

DRAFT

THE MASSACHUSETTS SOCIETY FOR MEDICAL RESEARCH, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

THE MASSACHUSETTS SOCIETY FOR MEDICAL RESEARCH, INC.

JUNE 30, 2021 AND 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Massachusetts Society for
Medical Research, Inc.
North Chelmsford, MA 01863

I have audited the accompanying financial statements of the Massachusetts Society for Medical Research, Inc. (a non-profit organization) which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Massachusetts Society for Medical Research, Inc. as of June 30, 2021 and 2020, 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.

Report on Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statements of functional expenses on pages 4 and 5 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

January 28, 2022
Waltham, Massachusetts

THE MASSACHUSETTS SOCIETY FOR MEDICAL RESEARCH, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021 AND 2020

	ASSETS	
	<u>2021</u>	<u>2020</u>
Current assets:		
Cash	\$382,309	\$294,693
Accounts receivable	32,185	28,883
Prepaid expenses	<u>1,681</u>	<u>25,863</u>
Total current assets	<u>416,175</u>	<u>349,439</u>
TOTAL ASSETS	<u>\$416,175</u>	<u>\$349,439</u>
	LIABILITIES AND NET ASSETS	
Current liabilities:		
Loan, Payroll Protection Plan	\$ -	\$ 45,700
Deferred revenue	60,815	58,441
Accrued expenses	<u>31,518</u>	<u>16,537</u>
Total current liabilities	<u>92,333</u>	<u>120,678</u>
Net assets:		
With donor restrictions	-	20,000
Without donor restrictions	<u>323,842</u>	<u>208,761</u>
Total net assets	<u>323,842</u>	<u>228,761</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$416,175</u>	<u>\$349,439</u>

See accompanying notes.

THE MASSACHUSETTS SOCIETY FOR MEDICAL RESEARCH, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>With Donor Restrictions</u>	<u>Without Donor Restrictions</u>	<u>2021 Total</u>	<u>2020 Total</u>
Support and revenues:				
Contributions:				
Founder	\$ -	\$ 61,250	\$ 61,250	\$ 56,250
Great benefactor	-	124,895	124,895	109,145
Sponsor	-	67,275	67,275	46,775
Member	-	61,452	61,452	72,560
Other	-	10,000	10,000	8,595
Total	<u>-</u>	<u>324,872</u>	<u>324,872</u>	<u>293,325</u>
PPP Loan Forgiveness	-	45,700	45,700	-
Grants	27,664	-	27,664	28,000
Workshops and conferences	-	119,836	119,836	37,849
Donations	-	-	-	638
Interest income	-	586	586	1,073
<i>Net assets released from restrictions; satisfaction of program restrictions</i>	<u>(47,664)</u>	<u>47,664</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>(20,000)</u>	<u>538,658</u>	<u>518,658</u>	<u>360,885</u>
Expenses:				
Program services:				
Member services	-	90,572	90,572	\$115,193
Legislative matters	-	25,476	25,476	25,341
Educational outreach and public relations	<u>-</u>	<u>210,877</u>	<u>210,877</u>	<u>116,893</u>
Total program services	<u>-</u>	<u>326,925</u>	<u>326,925</u>	<u>257,427</u>
Management and general	-	86,301	86,301	87,969
New member development	<u>-</u>	<u>10,351</u>	<u>10,351</u>	<u>18,633</u>
Total expenses	<u>-</u>	<u>423,577</u>	<u>423,577</u>	<u>364,029</u>
Increase (decrease) in net assets	(20,000)	115,081	95,081	(3,144)
Net assets, beginning of year	<u>20,000</u>	<u>208,761</u>	<u>228,761</u>	<u>231,905</u>
NET ASSETS, WITHOUT DONOR RESTRICTIONS END OF YEAR	<u>\$ -</u>	<u>\$323,842</u>	<u>\$323,842</u>	<u>\$228,761</u>

See accompanying notes.

