

**MEDICAL RESEARCH CHARITIES, INC.**

**FINANCIAL STATEMENTS**

**YEARS ENDED APRIL 30, 2021 AND 2020**

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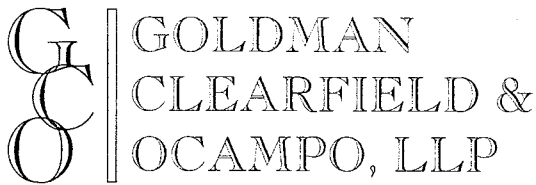
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CERTIFIED PUBLIC ACCOUNTANTS

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Medical Research Charities, Inc.  
Salem, MA

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, 2021 and 2020, and the related statements of activities, functional expenses 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these 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 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 auditors' 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, 2021 and 2020 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.

*Goldman, Clearfield & Ocampo, LLP.*

Columbia, MD  
October 28, 2021

**MEDICAL RESEARCH CHARITIES, INC.  
STATEMENTS OF FINANCIAL POSITION  
APRIL 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash	\$ 50,579	\$ 39,952
Pledges Receivable (Net of Estimated Uncollectible Pledges of \$72,821 and \$105,713)	477,730	585,351
Program Service Fees Receivable	35,771	69,032
Due From Others	-	218
Prepaid Expenses	<u>616</u>	<u>596</u>
<b>TOTAL ASSETS</b>	<u>\$ 564,696</u>	<u>\$ 695,149</u>
 <b>LIABILITIES</b>		
Accounts Payable	\$ 10,650	\$ 16,464
Estimated Distributions Payable to Member Agencies	<u>447,269</u>	<u>569,105</u>
<b>TOTAL LIABILITIES</b>	457,919	585,569
 <b>NET ASSETS</b>		
Without Donor Restrictions	<u>106,777</u>	<u>109,580</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 564,696</u>	<u>\$ 695,149</u>

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

**MEDICAL RESEARCH CHARITIES, INC.  
STATEMENTS OF ACTIVITIES  
YEARS ENDED APRIL 30, 2021 AND 2020**

	<b><u>WITHOUT DONOR RESTRICTIONS</u></b>	
	<b><u>2021</u></b>	<b><u>2020</u></b>
<b>REVENUES, LOSSES AND OTHER SUPPORT</b>		
Contributions	\$ 513,341	\$ 607,066
Program Service Fees	<u>78,088</u>	<u>116,756</u>
<b>TOTAL REVENUES, LOSSES AND OTHER SUPPORT</b>	<u>591,429</u>	<u>723,822</u>
 <b>EXPENSES</b>		
Program	578,111	690,962
Management	<u>16,121</u>	<u>15,564</u>
<b>TOTAL EXPENSES</b>	<u>594,232</u>	<u>706,526</u>
 <b>INCREASE (DECREASE) IN NET ASSETS</b>	 (2,803)	 17,296
 <b>NET ASSETS - BEGINNING</b>	 <u>109,580</u>	 <u>92,284</u>
 <b>NET ASSETS - ENDING</b>	 <u>\$ 106,777</u>	 <u>\$ 109,580</u>

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

**MEDICAL RESEARCH CHARITIES, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**YEARS ENDED APRIL 30, 2021 AND 2020**

	<b>2021</b>		
	<u>PROGRAM</u>	<u>MANAGEMENT</u>	<u>TOTAL</u>
Bank Charges	\$ 945	\$ 105	\$ 1,050
Campaign and Fiscal Services	61,234	6,804	68,038
Grants	472,809	-	472,809
Insurance	-	1,212	1,212
Professional Fees	-	8,000	8,000
Filing Fees	<u>43,123</u>	<u>-</u>	<u>43,123</u>
	<u>\$ 578,111</u>	<u>\$ 16,121</u>	<u>\$ 594,232</u>

	<b>2020</b>		
	<u>PROGRAM</u>	<u>MANAGEMENT</u>	<u>TOTAL</u>
Bank Charges	\$ 1,058	\$ 117	\$ 1,175
Campaign and Fiscal Services	54,000	6,000	60,000
Grants	587,650	-	587,650
Insurance	-	1,447	1,447
Professional Fees	-	8,000	8,000
Filing Fees	<u>48,254</u>	<u>-</u>	<u>48,254</u>
	<u>\$ 690,962</u>	<u>\$ 15,564</u>	<u>\$ 706,526</u>

