

MULTIDISCIPLINARY ASSOCIATION FOR PSYCHEDELIC STUDIES, INC.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

May 31, 2019 and 2018

Table of Contents

Page

Independent Auditors' Report	1
Consolidated Statements of Financial Position as of May 31, 2019 and 2018	2
Consolidated Statements of Activities for the Years Ended May 31, 2019 and 2018	3
Consolidated Statement of Functional Expenses for the Year Ended May 31, 2019	4
Consolidated Statement of Functional Expenses for the Year Ended May 31, 2018	5
Consolidated Statements of Cash Flows for the Years Ended May 31, 2019 and 2018	6
Notes to Consolidated Financial Statements as of May 31, 2019 and 2018	7

BOITANO & SARGENT

Certified Public Accountants

1760 THE ALAMEDA
SAN JOSE, CALIFORNIA 95126
(408) 333-9334
Fax (408) 703-5532

LOUIS F. BOITANO
(1947-2008)
FRANCES V. SARGENT
(1957-1988)

STEVEN F. BOITANO, CPA
JOE CASEY, CPA
JAMES C. WAI, CPA
DARRYL K. WONG, CPA

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, 2019 and 2018, 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 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 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, 2019 and 2018, 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 30, 2020

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

Consolidated Statements of Financial Position
May 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash and cash equivalents	\$ 1,415,817	\$ 4,021,955
Investments	14,147,118	14,071,888
Promises to give	7,540,469	2,758,676
Government grant receivable	615,712	176,392
Inventory, merchandise	81,532	98,244
Notes receivable	182,411	164,377
Other receivables	21,301	29,661
Property and equipment, net	9,271	11,869
Other assets	458,735	527,982
Total assets	<u><u>\$ 24,472,366</u></u>	<u><u>\$ 21,861,044</u></u>
 Liabilities and net assets		
Liabilities		
Accounts payable	\$ 654,124	\$ 400,208
Accrued expenses	248,970	234,169
Total liabilities	<u>903,094</u>	<u>634,377</u>
 Net Assets		
Without donor restrictions	7,118,488	7,259,301
With donor restrictions	16,450,784	13,967,366
Total net assets	<u>23,569,272</u>	<u>21,226,667</u>
 Total liabilities and net assets	<u><u>\$ 24,472,366</u></u>	<u><u>\$ 21,861,044</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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Changes in net assets without donor restrictions:		
Revenues and gains		
Contributions	\$ 3,600,748	\$ 3,354,016
Events and activities	280,091	172,511
Merchandise sales, net	55,593	55,614
Government grant	669,494	759,258
Other income	434,362	67,028
Investment income (loss), net	272,696	(626,389)
Total revenues and gains without donor restrictions	<u>5,312,984</u>	<u>3,782,038</u>
 Net assets released from restrictions	 <u>7,282,961</u>	 <u>2,198,503</u>
 Total revenues, gains and other support without donor restrictions	 12,595,945	 5,980,541
 Expenses		
Program services	11,802,143	7,006,658
Management and general	433,793	438,749
Fundraising	500,822	454,956
Total expenses	<u>12,736,758</u>	<u>7,900,363</u>
 Decrease in net assets without donor restrictions	 <u>(140,813)</u>	 <u>(1,919,822)</u>
Changes in net assets with donor restrictions:		
Contributions	9,766,379	15,297,782
Net assets released from restrictions	<u>(7,282,961)</u>	<u>(2,198,503)</u>
 Increase in net assets with donor restrictions	 <u>2,483,418</u>	 <u>13,099,279</u>
 Increase in net assets	 <u>2,342,605</u>	 <u>11,179,457</u>
 Net assets, beginning of year	 <u>21,226,667</u>	 <u>10,047,210</u>
 Net assets, end of year	 <u><u>\$ 23,569,272</u></u>	 <u><u>\$ 21,226,667</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, 2019

