

THE MASSACHUSETTS SOCIETY FOR MEDICAL RESEARCH, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

THE MASSACHUSETTS SOCIETY FOR MEDICAL RESEARCH, INC.

JUNE 30, 2023 AND 2022

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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, 2023 and 2022, 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, 2023 and 2022, 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.

As discussed in Note 9 to the financial statements, the Company has restated its fiscal year ending June 2022 financial statements to reflect non-accrual of a Symposium Cost.

### **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.

  
Waltham, Massachusetts  
February 26, 2024

THE MASSACHUSETTS SOCIETY FOR MEDICAL RESEARCH, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2023 AND 2022

ASSETS	<u>2023</u>	<u>2022 (As Restated)</u>
Current assets:		
Cash	\$432,342	\$442,091
Accounts receivable	<u>112,020</u>	<u>75,070</u>
Total current assets	<u>544,362</u>	<u>517,161</u>
Property, plant and equipment:		
Right-of-use assets – operating leases	58,499	58,499
Less: accumulate amortization	<u>(38,943)</u>	<u>(18,889)</u>
Total plant and equipment	<u>19,556</u>	<u>39,610</u>
<b>TOTAL ASSETS</b>	<b><u>\$563,918</u></b>	<b><u>\$556,771</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Current portion of lease obligations – operating leases	\$ 19,556	\$ 20,054
Deferred revenue	26,800	26,250
Accrued expenses	<u>87,245</u>	<u>46,496</u>
Total current liabilities	<u>133,601</u>	<u>92,800</u>
Long-term liabilities:		
Long-term lease obligations	-	19,556
Net assets:		
With donor restrictions	-	-
Without donor restrictions	<u>430,317</u>	<u>444,415</u>
Total net assets	<u>430,317</u>	<u>444,415</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$563,918</u></b>	<b><u>\$556,771</u></b>

See accompanying notes.

THE MASSACHUSETTS SOCIETY FOR MEDICAL RESEARCH, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>With Donor Restrictions</u>	<u>Without Donor Restrictions</u>	<u>2023 Total</u>	<u>2022 (As Restated) Total</u>
Support and revenues:				
Contributions:				
Founder	\$ -	\$ 61,250	\$ 61,250	\$ 61,250
Great benefactor	-	116,370	116,370	124,895
Sponsor	-	71,800	71,800	66,025
Member	-	73,292	73,292	78,718
Other	-	7,289	7,289	26,385
Total	-	<u>330,001</u>	<u>330,001</u>	<u>357,273</u>
PPP Loan Forgiveness	-			-
Grants	35,000	-	35,000	35,000
Workshops and conferences	-	92,239	92,239	177,072
Interest income	-	428	428	391
<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>457,668</u>	<u>457,668</u>	<u>569,736</u>
Expenses:				
Program services:				
Member services	-	96,212	96,212	106,899
Legislative matters	-	22,637	22,637	22,737
Educational outreach and public relations	-	<u>267,412</u>	<u>267,412</u>	<u>229,601</u>
Total program services	-	386,261	386,261	359,237
Management and general	-	81,159	81,159	83,112
Fund raising	-	<u>4,346</u>	<u>4,346</u>	<u>6,814</u>
Total expenses	<u>-</u>	<u>471,766</u>	<u>471,766</u>	<u>449,163</u>
Increase (decrease) in net assets	-	(14,098)	(14,098)	120,573
Net assets, beginning of year	<u>-</u>	<u>444,415</u>	<u>444,415</u>	<u>323,842</u>
NET ASSETS, WITHOUT DONOR RESTRICTIONS END OF YEAR	<u>\$ -</u>	<u>\$430,317</u>	<u>\$430,317</u>	<u>\$444,415</u>

See accompanying notes.

THE MASSACHUSETTS SOCIETY FOR MEDICAL RESEARCH, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2023  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022)

	Program Services:				Management and General	Fund Raising	2023 Total	2022 ((As Restated) Total
	Member Services	Legislative Matters	Educational Outreach & Public Relations	Total Program Services				
Personnel costs:								
Salaries	\$ 74,141	\$ 3,573	\$112,328	\$190,042	\$ 29,924	\$ 3,350	\$223,316	\$218,513
Payroll taxes	6,327	305	9,585	16,217	2,555	284	19,056	18,361
Health Insurance	5,352	258	8,108	13,718	2,160	241	16,119	27,649
Total personnel costs	85,820	4,136	130,021	219,977	34,639	3,875	258,491	264,523
Audit fee	-	-	-	-	12,000	-	12,000	10,000
Bookkeeping fees	-	-	-	-	12,000	-	12,000	12,000
Dues and subscriptions	-	-	-	-	7,019	-	7,019	5,525
Equipment leases	-	-	-	-	6,205	-	6,205	8,268
Insurance	-	-	-	-	5,103	-	5,103	5,015
Lease costs	7,518	362	11,390	19,270	3,034	340	22,644	21,885
Lobbying fees	-	18,000	-	18,000	-	-	18,000	18,000
Office expenses	2,369	114	3,590	6,073	956	108	7,137	7,453
Science writing consultant	-	-	18,054	18,054	-	-	18,054	17,604
Telephone	137	7	208	352	55	6	413	1,390
Travel costs	-	-	-	-	-	-	-	249
Utilities	368	18	557	943	148	17	1,108	870
Workshop costs	-	-	103,592	103,592	-	-	103,592	76,375
TOTAL EXPENSES	\$ 96,212	\$ 22,637	\$267,412	\$386,261	\$ 81,159	\$ 4,346	\$471,766	\$449,163