THE MASSACHUSETTS SOCIETY FOR MEDICAL RESEARCH, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)

	Program Services:					New Member Development	2021 Total	2020 Total
	Member Services	Legislative Matters	Educational Outreach & Public Relations	Total Program Services	Management and General			
Personnel costs:								
Salaries	\$ 66,380	\$ 5,479	\$ 95,882	\$ 167,741	\$ 35,402	\$ 7,586	\$ 210,729	\$ 208,642
Payroll taxes	5,678	469	8,201	14,348	3,028	649	18,025	20,447
Health Insurance	8,388	692	12,117	21,197	4,474	959	26,630	19,953
Total personnel costs	80,446	6,640	116,200	203,286	42,904	9,194	255,384	249,042
Audit fee	-	-	-	-	10,000	-	10,000	10,000
Bookkeeping fees	-	-	-	-	10,408	-	10,408	3,240
Consulting	-	-	-	-	-	-	-	1,000
Donations	-	-	-	-	-	-	-	278
Dues and subscriptions	-	-	-	-	4,330	-	4,330	5,171
Equipment leases	-	-	-	-	8,268	-	8,268	7,979
Insurance	-	-	-	-	4,991	-	4,991	4,265
Lobbying fees	-	18,000	-	18,000	-	-	18,000	18,000
Office rent	6,962	575	10,056	17,593	3,713	795	22,101	20,259
Office expenses	2,076	171	2,999	5,246	1,107	238	6,591	5,494
Science writing consultant	-	-	16,145	16,145	-	-	16,145	17,566
Telephone	827	68	1,194	2,089	441	94	2,624	3,899
Travel costs	-	-	-	-	-	-	-	2,126
Utilities	261	22	378	661	139	30	830	1,515
Web-site costs	-	-	7,040	7,040	-	-	7,040	8,800
Workshop costs	-	-	56,865	56,865	-	-	56,865	5,395
TOTAL EXPENSES	\$ 90,572	\$ 25,476	\$ 210,877	\$ 326,925	\$ 86,301	\$ 10,351	\$ 423,577	\$ 364,029

See accompanying notes.

THE MASSACHUSETTS SOCIETY FOR MEDICAL RESEARCH, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019)

	Program Services:					New Member Development	2020 Total	2019 Total
	Member Services	Legislative Matters	Educational Outreach & Public Relations	Total Program Services	Management and General			
Personnel costs:								
Salaries	\$ 85,126	\$ 5,425	\$ 61,967	\$ 152,518	\$ 42,354	\$ 13,770	\$ 208,642	\$ 208,878
Payroll taxes	8,342	532	6,073	14,947	4,151	1,349	20,447	18,167
Health Insurance	8,141	519	5,926	14,586	4,050	1,317	19,953	22,884
Total personnel costs	101,609	6,476	73,966	182,051	50,555	16,436	249,042	249,929
Audit fee	-	-	-	-	10,000	-	10,000	5,650
Bookkeeping fees	-	-	-	-	3,240	-	3,240	3,125
Consulting	-	-	1,000	1,000	-	-	1,000	3,100
Donations	-	-	278	278	-	-	278	200
Dues and subscriptions	-	-	-	-	5,171	-	5,171	4,666
Equipment leases	-	-	-	-	7,979	-	7,979	10,810
Insurance	-	-	-	-	4,265	-	4,265	4,850
Lobbying fees	-	18,000	-	18,000	-	-	18,000	18,000
Office rent	8,266	527	6,017	14,810	4,113	1,336	20,259	21,885
Office expenses	2,242	143	1,632	4,017	1,115	362	5,494	4,375
Other miscellaneous expense	-	-	-	-	-	-	-	8,868
Science writing consultant	-	-	17,566	17,566	-	-	17,566	17,073
Student awards	-	-	-	-	-	-	-	1,700
Telephone	1,591	101	1,158	2,850	791	258	3,899	4,587
Travel costs	867	55	631	1,553	432	141	2,126	4,328
Utilities	618	39	450	1,107	308	100	1,515	2,373
Web-site costs	-	-	8,800	8,800	-	-	8,800	6,720
Workshop costs	-	-	5,395	5,395	-	-	5,395	123,925
TOTAL EXPENSES	\$ 115,193	\$ 25,341	\$ 116,893	\$ 257,427	\$ 87,969	\$ 18,633	\$ 364,029	\$ 496,164

See accompanying notes.

