

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

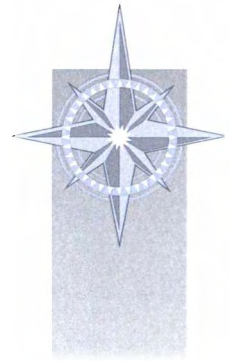
AUDITED FINANCIAL STATEMENTS
June 30, 2024

Boisselle, Morton & Wolkowicz, LLP
Certified Public Accountants

US PAIN FOUNDATION, INC.

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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 June 30, 2024, 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 June 30, 2024, 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

September 20, 2024
Hadley, Massachusetts

US PAIN FOUNDATION, INC.

Statement of Financial Position

June 30, 2024

Assets

Current assets	
Cash and cash equivalents	\$ 692,380
Grants and donor commitments receivable, net	110,000
Prepaid and other	<u>1,022</u>
Total current assets	803,402
Equipment, net	<u>1,267</u>
Total assets	\$ <u><u>804,669</u></u>

Liabilities and Net Assets

Current liabilities	
Accounts payable	\$ 79,414
Accrued payroll	<u>29,212</u>
Total current liabilities	<u>108,626</u>
Net assets	
Net assets without donor restrictions	681,043
Net assets with donor restrictions	<u>15,000</u>
Total net assets	<u>696,043</u>
Total liabilities and net assets	\$ <u><u>804,669</u></u>

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

US PAIN FOUNDATION, INC.

Statement of Activities

Year Ended June 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
Grants and contributions	\$ 639,595	\$ 15,000	\$ 654,595
In-kind contributions	130,749		130,749
Program service fees	103,273		103,273
Net assets released from restrictions:			
Satisfaction of purpose restrictions	<u>111,000</u>	<u>(111,000)</u>	
Total support and revenue	<u>984,617</u>	<u>(96,000)</u>	<u>888,617</u>
 Expenses			
Program	1,012,499		1,012,499
General and administrative	47,313		47,313
Fundraising	<u>77,627</u>		<u>77,627</u>
Total expenses	<u>1,137,439</u>		<u>1,137,439</u>
 Change in net assets before non-operating income	<u>(152,822)</u>	<u>(96,000)</u>	<u>(248,822)</u>
 Non-operating income			
Interest	5,478		5,478
Legal settlement	525,398		525,398
Other income	<u>4,671</u>		<u>4,671</u>
Total non-operating income	<u>535,547</u>		<u>535,547</u>
 Change in net assets	382,725	(96,000)	286,725
 Net assets - beginning of year	<u>298,318</u>	<u>111,000</u>	<u>409,318</u>
 Net assets - end of year	<u>\$ 681,043</u>	<u>\$ 15,000</u>	<u>\$ 696,043</u>

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

US PAIN FOUNDATION, INC.
Statement of Functional Expenses
Year Ended June 30, 2024

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Program costs and services				
In-kind donations	\$ 130,749			\$ 130,749
Program and event	86,900			86,900
Other operating costs				
Payroll	452,111	\$ 18,879	\$ 42,579	513,569
Payroll taxes	40,410	1,687	3,806	45,903
Professional services				
Legal services	10,760	262	1,907	12,929
Accounting and audit services	4,467	1,033	30	5,530
Contracted services	71,326	7,432	7,536	86,294
Printing, postage and shipping	72,296	297	482	73,075
Communications	48,845	2,190	4,993	56,028
Conferences	42,070		10,641	52,711
Insurance	11,633	11,892		23,525
Travel	15,632	316	2,003	17,951
Licenses and registrations	9,384	50	1,877	11,311
Membership & coalition fees	5,100		1,449	6,549
Occupancy	5,087	1,308		6,395
Banking and finance fees	3,882	937	305	5,124
Uncollectible pledges	1,500			1,500
Other expense		521	19	540
Supplies		509		509
Depreciation	347			347
	<u>347</u>	<u>521</u>	<u>19</u>	<u>347</u>
Total expenses	<u>\$ 1,012,499</u>	<u>\$ 47,313</u>	<u>\$ 77,627</u>	<u>\$ 1,137,439</u>

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

US PAIN FOUNDATION, INC.

Statement of Cash Flows

Year Ended June 30, 2024

Cash flows from operating activities	
Change in net assets	\$ 286,725
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities	
Depreciation	347
Allowance for uncollectible pledges	1,500
Changes in:	
Grants and donor commitments receivable	56,500
Prepaid and other	3,429
Security deposit	300
Accounts payable	23,723
Accrued payroll	4,362
Net cash and cash equivalents provided by operating activities	<u>376,886</u>
Net increase in cash and cash equivalents	376,886
Cash and cash equivalents - beginning of year	<u>315,494</u>
Cash and cash equivalents - end of year	<u><u>\$ 692,380</u></u>

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

US PAIN FOUNDATION, INC.

