

**THE MESOTHELIOMA APPLIED
RESEARCH FOUNDATION, INC.**

AUDITED FINANCIAL STATEMENTS

For the years ended December 31, 2022 and 2021



THE MESOTHELIOMA APPLIED RESEARCH FOUNDATION, INC.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Mesothelioma Applied Research Foundation, Inc.
Washington, DC

Opinion

We have audited the accompanying financial statements of The Mesothelioma Applied Research Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the 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 The Mesothelioma Applied Research Foundation, Inc. as of December 31, 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 The Mesothelioma Applied Research Foundation, Inc. (the Foundation) and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 the Foundation'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 the Foundation'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 the Foundation'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.

UHY LLP

Columbia, Maryland
November 9, 2023

**THE MESOTHELIOMA APPLIED
RESEARCH FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents:		
Checking and savings accounts	\$ 2,936,530	\$ 2,136,616
Cash equivalents held by investment manager	898,183	820,040
Total cash and cash equivalents	<u>3,834,713</u>	<u>2,956,656</u>
Contributions receivable	-	45,698
Prepaid expenses	<u>3,172</u>	<u>10,495</u>
 Total current assets	 <u>3,837,885</u>	 <u>3,012,849</u>
NON-CURRENT ASSETS		
Investments	5,605,964	6,364,340
Property and intangible assets - net	1,953	3,208
Security deposit	<u>4,077</u>	<u>4,077</u>
 Total non-current assets	 <u>5,611,994</u>	 <u>6,371,625</u>
 TOTAL ASSETS	 <u>\$ 9,449,879</u>	 <u>\$ 9,384,474</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 37,325	\$ 29,146
Grants payable - current portion	<u>250,000</u>	<u>200,000</u>
 Total current liabilities	 287,325	 229,146
NON-CURRENT LIABILITIES		
Grants payable - non-current portion	<u>100,000</u>	<u>75,000</u>
 Total liabilities	 <u>387,325</u>	 <u>304,146</u>
NET ASSETS		
Without donor restrictions	<u>9,062,554</u>	<u>9,080,328</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 9,449,879</u>	 <u>\$ 9,384,474</u>

**THE MESOTHELIOMA APPLIED
RESEARCH FOUNDATION, INC.**
STATEMENTS OF ACTIVITIES
For the years ended December 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Other Income						
Contributions	\$ 1,217,523	\$ 26,000	\$ 1,243,523	\$ 2,163,706	\$ 27,224	\$ 2,190,930
Donated services and materials	-	-	-	6,050	-	6,050
Meso TV sponsorships	650,000	-	650,000	420,000	-	420,000
Symposium events	21,501	-	21,501	-	-	-
Other income	140	-	140	-	-	-
Gain on debt forgiveness for Paycheck Protection Program	-	-	-	195,436	-	195,436
Net investment income (loss)	(742,412)	-	(742,412)	348,256	-	348,256
Net assets released from restrictions	26,000	(26,000)	-	27,224	(27,224)	-
Total revenue, support, and other income	1,172,752	-	1,172,752	3,160,672	-	3,160,672
Expenses						
Program services:						
Research	266,295	-	266,295	430,528	-	430,528
Education, support and symposium	515,519	-	515,519	504,074	-	504,074
Advocacy	33,925	-	33,925	40,527	-	40,527
Total program services	815,739	-	815,739	975,129	-	975,129
Supporting services:						
Management and general	233,432	-	233,432	117,225	-	117,225
Fundraising	141,355	-	141,355	114,565	-	114,565
Total expenses	1,190,526	-	1,190,526	1,206,919	-	1,206,919
Change in Net Assets	(17,774)	-	(17,774)	1,953,753	-	1,953,753
Net Assets, Beginning	9,080,328	-	9,080,328	7,126,575	-	7,126,575
Net Assets, Ending	\$ 9,062,554	\$ -	\$ 9,062,554	\$ 9,080,328	\$ -	\$ 9,080,328

See notes to financial statements.