THE MASSACHUSETTS SOCIETY FOR MEDICAL RESEARCH, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash provided by (used for) operating activities:		
Increase (decrease) in net assets	\$ 95,081	\$ (3,144)
Non cash sources of revenue:		
PPP loan forgiveness	(45,700)	-
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Accounts receivable	(3,302)	51,357
Prepaid expenses	24,182	(24,182)
Accounts payable and accrued expenses	14,981	(28,970)
Deferred revenue	<u>2,374</u>	<u>58,441</u>
Net cash provided by (used for) operating activities	87,616	53,502
Financing activities:		
Loan, Payroll Protection Plan	<u>-</u>	<u>45,700</u>
Net increase in cash	87,616	99,202
Cash, beginning of period	<u>294,693</u>	<u>195,491</u>
CASH, END OF PERIOD	<u>\$382,309</u>	<u>\$294,693</u>

See accompanying notes.

THE MASSACHUSETTS SOCIETY FOR MEDICAL RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

NOTE 1 - OPERATIONS:

Operations - The Massachusetts Society for Medical Research, Inc. (the "Organization"), is a non-profit corporation which promotes research in the biosciences and fosters the health and well-being of humans, animals, and the environment by improving science literacy, and nurturing workforce preparedness in the biosciences.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The following is a summary of significant accounting policies:

Basis of Accounting - The financial statements have been prepared on the accrual basis of accounting.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Contributions - Contributions (also referenced internally as dues assessments) are recognized at the time a donor makes an unconditional promise to pay a stated amount to the Organization. Contributions are classified as follows:

Most members are billed for their voluntary support amount as of July 1 each year for the fiscal year ending the succeeding June 30. Several members request that MSMR bill at a later date than July 1 to accommodate that entity's budget cycle. These invoices for the voluntary donors that are billed at a later date are considered to be invoiced in arrears for the months passed since July 1, and for the remaining months of the fiscal year ending June 30.

Founder	\$25,000 and over
Great Benefactor	\$10,000 - \$24,999
Sponsor	\$5,000 - \$9,999
Member	\$500 - \$4,999

Net Assets - Net assets of the Organization are classified as follows:

- *Without Donor Restrictions* - These amounts are reported as unrestricted revenues and are received from donors with the understanding that funds contributed will be utilized to fund the general operating activities of the Organization.
- *With Donor Restrictions* - Contributions are recognized also when a donor contributes a certain amount strictly for costs attributable to a specific undertaking of the organization over and above general operating activities. When the restriction imposed by the donor has been satisfied, the funded amounts are then reported as a reduction in contributions with donor restrictions and an offsetting increase in contributions without donor restrictions in the accompanying statements of activities. This "transfer" has the effect of reducing the Organization's assets with donor restrictions and increasing its unrestricted net assets without donor restrictions.

THE MASSACHUSETTS SOCIETY FOR MEDICAL RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Functional Expenses and Allocation of Joint Costs - The Organization allocates expenses on a functional basis among the various programs, new member development, and general and administrative costs. The allocation of personnel costs is based upon management estimates of staff time invested in each of the functional categories. Costs that are jointly allocable to more than one activity are allocated proportionately based on the proportion of personnel costs attributable to that category.

Tax Status - The Massachusetts Society for Medical Research, Inc. is recognized as an organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal and state income taxes has been provided for in the accompanying financial statements.

Vacation Pay - The Organization accrued unpaid vacation pay due the (2) employees as of June 30, 2021 and 2020.

