 2015

	2016	2015
Cash flows from operating activities		
Change in net assets	\$ 743,960	\$ (200,321)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Net realized and unrealized (gain) loss on investments	213,498	(504,975)
Depreciation	1,894	-
(Increase) decrease in operating assets		
Promises to give	(1,860,782)	903,805
Government grant receivable	(34,610)	-
Inventory	(5,177)	(38,643)
Notes receivable	(63,767)	(102,268)
Prepays and deposits	(147,977)	(15,645)
Increase (decrease) in operating liabilities		
Accounts payable	(24,497)	124,813
Accrued expenses	44,701	18,047
Net cash provided (used) by operating activities	(1,132,757)	184,813
 Cash flows from investing activities		
Purchases of property and equipment	(5,797)	(12,228)
Purchases of investments	(51,065)	(58,149)
Proceeds from sale of investments	80,643	984,249
Net cash provided by investing activities	23,781	913,872
 Increase (decrease) in cash and cash equivalents	(1,108,976)	1,098,685
 Cash and cash equivalents, beginning of year	2,115,152	1,016,467
 Cash and cash equivalents, end of year	\$ 1,006,176	\$ 2,115,152

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

**MULTIDISCIPLINARY ASSOCIATION FOR PSYCHEDELIC STUDIES, INC.
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements
May 31, 2016 and 2015

Note 1 – Nature of activities

The Multidisciplinary Association for Psychedelic Studies, Inc. (MAPS), a not-for-profit organization, was incorporated in 1986 in response to the criminalization of MDMA (methylenedioxyamphetamine). MAPS was incorporated to conduct a wide range of research and educational activities with psychedelic substances, and to develop standards and practices for psychedelic psychotherapy. MAPS' vision is a world where psychedelics and marijuana are legally available to people for medical, therapeutic, psychospiritual, personal growth and exploration purposes. MAPS seeks to bring an end to the fear and irrationality that have surrounded psychedelics and marijuana for decades, committing instead to the systematic scientific evaluation of their risks and benefits as treatments for some of the world's most debilitating and hard-to-treat conditions.

MAPS Public Benefit Corporation (MPBC), a for-profit Delaware corporation, was established in 2015 for the purpose of balancing the potential income from the legal sale of MDMA with the social benefits of MAPS' mission by serving as a vehicle for conducting MAPS' psychedelic and marijuana research initiatives. MPBC is a wholly owned subsidiary of MAPS.

MAPS, Inc., a Canadian not-for-profit, was incorporated in 2014 according to the Society Act of British Columbia, Canada for the purpose of carrying out fundraising and research activities in Canada. MAPS has controlling financial interest in MAPS, Inc.

Principles of Consolidation

The consolidated financial statements include the accounts of MAPS, MPBC, and MAPS, Inc. All material inter-company accounts and transactions have been eliminated in the consolidation. The entities are collectively referred to as "the Organization".

Key Accomplishments:

- MAPS currently sponsors four multi-year clinical studies using MDMA-assisted psychotherapy for the treatment of PTSD. One long-term follow up visit is pending for the final (26th) subject in the study for veterans and first responders in Charleston, SC. MAPS enrolled the final (28th) subject with PTSD from any cause in Boulder, CO, with subjects only in long term follow up; enrolled the final (10th) subject in Israel with all subjects completing the primary endpoint; enrolled in the final (6th) subject in Vancouver, Canada, with subjects only in long term follow up.
- MAPS-sponsored Phase 2 studies for two additional indications are also in process. Investigators have enrolled the 11th subject in our study into the safety and effectiveness of MDMA-assisted therapy examining effective treatments for adults on the autism spectrum with social anxiety, who often face social adaptability changes and greater anxiety, and depression than typically developing adults. The 9th subject was enrolled in our study examining the safety and effectiveness of MDMA-assisted psychotherapy in adults with anxiety associated with life-threatening illness.
- MAPS-sponsored investigators enrolled the 12th subject in our Phase 1 clinical trial to assess psychological effects of MDMA when administered to healthy volunteers. MAPS has FDA/IRB/DEA approval to limit enrollment to people in our MDMA therapist training program.

