

**APPENDIX CANCER/PSEUDOMYXOMA
PERITONEI RESEARCH FOUNDATION, INC.
(OR ACPMP)**

**REVIEWED FINANCIAL STATEMENTS
December 31, 2018 and 2017**

**APPENDIX CANCER/PSEUDOMYXOMA PERITONEI RESEARCH FOUNDATION, INC.
(OR ACPMP)**

Table of Contents

December 31, 2018 and 2017

	<u>Page</u>
INDEPENDENT ACCOUNTANTS' REVIEW REPORT	1
FINANCIAL STATEMENTS:	
Statements of Assets, Liabilities and Net Assets – Modified Cash Basis	2
Statements of Support, Revenue and Expense – Modified Cash Basis	3
Statements of Functional Expense – Modified Cash Basis	4-5
Notes to Financial Statements	6-9

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
Appendix Cancer/Pseudomyxoma Peritonei Research Foundation, Inc. (or ACPMP)
Cleveland, Ohio

We have reviewed the accompanying statements of Appendix Cancer/Pseudomyxoma Peritonei Research Foundation, Inc. (or ACPMP) (a non-profit corporation) which comprise the statements of assets, liabilities, and net assets – modified cash basis as of December 31, 2018 and 2017, and the related statements support, revenue and expenses – modified cash basis, statements of functional expense – modified cash basis for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with modified cash basis of accounting; this includes determining that modified cash basis is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible 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.

Accountants' Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the modified cash basis of accounting.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

Corbets & Associates

Solon, Ohio
May 6, 2019

**APPENDIX CANCER/PSEUDOMYXOMA PERITONEI RESEARCH FOUNDATION, INC.
(OR ACPMP)**

**Statements of Assets, Liabilities and Net Assets – Modified Cash Basis
December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash	\$ 563,179	\$ 383,864
Deposit	<u> 499</u>	<u> 0</u>
	<u>\$ 563,678</u>	<u>\$ 383,864</u>
NET ASSETS		
Without donor restrictions	<u>\$ 563,678</u>	<u>\$ 383,864</u>

See accompanying notes to financial statements and independent accountants' review report

**APPENDIX CANCER/PSEUDOMYXOMA PERITONEI RESEARCH FOUNDATION, INC.
(OR ACPMP)**

**Statements of Support, Revenue and Expenses – Modified Cash Basis
Years Ended December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
REVENUE AND SUPPORT		
Contributions		
Events	\$ 137,181	\$ 104,724
Other	263,351	169,587
Interest income	<u>1,037</u>	<u>558</u>
	401,569	274,869
EXPENSE		
Program Services		
Grants	109,800	164,200
Education	60,324	12,980
Supporting Services		
Management and general	6,054	4,257
Fundraising	<u>45,577</u>	<u>15,322</u>
Total expense	<u>221,755</u>	<u>196,759</u>
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	179,814	78,110
NET ASSETS AT BEGINNING OF YEAR	<u>383,864</u>	<u>305,754</u>
NET ASSETS AT END OF YEAR	<u>\$ 563,678</u>	<u>\$ 383,864</u>

See accompanying notes to financial statements and independent accountants' review report

**APPENDIX CANCER/PSEUDOMYXOMA PERITONEI RESEARCH FOUNDATION, INC.
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**Statement of Functional Expense – Modified Cash Basis
Year Ended December 31, 2018**

	<u>Program Services</u>		<u>Supporting Services</u>		
	<u>Grants and Contributions</u>	<u>Education</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salary/wages	\$	\$ 12,261	\$	\$ 12,261	\$ 24,522
Payroll taxes		921		921	1,842
Symposiums		42,596			42,596
Merchant fees				5,609	5,609
Bank service charges			432		432
Communication expense			385		385
Dues and fees	300		2,199		2,499
Events				17,861	17,861
Insurance			1,249	1,249	2,498
IT and Website		3,049		6,098	9,147
Office & misc			1,431	81	1,512
Postage and delivery			358		358
Research grants	100,000				100,000
Grant administration	9,500				9,500
Rent		<u>1,497</u>		<u>1,497</u>	<u>2,994</u>
	<u>\$ 109,800</u>	<u>\$ 60,324</u>	<u>\$ 6,054</u>	<u>\$ 45,577</u>	<u>\$ 221,755</u>

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**APPENDIX CANCER/PSEUDOMYXOMA PERITONEI RESEARCH FOUNDATION, INC.
(OR ACPMP)**

**Statement of Functional Expense – Modified Cash Basis
Year Ended December 31, 2017**

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total</u>
	<u>Grants and Contributions</u>	<u>Education</u>	<u>Management and General</u>	<u>Fundraising</u>	
Symposiums	\$	\$ 11,258	\$	\$	\$ 11,258
Merchant fees				4,217	4,217
Advertising and marketing				771	771
Bank service charges			300		300
Communication expense			51		51
Dues and fees	200		1,464		1,664
Events				5,639	5,639
Insurance			1,253	1,252	2,505
IT and Website		1,722		3,443	5,165
Office			900		900
Postage and delivery			289		289
Research grants	150,000				150,000
Grant administration	<u>14,000</u>				<u>14,000</u>
	<u>\$ 164,200</u>	<u>\$ 12,980</u>	<u>\$ 4,257</u>	<u>\$ 15,322</u>	<u>\$ 196,759</u>

