

THE MESOTHELIOMA APPLIED RESEARCH FOUNDATION, INC.
(a not-for-profit organization)

REPORT ON AUDIT OF FINANCIAL STATEMENTS

for the year ended December 31, 2013

TABLE OF CONTENTS

	Page
FINANCIAL STATEMENTS	
Independent Auditors' Report	1 - 2
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6 - 7
Notes to Financial Statements	8 - 16

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Mesothelioma Applied Research Foundation, Inc.
Alexandria, Virginia

We have audited the accompanying financial statements of The Mesothelioma Applied Research Foundation, Inc. (a not-for-profit organization) which comprise the statement of financial position as of December 31, 2013 and the related statements of activities, functional expenses, and cash flows for the year 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 of 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 auditors' 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 Mesothelioma Applied Research Foundation, Inc. as of December 31, 2013, 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.

Report on Summarized Comparative Information

We have previously audited The Mesothelioma Applied Research Foundation, Inc.'s 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 8, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Resser and Company, CPA, P.C.

July 29, 2014

THE MESOTHELIOMA APPLIED RESEARCH FOUNDATION, INC.

**STATEMENTS OF FINANCIAL POSITION
December 31, 2013 and 2012 (summarized)**

	2013	2012 (Summarized)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,200,007	\$ 579,722
Accounts receivable	19,699	-
Pledges receivable	306,250	251,000
Contributions receivable	77,488	154,414
Prepaid expenses	84,707	131,466
TOTAL CURRENT ASSETS	<u>1,688,151</u>	<u>1,116,602</u>
TOTAL PROPERTY, net	<u>38,345</u>	<u>6,921</u>
OTHER ASSETS		
Investments	1,334,700	1,389,240
Deposit	4,350	4,350
TOTAL OTHER ASSETS	<u>1,339,050</u>	<u>1,393,590</u>
TOTAL ASSETS	<u><u>\$ 3,065,546</u></u>	<u><u>\$ 2,517,113</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 30,364	\$ 66,465
Grants payable	300,000	325,000
Deferred revenue	8,450	3,600
TOTAL CURRENT LIABILITIES	<u>338,814</u>	<u>395,065</u>
LONG-TERM LIABILITIES		
Deferred rent	5,330	7,152
TOTAL LIABILITIES	<u>344,144</u>	<u>402,217</u>
NET ASSETS		
Unrestricted	2,721,402	1,864,896
Temporarily restricted	-	250,000
TOTAL NET ASSETS	<u>2,721,402</u>	<u>2,114,896</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 3,065,546</u></u>	<u><u>\$ 2,517,113</u></u>

See accompanying Independent Auditors' Report and Notes to the Financial Statements.

THE MESOTHELIOMA APPLIED RESEARCH FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

for the years ended December 31, 2013 and 2012 (summarized)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2013</u>	<u>Total 2012 (Summarized)</u>
SUPPORT AND REVENUE				
Contributions	\$ 2,451,641	\$ -	\$ 2,451,641	\$ 2,055,866
Symposium	98,785	-	98,785	85,100
Investment income	99,214	-	99,214	79,717
Net assets released from restrictions (satisfaction of program restrictions)	250,000	(250,000)	-	-
TOTAL SUPPORT AND REVENUE	<u>2,899,640</u>	<u>(250,000)</u>	<u>2,649,640</u>	<u>2,220,683</u>
EXPENSES				
Program	1,723,160	-	1,723,160	1,525,651
Management and general	117,730	-	117,730	169,016
Fundraising	202,244	-	202,244	202,950
TOTAL EXPENSES	<u>2,043,134</u>	<u>-</u>	<u>2,043,134</u>	<u>1,897,617</u>
CHANGE IN NET ASSETS	856,506	(250,000)	606,506	323,066
NET ASSETS, beginning of year	<u>1,864,896</u>	<u>250,000</u>	<u>2,114,896</u>	<u>1,791,830</u>
NET ASSETS, end of year	<u>\$ 2,721,402</u>	<u>\$ -</u>	<u>\$ 2,721,402</u>	<u>\$ 2,114,896</u>

See accompanying Independent Auditors' Report and Notes to the Financial Statements.