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

**MEDICAL RESEARCH CHARITIES, INC.  
STATEMENTS OF CASH FLOWS  
YEARS ENDED APRIL 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (Decrease) in Unrestricted Net Assets	\$ (2,803)	\$ 17,296
Adjustments to Reconcile Changes in Net Assets to Net Cash Used by Operating Activities:		
(Increase) Decrease in:		
Pledges Receivable	107,621	44,307
Program Service Fees Receivable	33,261	17,832
Prepaid Expense	(20)	255
Due From Others	218	1,130
Increase (Decrease) in:		
Accounts Payable	(5,814)	(8,904)
Distributions Payable	<u>(121,836)</u>	<u>(79,694)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>10,627</u>	<u>(7,778)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	10,627	(7,778)
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>39,952</u>	<u>47,730</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 50,579</u>	<u>\$ 39,952</u>

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

**MEDICAL RESEARCH CHARITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2021 AND 2020**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization:

Medical Research Charities, Inc. was incorporated under the laws of California 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.

Income Taxes:

The Organization's Return of Organization Exempt from Income Tax (Form 990) for the years ended April 30, 2021, 2020 and 2019 are subject to examination, generally, for three years after they were filed.

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Organization does not have any income from unrelated business activities. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

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, 2021 for potential recognition or disclosure in the financial statements. Management has evaluated subsequent events through October 28, 2021, 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.



**MEDICAL RESEARCH CHARITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2021 AND 2020**  
**(CONTINUED)**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Pledges Receivable:

Net Pledges Receivable have been reviewed by management and considered fully collectible.

Financial Statement Presentation:

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

*Net Assets Without Donor Restrictions* – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of Medical Research Charities, Inc.'s management and board of directors.

*Net Assets With Donor Restrictions* – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Medical Research Charities, Inc. or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

New Accounting Pronouncement:

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 was issued to clarify and improve the guidance in GAAP for distinguishing transactions that are contributions from those that are exchange transactions. The ASU also provides guidance for determining if a contribution is conditional. The amendments in ASU 2018-08 address these matters for both contributions received (income or revenue) and contributions made (expense). The Organization has determined there is no impact in the presentation of these statements when applying ASU 2018-08.

**MEDICAL RESEARCH CHARITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2021 AND 2020**  
**(CONTINUED)**

**NOTE B – AVAILABILITY AND LIQUIDITY**

As of April 30, 2021, Medical Research Charities, Inc. has \$564,080 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure, consisting of cash of \$50,579, pledges receivable of \$477,730 and other receivables totaling \$35,771. As of April 30, 2020, Medical Research Charities, Inc. has \$694,553 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure, consisting of cash of \$39,952, pledges receivable of \$585,351 and other receivables totaling \$69,250. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The receivables are subject to implied time restrictions but are expected to be collected within one year. Medical Research Charities, Inc.'s goal is generally to maintain financial assets to meet 30 days' worth of operating expenses.

**NOTE C – FUNCTIONAL EXPENSES**

The cost of providing program and other activities have been summarized on a functional basis in the statements of activities. Certain costs have been allocated among management and program services benefited. Such allocations are determined by management on an equitable basis.

**NOTE D – DISTRIBUTIONS TO MEMBER CHARITIES**

The Organization distributes a proportionate share of receipts based on the results of each individual campaign. The proportionate share of receipts is determined by donor designations to the individual member organization, as reported by campaign administrators.

**NOTE E – CONTINGENCIES**

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a pandemic, which continues to spread throughout the United States. The Organization could be materially and adversely affected by the risks, or the public perception of the risks, related to an epidemic, pandemic, outbreak, or other public health crisis, such as the recent outbreak of COVID-19. The ultimate extent of the impact of any epidemic, pandemic or other health crisis on the business, financial condition, and results of operations will depend on future developments, which are uncertain and cannot be predicted, including new information that may emerge concerning the severity of such epidemic, pandemic or other health crisis and actions taken to contain or prevent their further spread, among others. Accordingly, the Organization cannot predict the extent to which the financial condition and results of operations will be affected.