Cash and Cash Equivalents - Cash presented on the statement (s) of financial position and cash flows consists of (2) accounts at Santander Bank, and (1) PayPal Account. The entire combined amount is fully available to fund operations.

NOTE 3 - CONTRIBUTION SUPPORT:

A substantial portion of the Organization's costs are funded through member contributions from medical and drug institutions, corporations, and interested individuals.

During the year ended June 30, 2021 and 2020, the Organization received contribution support of \$61,250 from (2) members, each year.

NOTE 4 - LEASE COMMITMENT:

Office Lease - The Organization operates from an office located at 73 Princeton Street in North Chelmsford, Massachusetts through June 30, 2024. Minimum required payments due on this lease are as follows:

<u>Year Ending</u> <u>June 30:</u>	<u>Amount</u>
2022	\$21,885
2023	\$21,885
2024	\$21,885

NOTE 5 - SUBSEQUENT EVENTS:

Transactions subsequent to the year ended June 30, 2021 have been evaluated through January 28, 2022; the date the financial statements were available to be issued. No events were noted that could have a material impact on the financial statements.

THE MASSACHUSETTS SOCIETY FOR MEDICAL RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

NOTE 5 – SUBSEQUENT EVENTS (continued):

Bad Debts – Since all member dues assessments are voluntary, if a member declines to pay dues, the charge off is to reduce revenue.

NOTE 6 - CONCENTRATION OF CREDIT RISK

Cash Deposited with Banks - Cash deposited with Santander Bank as of June 30, 2021 is \$132,309; \$44,693 in excess of FDIC insured limits. Management is confident that the financial strength of Santander Bank mitigates any risk of loss.

NOTE 7 – COMPLIANCE WITH FASB ASC 606, REVENUES FROM CONTRACTS WITH CUSTOMERS

The revenue recognition practices of MSMR are in full compliance with the above referenced standard. All dollar support is fully earned as of June 30 each year. All donors members rely on the Organization at varying levels of telephone and other support on a wide range of issues. There are no contracts specifying deliverable amounts of support. Members are billed event fees for attendance and participation at the 3-I's Conference, Lab Animal Experience Conference, and the Online intro to IACUC's Revenues from these events are recognized on the day (s) of the events.

NOTE 8 – CHANGE IN ACCOUNTING PRINCIPLE

In 2019, the Organization adopted provisions of ASU 206-14. The three classes of net assets permanently restricted; temporarily restricted; and unrestricted were replaced with two classes of net assets; net assets with donor restrictions and net assets without donor restrictions. The adoption of these provisions did not result in changes to any previously reported financial statement amounts.

NOTE 9 – GRANT WITH DONOR RESTRICTIONS

- 1) The Organization received a \$20,000 Grant from the Edna H. Tomkins Trust. The Grant is to fund \$15,000 of costs incurred at the 2020 Laboratory Animal Environmental Enrichment Symposium; and \$5,000 of costs incurred for the 2020 Three i's and Biosecurity Conference. Both events were rescheduled to the succeeding year due to the pandemic.
- 2) In 2021 the Organization received a Grant from the Edna H. Tomkins Trust. The Grant is to fund \$15,000 of costs incurred at the 2021 Laboratory Animal Environmental Enrichment Symposium and \$2,663 of costs for the 2021 Three i's and Biosecurity Conference. Both events took place in 2021 and the Grant funds were fully utilized.
- 3) In 2021 the Organization received a Grant from the Merck Office of Corporate Responsibility for \$10,000. The Grant funds were fully utilized in the funding of a Science Writing Consultant and the Website, Webmaster.Msmr.

NOTE 10 – GOVERNMENT SUPPORT PAYMENTS

The Organization received a loan from Santander Bank, bearing interest at 1.0%, backed by the SBA, as part of the Paycheck Protection Program of the CARES ACT. The amount of the loan received was \$45,700. The loan was forgiven on February 25, 2021.