Notes to Financial Statements

June 30, 2024

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. USPF is required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. USPF is also subject to income tax on net income that is derived from business activities that are unrelated to USPF's exempt purposes. Management has determined that USPF is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

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.

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.

Cash and Cash Equivalents: Cash and cash equivalents consisted of checking and savings accounts at a bank and money market funds held by an investment broker.

Accounting Standards Adopted in the Current Year: In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (ASC 326).

US PAIN FOUNDATION, INC.

Notes to Financial Statements

June 30, 2024

1. Summary of Significant Accounting Policies (Continued)

Accounting Standards Adopted in the Current Year (Continued): ASC 326 revises the accounting requirements related to the measurement of credit losses and requires organizations to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Assets must be presented in the financial statements at the net amount expected to be collected. The FASB has subsequently issued additional ASUs amending certain aspects of ASU 2016-13. USPF adopted this change in accounting principle as of July 1, 2023, using the modified retrospective method. Accordingly, there has been no adjustment of financial information for periods prior to 2023.

Receivables and Allowance for Doubtful Accounts: Grants and donor commitments are outside the scope of ASC 326. Grants and donor commitments receivable are recorded at their net present value when unconditionally committed. An allowance for potentially uncollectible grants and donor commitments is provided based upon management's assessment of potential defaults, which includes such factors as collection history. Management believes these receivables are collectible net of an allowance of \$1,500.

Equipment: Equipment with a cost greater than \$1,000 and a useful life greater than one year is capitalized. Purchased equipment is recorded at cost. Donated equipment is recorded at the approximate fair value at the time of donation. Repairs and maintenance costs are expensed as they are incurred. Depreciation is computed by the straight-line method over the estimated useful lives of 3 to 7 years.

Revenue Recognition: Grants and contributions are recorded as revenue when received or unconditionally committed. Grants and contributions with a right of return and measurable performance or other barriers are not recognized until the conditions on which they depend have been met. Grants 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 which include educational and training efforts, community insights about chronic pain, and content licensing fees are recorded over time as the services are provided.

Allocation of Expenses: Expenses related directly to a program are allocated to that program, while other expenses are allocated to program or supporting general and administrative and fundraising services based on management's estimate of the percentage attributable to each function based on employee time.

US PAIN FOUNDATION, INC.

Notes to Financial Statements

June 30, 2024

1. Summary of Significant Accounting Policies (Continued)

In-Kind Contributions: USPF records in-kind contributions at their estimated fair value at the date of the donation. If donors stipulate how long the assets must be used or that they are used for a particular purpose, the contributions are treated as being restricted by the donor. In-kind contributions are recorded as revenue and expense in the accompanying financial statements.

USPF's policy related to in-kind contributions is to ensure these assets are used to further its mission. Any non-perishable assets not utilized for programs within the current year are either retained for future use or donated to support other initiatives.

2. Equipment

Equipment consisted of a computer for \$1,990 that had accumulated depreciation of \$723, and a net book value of \$1,267 at June 30, 2024. Depreciation expense was \$347 for the year ended June 30, 2024.

3. Net Assets

Net assets with donor restrictions of \$15,000 at June 30, 2024, were designated for a specific program that will be carried out during the next fiscal year.

4. Related Party Transactions

USPF paid \$11,022 in legal services in the year ended June 30, 2024, 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.

5. Line of Credit

USPF has a line of credit in the amount of \$150,000 with a bank. The line bears interest at 6.25% on any outstanding balance. There was no balance at June 30, 2024.

6. Available Resources and Liquidity

USPF had \$108,626 of liabilities at June 30, 2024. USPF considers all financial assets available within one year of the statement of financial position date to be available to meet cash needs, as donor restrictions are integrally related to USPF's mission and projected cash flows for the coming fiscal year.

US PAIN FOUNDATION, INC.

Notes to Financial Statements

June 30, 2024

6. Available Resources and Liquidity (Continued)

The financial assets consisted of cash and cash equivalents of \$692,380 and grants and donor commitments receivable, net of \$110,000, at June 30, 2024.

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

7. In-Kind Contributions

USPF received in-kind contributions of consumable goods, such as pain relief and therapeutic supplies, clothing, food, craft products, and children's toys, with an estimated fair value of \$130,749 for the fiscal year ending June 30, 2024.

All in-kind contributions received during this period were not restricted by donors and were distributed through the USPF's various program services for the fiscal year ended June 30, 2024.

8. Legal settlement

USPF received a one-time legal settlement of \$525,398 that was recorded as non-operating income on the financial statements for the year ended June 30, 2024.

9. Retirement Plan

USPF offers a 401(k) tax-deferred savings plan for eligible employees aged 18 and older who have completed one year of service as defined in the plan agreement. Employees may make contributions to the plan up to the maximum allowed by the Internal Revenue Code. USPF does not make contributions to the plan.

10. Subsequent Events

Management has evaluated subsequent events after the statement of financial position date of June 30, 2024, through September 20, 2024, the date on which the financial statements were available to be issued, and concluded that no additional disclosures were required.