

MULTIDISCIPLINARY ASSOCIATION FOR PSYCHEDELIC STUDIES, INC.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

May 31, 2018 and 2017

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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, 2018 and 2017, 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, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.


BOITANO & SARGENT
San Jose, California
June 18, 2019

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

Consolidated Statements of Financial Position
May 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents	\$ 4,021,955	\$ 645,695
Investments	14,071,888	7,260,004
Promises to give	2,758,676	1,913,410
Government grant receivable	176,392	255,014
Inventory, merchandise	98,244	129,204
Notes receivable	114,987	151,684
Other receivable	29,661	12,456
Property and equipment, net	11,869	16,915
Other assets	577,372	172,688
Total assets	<u><u>\$ 21,861,044</u></u>	<u><u>\$ 10,557,070</u></u>
 Liabilities and net assets		
Liabilities		
Accounts payable	\$ 404,619	\$ 302,963
Accrued expenses	229,758	206,897
Total liabilities	<u>634,377</u>	<u>509,860</u>
 Net Assets		
Without donor restrictions	7,259,301	9,179,123
With donor restrictions	13,967,366	868,087
Total net assets	<u>21,226,667</u>	<u>10,047,210</u>
 Total liabilities and net assets	<u><u>\$ 21,861,044</u></u>	<u><u>\$ 10,557,070</u></u>

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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Changes in net assets without donor restrictions:		
Revenues and gains		
Contributions	\$ 3,354,016	\$ 1,547,898
Events and activities	172,511	1,046,731
Merchandise sales, net	55,614	76,062
Government grant	759,258	641,888
Other income	67,028	28,736
Investment income (loss), net	<u>(626,389)</u>	<u>765,765</u>
Total revenues and gains without donor restrictions	3,782,038	4,107,080
 Net assets released from restrictions	 <u>2,198,503</u>	 <u>1,968,317</u>
 Total revenues, gains and other support without donor restrictions	 5,980,541	 6,075,397
 Expenses		
Program services	7,006,658	5,287,761
Management and general	438,749	281,912
Fund raising	<u>454,956</u>	<u>267,991</u>
Total expenses	<u>7,900,363</u>	<u>5,837,664</u>
 Increase (decrease) in net assets without donor restrictions	 <u>(1,919,822)</u>	 <u>237,733</u>
Changes in net assets with donor restrictions:		
Contributions	15,297,782	1,870,980
Net assets released from restrictions	<u>(2,198,503)</u>	<u>(1,968,317)</u>
 Increase (decrease) in net assets with donor restrictions	 <u>13,099,279</u>	 <u>(97,337)</u>
 Increase in net assets	 <u>11,179,457</u>	 <u>140,396</u>
 Net assets, beginning of year	 <u>10,047,210</u>	 <u>9,906,814</u>
 Net assets, end of year	 <u><u>\$ 21,226,667</u></u>	 <u><u>\$ 10,047,210</u></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, 2018

	Program Services	Management and General	Fund Raising	Total Expenses
Salaries and related expenses				
Salaries and wages	\$ 1,781,872	\$ 132,355	\$ 242,422	\$ 2,156,649
Payroll taxes	145,454	10,804	19,789	176,047
Employee benefits	301,494	22,395	41,018	364,907
Total salaries and related expenses	<u>2,228,820</u>	<u>165,554</u>	<u>303,229</u>	<u>2,697,603</u>
Services and supplies				
Clinical research - outsourced	3,107,266	-	-	3,107,266
Event expense	159,910	-	72,063	231,973
Depreciation expenses	4,169	310	567	5,046
Education and outreach	30,062	-	-	30,062
IT expenses	293,226	32,264	8,819	334,309
Insurance	59,438	4,415	8,087	71,940
Office expenses	144,683	10,747	19,684	175,114
Occupancy	101,154	29,426	9,808	140,388
Postage and delivery	13,670	1,015	1,860	16,545
Fiscal sponsor - education	498,572	-	-	498,572
Staff development	878	7,160	1,018	9,056
Professional expenses	239,502	173,954	14,398	427,854
Printing	22,298	1,477	3,011	26,786
Travel expenses	103,010	12,427	12,412	127,849
Total services and supplies	<u>4,777,838</u>	<u>273,195</u>	<u>151,727</u>	<u>5,202,760</u>
Total expenses	<u><u>\$ 7,006,658</u></u>	<u><u>\$ 438,749</u></u>	<u><u>\$ 454,956</u></u>	<u><u>\$ 7,900,363</u></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, 2017

