

**THE T.J. MARTELL FOUNDATION FOR
CANCER RESEARCH**

**Financial Statements
For the Year Ended
December 31, 2021**

THE T.J. MARTELL FOUNDATION FOR CANCER RESEARCH

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For the Year Ended December 31, 2021**

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BORLAND
BENEFIELD

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
the T.J. Martell Foundation
for Cancer Research

Opinion

We have audited the accompanying financial statements of the T.J. Martell Foundation for Cancer Research (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year 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 T.J. Martell Foundation for Cancer Research as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 T.J. Martell Foundation for Cancer Research and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 T.J. Martell Foundation for Cancer Research'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

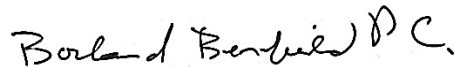
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance 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, including omissions, 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 Organization'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 Organization'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.



Borland Benefield, P.C.
Birmingham, Alabama
November 30, 2022

THE T.J. MARTELL FOUNDATION FOR CANCER RESEARCH

Statement of Financial Position
As of December 31, 2021

Assets	
Cash and cash equivalents	\$ 73,279
Investments	1,574,680
Accounts receivable	27,307
Prepaid expenses	11,287
Property and equipment, net	<u>10,261</u>
Total Assets	<u>\$ 1,696,814</u>
Liabilities	
Accounts payable and accrued expenses	\$ 25,962
Grants payable	388,388
PPP loan	<u>236,652</u>
Total Liabilities	<u>651,002</u>
Net Assets	
Without donor restriction	1,032,812
With donor restriction	<u>13,000</u>
Total Net Assets	<u>1,045,812</u>
Total Liabilities and Net Assets	<u>\$ 1,696,814</u>

See accompanying notes to financial statements.

THE T.J. MARTELL FOUNDATION FOR CANCER RESEARCH

**Statement of Activities
For the Year Ended December 31, 2021**

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Revenue and Support			
Grants and contributions	301,987	\$ -	\$ 301,987
Miscellaneous	85,743	-	85,743
(Loss) on disposal of fixed assets	(6,797)	-	(6,797)
Investment income	2,768	-	2,768
Total Revenue and Support	<u>383,701</u>	<u>-</u>	<u>383,701</u>
Expenses			
Program service	739,937	-	739,937
Supporting service			
Management and general	38,303	-	38,303
Fundraising	229,818	-	229,818
Total Expenses	<u>1,008,058</u>	<u>-</u>	<u>1,008,058</u>
Change in Net Assets	(624,357)	-	(624,357)
Net Assets, Beginning of Year	<u>1,657,169</u>	<u>13,000</u>	<u>1,670,169</u>
Net Assets, End of Year	<u>\$ 1,032,812</u>	<u>\$ 13,000</u>	<u>\$ 1,045,812</u>

See accompanying notes to financial statements.

THE T.J. MARTELL FOUNDATION FOR CANCER RESEARCH

Statement of Functional Expenses
For the Year Ended December 31, 2021

	Program Service Expenses	Supporting Services		Total Supporting Services	Total Expenses
		Management and General	Fundraising		
Personnel Costs					
Salaries	\$ 142,133	\$ 10,933	\$ 65,600	\$ 76,533	\$ 218,666
Payroll taxes and benefits	29,066	2,236	13,415	15,651	44,717
Total Personnel Costs	<u>171,199</u>	<u>13,169</u>	<u>79,015</u>	<u>92,184</u>	<u>263,383</u>
Professional fees	226,171	17,398	104,386	121,784	347,955
Grants	242,000	-	-	-	242,000
Miscellaneous expenses	29,945	2,303	13,821	16,124	46,069
Event related fees	10,372	798	4,788	5,586	15,958
Depreciation and amortization	8,238	634	3,802	4,436	12,674
Insurance	10,206	785	4,711	5,496	15,702
Office rent, utilities, and supplies	9,567	736	4,415	5,151	14,718
Bank and credit card processing fees	6,642	511	3,065	3,576	10,218
Meetings and travel	6,172	475	2,849	3,324	9,496
Equipment rental	5,645	434	2,606	3,040	8,685
Information technology	5,078	391	2,344	2,735	7,813
Public relations, education, and advertising	4,875	375	2,250	2,625	7,500
Dues and subscriptions	3,827	294	1,766	2,060	5,887
Total Expenses	<u>\$ 739,937</u>	<u>\$ 38,303</u>	<u>\$ 229,818</u>	<u>\$ 268,121</u>	<u>\$ 1,008,058</u>

See accompanying notes to financial statements.

THE T.J. MARTELL FOUNDATION FOR CANCER RESEARCH

Statement of Cash Flows
For the Year Ended December 31, 2021

Reconciliation of Change in Net Assets to Net Cash Flows From

Operating Activities	
Change in net assets	\$ (624,357)
Adjustments to reconcile net assets to net cash flows from operating activities:	
Depreciation and amortization	12,674
Unrealized holding (gain)	(2,665)
Loss on disposal of property and equipment	6,797
Changes in operating assets and liabilities:	
(Increase) Decrease in:	
Accounts receivable	(27,307)
Other current assets	26,551
(Decrease) in:	
Accounts payable and accrued expenses	<u>(106,634)</u>
Net Cash Flows (Used) By Operating Activities	<u>(714,941)</u>
Cash Flows from Financing Activities	
Net borrowings	<u>16,250</u>
Net (Decrease) in Cash and Cash Equivalents	(698,691)
Cash and Cash Equivalent, Beginning of Year	<u>771,970</u>
Cash and Cash Equivalent, End of Year	<u>\$ 73,279</u>

See accompanying notes to financial statements.