THE MESOTHELIOMA APPLIED RESEARCH FOUNDATION, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
for the years ended December 31, 2013 and 2012 (summarized)

	Research	Education and Support	Advocacy	Total Program	Management and General	Fundraising	2013 Total	2012 Total (Summarized)
Salaries and wages	\$ 100,663	\$ 224,599	\$ 56,521	\$ 381,783	\$ 29,799	\$ 65,732	\$ 477,314	\$ 598,810
Fringe benefits	13,551	29,770	4,914	48,235	3,661	6,740	58,636	40,510
Payroll taxes	7,801	17,404	4,382	29,587	2,321	5,201	37,109	44,770
Workers compensation	829	1,808	454	3,091	226	414	3,731	3,794
Pension	4,830	10,937	2,641	18,408	1,372	3,146	22,926	29,019
Payroll processing	-	-	-	-	2,457	-	2,457	2,448
Grants - patient travel	-	12,150	-	12,150	-	-	12,150	9,000
Grants - research	713,178	-	-	713,178	-	-	713,178	500,000
Accounting	-	-	-	-	28,855	-	28,855	29,991
Legal fees	-	-	-	-	-	-	-	3,973
Professional fees	3,740	48,670	11,984	64,394	15,486	83,643	163,523	58,005
Professional development	-	-	-	-	99	-	99	1,126
Telecommunications	3,910	3,922	4,007	11,839	270	76	12,185	13,935
Postage and shipping	1,843	4,965	353	7,161	52	1,478	8,691	17,606
Occupancy	11,878	25,989	6,537	44,404	3,217	5,938	53,559	54,559
Computer and internet	5,401	12,126	2,924	20,451	1,417	2,590	24,458	23,737
Printing	12,144	10,521	12,279	34,944	8,240	385	43,569	27,775
Publications and subscriptions	1,692	3,983	928	6,603	610	890	8,103	7,377
Advertising and marketing	23,438	27,762	18,061	69,261	8	14	69,283	60,602
Filing fees	-	-	-	-	198	-	198	(75)
Gifts	1,265	524	525	2,314	1,216	-	3,530	3,302
Property taxes	63	157	29	249	21	44	314	24
Insurance	1,944	4,236	3,611	9,791	645	964	11,400	3,839
Travel	9,313	22,818	2,729	34,860	7,452	2,764	45,076	34,897
Event location rental	14,871	14,871	14,871	44,613	-	-	44,613	59,831
Event supplies	7,604	9,032	7,603	24,239	-	-	24,239	75,192
Depreciation and amortization	-	-	-	-	4,924	-	4,924	4,548
Office supplies	1,360	3,267	862	5,489	755	685	6,929	8,663
Bank and credit card fees	1,093	-	-	1,093	349	9,547	10,989	12,360
Meals	36,972	38,638	36,755	112,365	3,529	352	116,246	109,324
Repairs and maintenance	931	2,162	511	3,604	253	462	4,319	3,945
Licenses and permits	2,000	-	-	2,000	298	11,179	13,477	19,764
Conference and Seminar	3,344	7,757	-	11,101	-	-	11,101	20,561
Utilities	1,541	1,541	1,540	4,622	-	-	4,622	5,451
Taxes	14	14	14	42	-	-	42	406
Miscellaneous	-	1,289	-	1,289	-	-	1,289	8,548
TOTAL EXPENSES	\$ 987,213	\$ 540,912	\$ 195,035	\$ 1,723,160	\$ 117,730	\$ 202,244	\$ 2,043,134	\$ 1,897,617

See accompanying Independent Auditors' Report and Notes to the Financial Statements.

THE MESOTHELIOMA APPLIED RESEARCH FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

for the years ended December 31, 2013 and 2012 (summarized)

	<u>2013</u>	<u>2012</u> <u>(Summarized)</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from operations		
Support and revenue	\$ 2,561,291	\$ 1,968,167
Interest and dividends	40,076	55,654
	<u>2,601,367</u>	<u>2,023,821</u>
Cash disbursed by operations		
Payments to employees and suppliers	2,054,374	2,153,644
	<u>2,054,374</u>	<u>2,153,644</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>546,993</u>	<u>(129,823)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment and furniture	(36,348)	(3,163)
Proceeds from sale of investments	1,926,968	1,428,717
Purchase of investments	<u>(1,817,328)</u>	<u>(1,327,482)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>73,292</u>	<u>98,072</u>
NET INCREASE (DECREASE) IN CASH	620,285	(31,751)
CASH, beginning of year	<u>579,722</u>	<u>611,473</u>
CASH, end of year	<u><u>\$ 1,200,007</u></u>	<u><u>\$ 579,722</u></u>
NON-CASH INVESTING ACTIVITIES		
Unrealized gain in market value of investments	\$ (42,336)	\$ (35,763)
Increase in investment value	42,336	35,763
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying Independent Auditors' Report and Notes to the Financial Statements.

