

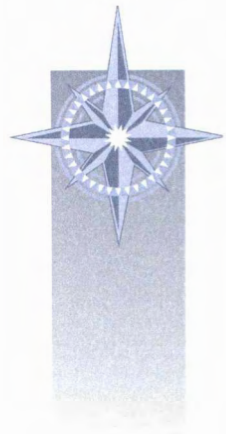
US PAIN FOUNDATION, INC.
a Connecticut Non-Profit Corporation

AUDITED FINANCIAL STATEMENTS

December 31, 2021



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, 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 US Pain Foundation, Inc. as of December 31, 2021, 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 Auditors' 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.

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

February 22, 2022
Hadley, Massachusetts

US PAIN FOUNDATION, INC.

Statement of Financial Position

December 31, 2021

Assets

Current assets

Cash	\$ 310,017
Grants and donor commitments receivable	300,000
Prepaid and other	<u>4,372</u>

Total current assets	<u>614,389</u>
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Total assets	<u>\$ 614,389</u>
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Liabilities and Net Assets

Current liabilities

Accounts payable and accrued expenses	\$ <u>16,624</u>
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Total current liabilities	<u>16,624</u>
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Net assets

Net assets without donor restrictions	515,173
Net assets with donor restrictions	<u>82,592</u>

Total net assets	<u>597,765</u>
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Total liabilities and net assets	<u>\$ 614,389</u>
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The accompanying notes are an integral part of these financial statements.

US PAIN FOUNDATION, INC.

Statement of Activities

Year Ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
Grants and contributions	\$ 335,236	\$ 324,748	\$ 659,984
Fundraising	24,978	5,064	30,042
Other	250		250
Net assets released from restrictions:			
Satisfaction of purpose restrictions	<u>735,751</u>	<u>(735,751)</u>	
Total support and revenue	<u>1,096,215</u>	<u>(405,939)</u>	<u>690,276</u>
Expenses			
Program	699,938		699,938
General and administrative	164,534		164,534
Fundraising	<u>29,735</u>		<u>29,735</u>
Total expenses	<u>894,207</u>		<u>894,207</u>
Change in net assets before non-operating income	<u>202,008</u>	<u>(405,939)</u>	<u>(203,931)</u>
Non-operating income			
Interest	1,972		1,972
Paycheck Protection Program	96,555		96,555
Bad Debt Recovery	35,189		35,189
Other Income	<u>3,400</u>		<u>3,400</u>
Total non-operating income	<u>137,116</u>		<u>137,116</u>
Change in net assets	339,124	(405,939)	(66,815)
Net assets - beginning of year	<u>176,049</u>	<u>488,531</u>	<u>664,580</u>
Net assets - end of year	\$ <u><u>515,173</u></u>	\$ <u><u>82,592</u></u>	\$ <u><u>597,765</u></u>

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

US PAIN FOUNDATION, INC.

Statement of Functional Expenses

Year Ended December 31, 2021

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Program Costs and Services				
Program and event	\$ 227,992			\$ 227,992
General and Administrative				
Payroll	429,934	\$ 83,211	\$ 12,500	525,645
Payroll taxes	34,860	6,760	1,016	42,636
Professional services				
Legal services	1,575	15,703		17,278
Accounting and audit services		17,954		17,954
Contracted services		3,777		3,777
Program consultants	3,695			3,695
Occupancy		3,111		3,111
Operations		5,756		5,756
Marketing - Website			5,183	5,183
Insurance	1,882	24,047		25,929
Licenses and registrations			11,036	11,036
Banking and finance fees		971		971
Depreciation		3,227		3,227
Other expense		17		17
Total expenses	<u>\$ 699,938</u>	<u>\$ 164,534</u>	<u>\$ 29,735</u>	<u>\$ 894,207</u>

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

US PAIN FOUNDATION, INC.

Statement of Cash Flows

Year Ended December 31, 2021

Cash flows from operating activities	
Change in net assets	\$ (66,815)
Adjustments to reconcile change in net assets to net cash used by operating activities	
Depreciation	3,227
Changes in:	
Grants and donor commitments receivable	(248,000)
Prepaid and other	7,308
Accounts payable and accrued expenses	(12,966)
Net cash used by operating activities	<u>(317,246)</u>
Net decrease in cash	(317,246)
Cash - beginning of year	<u>627,263</u>
Cash - end of year	<u>\$ 310,017</u>

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

US PAIN FOUNDATION, INC.

Notes to Financial Statements

December 31, 2021

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 and serious injuries 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, 2021.

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. All furniture and equipment was fully depreciated in 2021 and disposed of.

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.

US PAIN FOUNDATION, INC.
Notes to Financial Statements (Continued)
December 31, 2021

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	<u>9,418</u>
Total property and equipment	\$ -0-

Depreciation expense was \$3,227 for 2021.

US PAIN FOUNDATION, INC.
Notes to Financial Statements (Continued)
December 31, 2021

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

In 2016, USPF entered into 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 in 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 in 2020. The company in its final settlement arrangement with USPF paid the remaining balance due of \$15,000 and a portion of USPF's legal fees. USPF's attorney also waived a percentage of his fees. As both the note and legal fees had been fully reserved for in prior periods, the net effect of these transactions resulted in a \$35,189 recovery of bad debt in 2021.

The organization paid \$1,575 in legal services in 2021 to the spouse of an employee. USPF had worked with this attorney as a consultant for many years prior to the spouse becoming a paid employee. Both parties have a specialty in their respective fields.

USPF paid a vendor \$5,130 to a company owned by a board member for video production services in 2021. USPF had utilized this vendor services for several years prior to the owner becoming a member of the Board. Quotes for services from other video production services were obtained due to the related party status and reviewed and approved by the Board prior to accepting the quote for service.

5. Available Resources and Liquidity

USPF had \$16,624 of accounts payable and accrued liabilities at December 31, 2021. Financial assets available within one year of the Statement of Financial Position date to meet cash needs consist of program and unrestricted cash of \$227,425 and unrestricted corporate council commitments of \$75,000.

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.

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

US PAIN FOUNDATION, INC.
Notes to Financial Statements (Continued)
December 31, 2021

6. Lease Commitments

USP F rents office space for \$110 per month under a lease that expires in October 2022.
USPF rents office space for \$550 per month under a lease that expires in March 2022.

7. Subsequent Events

Management has evaluated subsequent events after the statement of financial position date of December 31, 2021, through February 22, 2022, the date on which the financial statements were available to be issued, and concluded that no additional disclosures were required.

8. 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.

9. Payroll Protection Program Loan Forgiveness

USPF received a Payroll Protection Program Loan for \$96,555 on March 31, 2021. This loan was forgiven on November 15, 2021. This forgiveness was included as non-operating income in 2021.