	Program Services	Management and General	Fund Raising	Total Expenses
Salaries and related expenses				
Salaries and wages	\$ 2,678,828	\$ 124,454	\$ 274,431	\$ 3,077,713
Payroll taxes	217,009	10,082	22,231	249,322
Employee benefits	409,891	19,043	41,991	470,925
Total salaries and related expenses	<u>3,305,728</u>	<u>153,579</u>	<u>338,653</u>	<u>3,797,960</u>
Services and supplies				
Clinical research - outsourced	5,236,486	-	-	5,236,486
Event expense	228,378	-	76,767	305,145
Depreciation expenses	2,235	113	250	2,598
Education and outreach	67,743	-	-	67,743
IT expenses	380,625	55,235	5,396	441,256
Insurance	75,139	420	926	76,485
Office expenses	107,695	5,216	16,079	128,990
Occupancy	343,932	2,397	5,287	351,616
Postage and delivery	19,998	1,746	21,428	43,172
Fiscal sponsor - education	1,131,352	-	-	1,131,352
Staff development	16,723	777	1,713	19,213
Professional expenses	701,731	201,010	11,046	913,787
Printing	40,015	1,859	4,099	45,973
Travel expenses	144,363	11,441	19,178	174,982
Total services and supplies	<u>8,496,415</u>	<u>280,214</u>	<u>162,169</u>	<u>8,938,798</u>
Total expenses	<u><u>\$ 11,802,143</u></u>	<u><u>\$ 433,793</u></u>	<u><u>\$ 500,822</u></u>	<u><u>\$ 12,736,758</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	294,677	32,264	8,819	335,760
Insurance	59,438	4,415	8,087	71,940
Office expenses	115,157	10,747	19,684	145,588
Occupancy	108,547	29,426	9,808	147,781
Postage and delivery	21,319	1,015	1,860	24,194
Fiscal sponsor - education	498,572	-	-	498,572
Staff development	12,510	7,160	1,018	20,688
Professional expenses	240,903	173,954	14,398	429,255
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 Statements of Cash Flows
For the Years Ended May 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Change in net assets	\$ 2,342,605	\$ 11,179,457
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Net realized/unrealized gain on investments	358,604	802,114
Depreciation	2,598	5,046
Noncash donation, marketable securities	(328,412)	(8,112,439)
(Increase) decrease in operating assets		
Promises to give	(4,781,793)	(845,266)
Government grant receivable	(439,320)	78,622
Inventory, merchandise	16,712	30,960
Notes receivable	(18,034)	36,697
Other receivables	8,360	(17,205)
Other assets	69,247	(404,684)
Increase in operating liabilities		
Accounts payable	253,916	101,656
Accrued expenses	14,801	22,861
Net cash provided (used) by operating activities	<u>(2,500,716)</u>	<u>2,877,819</u>
 Cash flows from investing activities		
Purchases of investments	(404,325)	(7,454,179)
Proceeds from sale of investments	298,903	7,952,620
Net cash provided (used) by investing activities	<u>(105,422)</u>	<u>498,441</u>
 Increase (decrease) in cash and cash equivalents	 (2,606,138)	 3,376,260
 Cash and cash equivalents, beginning of year	 <u>4,021,955</u>	 <u>645,695</u>
 Cash and cash equivalents, end of year	 <u>\$ 1,415,817</u>	 <u>\$ 4,021,955</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, 2019 and 2018

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 2014 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.

Principles of Consolidation

The consolidated financial statements include the accounts of MAPS and MPBC. 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 FY19, MAPS' primary focus was on conducting its first of two multi-site Phase 3 clinical trials of MDMA-assisted psychotherapy for PTSD, which began recruitment in November 2018. The research took place at 15 sites (11 in the US, 2 in Israel and 2 in Canada) and will enroll 100 volunteers with chronic, severe PTSD. Volunteers must be at least 18 years old and must be in good physical health to participate. This will be the first of two Phase 3 trials of MDMA-assisted psychotherapy for PTSD conducted under U.S. Food and Drug Administration (FDA) guidelines. The second trial will take place after all 100 subjects have reached enrollment confirmation in the first trial and will enroll an additional 100 participants.