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total Expenses</u>
Salaries and related expenses				
Salaries and wages	\$ 1,466,894	\$ 120,596	\$ 170,856	\$ 1,758,346
Payroll taxes	114,537	9,996	13,798	138,331
Employee benefits	177,765	37,036	25,879	240,680
Total salaries and related expenses	<u>1,759,196</u>	<u>167,628</u>	<u>210,533</u>	<u>2,137,357</u>
Services and supplies				
Clinical research - outsourced	1,639,003	-	-	1,639,003
Event expense	757,935	308	13,422	771,665
Depreciation expenses	3,835	315	447	4,597
Education and outreach	20,265	-	-	20,265
IT expenses	110,093	3,173	4,496	117,762
Insurance	34,323	1,808	2,561	38,692
Office expenses	118,031	5,849	8,286	132,166
Occupancy	115,219	3,122	4,424	122,765
Postage and delivery	30,748	2,528	3,581	36,857
Fiscal sponsor - education	294,510	-	-	294,510
Staff development	22,508	1,850	2,622	26,980
Professional expenses	145,063	89,096	8,786	242,945
Printing	45,518	3,263	4,623	53,404
Travel expenses	191,514	2,972	4,210	198,696
Total services and supplies	<u>3,528,565</u>	<u>114,284</u>	<u>57,458</u>	<u>3,700,307</u>
Total expenses	<u>\$ 5,287,761</u>	<u>\$ 281,912</u>	<u>\$ 267,991</u>	<u>\$ 5,837,664</u>

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, 2018 and 2017

Note 2 – Summary of significant accounting policies (continued)

(d) Promises to give

Contributions are recognized when the donor makes an unconditional promise to give to the Organization. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which they are received. An allowance for uncollectible promises is provided based on management's evaluation of potential uncollectible promises receivable at year end.

(e) Property and equipment

The Organization capitalizes property and equipment over \$3,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over the estimated useful lives ranging from three to ten years.

(f) Contributed services

Many volunteers have contributed time to the activities of the Organization. However, the financial statements do not reflect the value of these contributed services because they do not meet the recognition criteria under generally accepted accounting principles.

(g) 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.

(h) Cost allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort, as well as depreciation and amortization and occupancy, which are allocated on a square footage basis.

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

Consolidated Statements of Cash Flows
For the Years Ended May 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Change in net assets	\$ 11,179,457	\$ 140,396
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Net realized/unrealized loss (gain) on investments	802,114	(754,889)
Depreciation	5,046	4,597
Non cash donations - crypto currencies	(8,112,439)	(58,848)
(Increase) decrease in operating assets		
Promises to give	(845,266)	268,486
Government grant receivable	78,622	(220,404)
Inventory, merchandise	30,960	(47,422)
Notes receivable	36,697	45,368
Other receivable	(17,205)	-
Other assets	(404,684)	1,210
Increase in operating liabilities		
Accounts payable	101,656	145,146
Accrued expenses	22,861	81,131
Net cash provided (used) by operating activities	<u>2,877,819</u>	<u>(395,229)</u>
Cash flows from investing activities		
Purchases of property and equipment	-	(5,381)
Purchases of investments	(7,454,179)	-
Proceeds from sale of investments	7,952,620	40,129
Net cash provided by investing activities	<u>498,441</u>	<u>34,748</u>
Increase (decrease) in cash and cash equivalents	3,376,260	(360,481)
Cash and cash equivalents, beginning of year	<u>645,695</u>	<u>1,006,176</u>
Cash and cash equivalents, end of year	<u>\$ 4,021,955</u>	<u>\$ 645,695</u>

