

MEDICAL RESEARCH CHARITIES, INC.

FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2022 AND 2021

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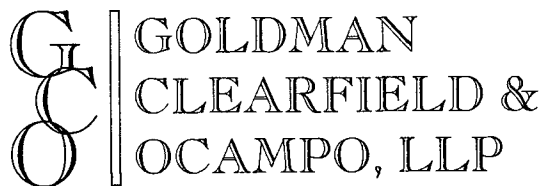
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CERTIFIED PUBLIC ACCOUNTANTS

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, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and related notes to the financial statements.

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, 2022 and 2021 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Medical Research Charities, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Medical Research Charities, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Medical Research Charities, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Medical Research Charities, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Aldman, Clearfield & Ocampo, LLP

Columbia, MD
August 22, 2022

**MEDICAL RESEARCH CHARITIES, INC.
STATEMENTS OF FINANCIAL POSITION
APRIL 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash	\$ 44,781	\$ 50,579
Pledges Receivable (Net of Estimated Uncollectible Pledges of \$57,323 and \$72,821)	416,981	477,730
Program Service Fees Receivable	31,839	35,771
Prepaid Expenses	617	616
TOTAL ASSETS	\$ 494,218	\$ 564,696
 LIABILITIES		
Accounts Payable	\$ 5,325	\$ 10,650
Estimated Distributions Payable to Member Agencies	393,035	447,269
TOTAL LIABILITIES	398,360	457,919
 NET ASSETS		
Without Donor Restrictions	95,858	106,777
TOTAL LIABILITIES AND NET ASSETS	\$ 494,218	\$ 564,696

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

**MEDICAL RESEARCH CHARITIES, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED APRIL 30, 2022 AND 2021**

	<u>WITHOUT DONOR RESTRICTIONS</u>	
	<u>2022</u>	<u>2021</u>
REVENUES, LOSSES AND OTHER SUPPORT		
Contributions	\$ 390,091	\$ 513,341
Program Service Fees	<u>62,711</u>	<u>78,088</u>
TOTAL REVENUES, LOSSES AND OTHER SUPPORT	<u>452,802</u>	<u>591,429</u>
 EXPENSES		
Program	450,099	578,111
Management	<u>13,622</u>	<u>16,121</u>
TOTAL EXPENSES	<u>463,721</u>	<u>594,232</u>
 DECREASE IN NET ASSETS	 (10,919)	 (2,803)
 NET ASSETS - BEGINNING	 <u>106,777</u>	 <u>109,580</u>
 NET ASSETS - ENDING	 <u>\$ 95,858</u>	 <u>\$ 106,777</u>

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

**MEDICAL RESEARCH CHARITIES, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED APRIL 30, 2022 AND 2021**

	2022		
	<u>PROGRAM</u>	<u>MANAGEMENT</u>	<u>TOTAL</u>
Bank Charges	\$ 68	\$ 8	\$ 76
Campaign and Fiscal Services	39,379	4,376	43,755
Grants	375,137	-	375,137
Insurance	-	1,233	1,233
Postage	-	5	5
Professional Fees	-	8,000	8,000
Filing Fees	35,515	-	35,515
	\$ 450,099	\$ 13,622	\$ 463,721

	2021		
	<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	43,123	-	43,123
	\$ 578,111	\$ 16,121	\$ 594,232

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

**MEDICAL RESEARCH CHARITIES, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED APRIL 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in Unrestricted Net Assets	\$ (10,919)	\$ (2,803)
Adjustments to Reconcile Changes in Net Assets to Net Cash Used by Operating Activities:		
(Increase) Decrease in:		
Pledges Receivable	60,749	107,621
Program Service Fees Receivable	3,932	33,261
Prepaid Expense	(1)	(20)
Due From Others	-	218
Increase (Decrease) in:		
Accounts Payable	(5,325)	(5,814)
Distributions Payable	<u>(54,234)</u>	<u>(121,836)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(5,798)</u>	<u>10,627</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(5,798)	10,627
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>50,579</u>	<u>39,952</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 44,781</u>	<u>\$ 50,579</u>

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

MEDICAL RESEARCH CHARITIES, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

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, 2022, 2021 and 2020 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, 2022 for potential recognition or disclosure in the financial statements. Management has evaluated subsequent events through August 22, 2022, 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, 2022 AND 2021
(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:

Pledges Receivable consist of pledges that are expected to be collected within one year of the balance sheet, and therefore have been written down to their net realizable value. Management has reviewed the pledges and has estimated uncollectible pledges at \$57,323 and \$72,821 for the years ended April 30, 2022 and 2021, respectively.

Program Service Fees Receivable:

Program Service Fees Receivable consist of fees earned for the Organization's assistance with the fundraising drives. The fees are expected to be collected within one year of the balance sheet, and therefore have been recognized at their net realizable value. Management considers all fees 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.

MEDICAL RESEARCH CHARITIES, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021
(CONTINUED)

NOTE B – AVAILABILITY AND LIQUIDITY

As of April 30, 2022, Medical Research Charities, Inc. has \$493,601 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure, consisting of cash of \$44,781, pledges receivable of \$416,981 and other receivables totaling \$31,839. 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. 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.