

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

**FINANCIAL STATEMENTS
December 31, 2022 and 2021**

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

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have reviewed 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, 2022, and the related statement of support, revenue and expenses – modified cash basis and statement of functional expenses – modified cash basis for the year 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 Appendix Cancer/Pseudomyxoma Peritonei Research Foundation, Inc. (or ACPMP) 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 the modified cash basis of accounting; this includes determining that the modified cash basis of accounting 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement 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.

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 related to our review.

Basis for Qualified Conclusion

As disclosed in Note 2 to the financial statements, the Foundation's policy is to present inventory which would normally be expensed as incurred in modified cash basis statements and to present investments at fair value rather than cost. This results in additional net assets of \$5,262 at December 31, 2022. The impact to the statement of support, revenue and expenses – modified cash basis has not been determined.

Qualified Conclusion

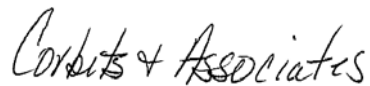
Based on our review, except for the matter described in the Basis for Qualified Conclusion paragraph, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the modified cash basis of accounting.

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 American. Our conclusion is not modified with respect to this matter.

Report on Prior Year Financial Statements

The 2021 financial statements were audited by us and we expressed our opinion on them in our report dated August 15, 2022. Our basis for qualified opinion paragraph indicated that the financial statements recorded investments at fair value and presented inventory, where modified cash basis statements would normally include investments at cost and no inventory, resulting in additional assets and increase in net assets of \$9,705. We have not performed any auditing procedures on the financial statements since the date of the report.

A handwritten signature in cursive script that reads "Corbett & Associates".

July 26, 2023
Solon, Ohio

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

**Statements of Assets, Liabilities and Net Assets – Modified Cash Basis
December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash	\$ 1,694,406	\$ 1,207,004
Investment		257,728
Inventory	<u>5,262</u>	<u>2,760</u>
 TOTAL ASSETS	<u>\$ 1,699,668</u>	<u>\$ 1,467,492</u>
LIABILITIES	\$ -	\$ -
NET ASSETS		
Without donor restrictions	<u>1,699,668</u>	<u>1,467,492</u>
 TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,699,668</u>	<u>\$ 1,467,492</u>

See independent accountant's review report and 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, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
REVENUE AND SUPPORT		
Contributions		
Events	\$ 165,827	\$ 238,410
Other	319,626	632,917
Investment income	(12,302)	18,012
Other		
Merchandise sales	5,430	-
Miscellaneous	-	559
	<u>478,581</u>	<u>889,898</u>
 EXPENSE		
Program Services		
Grants	82,500	300
Education	41,558	85,915
Supporting Services		
Management and general	33,774	15,859
Fundraising	<u>88,573</u>	<u>74,859</u>
Total expense	<u>246,405</u>	<u>176,933</u>
 INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	232,176	712,965
 NET ASSETS AT BEGINNING OF YEAR	<u>1,467,492</u>	<u>754,527</u>
 NET ASSETS AT END OF YEAR	<u>\$ 1,699,668</u>	<u>\$ 1,467,492</u>

See independent accountant's review report and accompanying notes to financial statements

**APPENDIX CANCER/PSEUDOMYXOMA PERITONEI RESEARCH FOUNDATION, INC.
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**Statement of Functional Expense – Modified Cash Basis
Year Ended December 31, 2022**

	<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	\$	\$	\$	\$ 744	\$ 744
Salary/wages		22,094	13,895	35,988	71,977
Payroll taxes		1,690	1,063	2,753	5,506
Symposiums		9,580			9,580
Merchant fees				9,362	9,362
Bank service charges			508		508
Communication expense			639		639
Dues and fees	7,500		4,783	9,000	21,283
Event cost				15,243	15,243
Insurance			3,426		3,426
IT and website		7,200		9,166	16,366
Office & misc			1,899		1,899
Merchandise sales cost				3,134	3,134
Merchandise giveaways				917	917
Postage and delivery				1,841	1,841
Professional fees			7,561		7,561
Research grants	75,000				75,000
Travel		994		425	1,419
	<u>\$ 82,500</u>	<u>\$ 41,558</u>	<u>\$ 33,774</u>	<u>\$ 88,573</u>	<u>\$ 246,405</u>

See independent accountant's review report and accompanying notes to financial statements

**APPENDIX CANCER/PSEUDOMYXOMA PERITONEI RESEARCH FOUNDATION, INC.
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**Statement of Functional Expense – Modified Cash Basis
Year Ended December 31, 2021**

	<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	\$	\$	\$	\$ 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 independent accountant's review report and 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. The Foundation also sells promotional merchandise.

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.

See independent accountant's 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)

Contributions

Contributions 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.

Revenue Recognition

The Foundation has also begun offering promotional merchandise for sale on-line. Sales activity is managed by an on-line service and income is recorded when received from them.

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, 2022 and 2021 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 \$1,455,000 and \$957,000 at December 31, 2022 and 2021, respectively.)

Investments

Investments consist of a beneficiary IRA received as a donation in 2021, received without donor restriction. The investment was 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. The IRA was liquidated in 2022.