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**APPENDIX CANCER/PSEUDOMYXOMA PERITONEI RESEARCH FOUNDATION, INC.
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Notes to Financial Statements

NOTE 1 – NATURE OF ACTIVITIES

The Foundation was established in 2008 to fund promising research to find a cure for Pseudomyxoma Peritonei (PMP), Appendix Cancer and related Peritoneal Surface Malignancies (PSM) and to fund educational programs for physicians and their patients about these diseases. The organization also supports the appendix cancer, PMP and PSM community as a resource for information about managing the disease. The Foundation is supported through donations and proceeds of fundraising events, such as walks.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting which differs from generally accepted accounting principles in that revenue and support are recognized when received and expenditures when paid. Certain contributed goods and services which may require recognition under generally accepted accounting principles are not recorded in these modified cash basis statements. Under generally accepted accounting principles, the contribution of services is recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Presentation and disclosures have been changed or expanded to comply with recently issued standards.

Use of Estimates

The preparation of financial statements on the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Contributions

Contributions received are recorded when received. None of the contributions received were subject to any donor restrictions.

The Foundation receives services from a number of volunteers who give significant amounts of their time to the Foundation's programs, fundraising, and management. No amounts have been reflected for these types of donated services. In addition significant accounting and administrative services are provided pro-bono, but amounts have not been quantified.

See independent accountants' review report.

**APPENDIX CANCER/PSEUDOMYXOMA PERITONEI RESEARCH FOUNDATION, INC.
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Notes to Financial Statements

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Cash and Cash Equivalents

The Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. At December 31, 2018 and 2017 cash is comprised of demand deposits, including a money market account, all held at the same financial institution. During the year, the Foundation's cash has exceeded insured limits (by approximately \$313,000 and \$132,000 at December 31, 2018 and 2017, respectively.)

Advertising Costs

Costs incurred for advertising includes promotional materials and merchandise; these costs are expensed when incurred.

Allocation of Functional Expenses

The costs of providing the Foundation's programs and other activities have been summarized on a functional basis. Accordingly certain costs have been allocated among the programs and supporting services benefited. These expenses require allocation on a basis that is consistently applied. The expenses that are allocated include compensation and related payroll taxes and office space rental which are allocated based on estimates of time and effort taking into consideration job description and responsibilities. IT and Website costs are allocated based on the portion of the website devoted to each function. Insurance covers both the organization as a whole and events and is therefore divided evenly between those functions.

Income Taxes

The Foundation is a not-for-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, and as such, contributions to the Foundation qualify for deduction as charitable contributions. However, income generated from activities unrelated to the Foundation's exempt purpose is subject to tax under Section 511 of the Code.

There were no uncertain tax positions recorded in the financial statements at December 31, 2018 or 2017. The Foundation's Form 990s from 2015 through this year end are subject to examination by the IRS, generally for three years after they were filed.

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Notes to Financial Statements

NOTE 3 – GRANTS

Research

The Foundation awards research grants through the National Organization for Rare Disorders (NORD), and subsequent administration/distribution is also monitored by NORD. The Board approved and funded two grants of \$50,000 in 2018 and three grants of \$50,000 in 2017. Grants are distributed and monitored by NORD over 2 years.

Educational/Scholarship

The Foundation also awards scholarships to enable physicians to attend symposiums to increase their knowledge about these diseases. For 2018 these scholarships benefited 29 attendees from 12 countries and costs are included in symposium expense.

NOTE 4 – RELATED PARTY TRANSACTIONS

The Foundation is primarily a volunteer organization. The members of the Board of Directors perform administration, management and fundraising activities for the organization. In addition, an affiliate of one of the directors provided use of an administrative assistant from their staff, facility and other office support as well as other supporting administrative and accounting services as needed. Other Board members have directly paid expenses on behalf of the organization. Board members do not seek reimbursement in these circumstances. Board members and their relatives may make contributions to the Foundation as well.

The Foundation officially is a member of NORD. During 2018 the Foundation paid NORD \$300 in dues (\$200 in 2017) and \$9,500 in grant administration fees (\$14,000 in 2017).

NOTE 5 – CONCENTRATIONS

A substantial amount of the Foundation's revenue is generated from fundraising events. Various different fundraising events are held around the country and Canada. Two of these events accounted for 72% of event contributions in 2018. During 2017 two events represented 58% of event revenue.

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Notes to Financial Statements

NOTE 6 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Foundation's financial assets at year end are comprised of cash, all of which is available to meet cash needs for general expenditures within one year.

As part of the Foundation's liquidity management, it invests cash in excess of daily requirements in a money market account.

NOTE 7 - SUBSEQUENT EVENTS

Evaluation

The Foundation has evaluated subsequent events through May 6, 2019, the date which the financial statements were available to be issued.

Grants Awarded

The Foundation issues requests for proposals in the first part of the each year. Applications are submitted by researchers during the year. After year end, NORD reviews the applications and awards the grants in amounts approved by the Board. In March 2018 the Board approved two grants for \$50,000 which were awarded and funded in April 2019. The Foundation also approved two grants of \$50,000 for the 2019 cycle.