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:					Fund Raising	2022 (As Restated) Total	2021 Total
	Member Services	Legislative Matters	Educational Outreach & Public Relations (As Restated)	Total Program Services	Management and General			
Personnel costs:								
Salaries	\$ 78,883	\$ 3,496	\$100,079	\$182,458	\$ 31,029	\$ 5,026	\$210,729	
Payroll taxes	6,628	294	8,409	15,331	2,607	423	18,025	
Health Insurance	10,908	483	13,838	25,229	1,724	696	26,630	
Total personnel costs	96,419	4,273	122,326	223,018	35,360	6,145	255,384	
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	504	22,101	
Lobbying fees	-	18,000	-	18,000	-	-	18,000	
Office expenses	1,764	78	2,238	4,080	3,260	113	7,453	
Science writing consultant	-	-	17,604	17,604	-	-	17,604	
Telephone	502	22	637	1,161	197	32	1,390	
Travel costs	-	-	-	-	249	-	249	
Utilities	314	14	398	726	124	20	830	
Web-site costs	-	-	-	-	-	-	7,040	
Workshop costs	-	-	76,375	76,375	-	-	56,865	
TOTAL EXPENSES	\$106,899	\$ 22,737	\$229,601	\$359,237	\$ 83,112	\$ 6,814	\$449,163	

See accompanying notes.



THE MASSACHUSETTS SOCIETY FOR MEDICAL RESEARCH, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022 (As Restated)</u>
Cash provided by (used for) operating activities:		
Increase (decrease) in net assets	\$ (14,098)	\$120,573
Non cash sources of revenue:		
Principal portion of lease payments	20,054	18,889
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Accounts receivable	(36,950)	(42,885)
Prepaid expenses	-	1,681
Accounts payable and accrued expenses	40,749	14,978
Deferred revenue	<u>550</u>	<u>(34,565)</u>
Net cash provided by operating activities	10,905	78,671
Financing activities:		
Principal portion of lease payments	<u>(20,054)</u>	<u>(18,889)</u>
Net increase in cash	(9,749)	59,782
Cash, beginning of period	<u>442,091</u>	<u>382,309</u>
CASH, END OF PERIOD	<u>\$ 432,342</u>	<u>\$442,091</u>
Total interest paid	<u>\$ 2,590</u>	<u>\$ 2,996</u>

See accompanying notes.

THE MASSACHUSETTS SOCIETY FOR MEDICAL RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

**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.

Trade Receivables - Trade receivables are recorded at cost less allowance for credit losses, which is the amount expected to be collected. Accounts are considered past due once the unpaid balance exceeds payment terms extended to the customer. When an account balance is past due and attempts have been made to collect the receivable, the amount is considered uncollectible and is written off against the allowance for uncollectible accounts.

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

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, 2023 AND 2022

**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, 2023 and 2022.

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.

Adoption of New Lease Standard - Effective July 1, 2021, the Company adopted Accounting Standards Update (ASU) 2016-02, *Leases* (ASC Topic 842) and subsequent amendments. ASC 842 affects all companies that enter into lease arrangements, with certain exclusions under limited scope limitations. Under ASU 2016-02, an entity recognizes right-of-use assets and lease obligations on its balance sheet for all leases with a lease term of more than 12 months. Short-term rentals under year-to-year leases or remaining lease terms of 12 months or less are exempt from being capitalized.

In adopting the new lease standard, the Company elected to use a transition method under which existing leases were measured and capitalized as of the date of adoption, July 1, 2021, in lieu of applying the standard retrospectively to January 1, 2021. [Consequently, the 2021 financial statements and disclosures do not reflect the effects of implementing the new lease standard.]

Additionally, as part of the implementation, the Company elected to use a package of optional practical expedients which permit the Company to avoid reassessing previous lease identifications within contracts, the existence of initial direct costs, and the lease classifications of any expired and existing leases. Moreover, in accordance with the expedients, all leases classified as operating leases under previous U.S. GAAP are automatically classified as operating leases under the new standard, and all leases previously classified as capital leases are recorded as finance leases.

Leases recognized under the new standard include lease that were not capitalized under previous U.S. Generally Accepted Accounting Principles (U.S. GAAP), as well as certain other leases that were capitalized based on different GAAP criteria.

On July 1, 2021, the Company recorded on its June 30, 2022 balance sheet a right-of-use asset and lease obligation for operating leases in the amount of \$58,499.

THE MASSACHUSETTS SOCIETY FOR MEDICAL RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

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

Lease policies - The new standard requires that leases with the term of more than 12 months be classified as either finance or operating leases. Leases are classified as finance leases when the Company expects to consume a major part of the economic benefits of the leased assets over the remaining lease term. Conversely, the Company is not expected to consume a major part of the economic benefits of the assets classified as operating leases.

