

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

**FINANCIAL STATEMENTS
December 31, 2021 and 2020**

APPENDIX CANCER/PSEUDOMYXOMA PERITONEI RESEARCH FOUNDATION, INC.
(OR ACPMP)
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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Appendix Cancer/Pseudomyxoma Peritonei Research Foundation, Inc. (or ACPMP) (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets—modified cash basis as of December 31, 2021, and the related statement of support, revenue, and expenses—modified cash basis for the year then ended, and the related notes to the financial statements.

In our opinion, except for accounting for investments and inventory described in the Basis for Qualified Opinion section of our report, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Appendix Cancer/Pseudomyxoma Peritonei Research Foundation, Inc. (or ACPMP) as of December 31, 2021, and its support, revenue, and expenses for the year then ended in accordance with the modified cash basis of accounting as described in Note 2.

Basis for Qualified Opinion

As more fully described in Note 2 to the financial statements, the Foundation has recorded investments at fair value and also recorded inventory in the financial statements. In our opinion, modified cash basis accounting would not reflect inventory and investments would be carried at cost. The effects on the accompanying financial statement of this presentation are an increase in assets and income of \$9,705.

We conducted our audit 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 Appendix Cancer/Pseudomyxoma Peritonei Research Foundation, Inc. (or ACPMP) 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.

Other Matter – Prior Period Statements Reviewed

The financial statements of Appendix Cancer/Pseudomyxoma Peritonei Research Foundation, Inc. (or ACPMP) for the year ended December 31, 2020 were not audited, but are presented for comparison purposes. We performed a review with respect to those financial statements and issued our report on May 18, 2021. 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. Based on our review, we were 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 on 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 opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 2, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the 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.

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, including omissions, 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 Appendix Cancer/Pseudomyxoma Peritonei Research Foundation, Inc.'s (or ACPMP'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 Appendix Cancer/Pseudomyxoma Peritonei Research Foundation, Inc.'s (or ACPMP'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.

Corbit & Associates

August 15, 2022
Solon, Ohio

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

**Statements of Assets, Liabilities and Net Assets – Modified Cash Basis
December 31, 2021 and 2020**

	(Audited) <u>2021</u>	(Reviewed) <u>2020</u>
ASSETS		
Cash	\$ 1,207,004	\$ 756,554
Investment	257,728	
Inventory	<u>2,760</u>	<u>-</u>
 TOTAL ASSETS	\$ <u>1,467,492</u>	\$ <u>756,554</u>
LIABILITIES		
Payroll liabilities	\$ -	\$ 2,027
NET ASSETS		
Without donor restrictions	<u>1,467,492</u>	<u>754,527</u>
 TOTAL LIABILITIES AND NET ASSETS	\$ <u>1,467,492</u>	\$ <u>756,554</u>

See accompanying notes to financial statements

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

**Statements of Support, Revenue and Expenses – Modified Cash Basis
Years Ended December 31, 2021 and 2020**

	(Audited) <u>2021</u>	(Reviewed) <u>2020</u>
REVENUE AND SUPPORT		
Contributions		
Events	\$ 238,410	\$ 151,866
Other	632,917	238,253
Investment income	18,012	1,077
Other	<u>559</u>	<u>-</u>
	<u>889,898</u>	<u>391,196</u>
EXPENSE		
Program Services		
Grants	300	129,800
Education	85,915	56,932
Supporting Services		
Management and general	15,859	15,439
Fundraising	<u>74,859</u>	<u>63,738</u>
Total expense	<u>176,933</u>	<u>265,909</u>
INCREASE IN NET ASSETS		
WITHOUT DONOR RESTRICTIONS	712,965	125,287
NET ASSETS AT BEGINNING OF YEAR	<u>754,527</u>	<u>629,240</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,467,492</u>	<u>\$ 754,527</u>

See accompanying notes to financial statements

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

**Statement of Functional Expense – Modified Cash Basis
Year Ended December 31, 2021 (Audited)**

	<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>
Advertising & marketing	\$	\$	\$	\$ 102	\$ 102
Salary/wages		26,500	5,839	32,340	64,679
Payroll taxes		1,196	264	1,461	2,921
Symposiums		50,419			50,419
Merchant fees				11,821	11,821
Bank service charges			371		371
Communication expense			335		335
Dues and fees	300		4,473		4,773
Events				18,639	18,639
Event giveaways				248	248
Insurance			2,627		2,627
IT and Website		7,800		9,209	17,009
Office & misc			1,950		1,950
Postage and delivery				1,039	1,039
	<u>\$ 300</u>	<u>\$ 85,915</u>	<u>\$ 15,859</u>	<u>\$ 74,859</u>	<u>\$ 176,933</u>

See accompanying notes to financial statements

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

**Statement of Functional Expense – Modified Cash Basis
Year Ended December 31, 2020 – (Reviewed)**

	<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>
Advertising & promotional	\$	\$	\$	\$ 4,510	\$ 4,510
Salary/wages		27,514	192	27,513	55,219
Payroll taxes		2,027		2,027	4,054
Symposiums		25,391			25,391
Merchant fees				7,170	7,170
Bank service charges			410		410
Communication expense			2,500		2,500
Dues and fees			19		19
Events	300		1,537		1,837
Event giveaways				7,470	7,470
Insurance				1,286	1,286
IT and website			2,438		2,438
Office & misc		6,600		8,089	14,689
Postage and delivery				53	53
Research grants				1,020	1,020
Grant administration	120,000				120,000
Rent	9,500				9,500
			8,343		8,343
	<u>\$ 129,800</u>	<u>\$ 61,532</u>	<u>\$ 15,439</u>	<u>\$ 59,138</u>	<u>\$ 265,909</u>

See accompanying notes to financial statements

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

Notes to Financial Statements

NOTE 1 – NATURE OF ACTIVITIES

The Foundation was established in 2008 to fund and support 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.

