

THE MASSACHUSETTS SOCIETY FOR MEDICAL RESEARCH, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

THE MASSACHUSETTS SOCIETY FOR MEDICAL RESEARCH, INC.

JUNE 30, 2022 AND 2021

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 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 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, 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

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of The Massachusetts Society for Medical Research, Inc. and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair representation of these 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 aggregate, that raise substantial doubt about The Massachusetts Society for Medical Research, Inc.'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

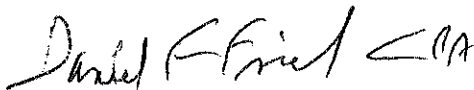
My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance 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 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 my audit in accordance with generally accepted auditing standards, I:

- 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 Massachusetts Society for Medical Research, Inc.'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 the management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment there are conditions or events, considered in the aggregate, that raise substantial doubt about The Massachusetts Society for Medical Research, Inc.'s ability to continue as going concern for a reasonable period of time.

I am 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 matters that I have identified during the audit.



January 28, 2023
Waltham, Massachusetts

THE MASSACHUSETTS SOCIETY FOR MEDICAL RESEARCH, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2022 AND 2021

	ASSETS	
	<u>2022</u>	<u>2021</u>
Current assets:		
Cash	\$442,091	\$382,309
Accounts receivable	75,070	32,185
Prepaid expenses	<u>-</u>	<u>1,681</u>
Total current assets	<u>517,161</u>	<u>416,175</u>
Property, plant and equipment:		
Right-of-use assets – operating leases (Type B)	58,499	-
Less: accumulate amortization	<u>(18,889)</u>	<u>-</u>
Total plant and equipment	<u>39,610</u>	<u>-</u>
TOTAL ASSETS	<u>\$556,771</u>	<u>\$416,175</u>
	LIABILITIES AND NET ASSETS	
Current liabilities:		
Current portion of lease obligations – operating leases (Type B)	\$ 20,054	\$ -
Deferred revenue	26,250	60,815
Accrued expenses	<u>21,940</u>	<u>31,518</u>
Total current liabilities	<u>68,244</u>	<u>92,333</u>
Long-term liabilities:		
Long-term lease obligations – operating leases (Type B)	19,556	-
Net assets:		
With donor restrictions	-	-
Without donor restrictions	<u>468,971</u>	<u>323,842</u>
Total net assets	<u>468,971</u>	<u>323,842</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$556,771</u>	<u>\$416,175</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, 2022 AND 2021

	<u>With Donor Restrictions</u>	<u>Without Donor Restrictions</u>	<u>2022 Total</u>	<u>2021 Total</u>
Support and revenues:				
Contributions:				
Founder	\$ -	\$ 61,250	\$ 61,250	\$ 61,250
Great benefactor	-	124,895	124,895	124,895
Sponsor	-	66,025	66,025	67,275
Member	-	78,718	78,718	61,452
Other	-	26,385	26,385	10,000
Total	-	357,273	357,273	324,872
PPP Loan Forgiveness	-	-	-	45,700
Grants	35,000	-	35,000	27,664
Workshops and conferences	-	177,072	177,072	119,836
Interest income	-	391	391	586
<i>Net assets released from restrictions; satisfaction of program restrictions</i>	<u>(35,000)</u>	<u>35,000</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>-</u>	<u>569,736</u>	<u>569,736</u>	<u>518,658</u>
Expenses:				
Program services:				
Member services	-	106,899	106,899	90,572
Legislative matters	-	22,737	22,737	25,476
Educational outreach and public relations	-	205,045	205,045	210,877
Total program services	-	334,681	334,681	326,925
Management and general	-	83,112	83,112	86,301
Fund raising	-	6,814	6,814	10,351
Total expenses	<u>-</u>	<u>424,607</u>	<u>424,607</u>	<u>423,577</u>
Increase in net assets	-	145,129	145,129	95,081
Net assets, beginning of year	<u>-</u>	<u>323,842</u>	<u>323,842</u>	<u>228,761</u>
NET ASSETS, WITHOUT DONOR RESTRICTIONS END OF YEAR	<u>\$ -</u>	<u>\$468,971</u>	<u>\$468,971</u>	<u>\$323,842</u>

See accompanying notes.

THE MASSACHUSETTS SOCIETY FOR MEDICAL RESEARCH, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)

	Program Services:					2021 Total
	Member Services	Legislative Matters	Educational Outreach & Public Relations	Total Program Services	Management and General	
Personnel costs:						
Salaries	\$ 78,883	\$ 3,496	\$ 100,079	\$ 182,458	\$ 31,029	\$ 218,513
Payroll taxes	6,628	294	8,409	15,331	2,607	18,361
Health Insurance	10,908	483	13,838	25,229	1,724	27,649
Total personnel costs	96,419	4,273	122,326	223,018	35,360	264,523
Audit fee	-	-	-	-	10,000	10,000
Bookkeeping fees	-	-	-	-	12,006	12,006
Consulting	-	-	-	-	-	-
Donations	-	-	-	-	-	-
Dues and subscriptions	-	-	-	-	5,525	5,525
Equipment leases	-	-	-	-	8,268	8,268
Insurance	-	-	-	-	5,015	5,015
Lease costs	7,900	350	10,023	18,273	3,108	21,885
Lobbying fees	-	18,000	-	18,000	-	18,000
Office expenses	1,764	78	2,238	4,080	3,260	7,453
Science writing consultant	-	-	17,604	17,604	-	17,604
Telephone	502	22	637	1,161	197	1,390
Travel costs	-	-	-	-	249	249
Utilities	314	14	398	726	124	870
Web-site costs	-	-	-	-	-	-
Workshop costs	-	-	51,819	51,819	-	51,819
TOTAL EXPENSES	\$ 106,899	\$ 22,737	\$ 205,045	\$ 334,681	\$ 83,112	\$ 424,607
						\$ 423,577

