AUDITED FINANCIAL STATEMENTS

US PAIN FOUNDATION, INC.

West Hartford, Connecticut

DECEMBER 31, 2020

Boisselle, Morton & Wolkowicz, LLP
Certified Public Accountants

BOISSELLE, MORTON & WOLKOWICZ, LLP
CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
US Pain Foundation, Inc.
West Hartford, Connecticut

Independent Auditors' Report

Opinion

We have audited the accompanying financial statements of US Pain Foundation, Inc. (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2020, 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 US Pain Foundation, Inc. as of December 31, 2020, and the results of its operations 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 US Pain Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 US Pain Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Auditors' 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 auditors' 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 US Pain Foundation, 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 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 US Pain Foundation, Inc.'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.

Boisselle, Morton & Wolkowicz, LLP

March 31, 2021
Hadley, Massachusetts

US PAIN FOUNDATION, INC.
Statement of Financial Position
December 31, 2020

Assets

Current assets		
Cash	$	627,263
Grants and donor commitments receivable		52,000
Prepaid and other		11,680
Total current assets		690,943
Furniture and equipment, net		3,227
Total assets	$	694,170

Liabilities and Net Assets

Current liabilities		
Accounts payable and accrued expenses	$	29,590
Total current liabilities		29,590
Net assets		
Net assets without donor restrictions		176,049
Net assets with donor restrictions		488,531
Total net assets		664,580
Total liabilities and net assets	$	694,170

The accompanying notes are an integral part of these financial statements.

US PAIN FOUNDATION, INC.
Statement of Activities
Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Grants and contributions	$ 246,684	$ 568,850	$ 815,534
Fundraising	7,399	22,662	30,061
Other	6,033		6,033
Net assets released from restrictions:			
Satisfaction of purpose restrictions	538,521	(538,521)	
Total support and revenue	798,637	52,991	851,628
Expenses			
Program	667,315		667,315
General and administrative	266,583		266,583
Total expenses	933,898		933,898
Change in net assets before non-operating income	(135,261)	52,991	(82,270)
Non-operating income			
Interest	1,679		1,679
EIDL Grant	10,000		10,000
Paycheck Protection Program	92,805		92,805
Bad Debt Recovery	7,750		7,750
Total non-operating income	112,234		112,234
Change in net assets	(23,027)	52,991	29,964
Net assets - beginning of year	199,076	435,540	634,616
Net assets - end of year	$ 176,049	$ 488,531	$ 664,580

US PAIN FOUNDATION, INC.

Statement of Functional Expenses

Year Ended December 31, 2020

	Program	General and Administrative	Total
Program Costs and Services			
Program and event	$ 181,829		$ 181,829
General and Administrative			
Payroll	350,849	$ 115,609	466,458
Payroll taxes	29,273	9,645	38,918
Professional services			
Legal services	9,732	53,190	62,922
Accounting and audit services		17,500	17,500
Contracted services		5,385	5,385
Program consultants	94,170	2,007	96,177
Occupancy		22,140	22,140
Operations		3,429	3,429
Insurance	1,462	22,599	24,061
Licenses and registrations		12,087	12,087
Banking and finance fees		494	494
Depreciation		990	990
Other expense		1,508	1,508
Total expenses	$ 667,315	$ 266,583	$ 933,898

The accompanying notes are an integral part of these financial statements.

US PAIN FOUNDATION, INC.

Statement of Cash Flows

Year Ended December 31, 2020

Cash flows from operating activities		
Change in net assets	$	29,964
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation		990
Bad debt recovery		(7,750)
Changes in:		
Grants and donor commitments receivable		(38,971)
Prepaid and other		1,752
Accounts payable and accrued expenses		(3,791)
Net cash used by operating activities		(17,806)
Cash flows from investing activities		
Payments received on note receivable		25,000
Net cash provided by investing activities		25,000
Net increase in cash		7,194
Cash - beginning of year		620,069
Cash - end of year	$	627,263

The accompanying notes are an integral part of these financial statements.

US PAIN FOUNDATION, INC.
Notes to Financial Statements
December 31, 2020

1. Summary of Significant Accounting Policies

Nature of Business: US Pain Foundation, Inc. ("USPF") is a nonprofit organization that empowers, educates, connects, and advocates for individuals living with chronic illnesses that cause pain, as well as their caregivers and clinicians. Its multiple programs enhance quality of life for people with pain, improve patient outcomes, address access and affordability issues, and increase public awareness and empathy for the issue of pain.

Tax Exempt Status: USPF was granted tax exempt status from federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). USPF is also exempt from state income taxes. Donors may deduct contributions made to USPF within the IRC requirements.

