

**THE DESMOID TUMOR
RESEARCH FOUNDATION, INC.**

**Financial Statements
and
Independent Auditor's Report**

DECEMBER 31, 2020

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**BOSTICK & MURPHY, CPAS PC
113 SMITH AVENUE
MOUNT KISCO, NY 10549**

Independent Auditor's Report

**Board of Directors
The Desmoid Tumor Research Foundation Inc.
Salt Lake City, UT 84101**

We have audited the accompanying financial statements of The Desmoid Tumor Research Foundation Inc. as of December 31, 2020 and the related statement of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used

and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Desmoid Tumor Research Foundation Inc. as of December 31, 2020, 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.

Respectfully submitted,

Bostick & Murphy CPAs PC

Bostick & Murphy CPAs PC
July 7, 2021

THE DESMOID TUMOR RESEARCH FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

ASSETS

CURRENT ASSETS:-		
Cash and Cash Equivalents	\$ 1,155,280	
Prepaid Expenses	2,848	
Other Receivable	3,000	
TOTAL CURRENT ASSETS		<u>\$ 1,161,128</u>
TOTAL ASSETS		<u>\$ 1,161,128</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:-		
Paycheck Protection Loan	\$ 31,200	
Accounts and Accrued Payables	15,639	
TOTAL CURRENT LIABILITIES		<u>\$ 46,839</u>
TOTAL LIABILITIES		\$ 46,839
NET ASSETS:-		
Without Donor Restrictions	1,089,289	
With Donor Restrictions	25,000	
TOTAL NET ASSETS		<u>1,114,289</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 1,161,128</u>

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>WITHOUT DONOR RESTRICTION</u>	<u>WITH DONOR RESTRICTION</u>	<u>TOTAL</u>
REVENUES:-			
Organizational Support	\$ 129,489	\$ -	\$ 129,489
Individual Support	430,213	0	430,213
TOTAL REVENUES	<u>\$ 559,702</u>	<u>\$ -</u>	<u>\$ 559,702</u>
EXPENSES:-			
Programming	\$ 90,708	\$ -	\$ 90,708
Fundraising and Development	92,455	0	92,455
Management and General	111,893	0	111,893
TOTAL EXPENSES	<u>\$ 295,056</u>	<u>\$ -</u>	<u>\$ 295,056</u>
NET INCOME FROM OPERATING ACTIVITIES	\$ 264,646	\$ -	\$ 264,646
OTHER INCOME AND (EXPENSES):-			
Grants - Note D	\$ (200,146)	\$ -	\$ (200,146)
Investment Income	6,711	0	6,711
TOTAL OTHER INCOME (EXPENSES)	<u>\$ (193,435)</u>	<u>\$ -</u>	<u>\$ (193,435)</u>
CHANGES IN NET ASSETS	\$ 71,211	\$ -	\$ 71,211
NET ASSETS - JANUARY 1, 2020	<u>1,018,078</u>	<u>25,000</u>	<u>1,043,078</u>
NET ASSETS - DECEMBER 31, 2020	<u>\$ 1,089,289</u>	<u>\$ 25,000</u>	<u>\$ 1,114,289</u>

SEE ACCOUNTANTS' AUDIT REPORT AND NOTES TO THESE FINANCIAL STATEMENTS

STATEMENT "C"

THE DESMOID TUMOR RESEARCH FOUNDATION INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	December 31, 2020			
	<u>Programming</u>	<u>Fundraising and Development</u>	<u>Management and General</u>	<u>Total</u>
EXPENSES				
Wages	\$ 46,153	\$ 44,505	\$ 74,175	\$ 164,833
Benefits and Other Personels	4,751	4,581	7,635	16,967
Payroll Expense	0	0	1,486	1,486
Professional Services	26,445	14,853	0	41,298
Event and Performance Expense	4,812	11,615	166	16,593
Occupancy	0	0	398	398
Travel and Meeting (Credit)	(1,333)	(238)	(16)	(1,587)
Data Management	8,135	1,685	1,801	11,621
Business Meal and Entertainment	0	151	0	151
Contribution	0	0	4,250	4,250
Operations	1,745	1,745	6,484	9,974
Insurance	0	353	6,710	7,063
Miscellaneous expenses	0	13,205	8,804	22,009
TOTAL EXPENSES	<u>\$ 90,708</u>	<u>\$ 92,455</u>	<u>\$ 111,893</u>	<u>\$ 295,056</u>