**THE MESOTHELIOMA APPLIED
RESEARCH FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2022**

	Program Services			Total Program Services	Supporting Services		Total
	Research	Education, Support and Symposium	Advocacy		Management and General	Fundraising	
Personnel costs:							
Salaries	\$ 43,725	\$ 240,787	\$ 22,320	\$ 306,832	\$ 78,045	\$ 72,710	\$ 457,587
Employee benefits	8,496	46,100	4,369	58,965	21,512	14,110	94,587
Payroll taxes	3,505	19,242	1,795	24,542	9,406	5,823	39,771
Total personnel costs	55,726	306,129	28,484	390,339	108,963	92,643	591,945
Accounting	2,352	12,843	1,205	16,400	21,479	3,909	41,788
Advertising and marketing	784	6,439	439	7,662	2,390	1,288	11,340
Bank and credit card fees	-	-	-	-	11,285	6,687	17,972
Computer and internet	512	2,707	269	3,488	2,058	13,711	19,257
Conferences and seminars	-	-	-	-	48	-	48
Depreciation and amortization	-	-	-	-	1,255	-	1,255
Dues and subscriptions	160	884	88	1,132	3,567	580	5,279
Events	-	51,912	-	51,912	5,966	-	57,878
Gifts	-	-	-	-	1,036	-	1,036
Grants - patient travel	-	58,341	-	58,341	-	-	58,341
Grants - research	200,000	-	-	200,000	-	-	200,000
Insurance	672	3,409	332	4,413	1,165	1,083	6,661
Meals	-	2,578	-	2,578	267	-	2,845
Rent and storage	5,549	30,402	2,829	38,780	10,033	9,227	58,040
Office expenses and supplies	-	-	-	-	13,504	5,768	19,272
Payroll services	91	476	47	614	478	150	1,242
Postage	-	6,349	-	6,349	420	552	7,321
Printing	-	7,947	-	7,947	808	925	9,680
Professional development	-	-	-	-	1,967	-	1,967
Professional fees	-	20,000	-	20,000	23,593	4,090	47,683
Repairs and maintenance	104	570	52	726	187	172	1,085
Telephone	179	1,490	94	1,763	3,932	295	5,990
Travel and entertainment	-	2,137	-	2,137	18,737	-	20,874
Utilities	89	491	45	625	161	148	934
Workers compensation	77	415	41	533	133	127	793
Total expenses	\$ 266,295	\$ 515,519	\$ 33,925	\$ 815,739	\$ 233,432	\$ 141,355	\$ 1,190,526

See notes to financial statements.

**THE MESOTHELIOMA APPLIED
RESEARCH FOUNDATION, INC.**
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2021

	Program Services				Supporting Services		Total
	Research	Education, Support and Symposium	Advocacy	Total Program Services	Management and General	Fundraising	
Personnel costs:							
Salaries	\$ 44,184	\$ 246,514	\$ 24,187	\$ 314,885	\$ 50,436	\$ 58,621	\$ 423,942
Employee benefits	12,253	67,775	6,560	86,588	804	16,158	103,550
Payroll taxes	3,827	21,344	2,092	27,263	4,370	5,072	36,705
Total personnel costs	60,264	335,633	32,839	428,736	55,610	79,851	564,197
Accounting	3,239	17,991	1,781	23,011	13,292	4,462	40,765
Advertising and marketing	737	7,260	373	8,370	1,932	835	11,137
Bank and credit card fees	-	-	-	-	12,762	1,201	13,963
Computer and internet	1,039	5,867	561	7,467	4,828	14,422	26,717
Depreciation and amortization	-	-	-	-	3,053	-	3,053
Dues and subscriptions	7,377	7,100	682	15,159	1,950	1,819	18,928
Event rental and supplies	4	24	3	31	4	7	42
Gifts	20	111	42	173	240	22	435
Grants - patient travel	-	49,118	-	49,118	-	-	49,118
Grants - research	350,000	-	-	350,000	-	-	350,000
Insurance	694	3,892	372	4,958	763	895	6,616
Interest	-	-	-	-	1,444	-	1,444
Rent and storage	5,998	33,638	3,226	42,862	6,613	7,763	57,238
Office expenses and supplies	48	429	28	505	2,112	143	2,760
Payroll services	364	2,039	192	2,595	398	466	3,459
Postage	20	7,207	8	7,235	(108)	630	7,757
Printing	-	9,355	29	9,384	-	1,107	10,491
Professional fees, including in-kind services of \$6,050	-	20,000	-	20,000	6,050	-	26,050
Repairs and maintenance	121	678	65	864	132	156	1,152
Telephone	363	2,399	194	2,956	5,759	466	9,181
Travel and entertainment	-	-	-	-	115	-	115
Utilities	83	464	46	593	93	110	796
Workers compensation	157	869	86	1,112	183	210	1,505
Total expenses	\$ 430,528	\$ 504,074	\$ 40,527	\$ 975,129	\$ 117,225	\$ 114,565	\$ 1,206,919

See notes to financial statements.