Note 2 – Summary of significant accounting policies

(a) Basis of Net Assets Presentation

The Organization is required to report information regarding its financial position and activities according to the following three classes of net assets:

Unrestricted Net Assets - Net assets not subject to donor-imposed stipulations.

**MULTIDISCIPLINARY ASSOCIATION FOR PSYCHEDELIC STUDIES, INC.
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Notes to Consolidated Financial Statements
May 31, 2016 and 2015

Note 2 – Summary of significant accounting policies (continued)

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations which are required to be held in perpetuity. As of May 31, 2016 and 2015, the Organization had no permanently restricted net assets.

- (b) Contributions
Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.
- (c) Cash and Cash Equivalents
Cash and cash equivalents include investments in highly liquid debt instruments with original maturities of 90 days or less, excluding cash received with a donor-imposed restriction that limits its use for long-term purposes.
- (d) Investments
Investments in marketable securities with readily determinable fair values are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.
- (e) Property and Equipment
Property and equipment are capitalized at cost or fair value at the date of donation. It is the Organization's policy to capitalize expenditures in excess of \$1,000. Lesser amounts are generally expensed. Depreciation is provided over the estimated useful life of the asset ranging from five to ten years and is computed on the straight-line method.
- (f) Taxes
MAPS is a non-profit organization that is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. MPBC is a for-profit corporation that is subject to federal and California corporate taxes as well as Delaware franchise tax fees. MAPS, Inc. is a Canadian not-for-profit subject to the Society Act of British Columbia, Canada.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax position and believes that all of the positions taken on its unrelated business taxable income relating to MPBC and in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Organization's returns are subject to examination by federal and state taxing authorities, generally three years and four years respectively, after they are filed.

- (g) Long-lived Assets
Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the fair value of the asset and long-lived assets to be disposed of by sale are reported at the lower of carrying amount or fair value less costs to sell.

**MULTIDISCIPLINARY ASSOCIATION FOR PSYCHEDELIC STUDIES, INC.
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements
May 31, 2016 and 2015

Note 2 – Summary of significant accounting policies (continued)

(h) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 3 – Promises to give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the same year. All other restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Unconditional promises to give due in more than one year are recognized at fair value, using present value techniques and risk-free interest rates applicable to the years in which they are received. However, during the year ended May 31, 2016 and 2015, management has determined the present value discount on long-term promises to give to be immaterial and therefore not recorded. Management also has determined outstanding promises to give are fully collectible and no allowance has been provided. As of October 31, 2016, \$539,420 of outstanding promises to give was collected. As of May 31, 2016 and 2015, promises to give consist of:

	<u>2016</u>	<u>2015</u>
Due within 1 year	\$ 1,694,352	\$ 333,570
Due within 2 to 5 years	500,000	-
Total promises to give	<u>\$ 2,194,352</u>	<u>\$ 333,570</u>

Note 4 – Inventory

Inventory is stated at the lower of cost (determined on the first-in, first-out basis) or market. Inventory consists of books, DVD's, clothing, and other promotional items available for sale.

Note 5 – Notes receivable

The Organization has two unsecured notes receivable from unrelated organizations. As of May 31, 2016 and 2015, the unpaid balance was \$197,052 and \$133,285, respectively. These notes do not have specific repayment terms and carry a 4.5% annual interest rate. Management believes that these notes are fully collectible; therefore, no allowance has been provided.