THE DESMOID TUMOR RESEARCH FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:-

Change in Net Assets for Year Ended December 31, 2020		\$ 71,211
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:-		
Increase in Other Receivable	\$ (2,754)	
Decrease in Prepaid Expenses	717	
Increase in Accounts Payable and Accrued Expenses	<u>3,750</u>	
TOTAL ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS		<u>1,713</u>
NET CASH USED BY OPERATING ACTIVITIES		<u>\$ 72,924</u>
CASH FLOWS FROM FINANCING ACTIVITIES:-		
Payroll Protection Advance	<u>31,200</u>	
NET CASH PROVIDED BY FINANCING ACTIVITIES		31,200
NET (INCREASE) IN CASH AND CASH EQUIVALENTS		\$ 104,124
CASH - JANUARY 1, 2020		<u>1,051,156</u>
CASH - DECEMBER 31, 2020		<u><u>\$ 1,155,280</u></u>

SUPPLEMENTAL INFORMATION

INTEREST PAID	\$	-
TAXES PAID	\$	-

THE DESMOID TUMOR RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENT
December 31, 2020

NOTE A - ORGANIZATION AND NATURE OF ACTIVITIES

The Desmoid Tumor Research Foundation, Inc. (The Corporation) was organized under the laws of the State of Connecticut on September 15, 2005. The Corporation's purpose is to raise funds to support medical research for desmoid tumors. The Corporation is fully funded by public donations from individuals, partnership and corporations. The Corporation operates as a tax exempt organization under Section 501 © (3) of the Internal Revenue Code. Amounts received by the Corporation by their contributors are tax deductible under Section 2055, 2106 and 2522 of the code.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNT POLICIES

Basis of Accounting

The basis of accounting is the accrual basis. This basis of accounting is acceptable for tax purposes for a tax exempt organization.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents consist primarily of cash on deposit and money market accounts that are readily convertible into cash and purchased with original maturities of three months or less.

Contributions

The Corporation distinguishes between contributions that increase permanently, temporarily and unrestricted net assets depending on the existence and/or nature of the donor restrictions. The Corporation reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as "net assets released from restrictions." The Corporation permanently restricted net assets remain intact in perpetuity, and the income (from interest, etc.) thereon is recorded as specified by the donor. In cases where there is no specification from the donor, the income is recorded as unrestricted.

THE DESMOID TUMOR RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENT
December 31, 2020

Income Taxes

The Corporation is exempt from Federal Corporate Tax for all income received under Section 501 © (3) of the Internal Revenue Code. The Corporation is subject to Federal tax for all income earned for unrelated to the organizations purpose. For the year ended December 31, 2020 the Corporation received \$6,863 in interest income that was related to the organization's purpose and not subject to Corporate tax.

Concentration of Credit Risk

The Corporation maintains its cash balances in several financial institutions located in New York. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2020 the balance in each account exceeded the limit by \$405,459.

Investments

Investments are accounted for in accordance with the Investments-Debt and Equity Securities for Not-for-Profit Entities topic of the FASB (Financial Accounting Standards Board) Accounting Standards Codification. This guidance was formerly referred to as SFAS No. 124. Under this guidance investments in marketable securities with readily determinable fair values, and all investments in debt securities, are reported at their fair values and unrealized and realized gains and losses are reflected in the Statement of Activities.

Investments Income

The Corporation considers investment income as non-operating revenue.