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

**MULTIDISCIPLINARY ASSOCIATION FOR PSYCHEDELIC STUDIES, INC.
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Notes to Consolidated Financial Statements
May 31, 2018 and 2017

Note 1 – Nature of activities

The Multidisciplinary Association for Psychedelic Studies, Inc. (MAPS), a not-for-profit corporation, was incorporated in 1986 in response to the criminalization of MDMA (methylenedioxymethamphetamine). 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. MAPS, Inc. was dissolved during 2018.

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

In FY18, MAPS' primary focus was on preparing for its multi-site Phase 3 clinical trials of MDMA-assisted psychotherapy for PTSD, which finally began recruitment in November 2018. The research will take place at 14 sites and enroll 100-150 volunteers with severe PTSD. This will be the first of two Phase 3 trials of MDMA-assisted psychotherapy for PTSD conducted under U.S. Food and Drug Administration guidelines. The second trial will take place after an interim analysis of the data from the first trial and will enroll an additional 100-150 participants. European trials are planned to start in 2019.

On July 28, 2017, MAPS successfully completed the FDA's Special Protocol Assessment process and received an Agreement Letter regarding its Phase 3 MDMA/PTSD protocol design. This agreement confirms that the protocol design, clinical endpoints, planned conduct, and statistical analyses for the Phase 3 trials are acceptable to support regulatory approval by the FDA. If MAPS obtains statistically significant results in Phase 3 and there are no new safety issues, FDA is committed in writing to approving MDMA-assisted psychotherapy for PTSD as a treatment legally-available by prescription. On August 15, 2017, FDA designated MDMA-assisted psychotherapy for PTSD as a Breakthrough Therapy, the most valuable program FDA offers for the most promising drugs.

In late December 2017, MAPS had preliminary, promising discussions with FDA and DEA about the establishment of a special Expanded Access program, also known as Compassionate Use. This Expanded Access program allows treatment-resistant patients to use an investigational treatment on a compassionate basis at their own risk and at their own cost while the Phase 3 studies for that treatment are still ongoing. The program is designed to address urgent and life-threatening conditions in patients who have currently failed to obtain relief with existing treatment options. MAPS learned that FDA approves over 98% of applications for Expanded Access and DEA indicated that it would be willing and able to review Schedule 1 license applications from 100 or more applications for Expanded Access sites. In the first few months of 2019, MAPS submitted its Expanded Access protocol to FDA for review and is now awaiting final approval.

**MULTIDISCIPLINARY ASSOCIATION FOR PSYCHEDELIC STUDIES, INC.
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Notes to Consolidated Financial Statements
May 31, 2018 and 2017

Note 1 – Nature of activities (continued)

Key Accomplishments (continued)

MAPS completed its study looking at the safety and efficacy of using MDMA-assisted psychotherapy for social anxiety in adults on the autism spectrum, with the paper recently published in the Journal of Psychopharmacology, and completed its study of MDMA-assisted psychotherapy for end-of-life anxiety, with the paper awaiting peer review. MAPS also continued its study blending MDMA-assisted psychotherapy with Cognitive Behavioral Conjoint Therapy and its study blending MDMA-assisted psychotherapy with Prolonged Exposure Therapy.

In FY18, MAPS provided sponsorship, speakers, tables, formal representatives, and promotional support for 70 outreach events, which include active engagement in public education through media contacts, website and social media presence, publishing three MAPS *Bulletins*, 12 email newsletters, and several books. MAPS maintains numerous websites, including maps.org, mdmaptsd.org, mdmaautism.org, mapscanada.org, psychedelicscience.org, psychedelicedinners.org, mapsbcorp.com, and zendoproject.org. In FY18, MAPS received 549 unique media mentions from online and print publications. Media outlets include: *Time*, *Forbes*, *Rolling Stone*, *New York Magazine*, *The Washington Post*, *Playboy*, *The New York Times*, *Fox News*, *Breitbart*, *Stars and Stripes*, *Reuters*, *The San Francisco Chronicle*, and many more.