The lease classification affects both the pattern and presentation of expense recognized in the income statement, the categorization of assets and liabilities in the balance sheet, and classification of cash flows in the statement of cash flows.

For operating leases, total lease cost is measured and recorded on a straight-line basis over the lease term.

Non-lease components, such as common area maintenance (CAM) charges, are separated from lease components based on the terms of the related lease. Variable lease components consist of real estate taxes and insurance charges related to the real estate lease, and are recorded as lease expense as incurred.

Lease obligations are measured and recorded at the present value of future lease payments using a discount rate. Because the Company generally does not have access to the rate implicit in each lease, lease obligations are measured using the incremental borrowing rate as the discount rate. The incremental borrowing rate is the rate that would be paid to borrow on a collateralized basis over a similar term and amount equal to the lease payments in a similar economic environment.

Right-of-use assets are generally measured and recorded at the sum of lease obligation, any initial direct costs to consummate the lease, and any lease payments made on or before commencement date.

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

**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, 2023 and 2022, the Organization received contribution support of \$61,250 from (2) members, each year.

THE MASSACHUSETTS SOCIETY FOR MEDICAL RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

**NOTE 4 - CONCENTRATION OF CREDIT RISK:**

Cash Deposited with Banks - Cash deposited with Santander Bank as of June 30, 2023 is \$427,022; \$177,022 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 Enrichment Symposium, 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.

DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS.

All performance obligations are satisfied at a point in time in the amount of \$457,668 and \$569,736 for fiscal year ending June 30, 2023 and 2022, 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 2023 and 2022 the Organization received a Grant from the Edna H. Tomkins Trust for \$25,000, for each year. 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 2023 and 2022 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, [www.WhatAYear.org](http://www.WhatAYear.org). There are no restricted revenues remaining.

THE MASSACHUSETTS SOCIETY FOR MEDICAL RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

**NOTE 7 – LONG-TERM LEASE:**

As of June 30, 2023, right-of-use assets and lease liabilities related to operating leases were as follows:

Right-of-use assets:

Cost	\$ 58,499
Less: Accumulated Amortization	<u>(38,943)</u>
	<u>\$19,556</u>

Lease liabilities:

Current portion	19,556
Long-term portion	-
	<u>\$ 19,556</u>

The facility from which the Company operates is located in N. Chelmsford, Massachusetts. The terms of the lease provide for annual base rent payments over 3 years in amount of \$21,885 through June of 2024, with no renewal options. In addition to base rent, the Company pays a percentage of real estate taxes. In the statement of income real estate taxes are recorded as lease expense when incurred

A summary of total lease cost, by component, and other lease information for the years ended June 30, 2022 is as follows:

<u>Total lease cost:</u>	<u>2022</u>
Operating lease cost	\$ 22,644
Variable lease cost	-
Total lease cost	<u>\$ 58,499</u>

Other lease information:

Right-of-use assets obtained in exchange For new operating lease obligations	\$
Weighted-average remaining operating lease term	3.0 years
Weighted-average discount rate for operating leases	6.0%

A summary of minimum future payments for operating leases at December 31, 2023 are as follows:

<u>Year ending June 30</u>	<u>Amount</u>
2024	\$ 21,855
Total	21,855
Less effects of discounting	<u>(2,329)</u>
Lease obligations recorded on June 30, 2023	19,556
Less current portion	<u>(19,556)</u>
Long-term lease obligations	<u>\$ -</u>

THE MASSACHUSETTS SOCIETY FOR MEDICAL RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

**NOTE 8 – SUBSEQUENT EVENTS:**

Transactions subsequent to the year ended June 30, 2023 have been evaluated through February 26, 2024; the date the financial statements were available to be issued. No events were noted that could have a material impact on the financial statements.

**NOTE 9 – PRIOR PERIOD RESTATEMENT:**

When applying fiscal year 2023 audit procedures to transactions subsequent to the previous year audit, it was discovered that no accrual was posted for \$24,556 of costs for the Enrichment Symposium that were properly allocable to the 2022 fiscal year. The audit report and financial statements for fiscal year 2022 have been restated to correctly attribute the \$24,556 of costs for the 2022 fiscal year. This error only affects the period ending June 30, 2022.

**Note 10 – ADOPTION OF NEW ACCOUNTING STANDARDS:**

On July 1, 2022, the Company adopted ASU 2016-13 *Financial Instruments -Credit Losses (Topic 326): Measurement of Credit Losses on Financial instruments*, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. Under CECL, the Company adjusts its trade receivables for credit losses using an allowance account. The CECL methodology requires that the allowance account be based on various sources of information that includes historical data and information, current economic conditions, and reasonable and supportable forecasted information about future events.

The Company adopted the changes made by ASU 2016-13 using the modified retrospective method for its trade receivables, under which the allowance account was remeasured as of July 1, 2022 using the CECL model, with the cumulative effect of the change being recorded to retained earnings. As of July 1, 2022, no adjustments to retained earnings were required to adopt ASU 2016-13.