Note 6 – Prepaids and deposits

As of May 31, 2016 and 2015, prepaids and deposits consist of the following:

	<u>2016</u>	<u>2015</u>
Deposit for MDMA manufacturing	\$ 96,930	\$ 0
Prepaid expenses	46,968	16,921
Event and security deposits	30,000	9,000
Total	<u>\$ 173,898</u>	<u>\$ 25,921</u>

**MULTIDISCIPLINARY ASSOCIATION FOR PSYCHEDELIC STUDIES, INC.
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements
May 31, 2016 and 2015

Note 7 – Investment income

During 2013, the Organization established the Curing PTSD Fund (the Fund), a donor-advised fund managed by The San Francisco Foundation. MAPS is the sole designated beneficiary of the Fund. As of May 31, 2016 and 2015, investments stated at fair value were \$6,486,396 and \$6,729,472, respectively. Investment income was summarized as follows:

	2016	2015
Interest and dividend	\$ 53,504	\$ 46,100
Unrealized gain (loss)	(213,498)	504,975
Management fees	(80,643)	(84,249)
Investment income (loss), net	\$ (240,637)	\$ 466,826

Note 8 – Fair value measurements

The Organization's financial assets and liabilities are carried at fair value and have been classified into a three-tier hierarchy based on Financial Accounting Standards for Fair Value Measurements. The three-tier hierarchy of inputs is summarized in the three broad levels listed below.

Level 1 – Quoted prices in active markets for identical investments.

Level 2 – Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and the fair value is determined through the use of models or other valuation methodologies.

Level 3 – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include privately held investments and partnership interests.

The following table presents the fair value hierarchy for financial assets measured at fair value on a recurring basis at reporting date:

	Fair value	Level 1
May 31, 2016		
Equity funds	\$ 5,192,211	\$ 5,192,211
Fixed income funds	1,294,185	1,294,185
Total Investments	\$ 6,486,396	\$ 6,486,396
May 31, 2015		
Equity funds	\$ 5,386,620	\$ 5,386,620
Fixed income funds	1,342,852	1,342,852
Total Investments	\$ 6,729,472	\$ 6,729,472

**MULTIDISCIPLINARY ASSOCIATION FOR PSYCHEDELIC STUDIES, INC.
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements
May 31, 2016 and 2015

Note 9 – Property and equipment, net

Property and equipment consists of the following at May 31:

	<u>Life</u>	<u>2016</u>	<u>2015</u>
Equipment	5 to 7 years	\$ 5,797	\$ -
Leasehold improvement	10 years	12,228	12,228
Accumulated depreciation		<u>(1,894)</u>	<u>-</u>
Property and equipment, net		<u>\$ 16,131</u>	<u>\$ 12,228</u>

Note 10 – Accrued expenses

Accrued expenses primarily include accrued payroll expenses and retirement plan contributions.

Note 11 – Operating lease commitments

On March 12, 2015, the Organization entered into a five-year lease for the premises located at 1215 Mission St., Santa Cruz, California at a lease rate of \$4,266 per month. The yearly minimum future lease payments are as follows:

Year Ending May 31,	<u>Lease Payments</u>
2017	\$ 51,192
2018	51,192
2019	51,192
2020	<u>51,192</u>
Total due	<u>\$ 204,768</u>

Note 12 – Temporarily restricted net assets

As of May 31, 2016 and 2015, temporarily restricted net assets designated for clinical research projects were \$965,424 and \$399,221, respectively.

Note 13 – Retirement plan

The Organization has a SEP-IRA plan covering all eligible employees. Depending on the years of employment, the Organization can contribute up to 10% of an eligible employee's annual compensation to the plan. Employee contributions are not required under this plan. For the years ended May 31, 2016 and 2015, the Organization contributed \$65,820 and \$49,919 to the plan, respectively. The amount was included in the accrued expenses on the statements of financial position.

Note 14 – Government contract

On February 26, 2016, the State of Colorado awarded the Organization a medical marijuana research contract to determine the impact of use of smoked marijuana to manage chronic, treatment-resistant Post-Traumatic Stress Disorder symptoms. The contract ends on March 31, 2017 for the total of \$1,029,936. For the year ended May 31, 2016, related contract billing was \$34,610.

**MULTIDISCIPLINARY ASSOCIATION FOR PSYCHEDELIC STUDIES, INC.
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Notes to Consolidated Financial Statements
May 31, 2016 and 2015

Note 15 – Concentration

For the years ended May 31, 2016 and 2015, the Organization maintains cash balances in several banks. Accounts at each institution are insured by the FDIC up to a current maximum of \$250,000. During the year, the Organization may maintain cash balances in excess of FDIC limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk in these accounts.