THE T.J. MARTELL FOUNDATION FOR CANCER RESEARCH

Notes to Financial Statements For the Year Ended December 31, 2021

Note 1 – Nature of the Foundation

The T.J. Martell Foundation for Cancer Research (the Foundation), founded in 1975, is a New York nonprofit organization. The Foundation is dedicated to raising funds for the innovative initial and ongoing research of the treatments and cures for cancer. The Foundation's board of directors authorizes grants to various institutions for the purpose of cancer research. All fundraising and management and general expenses are in support of the Foundation's sole mission to provide grants.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation – The financial statements of the Foundation have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP), which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the board of directors.

Net Assets with Donor Restrictions – Net assets subject to stipulations imposed by donors, and granters. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Measure of Operations – The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Foundation's ongoing services and interest and dividends earned on investments. Non-operating activities are limited to realized and unrealized gains (losses) on investments, and other activities considered to be of a more unusual or nonrecurring nature.

Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents – For purposes of the statement of cash flows, the Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents exclude deposits.

Investments – Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values based on quoted market prices on the statement of financial position. Unrealized gains and losses are included in the changes in net assets without donor restrictions for the gains and losses that are not donor restricted, and in the changes in net assets with donor restriction for the gains and losses that are restricted for the support of certain of the Foundation's programs. Investment fees are netted against the investment income.

See accompanying independent auditor's report.

THE T.J. MARTELL FOUNDATION FOR CANCER RESEARCH

Notes to Financial Statements (continued) For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

Fair Value Measurement – U.S. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date;
- Level 2 - Inputs other than quoted prices that are observable for the assets or liability either directly or indirectly, including inputs that are not considered to be active;
- Level 3 - Inputs that are unobservable.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad criteria data, liquidity statistics, and other factors. An investment's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the Foundation. The Foundation considers observable data to be that market data, which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, provided by multiple, independent sources that are actively involved in the relevant market. The categorization of an investment within the hierarchy is based upon the pricing transparency of the investment and does not necessarily correspond to the Foundation's perceived risk of that investment.

Accounts Receivable – Accounts receivable consist of amounts unpaid from special events less an allowance for doubtful accounts. All accounts receivable are expected to be collected in one year.

Allowance for Doubtful Accounts – The Foundation did not report an allowance for doubtful accounts for the year ended December 31, 2021. The Foundation provides for losses on accounts receivable using the allowance method. The allowance is based on management's knowledge of which individual receivables are likely to not be collected. It is the Foundation's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Contributions Receivable – Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

Property and Equipment – Property and equipment are stated at cost, or for donated items, at the fair market value of the asset on the date of the gift. Depreciation is provided principally on the straight-line method at rates based on the following estimated useful lives.

See accompanying independent auditor's report.

THE T.J. MARTELL FOUNDATION FOR CANCER RESEARCH

Notes to Financial Statements (continued) For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

Furniture and fixtures	7-10 years
Computer equipment	5 years
Website costs	5 years
Leasehold improvements	15 years

The cost of assets sold or otherwise disposed of and the accumulated depreciation thereon are eliminated from the accounts and the resulting gain or loss is reflected in income except for assets traded where no cash is received. Expenditures for maintenance and repairs are charged to expenses as incurred; replacements and betterments in excess of \$500 that extend the useful lives are capitalized.

Grants Payable – Grants are recognized at the date of a formal, unconditional promise to give commitment. Grants that are expected to be paid in future years are recorded at present value of expected future payments. At December 31, 2021, grants were discounted using treasury rate at the time of the multi-year commitment, which was 2.18 percent.

Contributions – Contributions, including unconditional pledges, are recorded when received as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions. Otherwise, the contributions are recorded as net assets without donor restrictions.

Donated Services – The Foundation receives donated services from specialized providers and others that create or enhance non-financial assets and allow the Foundation to fulfill its mission. The donated services are recorded in the financial statements at their estimated fair market value.

Functional Allocation of Expenses – The costs of providing various programs and support services have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, natural expenses attributable to more than one functional expense category are allocated using a variety of cost allocation techniques, such as time and effort and square footage.

THE T.J. MARTELL FOUNDATION FOR CANCER RESEARCH

Notes to Financial Statements (continued) For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

Income Taxes – The Foundation is a tax-exempt entity as defined by Section 501(c)(3) of the Internal Revenue Code, though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Foundation has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Foundation has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Revenue from Contracts with Customers – The Foundation recognizes revenue from special events in accordance with FASB ASC Topic 606, *Revenue from Contracts with Customers*. The guidance requires recognition of revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration that it expects to be entitled to receive in exchange for those goods or services recognized as performance obligations are satisfied. The majority of the Foundation's revenue-generating transactions are excluded from the scope of ASC 606, including revenue generated from financial instruments, such as securities, and from donor contributions. The Foundation did not have an aggregate effect of modification resulting from the application of ASC 606, and no financial statement line items were affected by this new accounting standard.