THE MESOTHELIOMA APPLIED RESEARCH FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

for the years ended December 31, 2013 and 2012 (summarized)

	<u>2013</u>	<u>2012</u> <u>(Summarized)</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
CHANGE IN NET ASSETS	<u>\$ 606,506</u>	<u>\$ 323,066</u>
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Realized and unrealized loss (gain) on investment	(59,138)	(24,063)
Depreciation and amortization	<u>4,924</u>	<u>4,548</u>
TOTAL ADJUSTMENTS	<u>(54,214)</u>	<u>(19,515)</u>
CHANGE IN ASSETS AND LIABILITIES AFFECTING OPERATIONS PROVIDING (USING) CASH		
ASSETS		
Pledges receivable	(55,250)	(206,972)
Contributions receivable	76,926	30,573
Accounts receivable	(19,699)	-
Prepaid expenses	<u>46,759</u>	<u>(121,067)</u>
Total assets	<u>48,736</u>	<u>(297,466)</u>
LIABILITIES		
Accounts payable	(32,063)	59,943
Grants payable	(25,000)	(199,567)
Deferred rent	(1,822)	116
Deferred Revenue	<u>4,850</u>	<u>3,600</u>
Total liabilities	<u>(54,035)</u>	<u>(135,908)</u>
NET CHANGE IN ASSETS AND LIABILITIES	<u>(5,299)</u>	<u>(433,374)</u>
NET CASH PROVIDED(USED) BY OPERATING ACTIVITIES	<u>\$ 546,993</u>	<u>\$ (129,823)</u>

See accompanying Independent Auditors' Report and Notes to the Financial Statements.

THE MESOTHELIOMA APPLIED RESEARCH FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013 and 2012 (summarized)

1. SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION AND PURPOSE

Organization and Purpose

The mission of The Mesothelioma Applied Research Foundation, Inc. (the "Foundation") is to eradicate the cancer, mesothelioma, as a life-ending disease. The Foundation supports and promotes research to improve mesothelioma treatment, provides education and support to patients with the disease and their families, and raises awareness among the general public and federal officials of the need for research funding to develop improved treatments.

Significant Accounting Policies

Basis of Accounting

The Foundation's policy is to prepare its financial statements on the accrual basis of accounting; consequently, support and revenue are recognized when earned and expenses when incurred.

Cash and Cash Equivalents

The Foundation's policy is to treat all short term investments with original maturity of three months or less as cash equivalents. Cash currently consists of checking account and money market accounts.

Accounts Receivable

The Foundation estimates that all accounts receivable are fully collectible, therefore, no allowance for uncollectible receivables has been established. Management periodically reviews accounts receivable to evaluate collectability.

Pledges Receivable

Contributions are recognized when the donor makes an unconditional promise to give to the Foundation. At December 31, 2013, outstanding pledges are receivable within a year. The Foundation considers the pledges fully collectible; therefore, no provision has been made for uncollectible pledges receivable.

See Independent Auditors' Report.

THE MESOTHELIOMA APPLIED RESEARCH FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013 and 2012 (summarized)

1. SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION AND PURPOSE (Continued)

Property

Property is recorded at cost as of the date of acquisition, or fair market value at the date of donation for donated assets. Depreciation is calculated using the straight-line method over estimated useful lives of three to seven years. Routine repairs and maintenance are expensed as incurred. Intangibles are recorded at cost and are amortized over an estimated useful life of five to fifteen years using the straight line method.

Investments

Investments are carried at fair market value.

The Foundation invests funds in professionally managed mutual funds that contain various types of marketable securities. Such investments are exposed to various risks, such as fluctuations in market value and credit risk. Thus it is at least reasonably possible that changes in the near term could materially affect investment balances and the amounts reported in the financial statements.

Grants Payable

Grants made by the Foundation are recorded in the financial statements at the time the grants are approved by the Board of Directors.

Rescission of Grants

The Foundation records the rescission of grants in the year the grant is cancelled.

Classes of Assets

The Foundation reports its resources in classes established according to their nature and purpose. As of December 31, 2013 and 2012, the Foundation's resources were classified as follows:

Unrestricted Net Assets include net assets which are available for the general operations of the Foundation.

Temporarily Restricted Net Assets include net assets which are subjected to time or donor-imposed restrictions for support of a particular operating activity.

See Independent Auditors' Report.