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:					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	\$ 208,642
Payroll taxes	5,678	469	8,201	14,348	3,028	649	20,447
Health insurance	8,388	692	12,117	21,197	4,474	959	19,953
Total personnel costs	80,446	6,640	116,200	203,286	42,904	9,194	249,042
Audit fee	-	-	-	-	10,000	-	10,000
Bookkeeping fees	-	-	-	-	10,408	-	3,240
Consulting	-	-	-	-	-	-	1,000
Donations	-	-	-	-	-	-	278
Dues and subscriptions	-	-	-	-	4,330	-	5,171
Equipment leases	-	-	-	-	8,268	-	7,979
Insurance	-	-	-	-	4,991	-	4,265
Lobbying fees	-	18,000	-	18,000	-	-	18,000
Office rent	6,962	575	10,056	17,593	3,713	795	20,259
Office expenses	2,076	171	2,999	5,246	1,107	238	5,494
Science writing consultant	-	-	16,145	16,145	-	-	17,566
Telephone	827	68	1,194	2,089	441	94	3,899
Travel costs	-	-	-	-	-	-	2,126
Utilities	261	22	378	661	139	30	1,515
Web-site costs	-	-	7,040	7,040	-	-	8,800
Workshop costs	-	-	56,865	56,865	-	-	5,395
TOTAL EXPENSES	<u>\$ 90,572</u>	<u>\$ 25,476</u>	<u>\$ 210,877</u>	<u>\$ 326,925</u>	<u>\$ 86,301</u>	<u>\$ 10,351</u>	<u>\$ 423,577</u>

See accompanying notes.

THE MASSACHUSETTS SOCIETY FOR MEDICAL RESEARCH, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2021</u>	<u>2021</u>
Cash provided by (used for) operating activities:		
Increase in net assets	\$145,129	\$ 95,081
Non cash sources of revenue:		
Principal portion of lease payments	18,889	-
PPP loan forgiveness	-	(45,700)
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Accounts receivable	(42,885)	(3,302)
Prepaid expenses	1,681	24,182
Accounts payable and accrued expenses	(9,578)	14,981
Deferred revenue	<u>(34,565)</u>	<u>2,374</u>
Net cash provided by operating activities	78,671	87,616
Financing activities:		
Principal portion of lease payments	<u>(18,889)</u>	-
Net increase in cash	59,782	87,616
Cash, beginning of period	<u>382,309</u>	<u>294,693</u>
CASH, END OF PERIOD	<u>\$442,091</u>	<u>\$382,309</u>
Total interest paid	<u>\$ 2,996</u>	<u>\$ -</u>

See accompanying notes.

THE MASSACHUSETTS SOCIETY FOR MEDICAL RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

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.

Program Services - The Organization functions as an advocate for animal research.

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.

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

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, 2022 AND 2021

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, 2022 and 2021, the Organization received contribution support of \$61,250 from (2) members, each year.

NOTE 4 - CONCENTRATION OF CREDIT RISK:

Cash Deposited with Banks - Cash deposited with Santander Bank as of June 30, 2022 is \$438,205; \$188,205 in excess of FDIC insured limits. Management is confident that the financial strength of Santander Bank mitigates any risk of loss.

NOTE 5 - COMPLIANCE WITH FASB ASC 606, REVENUES FROM CONTRACTS WITH CUSTOMERS:

REVENUE RECOGNITION POLICY

The Company derives its revenues primarily from fees paid by the members and also from conducting workshops and conferences. All members provide support to the Organization at varying levels, via the telephone and other resources. Members are also billed event fees for participation at various events such as, the 3-I's conference, Lab Animal Experience Conference, and the online introduction to IACUCs, among others. Revenues are recognized when the membership dues are received. Event participation fees are collected at the time of the event. There are no sales taxes collected on any of the fees collected. The Company does not have any significant financing components as payment is received at or shortly after becoming a member or participating in an event.

THE MASSACHUSETTS SOCIETY FOR MEDICAL RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 6 – COMPLIANCE WITH FASB ASC 606, REVENUES FROM CONTRACTS WITH CUSTOMERS (continued):

DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS.

All performance obligations are satisfied at a point in time in the amount of \$569,736 and \$518,658 for fiscal year ending June 30, 2022 and 2021, respectively.

PERFORMANCE OBLIGATIONS

Performance obligations related to the membership dues are determined at the time the fees are received by the Company.

Performance obligations related to events are recorded at the beginning of the event.

VARIABLE CONSIDERATION

The nature of the Company's business does not give rise to variable considerations. Therefore, no estimates of variable consideration are recorded as part of the revenue or expense

NOTE 6 – GRANT WITH DONOR RESTRICTIONS:

- 1) In 2022 and 2021 the Organization received a Grant from the Edna H. Tomkins Trust for \$25,000 and \$17,663, respectively. The Grant is to fund training and educational programming about the care of and regulations governing the humane treatment of laboratory animals. All restrictions were met.
- 2) In 2022 and 2021 the Organization received a Grant from the Merck Office of Corporate Responsibility for \$10,000 each year. The Grant funds were fully utilized in the funding of a Science Writing Consultant and the Website, Webmaster.Msmr. There are no restricted revenues remaining.

NOTE 7 – SUBSEQUENT EVENTS:

Transactions subsequent to the year ended June 30, 2022 have been evaluated through January 28, 2023; the date the financial statements were available to be issued. No events were noted that could have a material impact on the financial statements.