

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

**Financial Statements
For the Year Ended
December 31, 2022**

THE T.J. MARTELL FOUNDATION FOR CANCER RESEARCH

**Table of Contents
For the Year Ended December 31, 2022**

Independent Auditor's Report.....	1-2
Statement of Financial Position.....	3
Statement of Activities.....	4
Statement of Functional Expenses.....	5
Statement of Cash Flows.....	6
Notes to Financial Statements.....	7-12

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, 2022, 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, 2022, 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Borland Benefield, P.C.
Birmingham, Alabama
October 11, 2023

THE T.J. MARTELL FOUNDATION FOR CANCER RESEARCH

Statement of Financial Position
As of December 31, 2022

Assets	
Cash and cash equivalents	\$ 621,051
Investments	841,807
Accounts receivable	39,143
Prepaid expenses	110,655
Property and equipment, net	<u>1,842</u>
Total Assets	\$ <u>1,614,498</u>
Liabilities	
Accounts payable and accrued expenses	\$ 23,367
Deferred income	137,065
Grants payable, net	380,773
PPP loan	<u>120,313</u>
Total Liabilities	<u>661,518</u>
Net Assets	
Without donor restriction	939,980
With donor restriction	<u>13,000</u>
Total Net Assets	<u>952,980</u>
Total Liabilities and Net Assets	\$ <u>1,614,498</u>

See accompanying notes to financial statements.

THE T.J. MARTELL FOUNDATION FOR CANCER RESEARCH

**Statement of Activities
For the Year Ended December 31, 2022**

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Revenue and Support			
Grants and contributions	\$ 417,849	\$ -	\$ 417,849
Special events, net of direct expenses	450,418	-	450,418
Investment income, net	<u>(153,194)</u>	<u>-</u>	<u>(153,194)</u>
Total Revenue and Support	<u>715,073</u>	<u>-</u>	<u>715,073</u>
Expenses			
Program service	545,680	-	545,680
Supporting service			
Management and general	37,460	-	37,460
Fundraising	<u>224,765</u>	<u>-</u>	<u>224,765</u>
Total Expenses	<u>807,905</u>	<u>-</u>	<u>807,905</u>
Change in Net Assets	(92,832)	-	(92,832)
Net Assets, Beginning of Year	<u>1,032,812</u>	<u>13,000</u>	<u>1,045,812</u>
Net Assets, End of Year	<u>\$ 939,980</u>	<u>\$ 13,000</u>	<u>\$ 952,980</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, 2022

	Program Service Expenses	Supporting Services		Total Supporting Services	Total Expenses
		Management and General	Fundraising		
Personnel Costs					
Salaries	\$ 136,184	\$ 10,476	\$ 62,854	\$ 73,330	\$ 209,514
Payroll taxes and benefits	16,749	1,288	7,730	9,018	25,767
Total Personnel Costs	<u>152,933</u>	<u>11,764</u>	<u>70,584</u>	<u>82,348</u>	<u>235,281</u>
Professional fees	217,638	16,741	100,449	117,190	334,828
Grants	58,690	-	-	-	58,690
Miscellaneous expenses	37,977	2,921	17,528	20,449	58,426
Bank and credit card processing fees	25,408	1,954	11,727	13,681	39,089
Insurance	16,694	1,284	7,705	8,989	25,683
Information technology	11,431	879	5,276	6,155	17,586
Office rent, utilities, and supplies	7,586	584	3,501	4,085	11,671
Equipment rental	6,564	505	3,030	3,535	10,099
Depreciation and amortization	5,473	421	2,526	2,947	8,420
Dues and subscriptions	3,364	259	1,553	1,812	5,176
Interest expense	1,559	120	719	839	2,398
Meetings and travel	363	28	167	195	558
Total Expenses	<u>\$ 545,680</u>	<u>\$ 37,460</u>	<u>\$ 224,765</u>	<u>\$ 262,225</u>	<u>\$ 807,905</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, 2022

Reconciliation of Change in Net Assets to Net Cash Flows From	
Operating Activities	
Change in net assets	\$ (92,832)
Adjustments to reconcile net assets to net cash flows from operating activities:	
Depreciation and amortization	8,420
Realized investment loss	186,040
Changes in operating assets and liabilities:	
(Increase) Decrease in:	
Accounts receivable	(11,836)
Prepaid expenses	(93,256)
Other current assets	(6,117)
Increase (Decrease) in:	
Grants payable	(7,615)
Accounts payable and accrued expenses	(2,595)
Deferred revenue	<u>137,065</u>
Net Cash Flows Provided By Operating Activities	<u>117,274</u>
Cash Flows From Investing Activities	
Proceeds from sale of securities	<u>546,837</u>
Net Cash Flows Provided By Investing Activities	<u>546,837</u>
Cash Flows from Financing Activities	
Net borrowings	<u>(116,339)</u>
Net Increase in Cash and Cash Equivalents	547,772
Cash and Cash Equivalent, Beginning of Year	<u>73,279</u>
Cash and Cash Equivalent, End of Year	<u>\$ 621,051</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, 2022

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, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

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, 2022. 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.