**THE MESOTHELIOMA APPLIED
RESEARCH FOUNDATION, INC.**
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Cash received from:		
Contributions	\$ 1,289,221	\$ 1,381,375
Meso TV sponsorships	671,501	420,000
Interest and dividends	220,837	210,606
Other income	140	-
Cash paid for:		
Payments to and on behalf of employees	(593,698)	(575,599)
Payments for goods and services	(385,609)	(291,633)
Payments for grants and patient travel	(183,342)	(374,119)
	<u>1,019,050</u>	<u>770,630</u>
Cash Flows from Investing Activities		
Purchases of investments	(4,226,026)	(5,120,910)
Proceeds from sales of investments	4,085,033	1,605,479
	<u>(140,993)</u>	<u>(3,515,431)</u>
Cash Flows from Financing Activities		
Proceeds from Paycheck Protection Program (PPP) loan	-	96,995
Net Increase (Decrease) in Cash and Cash Equivalents	878,057	(2,647,806)
Cash and Cash Equivalents, Beginning	<u>2,956,656</u>	<u>5,604,462</u>
Cash and Cash Equivalents, Ending	<u>\$ 3,834,713</u>	<u>\$ 2,956,656</u>
Reconciliation of Change in Net Assets to Net Cash From Operating Activities		
Change in net assets	\$ (17,774)	\$ 1,953,753
Reconciliation adjustments:		
Depreciation and amortization	1,255	3,053
Realized losses (gains) on investments	442,785	(14,553)
Unrealized losses (gains) on investments	456,584	(179,398)
Net loss on disposal of property and equipment	-	1,718
Donated stocks	-	(930,093)
Gains on extinguishment of debt - PPP loans	-	(193,992)
Changes in operating assets and liabilities:		
Contributions receivable	45,698	114,488
Prepaid expenses	7,323	1,267
Accounts payable and accrued expenses	8,179	(10,613)
Grants payable	75,000	25,000
	<u>1,019,050</u>	<u>770,630</u>
Net Cash Provided by Operating Activities	<u>\$ 1,019,050</u>	<u>\$ 770,630</u>

See notes to financial statements.

**THE MESOTHELIOMA APPLIED
RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2022 and 2021**

NOTE 1 - DESCRIPTION OF ORGANIZATION

The Mesothelioma Applied Research Foundation, Inc. (the Foundation) is a nonprofit organization dedicated to eradicating mesothelioma and easing the suffering caused by this cancer. The Foundation funds peer-reviewed mesothelioma research, provides support services and education to patients and their families, and advocates for increased federal funding for mesothelioma research.

Research - The Foundation funds the most promising mesothelioma research projects globally, as determined by a rigorous peer-review process.

Education, Support and Symposium - Patient support services offered by the Foundation include personalized consultations and guidance through treatment with mesothelioma experts. This includes providing patients with information about treatment options, connecting them with mesothelioma treatment specialists when needed, and facilitating access to the Foundation's support groups.

Advocacy - The Foundation advocates on behalf of its patients and families for increased funding of mesothelioma research through federal investment.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP), whereby revenue is recognized when the performance obligation is met, and expenses are recognized when incurred.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all checking, money market, cash held by investment brokers, and short-term investments with original maturity of three months or less, to be cash and cash equivalents.

Contributions Receivable

Contributions receivable consist of unconditional commitments to the Foundation and are recorded at the earlier of the date received or the date of receipt of a donor's non-contingent promise or pledge. Unconditional contributions receivable that are expected to be collected in one year are recorded at their net realizable value. Unconditional contributions receivable that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The Foundation considers all contributions receivable as of December 31, 2022 and 2021 to be fully collectable; therefore, no provision has been made for an allowance for uncollectable contributions receivable.

**THE MESOTHELIOMA APPLIED
RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2022 and 2021**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments are reported at fair value on the date of the statements of financial position, which may differ from the amount ultimately realized at the time of sale. Interest and dividend income, realized and unrealized gains and losses, and less investment management fees are reflected in net investment income on the statements of activities. Donated securities are recorded at fair value and sold immediately upon receipt to establish fair market value.

Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to the unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- *Level 1*: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date (e.g., equity securities traded on the New York Stock Exchange).
- *Level 2*: Inputs are from other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly (e.g., quoted market prices of similar assets or liabilities in active markets, or quoted market prices for identical or similar assets or liabilities in markets that are not active).
- *Level 3*: Inputs are unobservable (e.g., a company's own data) and are used to measure fair value to the extent that observable inputs are not available.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of the observable inputs and minimize the use of the unobservable inputs. There have been no changes in the methodology used at December 31, 2022 and 2021. The following is a description of the valuation methodologies used for instruments measured at fair value and their classification in the valuation hierarchy:

Mutual Funds and Exchange-Traded Funds - The securities that are listed on a national market or exchange are valued at the last sales price, or if there is no sale and the market is still considered active, at the last transaction priced before year-end. Such securities are classified within Level 1 of the valuation hierarchy.