The Foundation has chosen to present investments at fair value rather than at cost which differs from traditional modified cash basis. Unrealized gain (losses) are recognized in the financial statements. In addition, the Foundation has recorded inventory which would generally be expensed in a modified cash basis statement.

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.

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

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, 2021 and 2020 cash is comprised of demand deposits, including a money market account and cash held in an investment account, all held at the same financial institution. During the year, the Foundation's cash has exceeded insured limits (by approximately \$957,000 and \$507,000 at December 31, 2021 and 2020, respectively.)

Investments

Investments consist of a beneficiary IRA received as a donation in 2021, received without donor restriction. The investment is reported at fair value in the statement of assets, liabilities and net assets – modified cash basis. Unrealized gain and losses are included in the change in net assets.

Inventory

During 2021 the Foundation set up a program to track inventory which consists of merchandise which may be sold or used as promotional give aways at events. Inventory is record at cost.

Advertising Costs

Costs incurred for advertising included certain promotional materials and related costs and 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 which are allocated based on estimates of time and effort taking into consideration job description and responsibilities. Rent is divided evenly between employee functions and management. Certain 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

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

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

Income Taxes – (Continued)

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, 2021 or 2020. The Foundation's Form 990s from 2018 through this year end are subject to examination by the IRS, generally for three years after they were filed.

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

At December 31, 2021 the Foundation held an investment in a beneficiary IRA. The Foundation does not intend to hold the investment long-term. The IRA holds investments in publicly traded mutual funds and some cash.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted market prices for identical assets, and Level 3 inputs have the lowest priority.

The beneficiary IRA itself is not publicly traded and therefore considered a Level 2 investment. The underlying assets primarily consist of mutual funds that are registered with the Security and Exchange Commission. The value of the IRA is based on the value of the underlying investments. Mutual funds are valued at the daily closing price as reported by the fund. Additional funds are held in a cash.

<u>Description</u>	<u>Fair Value</u>	<u>Level 2</u>
Beneficiary IRA	<u>\$ 257,728</u>	<u>\$ 257,728</u>

Investment income consists of the following:

	<u>2021</u>	<u>2020</u>
Dividends	\$ 1,705	\$ -
Interest	306	1,077
Capital Gains	9,056	-
Unrealized Gains	<u>6,945</u>	<u>-</u>
	<u>\$ 18,012</u>	<u>\$ 1,077</u>

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

NOTE 4 - 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 2020 which are distributed and monitored by NORD over 2 years. An additional \$20,000 grant was awarded in 2020 and paid directly to a previous grant recipient.

No grants were funded during 2021; however, the Foundation did announce an additional \$150,000 in 3 grants to be funded in 2022 and monitored by NORD.

In addition, in 2022, the Foundation set up its own medical advisory board to review applications, award grants and monitor progress. To date during 2022, the advisory board has awarded its first \$50,000 grant.

Educational/Scholarship

The Foundation is also a sponsor for the Advanced Cancer Therapies Symposium put on by the Society of Surgical Oncology. Sponsorship includes an amount specified as scholarship to enable physicians to attend the symposium to increase their knowledge about these diseases. For both 2021 and 2020 the sponsorship included awards for up to 10 participants, as well as contributing to the cost of the event and providing for additional research funds and exhibits.

NOTE 5 – 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. 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 2021 the Foundation paid NORD \$300 in dues (\$300 in 2020) and \$9,500 in grant administration fees in 2020.

NOTE 6 – 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. Due to COVID-19, 2020 events were primarily virtual. In 2020 two events accounted for over 90% of event revenue. In 2021 two events accounted for approximately 80% of event revenue.

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Notes to Financial Statements

NOTE 6 – CONCENTRATIONS – (Continued)

Also during 2021 a substantial bequest was received (a beneficiary IRA of approximately \$240,000 representing 38% of current year contributions.)

NOTE 7 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Cash reported on the statement of assets, liabilities and net assets is available to meet cash needs for general expenditures within one year. The beneficiary IRA is also available. There are no contractual or donor-imposed restrictions.

	<u>2021</u>	<u>2020</u>
Financial assets at year end	\$ <u>1,464,732</u>	\$ <u>756,554</u>

The Foundation plans at some time in the future to establish an investment policy, investing funds in excess of those needed to meet annual expenditures.

NOTE 8 - SUBSEQUENT EVENTS

Evaluation

The Foundation has evaluated subsequent events through August 15, 2022, the date which the financial statements were available to be issued.

Grants to be Awarded

The Foundation normally 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. The Board has approved four \$50,000 grants that will be awarded during 2022 (see Note 4 for details).

Investment Liquidated

In May 2022, the Foundation liquidated the beneficiary IRA and transferred the funds received to their cash account (approximately \$233,000) received for a 2022 investment loss of approximately \$25,000.)

Notes to Financial Statements

NOTE 8 - SUBSEQUENT EVENTS – (Continued)

Impact off COVID 19

The COVID-19 outbreak in the United States caused disruption of business, financial and personal activities through mandated shelter-in-place and social distancing orders during 2020 and into 2021. Although the Foundation did not experience a negative impact on fundraising and contributions in general during 2020, COVID-19 continues to be a concern and will likely continue to impact the types of events and programs sponsored by the Foundation. Although the Center for Disease Control has recently eased restrictions, the financial impact for 2022 is impossible to estimate.

Organizational Changes

At the end of June 2022, the Foundation experienced changes in their Board and staffing due to resignations. The remaining Board members have taken on additional responsibilities and will take the next few months to assess strategic plans and determine their needs, then seek out additional qualified Board members and staff.