THE MESOTHELIOMA APPLIED RESEARCH FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013 and 2012 (summarized)

1. SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION AND PURPOSE (Continued)

Contribution and Revenue Recognition

Contributions are recognized as revenue at the earlier of the date of receipt of funds or the date of a formal, unconditional pledge. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. If a restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports the support as unrestricted.

Donated Services and Materials

The Foundation relies heavily on volunteers to perform certain services for some of its programs. Because these services do not meet specified criteria for recognition as income and expense, the value of these services has not been included in the Statement of Activities. Donated property, materials and facilities are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized by function in the Statement of Functional Expenses. Direct costs are charged directly to the appropriate program. Indirect costs such as insurance, rent and facility maintenance have been allocated between the program, general and administrative and fundraising functions based on level of effort.

Income Taxes

The Foundation is exempt from payment of Federal and state income taxation under 501(c)(3) of the Internal Revenue Code. However, the Foundation is subject to Federal and state income taxes on unrelated business income. No taxable income was generated for the years ended December 31, 2013 and 2012. Accordingly, no provision for income taxes has been included in the financial statements.

The Foundation's Federal Exempt Organization Business Income Tax Return (Form 990) for 2010, 2011, and 2012 are subject to examination by the Internal Revenue Service (IRS), generally for three years after they are filed.

See Independent Auditors' Report.

THE MESOTHELIOMA APPLIED RESEARCH FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013 and 2012 (summarized)

1. SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION AND PURPOSE (Continued)

Advertising

Advertising costs are expensed as incurred.

Estimates

The preparation of financial statements in conformity with U.S. 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassification

Certain 2012 financial statement amounts have been reclassified to conform to the 2013 presentation.

2. CASH AND CASH EQUIVALENTS

Cash as of December 31, 2013 and 2012 consisted of the following:

	<u>2013</u>	<u>2012</u>
Checking	\$ 18,228	\$ 42,441
Money market	<u>1,181,779</u>	<u>537,281</u>
	<u>\$ 1,200,007</u>	<u>\$ 579,722</u>

Bank balances in a financial institution are insured by the Federal Deposit Insurance Corporation and Securities Investor Protection Corporation up to \$250,000. The bank balance as of December 31, 2013 and 2012 not covered by FDIC and SIPC deposit insurance was \$742,672 and \$325,636, respectively .

See Independent Auditors' Report.

THE MESOTHELIOMA APPLIED RESEARCH FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013 and 2012 (summarized)

3. INVESTMENTS

Investments as of December 31, 2013 and 2012 consisted of the following, shown at fair value:

	December 31, 2013		
	Cost	Market Value	Unrealized gain
Mutual funds	\$ 1,172,237	\$ 1,213,691	\$ 41,454
Exchange traded funds	117,037	121,009	3,972
	<u>\$ 1,289,274</u>	<u>\$ 1,334,700</u>	<u>\$ 45,426</u>
	December 31, 2012		
	Cost	Market Value	Unrealized gain
Mutual funds	\$ 1,363,127	\$ 1,384,148	\$ 21,021
Equities	3,526	5,092	1,566
	<u>\$ 1,366,653</u>	<u>\$ 1,389,240</u>	<u>\$ 22,587</u>

Investment income for the year ended December 31, 2013 and 2012 is comprised of the following:

	2013	2012
Realized gain/(loss)	\$ 16,802	\$ (11,700)
Unrealized gain	42,336	35,763
Interest and dividends	<u>36,249</u>	<u>53,556</u>
Income from investments	95,387	77,619
Income from interest bearing cash accounts	<u>3,827</u>	<u>2,098</u>
Total investment income	<u>\$ 99,214</u>	<u>\$ 79,717</u>

See Independent Auditors' Report.

THE MESOTHELIOMA APPLIED RESEARCH FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013 and 2012 (summarized)

4. FAIR VALUE MEASUREMENTS

The Foundation records investments based on fair value on a recurring basis. Financial accounting and reporting standards define fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the measurement date. The standards emphasize that fair value is a market-based measurement, not an entity specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, the standards established a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent from the reporting entity (observable inputs that are classified within level 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within level 3 of the hierarchy).

Level 1 inputs utilize unadjusted quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets or liabilities in active markets, as well as inputs that are observable for the assets and liabilities (other than quoted prices), such as interest rate, foreign exchange rate and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs for the assets or liabilities, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

The determination of the fair value level within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Foundation's assessment of the significance of the particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the assets or liabilities.

The following summarizes investments, measured at fair value on a recurring basis, aggregated by the level in the fair value hierarchy within which those measurements fall, as of December 31, 2013 and 2012:

See Independent Auditors' Report.