The Organization has concentrations of risk as a result of contributions from major donors. Contributions received from the top three donors, as a percentage of total contributions for the years ended May 31, 2016 and 2015, were 82% and 55%, respectively. Promises to give from the top three donors account for 54% and 84% of total promises to give at May 31, 2016 and 2015, respectively.

Note 16 – MAPS Public Benefit Corporation

MPBC is a wholly owned subsidiary of MAPS. MAPS has purchased 1690 shares of MPBC's common stocks at \$2,000 per share for the total of \$3,380,000 for the purposes of funding MPBC's operations. Management anticipates purchasing additional shares as research activities expand. As described in note 1, all accounts and transactions related to MPBC were consolidated into these financial statements. If stated separately, the income statement of MPBC would be as follows:

	2016	2015
Interest Income	\$ 13	\$ 24
Expenses		
Payroll and related	656,050	230,316
Clinical research	1,220,061	426,257
Travel	49,089	6,862
IT expenses	74,481	25,464
Professional services	49,849	36,446
Office expenses	17,957	29,997
Total expenses	2,067,487	755,342
Net loss	\$ (2,067,474)	\$ (755,318)

If stated separately, the balance sheet of MPBC would be as follows:

	2016	2015
Assets		
Cash and cash equivalents	\$ 312,700	\$ 222,662
Due from MAPS	308,875	931,378
Prepaid expenses	33,845	10,500
Total assets	\$ 655,420	\$ 1,164,540
Liabilities and Equity		
Accounts payable	\$ 98,212	\$ 109,858
Common stocks	3,380,000	1,810,000
Retained earnings	(2,822,792)	(755,318)
Total liabilities and equity	\$ 655,420	\$ 1,164,540

**MULTIDISCIPLINARY ASSOCIATION FOR PSYCHEDELIC STUDIES, INC.
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Notes to Consolidated Financial Statements
May 31, 2016 and 2015

Note 17 – MAPS Public Benefit Corporation Biennial Special Purpose Review

The special purpose of MPBC is to balance income from the legal sale of MDMA with the social benefits of MAPS' mission by serving as a vehicle for conducting MAPS' psychedelic and marijuana research initiatives.

In accordance with the requirements of Delaware General Corporate Law §366, the Company reports that during 2016 the MAPS Public Benefit Corporation earned no income from the legal sale of MDMA. For the years ended May 31, 2016 and 2015, the Company reported a loss of \$2,067,474 and \$755,318, respectively. As a result, no funds were available to be set towards the social benefits of MAPS's Mission. The Company does not anticipate generating any income from the legal sale of MDMA until FDA approval is obtained.

A full review of the MAPS Public Benefit Corporation's research activities is available on its parent company MAPS' website at <http://www.maps.org>

Note 18 – MAPS, Inc.

Activities related to MAPS, Inc. were converted to U.S. Dollar at year end. Management believes fluctuation in currency is not material to the consolidated financial statements. As described in note 1, all accounts and transactions related to MAPS, Inc. were consolidated into these financial statements. If stated separately, the income statement of MAPS, Inc. would be as follows:

	2016	2015
Contribution income	\$ 47,449	\$ 140,418
Expenses		
Clinical research	55,534	109,691
Other expenses	5,420	11,249
Total expenses	60,954	120,940
Net income	\$ (13,505)	\$ 19,478

If stated separately, the balance sheet of MAPS, Inc would be as follows:

	2016	2015
Assets		
Cash and cash equivalents	\$ 7,701	\$ 36,468
Liabilities and Equity		
Accounts payable	\$ 1,728	\$ 16,990
Retained earnings	5,973	19,478
Total liabilities and equity	\$ 7,701	\$ 36,468

Note 19 – Evaluation of subsequent events

The Organization has evaluated events subsequent to May 31, 2016, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through October 31, 2016, the date the financial statements were available to be issued.

On July 19, 2016, the Board of Directors approved the purchase of additional 1250 shares of MPBC's common stocks at \$2,000 per share for the total of \$2,500,000.