In FY19, MAPS initiated discussions with regulatory agencies in multiple countries in Europe to obtain approval for Phase 2 therapist training protocols as a prerequisite for initiating Phase 3 studies. European trials are planned to start in FY21.

In late December 2017, MAPS began 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, but the study was placed on Clinical Hold. MAPS engaged in further discussions with FDA, but it wasn't until FY20 that FDA approved MAPS' Expanded Access protocol for 50 subjects with treatment-resistant PTSD.

In FY 19, MAPS enrolled 15 therapists in the therapist training protocol, MT1. In this protocol, therapists in our training program can volunteer to receive MDMA in a therapeutic setting administered by two co-therapists from our therapist training team.

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

Notes to Consolidated Financial Statements
May 31, 2019 and 2018

Note 1 – Nature of activities (continued)

Key Accomplishments (continued)

In FY19, 10 therapists in the training program completed their final stage of training by treating one PTSD patient in an open-label protocol providing the same treatment design as in our Phase 3 study. MAPS' therapist training teams viewed videotapes of the therapy sessions and provided supervision and feedback to the therapists on how well they were adhering to the Treatment Manual for MDMA-assisted psychotherapy for PTSD.

Marijuana research continued in FY19. After seven years of struggle, MAPS finally received DEA and IRB approval in FY16 to move forward with its study examining the efficacy of smoked marijuana in 76 veterans with chronic, treatment-resistant PTSD. This research is funded by a \$2.156 million grant from the Colorado Department of Public Health and Environment (CDPHE). In February 2017, the first participant was enrolled and received cannabis. The study concluded enrolling subjects in FY19, and a scientific paper has been completed and is in the final stages of the peer review process prior to publication.

In FY19, 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 FY19, MAPS received 471 unique media exposures 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 FY19. The Zendo Project provided services at over seven major festivals including: Burning Man, Insomniac events with Project Open Talk, and Lightning in a Bottle. The Zendo Project provided support to over 400 guests at one location in Center Camp at Burning Man 2018. 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.

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

Notes to Consolidated Financial Statements
May 31, 2019 and 2018

Note 2 – Summary of significant accounting policies (continued)

(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.

(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.

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) 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.

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

Notes to Consolidated Financial Statements
May 31, 2019 and 2018

Note 2 – Summary of significant accounting policies (continued)

- (i) 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.
- (j) Reclassifications
Certain reclassifications have been made to 2018 financial statements to conform with the 2019 presentation.

Note 3 – Promises to give

Unconditional promises to give consists of the following:

	<u>2019</u>	<u>2018</u>
Promises without donor restrictions	\$ 1,261,038	\$ 55,390
Restricted for clinical research	6,352,376	2,750,626
Less unamortized discount	<u>(72,945)</u>	<u>(47,340)</u>
Unconditional promises to give, net	<u>\$ 7,540,469</u>	<u>\$ 2,758,676</u>
Amount due in:		
Less than one year	\$ 2,431,500	\$ 1,228,016
One to five years	<u>5,108,969</u>	<u>1,530,600</u>
	<u>\$ 7,540,469</u>	<u>\$ 2,758,676</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>2019</u>	<u>2018</u>
Curing PTSD Fund	\$13,791,252	\$13,477,460
Digital currencies	0	20,809
Marketable securities	<u>355,866</u>	<u>573,619</u>
Total	<u>\$14,147,118</u>	<u>\$14,071,888</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, 2019 and 2018, the Fund primarily consists of money market funds and short term duration bonds.

During the years ended May 31, 2019 and 2018, the Organization received donations in various digital currencies. Digital currencies were held at an online exchange. It is the Organization's policy to liquidate digital currencies as soon as received.