The Zendo Project psychedelic harm reduction program experienced continued expansion of services in FY18. The Zendo Project provided services at over seven major festivals including: Burning Man, Insomniac events with Project Open Talk, Envision, and Lightning in a Bottle. The Zendo Project provided support to 670 guests at two locations at Burning Man 2017. Zendo's location was highlighted on Burning Man's official map of Black Rock City and Zendo collaborated closely with medical staff, law enforcement from the Bureau of Land Management, and Black Rock City Rangers. A public three-hour training on the principles of psychedelic harm reduction was hosted for several hundred people. Zendo staff also hosted two integration sessions.

Note 2 – Summary of significant accounting policies

(a) Cash and cash equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

(b) Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions 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.

(c) Contributions

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

**MULTIDISCIPLINARY ASSOCIATION FOR PSYCHEDELIC STUDIES, INC.
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Notes to Consolidated Financial Statements
May 31, 2018 and 2017

Note 2 – Summary of significant accounting policies (continued)

- (i) 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.
- (j) Reclassifications
Certain reclassifications have been made to 2017 financial statements to conform with the 2018 presentation.

Note 3 – Promises to give

Unconditional promises to give consists of the following:

	<u>2018</u>	<u>2017</u>
Promises without donor restrictions	\$ 55,390	\$ 35,410
Restricted for clinical research	2,750,626	1,878,000
Less unamortized discount	(47,340)	-
Unconditional promises to give, net	<u>\$ 2,758,676</u>	<u>\$ 1,913,410</u>
Amount due in:		
Less than one year	\$ 1,228,016	\$ 1,913,410
One to five years	1,530,660	-
	<u>\$ 2,758,676</u>	<u>\$ 1,913,410</u>

Unconditional promises to give due in more than one year are recognized at fair value, using present value techniques and a discount rate of 3%.

Note 4 – Investments

Investments consist of the following:

	<u>2018</u>	<u>2017</u>
Curing PTSD Fund	\$13,477,460	\$ 7,181,214
Digital currencies	20,809	68,782
Marketable securities	573,619	10,008
Total	<u>\$14,071,888</u>	<u>\$ 7,260,004</u>

In 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 and can recommend grants to support its mission. As of May 31, 2018 and 2017, the Fund primarily consists of money market funds and short term duration bonds.

During the years ended May 31, 2018 and 2017, the Organization received donation in various digital currencies. Digital currencies were held at an online exchange.

**MULTIDISCIPLINARY ASSOCIATION FOR PSYCHEDELIC STUDIES, INC.
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Notes to Consolidated Financial Statements
May 31, 2018 and 2017

Note 5 – Investment Income (loss)

Investment income is summarized as follows:

	<u>2018</u>	<u>2017</u>
Interest and dividend	\$ 156,938	\$ 59,529
Realized/unrealized gain (loss) on digital currencies	(612,377)	50,063
Realized/unrealized gain (loss) on CURING PTSD Fund	(21,775)	743,124
Realized/unrealized gain on marketable securities	4,078	-
Management fees	(153,253)	(86,951)
Investment income (loss), net	<u>\$ (626,389)</u>	<u>\$ 765,765</u>

Note 6 – 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 7 – Notes receivable

The Organization has two unsecured notes receivable from unrelated organizations. As of May 31, 2018 and 2017, the unpaid balance was \$114,987 and \$151,684, respectively. These notes do not have specific repayment terms and carry a 5% annual interest rate. Management believes that the remaining balance is fully collectible; therefore, no allowance has been provided.

Note 8 – Other receivable

Other receivable primarily consists of receivable related to the Therapy Training Program offered by MPBC.