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, 2022, grants were discounted at 2%.

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.

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, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

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.

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.

Special event revenue consisted of the following at December 31, 2022:

	<u>Income</u>	<u>Expenses</u>	<u>Net</u>
Napa events	\$ 346,186	\$ 92,587	\$ 253,599
Atlanta events	220,830	86,143	134,687
Houston events	146,988	84,856	62,132
	<u>\$ 714,004</u>	<u>\$ 263,586</u>	<u>\$ 450,418</u>

[Remainder of page intentionally left blank.]

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, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

Adoption of New Accounting Principle – In February 2016, the FASB issued ASU 2016-02, Leases. The standard's core principle is that a company will reflect virtually all leases on their balance sheet. The FASB retained a dual model that includes financing leases, which are similar to today's capital leases, and operating leases, with expense recognized on a straight-line basis. Under the FASB's dual approach, determining whether a lease is finance or operating will be based on guidance similar to the classification model under current US GAAP. The FASB's standard is effective for non-profit organizations for interim and annual reporting periods beginning after December 15, 2021. Entities are required to adopt the standard using a modified retrospective transition approach, which requires application of the new guidance at the beginning of the earliest comparative period presented in the year of adoption. This was adopted for the fiscal year ended December 31, 2022. The effect on the financial statements is minimal.

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. 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, 2022:

Financial assets at year end	
Cash	\$ 621,051
Investments	<u>841,807</u>
Total Financial Assets	1,462,858
Less: Net assets with donor restrictions	<u>(13,000)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 1,449,858</u>

Note 5 – Investments

To increase consistency and comparability in reporting fair value measurements, ASC 820-10-35-37 establishes the fair value hierarchy to prioritize the inputs used in valuation techniques. There are three levels to the fair value hierarchy:

Level 1: observable inputs that reflect quoted prices for identical assets or liabilities in active markets

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly

Level 3: unobservable inputs (e.g., a reporting entity's or other entity's own data)

The Foundation's investment funds were held in money market funds at year-end. The Foundation's money market account balances totaled \$841,807 at December 31, 2022.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market	<u>\$ 841,807</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 841,807</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, 2022

Note 5 – Investments (continued)

The following schedule summarizes the investment return for the year ended December 31, 2022. All investment earnings are available for the unrestricted use of the Foundation.

Interest income from cash accounts	\$	185
Dividends and interest income on investments		32,660
Realized loss on investments		<u>(186,039)</u>
	\$	<u>(153,194)</u>

Note 6 – Property and Equipment

Property and equipment consist of the following at December 31:

Computer equipment	\$	3,715
Website costs		<u>47,750</u>
		51,465
Less: Accumulated depreciation and amortization		<u>(49,623)</u>
	\$	<u>1,842</u>

Depreciation expense for the years ended December 31, 2022 was \$8,420.

Note 7 – 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, 2022:

		<u>Payable</u>
Grantee:		
Emory Winship Cancer Institute	\$	400,000
Less: Discount		<u>(19,227)</u>
	\$	<u>380,773</u>

The following summarizes grant activity for the years ended December 31, 2022:

Grants payable, beginning of year	\$	400,000
Payments made		<u>-</u>
Total Grants Payable, December 31, 2022		400,000
Less: Discount amortization		<u>(19,227)</u>
Grants Payable, net	\$	<u>380,773</u>

[Remainder of page intentionally left blank.]

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, 2022

Note 7 – Program Grants (continued)

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

2023	\$ 100,000
2024	100,000
2025	100,000
2026	<u>100,000</u>
	<u>\$ 400,000</u>

Note 8 – Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of \$13,000 for the year ended December 31, 2022 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 9 – Paycheck Protection Program Loan

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 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.

The Foundation's second PPP loan was partially forgiven in June 2022, and repayment began in July 2022. The loan's interest rate is set at 1% per annum, and monthly payments of interest and principal are \$3,085. The loan matures on March 15, 2026, by which date the loan must be repaid in full.

The remaining loan principal balance of \$120,313 is shown as a note payable on the Statement of Financial Position as of December 31, 2022.

Note 10 – Subsequent Events

Subsequent events have been evaluated through October 11, 2023, which is the date the financial statements were available to be issued.