**THE MESOTHELIOMA APPLIED
RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2022 and 2021**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

Certificates of Deposit - The certificates of deposit are held in a brokerage account and offer an interest rate for a certain period of time. The fair value reported includes the accrued interest. The brokered certificates of deposit are subject to market/interest rate risk if sold prior to maturity and the value can decline due to rising interest rates. These investments are classified within Level 2 of the valuation hierarchy.

Property and Intangible Assets

Property and equipment acquisitions with a useful life greater than one year and cost in excess of \$500 (including major renewals, replacements, and betterments) are capitalized and stated at cost. Depreciation of computer equipment is provided for under the straight-line method over the estimated useful lives of the assets of approximately five years. Website costs are amortized using the straight-line basis over an estimated useful life of three years. Intangibles are recorded at cost and are amortized using the straight-line method over an estimated useful life of fifteen years. Expenditures for ordinary maintenance and repair items are charged to operations as incurred.

Contributed property and equipment are recorded at fair value at the date of donation and utilized for program and support services. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Grants Payable

Grants awarded by the Foundation are recorded in the financial statements at the time the unconditional grants are approved by the Board of Directors, which are payable within one to two years. The Foundation records the rescission of grants in the year the grant is cancelled.

Net Assets

Net assets, revenue, gains, and losses are classified based on the existence or absence of contributions with donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets without donor restrictions are available for use at the discretion of the Board and committees (the Board) and/or management for general operating purposes.

**THE MESOTHELIOMA APPLIED
RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2022 and 2021**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

Net assets with donor restrictions - Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions. The Foundation reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is completed, the net assets are reclassified as net assets without donor restriction and reported in the statements as net assets released from restrictions.

There were no net assets with donor restrictions remaining as of December 31, 2022 and 2021.

Revenue Recognition

The Foundation recognizes contributions received and made, including unconditional contributions receivable, as revenue in the period received or made. Contributions received are reported as either revenue without donor restrictions or revenue with donor restrictions. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. There were no conditional promises to give for the years ended December 31, 2022 and 2021.

The Foundation recognizes sponsorships from the symposium as revenue in the period in which the event takes place. Sponsorships and registration fees received prior to the annual symposium event are included in deferred revenue. The Foundation recognizes other income when earned.

Donated Services and Materials

The Foundation relies heavily on volunteers to perform certain services for its programs. Because these services do not meet specified criteria for recognition as income and expenses, the value of these services has not been included in the statements of activities. In accordance with GAAP, contributions of donated services that require specialized skills are provided by individuals possessing those skills, and the services would typically need to be purchased if not provided by donation. Donated services and materials are recorded as contributions at their estimated fair value at the date of donation and are utilized for program and support services. Such donations are reported as increases in contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Such estimates affect the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates.

**THE MESOTHELIOMA APPLIED
RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2022 and 2021**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of activities and functional expenses. Expenses that can be identified with a specific program or supporting service are charged directly to that program or supporting service.

Supporting services are comprised of management and general and fundraising expenses and include those costs that are not directly identifiable with any specific program but provide for the overall support and direction of the Foundation. Accordingly, certain overhead expenses have been allocated based on time spent by the Foundation's personnel in such functions.

Advertising Expenses

Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2022 and 2021 totaled \$11,340 and \$11,137, respectively, and is included with advertising and marketing in the statements of functional expenses.

Income Taxes

The Foundation is exempt from federal and state income taxes (except taxes on unrelated business income) under 501(c)(3) of the Internal Revenue Code. No provision for income taxes is required for the years ended December 31, 2022 and 2021 since the Foundation did not have any taxable income from unrelated business activities.

The income tax positions taken by the Foundation for any years open under the various statutes of limitations are that the Foundation continues to be exempt from income taxes and that they have properly reported unrelated business income that is subject to income taxes. Management believes that there are no tax positions taken or expected to be taken that would significantly increase unrecognized tax liabilities within 12 months of the reporting date. The Foundation's federal and state income tax returns are not currently under examination.