Revenue-generating transactions that are within the scope of ASC 606 are described as follows:

Special Events Revenue – revenue from special events are recognized when the event occurs.

Note 3 – Concentration of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Foundation maintains its cash in demand deposit accounts, the balances of which, at times, may exceed federally insured limits. Exposure to credit risk is reduced by placing such deposits in high quality financial institutions. Investments are exposed to various risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the statement of financial position.

Note 4 – Availability and Liquidity

The following represents the Foundation's financial assets at December 31, 2021:

Financial assets at year end	
Cash	\$ 73,279
Investments	1,574,680
Total Financial Assets	<u>1,647,959</u>
Less: Net assets with donor restrictions	<u>(13,000)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 1,660,959</u>

See accompanying independent auditor's report.

THE T.J. MARTELL FOUNDATION FOR CANCER RESEARCH

Notes to Financial Statements (continued) For the Year Ended December 31, 2021

Note 5 – Investments

The classification of the investment securities at fair value as follows at December 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Bond Funds	\$ 1,574,680	\$ -	\$ -	\$ 1,574,680

The following schedule summarizes the investment return for the year ended December 31, 2021. All investment earnings are available for the unrestricted use of the Foundation.

Interest income from cash accounts	\$ 40
Dividends and interest income on investments	64
Unrealized gain on investments	2,664
	<u>\$ 2,768</u>

Note 6 – Property and Equipment

Property and equipment consist of the following at December 31:

Computer equipment	\$ 3,715
Website costs	47,750
	<u>51,465</u>
Less: Accumulated depreciation and amortization	(41,204)
	<u>\$ 10,261</u>

Depreciation expense for the years ended December 31, 2021 was \$12,674.

Note 7 – Commitments and Contingencies

The Foundation's office leases expired during 2021. The Foundation leases storage space on a month-to-month basis.

Rent expense for the year ended December 31, 2021 was \$13,873.

Note 8 – Program Grants

The following grants were authorized and payable by the Foundation in support of cancer research as of and for the year ended December 31, 2021:

	<u>Payable</u>
Grantee:	
Emory Winship Cancer Institute	\$ 400,000
Less: Discount	(11,612)
	<u>\$ 388,388</u>

See accompanying independent auditor's report.

THE T.J. MARTELL FOUNDATION FOR CANCER RESEARCH

Notes to Financial Statements (continued) For the Year Ended December 31, 2021

Note 8 – Program Grants (continued)

The following summarizes grant activity for the years ended December 31, 2021:

Grants payable, beginning of year	\$ 400,000
Payments made	-
Total Grants Payable, December 31, 2021	<u>400,000</u>
Less: Discount amortization	<u>(11,612)</u>
Grants Payable, net	<u>\$ 388,388</u>

Future minimum payments under the Emory Winship Cancer Institute Grant are as follows for years ending December 31:

2022	\$ 100,000
2023	100,000
2024	100,000
2025	<u>100,000</u>
	<u>\$ 400,000</u>

Note 9 – Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of \$13,000 for the year ended December 31, 2021 and are restricted for the Foundation's programs. Net assets with donor restrictions consist of the following:

<u>Restricted Purpose</u>	<u>Amount</u>
2019 Recnac Fest for Multiple Myeloma Research benefitting Scripps MD Anderson Cancer Center - San Diego	<u>\$ 13,000</u>

Note 10 – Paycheck Protection Program Loan

On April 21, 2020, the Foundation received loan proceeds in the amount of \$220,402 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Act, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying entities for amounts up to 2.5 times of its average monthly payroll expenses. The loans and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels.

On July 14, 2021, the Foundation received forgiveness of its PPP Loan in the full amount of \$220,402. Forgiveness of the loan is recognized as income on the statement of activities for the year ended December 31, 2021.

On March 15, 2021 the Foundation applied for and received PPP loan funds in the amount of \$236,652 under the second iteration of the Paycheck Protection Program. The loan principal is shown as a note payable on the Balance Sheet as of December 31, 2021.

See accompanying independent auditor's report.

THE T.J. MARTELL FOUNDATION FOR CANCER RESEARCH

**Notes to Financial Statements (continued)
For the Year Ended December 31, 2021**

Note 11 – Subsequent Events

On October 25, 2022, the Foundation was notified that they qualified for an employee retention tax credit (“ERTC”) in the amount of \$27,307. This credit is shown as a receivable on the Statement of Financial Position, and included in miscellaneous income on the statement of activities for the year ended December 31, 2021.

Subsequent to December 31, 2021, the bond market experienced significant decline in value. As of November 30, 2022, the bond funds held by the Organization declined approximately 17%. The Organization will continue to monitor its investments as it has done in the past, but has no immediate plans to change its investment portfolio.

Subsequent events have been evaluated through November 30, 2022, which is the date the financial statements were available to be issued.