Note 9 – Other assets

As of May 31, 2018 and 2017, prepaids and deposits consist of the following:

	<u>2018</u>	<u>2017</u>
MDMA material	\$ 518,982	\$ 148,630
Security deposits	9,000	9,000
Prepaid expenses	49,390	15,058
Total	<u>\$ 577,372</u>	<u>\$ 172,688</u>

Note 10 – Property and equipment, net

Property and equipment consists of the following at May 31:

	<u>Life</u>	<u>2018</u>	<u>2017</u>
Equipment	2 to 5 years	\$ 10,913	\$ 5,797
Leasehold improvement	10 years	12,493	12,493
Accumulated depreciation		(11,537)	(6,491)
Property and equipment, net		<u>\$ 11,869</u>	<u>\$ 16,915</u>

**MULTIDISCIPLINARY ASSOCIATION FOR PSYCHEDELIC STUDIES, INC.
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Notes to Consolidated Financial Statements
May 31, 2018 and 2017

Note 11 – 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:

May 31, 2018	<u>Fair value</u>	<u>Level 1</u>
Curing PTSD Fund	\$ 13,477,460	\$ 13,477,460
Digital currencies	20,809	20,809
Marketable securities	<u>573,619</u>	<u>573,619</u>
Total Investments	<u>\$ 14,071,888</u>	<u>\$ 14,071,888</u>
May 31, 2017		
Curing PTSD Fund	\$ 7,181,214	\$ 7,181,214
Digital currencies	68,782	68,782
Marketable securities	<u>10,008</u>	<u>10,008</u>
Total Investments	<u>\$ 7,260,004</u>	<u>\$ 7,260,004</u>

Note 12 – Accrued expenses

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

Note 13 – Temporarily restricted net assets

As of May 31, 2018 and 2017, temporarily restricted net assets designated for clinical research projects were \$13,967,367 and \$868,087, respectively.

Note 14 – Retirement plan

The Organization has a SEP-IRA plan covering all eligible employees. Depending on the number of 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, 2018 and 2017, the Organization contributed \$76,899 and \$54,630 to the plan, respectively. The amount was included in the accrued expenses on the statements of financial position.

**MULTIDISCIPLINARY ASSOCIATION FOR PSYCHEDELIC STUDIES, INC.
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Notes to Consolidated Financial Statements
May 31, 2018 and 2017

Note 15 – 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. For the years ended May 31, 2018 and 2017, related contract billing was \$759,258 and 641,888, respectively.

Note 16 – Operating lease commitments

On July 1, 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,	Lease Payments
2019	\$ 51,192
2020	51,192
2021	<u>8,532</u>
Total due	<u>\$ 110,916</u>

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 initiative.

In accordance with the requirement of Delaware General Corporate Law §366, the Company reports that during the years ended May 31, 2018 and 2017, MAPS Public Benefits Corporation earned no income from the legal sale of MDMA. For the years ended May 31, 2018 and 2017, the Company reported a loss of \$4,127,190 and \$2,265,000, respectively. As a result, no funds were available to be set toward 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's website at <http://www.maps.org>.

NOTE 18 – Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of the balance sheet dates, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet dates.

	<u>2018</u>	<u>2017</u>
Financial assets at year-end	\$ 21,173,559	\$ 10,238,263
Less those unavailable for general expenditures within one year due to:		
Promise to give due in more than one year	<u>1,530,660</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 19,642,899</u>	<u>\$ 10,238,263</u>

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

Notes to Consolidated Financial Statements
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Note 19 – Concentration

For the years ended May 31, 2018 and 2017, 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, 2018 and 2017, were 45% and 41%, respectively. Promises to give from the top two donors account for 83% and 91% of total promises to give at May 31, 2018 and 2017, respectively.

Note 20 – Evaluation of subsequent events

The Organization has evaluated events subsequent to May 31, 2018, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through June 18, 2019, the date the financial statements were available to be issued.