THE MESOTHELIOMA APPLIED RESEARCH FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013 and 2012 (summarized)

4. FAIR VALUE MEASUREMENTS (Continued)

	December 31, 2013			
	Fair Value	Level 1	Level 2	Level 3
Investments				
Mutual funds	\$ 1,213,691	\$ 1,213,691	\$ -	\$ -
Exchange traded funds	121,009	121,009	-	-
	<u>\$ 1,334,700</u>	<u>\$ 1,334,700</u>	<u>\$ -</u>	<u>\$ -</u>

	December 31, 2012			
	Fair Value	Level 1	Level 2	Level 3
Investments				
Mutual funds	\$ 1,384,148	\$ 1,384,148	\$ -	\$ -
Equities	5,092	5,092	-	-
	<u>\$ 1,389,240</u>	<u>\$ 1,389,240</u>	<u>\$ -</u>	<u>\$ -</u>

Investments are reported at fair values as provided by the investment managers or other third-party service providers utilizing various methods dependent upon the specific type of investment. Mutual funds, exchange traded funds, and equity securities are based on quoted prices in active markets.

5. PROPERTY AND INTANGIBLE ASSETS

A summary of information related to property and depreciation for the year ended December 31, 2013 and 2012 is as follows:

	December 31, 2013			
	Estimated useful life (years)	Cost	Accumulated depreciation/amortization	Depreciation/amortization expense
Office equipment	5	\$ 26,174	\$ 13,281	\$ 1,710
Furniture	5	10,547	10,638	1,211
Other fixed assets	3 - 7	4,593	4,587	280
Website	5	26,460	1,323	1,323
Logo	15	6,000	5,600	400
		<u>73,774</u>	<u>35,429</u>	<u>\$ 4,924</u>

See Independent Auditors' Report.

THE MESOTHELIOMA APPLIED RESEARCH FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013 and 2012 (summarized)

5. PROPERTY AND INTANGIBLE ASSETS, (Continued)

	December 31, 2012			
	Estimated useful life (years)	Cost	Accumulated depreciation/ amortization	Depreciation/ amortization expense
Office equipment	5	\$ 19,160	\$ 14,316	\$ 2,033
Furniture	5	10,547	9,554	1,873
Other fixed assets	3 - 7	4,593	4,309	242
Logo	15	6,000	5,200	400
		<u>\$ 40,300</u>	<u>\$ 33,379</u>	<u>\$ 4,548</u>

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2013 and 2012 consisted of the following:

	December 31, 2013			
	Balance at December 31, 2012	Support and revenue	Net assets released from restrictions	Balance at December 31, 2013
Pledges - time restricted	<u>\$ 250,000</u>	<u>\$ -</u>	<u>\$ (250,000)</u>	<u>\$ -</u>

	December 31, 2012			
	Balance at December 31, 2011	Support and revenue	Net assets released from restrictions	Balance at December 31, 2012
Pledges- time restricted	<u>\$ -</u>	<u>\$ 250,000</u>	<u>\$ -</u>	<u>\$ 250,000</u>

7. PENSION

All Foundation employees are eligible to participate in a deferred salary savings plan under Section 403(b) of the Internal Revenue Code. The Foundation matches up to 6% of the eligible salary upon participation. Foundation employer contributions for the years ended 2013 and 2012 were \$22,926 and \$29,019, respectively.

See Independent Auditors' Report.

THE MESOTHELIOMA APPLIED RESEARCH FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013 and 2012 (summarized)

8. COMMITMENTS AND CONTINGENCIES

Operating Office Lease

In 2010, the Foundation entered into a five year lease for office space in Alexandria, Virginia beginning August 1, 2010. The lease provides for base monthly rental payments of \$4,350 with annual escalations in base rental payments. Rent expense is recognized on a straight-line basis over the term of the lease. Rent expense for the year ended December 31, 2013 and 2012 was \$53,559 and \$54,559, respectively.

Future net minimum lease commitments under the new lease are as follows:

2014	\$	57,751
2015		34,272
	\$	<u>92,023</u>

Future Meeting Sites

The Foundation entered into a hotel contract for the symposium taking place during fiscal year ended 2014. If the foundation were to cancel the contract on December 31, 2013, the Foundation would be liable for a penalty of \$68,650. Subsequent to the fiscal year end, the Foundation held its 2014 symposium and therefore satisfied the \$68,650 commitment.

9. SUBSEQUENT EVENTS

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through July 29, 2014 the date the financial statements were available to be issued.

See Independent Auditors' Report.