**THE MESOTHELIOMA APPLIED
RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2022 and 2021**

NOTE 3 - INVESTMENTS

As of December 31, 2022, investments consist of the following, at fair value:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 2,822,451	\$ -	\$ -	\$ 2,822,451
Exchange-traded funds	1,786,537	-	-	1,786,537
Certificates of deposit	<u>-</u>	<u>996,976</u>	<u>-</u>	<u>996,976</u>
Total	<u>\$ 4,608,988</u>	<u>\$ 996,976</u>	<u>\$ -</u>	<u>\$ 5,605,964</u>

As of December 31, 2021, investments consist of the following, at fair value:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 5,055,642	\$ -	\$ -	\$ 5,055,642
Exchange-traded funds	<u>1,308,698</u>	<u>-</u>	<u>-</u>	<u>1,308,698</u>
Total	<u>\$ 6,364,340</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,364,340</u>

Net investment income (loss) consisted of the following for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 220,837	\$ 210,606
Realized gains (losses)	(442,785)	14,553
Unrealized gains (losses)	<u>(456,584)</u>	<u>179,398</u>
	(678,532)	404,557
Less, investment expenses	<u>(63,880)</u>	<u>(56,301)</u>
Total net investment income (loss)	<u>\$ (742,412)</u>	<u>\$ 348,256</u>

**THE MESOTHELIOMA APPLIED
RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2022 and 2021**

NOTE 4 - PROPERTY AND INTANGIBLE ASSETS

Property and intangible assets consisted of the following as of December 31:

	<u>2022</u>	<u>2021</u>
Computer equipment	\$ 10,641	\$ 10,641
Intangible asset - logo	<u>6,000</u>	<u>6,000</u>
	16,641	16,641
Less, accumulated depreciation and amortization	<u>(14,688)</u>	<u>(13,433)</u>
Net value of property and intangible assets	<u>\$ 1,953</u>	<u>\$ 3,208</u>

For the years ended December 31, 2022 and 2021, depreciation and amortization expense totaled \$1,255 and \$3,053, respectively.

NOTE 5 - PAYCHECK PROTECTION PROGRAM (PPP) LOAN

The Foundation entered into a U.S. Small Business Administration (SBA) PPP loan in the principal amount of \$96,997 (PPP1 loan) on April 27, 2020 and \$96,995 (PPP2 loan) on January 30, 2021 from Burke & Herbert Bank (the Bank). The PPP loans have a term of five years and bear interest at a rate of 1% per annum. No payments will be due on the PPP loan until either (1) the date that the SBA remits the loan forgiveness amount to the lender or (2) if the Foundation does not apply for loan forgiveness. The PPP2 loan was forgiven on July 28, 2021, and PPP1 loan was forgiven on May 24, 2021. Both amounts were recorded as gains on extinguishment of debt in the statement of activities for the year ended December 31, 2021, which included accrued interest.

According to the rules of the SBA, the Foundation is required to retain PPP loan documentation for six years after the date the loan is forgiven or repaid in full, and permit authorized representatives of the SBA, including representatives of the Office of Inspector General, to access such files upon request. Should the SBA conduct such a review and reject all or some of the Foundation's judgments pertaining to satisfying PPP loan eligibility or forgiveness conditions, the Foundation may be required to adjust previously reported amounts and disclosures in the financial statements.

NOTE 6 - RETIREMENT PLAN

All Foundation employees are eligible to participate in a deferred salary savings plan under Section 403(b) of the Internal Revenue Code. The Foundation matches up to 6% of the eligible salary upon participation. For the years ended December 31, 2022 and 2021, employer contributions totaled \$24,620 and \$19,761, respectively, which are included in employee benefits in the statements of functional expenses.

**THE MESOTHELIOMA APPLIED
RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2022 and 2021**

NOTE 7 - CONCENTRATIONS OF CREDIT RISK

The Foundation has placed its investments in a professionally managed portfolio that contains equity and fixed income mutual funds and exchange-traded funds. Such investments are exposed to various risks such as interest rate, market, and credit risk. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

The Foundation maintains bank accounts with a local financial institution and cash equivalents within the investment accounts. The balances may exceed the maximum amount covered by the Federal Deposit Insurance Corporation and the Securities Investor Protection Corporation. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk in cash and cash equivalents.

NOTE 8 - COMMITMENTS

The Foundation has entered into agreements with a vendor for a meeting in 2023. The contracts contain contingency clauses whereby the Foundation is liable for cancellations. The monetary restitution is based on expenses incurred by the vendor up to the date of cancellation, as well as additional cancellation fees.

NOTE 9 - LIQUIDITY

The Foundation's financial assets available for operating expenditures within one year of the statement of financial position date are as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 3,834,713	\$ 2,956,656
Contributions receivable	-	45,698
Investments	<u>5,605,964</u>	<u>6,364,340</u>
Total financial assets available within one year	<u>\$ 9,440,677</u>	<u>\$ 9,366,694</u>

The Foundation maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

NOTE 10 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 9, 2023, which is the date the financial statements are available to be issued.