

MEDICAL RESEARCH CHARITIES, INC.
FINANCIAL STATEMENTS
YEARS ENDED APRIL 30, 2017 AND 2016

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Medical Research Charities, Inc.
San Diego, CA

We have audited the accompanying financial statements of Medical Research Charities, Inc. (a non-profit organization), which comprise the statements of financial position as of April 30, 2017 and 2016, and the related statements of activities, and cash flows for the years then ended, and related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Medical Research Charities, Inc. as of April 30, 2017 and 2016 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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 10 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material aspects in relation to the financial statements as a whole.

Betz, Goldman, Clearfield, Kramer & Ocampo, LLP
Columbia, MD
January 12, 2018

MEDICAL RESEARCH CHARITIES, INC.
STATEMENTS OF FINANCIAL POSITION
APRIL 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash	\$ 345,468	\$ 342,292
Accounts Receivable	650	-
Pledges Receivable (Net of Estimated Uncollectible Pledges of \$352,971 and \$423,426)	1,190,110	1,679,124
Due From Others	531	1,748
Prepaid Expenses	<u>2,362</u>	<u>3,131</u>
TOTAL ASSETS	<u><u>\$ 1,539,121</u></u>	<u><u>\$ 2,026,295</u></u>
 LIABILITIES		
Accounts Payable	\$ 4,642	\$ 4,048
Estimated Distributions Payable to Member Agencies	<u>1,331,279</u>	<u>1,775,007</u>
TOTAL LIABILITIES	1,335,921	1,779,055
TOTAL NET ASSETS	<u>203,200</u>	<u>247,240</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,539,121</u></u>	<u><u>\$ 2,026,295</u></u>

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

**MEDICAL RESEARCH CHARITIES, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED APRIL 30, 2017 AND 2016**

CHANGES IN UNRESTRICTED NET ASSETS

	<u>2017</u>	<u>2016</u>
FEDERATED CAMPAIGN DONATIONS		
Amounts Raised in Federated Campaigns	\$ 1,238,327	\$ 1,814,443
Less: Amount Designated to Member Agencies	<u>1,169,039</u>	<u>1,735,083</u>
NET CAMPAIGN REVENUE REMAINING TO MRC	<u>69,288</u>	<u>79,360</u>
OTHER REVENUE		
Fees Charged to Member Charities	166,359	221,313
Contributions	3,317	4,213
Other Income	<u>16</u>	<u>11</u>
TOTAL OTHER REVENUE	<u>169,692</u>	<u>225,537</u>
TOTAL REVENUE	<u>238,980</u>	<u>304,897</u>
EXPENSES		
Program	258,259	265,748
Management	<u>24,761</u>	<u>25,937</u>
TOTAL EXPENSES	<u>283,020</u>	<u>291,685</u>
INCREASE (DECREASE) IN NET ASSETS	(44,040)	13,212
NET ASSETS - BEGINNING	<u>247,240</u>	<u>234,028</u>
NET ASSETS - ENDING	<u>\$ 203,200</u>	<u>\$ 247,240</u>

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

**MEDICAL RESEARCH CHARITIES, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED APRIL 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Unrestricted Net Assets	\$ (44,040)	\$ 13,212
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities:		
(Increase) Decrease in:		
Accounts Receivable	(650)	-
Pledges Receivable	489,014	(236,641)
Prepaid Expense	769	381
Due From Others	1,217	(489)
Increase (Decrease) in:		
Accounts Payable	594	1,170
Distributions Payable	<u>(443,728)</u>	<u>108,613</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>3,176</u>	<u>(113,754)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,176	(113,754)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>342,292</u>	<u>456,046</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 345,468</u>	<u>\$ 342,292</u>

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

MEDICAL RESEARCH CHARITIES, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017 AND 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization:

Medical Research Charities (MRC) was incorporated under the laws of California on December 2, 1991 as a non-profit organization and is exempt from income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code.

The Organization's primary purpose is to assist other tax-exempt organizations in participating in workplace fundraising drives such as the U. S. Government's Combined Federal Campaign. The Organization screens applications for such drives, assists with the transfer of funds from donors to the benefiting groups, educates the staff and volunteers of these groups so that they better understand workplace giving programs, and assists in the marketing of such groups to potential donors.

The Organization's Return of Organization Exempt from Income Tax (Form 990) for the years ended April 30, 2017, 2016 and 2015 are subject to examination, generally for three years after they were filed.

Subsequent Events:

In the normal course of preparing the Organization's financial statements, management reviews events that occur after the statement of financial position dated April 30, 2017 for potential recognition or disclosure in the financial statements. Management has evaluated subsequent events through January 12, 2018, which is the date the financial statements were available to be issued.

Method of Accounting:

The Organization's financial statements have been prepared on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses when incurred.

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.

Cash and Cash Equivalents:

For the 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.

MEDICAL RESEARCH CHARITIES, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017 AND 2016
(CONTINUED)

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Financial Statement Presentation:

The net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed restrictions.

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

NOTE B – DISTRIBUTIONS TO MEMBER CHARITIES

The Organization distributes to each member charity a percentage of the actual receipts proportionate to the designations donors made to that member charity.

**SUPPLEMENTARY
INFORMATION**

**MEDICAL RESEARCH CHARITIES, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED APRIL 30, 2017
(WITH COMPARATIVE TOTALS FOR 2016)**

	<u>PROGRAM</u>	<u>MANAGEMENT</u>	<u>2017 TOTAL</u>	<u>2016 TOTAL</u>
Bank Charges	\$ 1,152	\$ -	\$ 1,152	\$ 1,061
Campaign and Fiscal Services	106,057	-	106,057	106,936
Communication	21,695	-	21,695	34,177
Contract Labor	18,259	2,029	20,288	16,220
Insurance	3,830	-	3,830	4,457
Office Expenses	2,495	277	2,772	3,651
Payroll Fees	490	54	544	676
Payroll Taxes	6,183	687	6,870	6,531
Professional Fees	-	12,000	12,000	12,730
Filing Fees	10,674	-	10,674	259
Rent	630	70	700	8,400
Salaries	74,245	8,250	82,495	79,850
Travel	12,549	1,394	13,943	16,737
	<u>\$ 258,259</u>	<u>\$ 24,761</u>	<u>\$ 283,020</u>	<u>\$ 291,685</u>

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