Accounting Method: The financial statements of USPF are prepared on the accrual basis.

Basis of Presentation: USPF presents its financial statements according to two classes of net assets: those with donor restrictions and those without donor restrictions. Net assets with donor restrictions are subject to stipulations imposed by donors and grantors. The restrictions are temporary in nature and will be met by actions of USPF. All other net assets are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of USPF.

Receivables and Allowance for Doubtful Accounts: Grants and donor commitments receivable are recorded at their net present value when unconditionally committed. An allowance for potentially uncollectible grants and contributions, as well as government grants is provided based upon management's assessment of potential defaults, which includes such factors as collection history. There was no allowance recorded as of December 31, 2020.

Furniture and Equipment: The cost of furniture and equipment is capitalized when more than $1,000. Expenditures for repairs and maintenance are expensed against revenue as incurred. Depreciation is computed by the straight-line method over the estimated useful lives of the assets from 3 to 7 years.

Use of Estimates: The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

1. Summary of Significant Accounting Policies (Continued)

Revenue Recognition: Grants, donor commitments, and donor contributions are recorded as revenue when received or unconditionally committed. Grants, donor commitments and contributions received with restrictions are recorded as revenue and net assets with donor restrictions when received or unconditionally committed. Transfers are made to net assets without restrictions as costs are incurred to satisfy program restrictions or time restrictions have lapsed. Program service fees and all other revenues are recorded as earned.

Allocation of Expenses: Expenses related directly to a program are distributed to that program, while other expenses are allocated to programs based on management's estimate of the percentage attributable to each function based on employee time.

Fair Value Measurements: USPF follows the *Fair Value Measurement and Disclosures* standards. This policy establishes a fair value hierarchy that prioritizes the inputs and assumptions used to measure fair value. USPF values its qualifying assets and liabilities using Level I inputs. Level I inputs reflect unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date. A qualifying asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

Accounting Pronouncement Adopted: On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities.* The update addresses the complexity and understandability of net asset classification and deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. USPF has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

Advertising: Advertising and promotional costs are expensed as incurred.

2. Furniture and Equipment

Furniture and equipment consisted of the following at December 31:

Furniture and equipment	$ 9,418
Less accumulated depreciation	6,191
Total property and equipment	$ 3,227

Depreciation expense was $990 for 2020.

3. Net Assets

Net Assets Without Donor Restrictions: Net assets without donor restrictions are those net resources that bear no external restrictions and are generally available for use by USPF.

Net Assets with Donor Restrictions: Net assets with donor restrictions include funds designated for specific programs or restricted by the passage of time by donors. These amounts are recorded as net assets with donor restrictions until they are expended for their designated purposes or as the time restrictions expire.

4. Related Party Transactions

USPF entered into a security agreement and promissory note with a company owned by the brothers of the former president in the amount of $100,000. The note was due February 2018. USPF contracted with an attorney to assist in the collection of the note. Payments of $60,000 were received in 2019 and $25,000 was received in 2020. As the note was previously reserved for in full in 2019, a bad debt recovery of $7,750 was recorded in 2020.

USPF rented its main office from the father-in-law of an employee through December 2020. Rent of $17,000 was paid in 2020. USPF relocated its office to West Hartford, Connecticut, as of January 2021.

5. Available Resources and Liquidity

USPF had $29,590 of accrued liabilities at December 31, 2020. Financial assets available within one year of the Statement of Financial Position date to meet cash needs consist of program and unrestricted cash of $138,732 and unrestricted corporate council commitments of $40,000.

None of the financial assets listed above are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the Statement of Financial Position date. All grant and donor commitment receivables have been collected as of the issuance date of these financial statements.

USPF has a goal to maintain financial assets, which consist of cash on hand, to meet 60 days of “normal” operating expenses.

6. Subsequent Events

Management has evaluated subsequent events after the statement of financial position date of December 31, 2020, through March 31, 2021, the date on which the financial statements were available to be issued, and concluded that no additional disclosures were required.

7. Contingencies

In early March 2020, there was a global outbreak of the COVID-19 virus that has resulted in significant changes in the global economy. While USPF has not experienced any disruptions to its business operations to date, these changes, including a potential economic downturn, and any potential resulting direct or indirect negative impact to the company cannot be determined.

8. Payroll Protection Program Loan Forgiveness

USPF received a Payroll Protection Program Loan for $92,805 on April 29, 2020. This loan was forgiven on March 1, 2021. This forgiveness was included as non-operating income in 2020 as all conditions for forgiveness were met prior to December 31, 2020.