Inventory

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

See independent accountant's 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)

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 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, 2022 or 2021. The Foundation's Form 990s from 2019 through this year end are subject to examination by the IRS, generally for three years after they were filed. The Foundation registers in various states including domiciled state (Ohio), base of operations (Pennsylvania), and others based on Board evaluation of events and solicitation.

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

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

See independent accountant's review report.

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Notes to Financial Statements

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS – (Continued)

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 cases 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 was 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 were held in cash. In May 2022, the Foundation liquidated the beneficiary IRA and transferred the funds received to their cash account (approximately \$233,000.)

<u>Description</u>	<u>Fair Value</u>	<u>Level 2</u>
Beneficiary IRA	<u>\$ 257,728</u>	<u>\$ 257,258</u>

Investment income consists of the following:

	<u>2022</u>	<u>2021</u>
From Investment		
Dividends	\$	\$ 1,705
Interest		1
Capital Gains		9,056
Loss at Liquidation	(24,688)	
Unrealized Gains		<u>6,945</u>
	<u>(24,688)</u>	<u>17,707</u>
From Cash Deposits		
Interest	<u>12,386</u>	<u>305</u>
	<u>\$ (12,302)</u>	<u>\$ 18,012</u>

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Notes to Financial Statements

NOTE 4 - GRANTS

Research

The Foundation previously awarded research grants through the National Organization for Rare Disorders (NORD), and subsequent administration/distribution was also monitored by NORD. Two grants funded in 2020 through NORD were awarded in 2022 (COVID delay) and an additional grant from that 2021 RFP was funded and awarded in 2022 (\$50,000). NORD will continue to monitor progress on these grants.

In 2022, the Foundation established a Scientific Advisory Board (SAB) and implemented an internal process to review applications, award grants and monitor progress. During 2022, the Foundation awarded \$50,000 and funded the initial \$25,000.

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 or travel awards to enable physicians to attend the symposium to increase their knowledge about these diseases. For 2022 and 2021 the sponsorship included awards for 14 and 10 participants respectively, as well as contributing to the cost of the event and exhibits. Funding for these scholarships/events were \$47,000 paid in 2021 for the 2022 event which included a \$25,000 Young Investigator Award and \$4,000 in 2022 for 4 additional travel awards.

NOTE 5 – RELATED PARTY TRANSACTIONS

Board

The Foundation is primarily a volunteer organization. The members of the Board of Directors perform administration, management and fundraising activities for the organization. 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.

Grants

The Foundation is a member of NORD. During 2022 and 2021 the Foundation paid NORD \$500 and \$300 in dues.

The Foundation has established a protocol for the SAB to avoid conflicts of interest in the grant review process. Current SAB members are not eligible for an ACPMP grant

See independent accountant's review report.

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

NOTE 5 – RELATED PARTY TRANSACTIONS – (Continued)

during their tenure. Given the relatively small population of experts dealing with this rare cancer, ACPMP permits a researcher at the same institution as an SAB reviewer to apply for a grant but requires the SAB member of that institution to recuse him or herself from review of that proposal and, instead, calls upon an unaffiliated ad hoc member with relevant expertise for the reviewer subject matter needed for that proposal.

Certain advisory board members have been awarded grants prior to their tenure. One of the current Scientific Advisory Board members was awarded a two year \$50,000 research grant prior to joining the Advisory Board. The Advisory Board member did not participate in the process that awarded the grant; however since the grant is funded over two years, tenure on the Advisory Board can overlap the research and actual funding – progress will be independently evaluated. At December 31, 2022 \$25,000 is committed to be funded on this grant.

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. In 2022 one event accounted for over 74% of event revenue (70% in 2021).

Also during 2021 a substantial bequest was received (a beneficiary IRA of approximately \$240,000 representing 38% of 2021 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 was also available at December 31, 2021. There are no contractual or donor-imposed restrictions.

	<u>2022</u>	<u>2021</u>
Financial assets at year end	<u>\$ 1,694,406</u>	<u>\$ 1,464,732</u>

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

As indicated in Note 8, the Foundation experienced organizational changes in 2022, and, therefore, decided to maintain substantial cash balances in order to ensure strategic goals, such as bringing the grant process in-house and hiring employees, could be achieved.

See independent accountant's review report.

Notes to Financial Statements

NOTE 8 - SUBSEQUENT EVENTS

Evaluation

The Foundation has evaluated subsequent events through July 26, 2023, the date which the financial statements were available to be issued.

Grants to be Awarded

The Foundation under the NORD process normally funded the grants in advance to NORD then issued Requests for Proposal in the first part of the year and evaluated the RFP's with grants awarded near year end or the next year. The Foundation is establishing the internal grant cycle timeline with the SAB. To date in 2023 The Board has completed the first RFP cycle and awarded two \$50,000 grants. A second RFP cycle is scheduled to begin in August and scheduled to be complete with grant decisions by February to be awarded, announced, and funded in March 2024.

Investment and Cash Management

Subsequent to year end, the Foundation established a brokerage account and transferred funds of \$1.0 million into it for investment. In addition, management has established a policy to segregate funds for grants awarded but not yet paid including year 2 payments.

Organizational Changes

In July of 2022, the Foundation experienced changes in their Board and staffing due to resignations. The remaining Board members took on additional responsibilities. After taking time to assess strategic plans and determine their needs, the Board sought out and hired staff (one full-time and one part-time) in March 2023.