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

Notes to Consolidated Financial Statements
May 31, 2019 and 2018

Note 5 – Investment income (loss)

Investment income is summarized as follows:

	<u>2019</u>	<u>2018</u>
Interest and dividend	\$ 8,799	\$ 156,938
Realized/unrealized loss on digital currencies	(4,179)	(612,377)
Realized/unrealized gain (loss) on CURiNG PTSD Fund	354,593	(21,775)
Realized/unrealized gain (loss) on marketable securities	(609)	4,078
Management fees	(85,908)	(153,253)
Investment income (loss), net	<u>\$ 272,696</u>	<u>\$ (626,389)</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, 2019 and 2018, the unpaid balance was \$182,411 and \$164,377, respectively. These notes do not have specific repayment terms nor carry any interest rate. Management believes that the remaining balance is fully collectible; therefore, no allowance has been provided.

Note 8 – Other receivables

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

Note 9 – Other assets

As of May 31, 2019 and 2018, prepaids and deposits consist of the following:

	<u>2019</u>	<u>2018</u>
MDMA material	\$ 437,235	\$ 518,982
Security deposits	9,000	9,000
Prepaid expenses	12,500	-
Total	<u>\$ 458,735</u>	<u>\$ 527,982</u>

Note 10 – Property and equipment, net

Property and equipment consists of the following at May 31:

	<u>Life</u>	<u>2019</u>	<u>2018</u>
Equipment	2 to 5 years	\$ 10,913	\$ 10,913
Leasehold improvement	10 years	12,493	12,493
Accumulated depreciation		(14,135)	(11,537)
Property and equipment, net		<u>\$ 9,271</u>	<u>\$ 11,869</u>

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

Notes to Consolidated Financial Statements
May 31, 2019 and 2018

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, 2019	<u>Fair Value</u>	<u>Level 1</u>
Curing PTSD Fund	\$ 13,791,252	\$ 13,791,252
Marketable securities	<u>355,866</u>	<u>355,866</u>
Total Investments	<u>\$ 14,147,118</u>	<u>\$ 14,147,118</u>
May 31, 2018		
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>

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, 2019 and 2018, temporarily restricted net assets designated for clinical research projects were \$16,450,784 and \$13,967,366, 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, 2019 and 2018, the Organization contributed \$93,802 and \$76,899 to the plan, respectively. The amount was included in the accrued expenses on the consolidated statements of financial position.

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

Notes to Consolidated Financial Statements
May 31, 2019 and 2018

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, 2019 and 2018, related contract billing was \$669,494 and 759,258 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
2020	\$ 51,192
2021	<u>8,532</u>
Total due	<u>\$ 59,724</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, 2019 and 2018, MAPS Public Benefits Corporation earned no income from the legal sale of MDMA. For the years ended May 31, 2019 and 2018, the Company reported a loss of \$7,043,345 and \$4,127,190, 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 years ended May 31, 2019 and 2018, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year.

	<u>2019</u>	<u>2018</u>
Financial assets at year-end	\$ 23,922,828	\$ 21,222,949
Less those unavailable for general expenditures within one year due to:		
Promise to give due in more than one year	<u>5,108,969</u>	<u>1,530,660</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 18,813,859</u>	<u>\$ 19,692,289</u>

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

Notes to Consolidated Financial Statements
May 31, 2019 and 2018

Note 19 – Concentration

For the years ended May 31, 2019 and 2018, 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, 2019 and 2018, were 51% and 45%, respectively. Promises to give from the top three donors account for 78% and 83% of total promises to give at May 31, 2019 and 2018, respectively.

Note 20 – Risks and Uncertainties

The Organization is subject to various claims and legal proceedings covering matters that arise in the ordinary course of business. In the opinion of the management, all such matters are adequately covered by insurance policies, and if not so covered, are without merit or would not have a significant effect on the financial position or results of operations of the Organization if disposed of unfavorably.

The Organization is exposed to the economic uncertainties triggered by the COVID-19 pandemic. Given the ample reserve in cash and investment and committed pledges from donors, the Management believes the Organization can meet near-term challenges and continues to carryout its mission.

Note 21 – Evaluation of subsequent events

The Organization has evaluated events subsequent to May 31, 2019, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through June 30, 2020, the date the financial statements were available to be issued.