NOTE C - PLEDGES RECEIVABLE

Pledges receivable are recorded at their net realized value, which approximates fair value. As of December 31, 2020 the Corporation determined that no allowance for uncollectible contributions was necessary.

THE DESMOID TUMOR RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENT
December 31, 2020

NOTE D - GRANTS

The Corporation has donated several grants for research in 2020.
The organizations below received grants in 2020.

<u>Name</u>	<u>Amount</u>
Mileatimbergen MD	\$ 2,500
Duke University (returned)	(54)
Stanford University (returned)	(840)
Ohio State University (returned)	(5,810)
Ghent University-Belgium	65,000
Childrens Hospital Philadelphia	6,000
Childrens Hospital Los Angeles	29,000
The Broad Institute	104,350
Total Grants Pledged in 2020	<u>\$ 200,146</u>

NOTE E - INVESTMENTS

Investments are carried at fair value based on quoted market prices.
Changes in the fair value of investments are recognized in income.

The Foundation adopted the provisions of Statement of Financial Accounting Standards No. 157, Fair Value Measurements, SFAS 157 establishes a fair value hierarchy for the inputs used to measure fair value based on the nature of the data input, which generally range from quoted prices for identical instruments in a principal trading market (Level 1), to estimates determined using related market data (Level 3).

Multiple inputs may be used to measure fair value; however, the level of fair value of each financial asset or liability presented below on the lower significant input level within this fair hierarchy.

THE DESMOID TUMOR RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENT
December 31, 2020

NOTE E - INVESTMENTS
(continued)

The following table provides the fair value hierarchy of the Foundation's financial assets as of December 31, 2020:

Financial Assets	Level 1	Level 2	Level 3	Total
Investment Equities	\$ -			\$ -
Investment Deposit Accounts	<u>499,820</u>			<u>499,820</u>
Total Investments	<u>\$499,820</u>			<u>\$499,820</u>

Details on the methods and assumptions used to determine the fair values of the financial assets and liabilities are as follows:

Fair value measurements based on Level 1 inputs:

Measurements that are most observable as based on quoted prices of identical instruments obtained from the principal markets in which they are traded. Closing prices are both readily available and representative of fair value. Market transactions occur with sufficient frequency and volume to ensure liquidity.

Fair value measurements based on Level 2 inputs:

Measurements derived indirectly from observable inputs or from quoted prices from markets that are less liquid are considered Level 2. Measurements may consider inputs that other market participants would use in valuing a portfolio, such as quoted market prices for similar securities, interest rates, credit risks, and others.

Fair value measurements based on Level 3 inputs:

Measurements that are least observable are estimated from related market data, determined from sources with little or no market activity for comparable contracts, or are positions with longer durations.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

THE DESMOID TUMOR RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENT
December 31, 2020

NOTE F - CARES ACT PAYROLL PROTECTION LOAN

On May 4, 2020, the "Corporation" received loan proceeds of \$31,200 under the US Small Business Administration's (SBA) Paycheck Protection Program (PPP). The PPP was established as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act. The CARES Act provided funding for loans, among other things, to qualifying businesses for certain payroll and other specified costs outlined in the PPP covering a twenty-four-week period after receipt of the proceeds.

The loan and accrued interest, at 1%, may be forgiven to the extent and as long as the borrower uses the loan proceeds for eligible purposes as defined by the CARES Act and maintains its payroll levels as stipulated by the PPP. The loan is unsecured and fully guaranteed by the US Government.

The "Corporation" intends to use the loan proceeds for purposes consistent with the PPP. The "Corporation's" management will seek forgiveness of the loan and believes that a significant portion of the loan will be forgiven in 2021 based on the current interpretations of the CARES Act and SBA rules. As of the date of these financial statements, the "Corporation's" application for forgiveness is complete. To the extent any portion of the loan is not forgiven, the "Corporation" will have two years to pay off that portion of the loan, plus interest, with payments beginning in July 2021. On January 26, 2021, the "Corporation" received from the SBA full forgiveness of the Paycheck Protection Program Loan.