

BRAINUP, INC.  
FINANCIAL STATEMENTS  
DECEMBER 31, 2021

BRAINUP, INC.

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# *McHenry, Dixon & Nisovich, Ltd.*

Certified Public Accountants • 2024 Hickory Road, Suite 100 • Homewood, Illinois 60430 • 708/ 957-9095 • Fax 708/ 957-9099

## REPORT OF INDEPENDENT AUDITORS

To The Board of Directors of  
Brainup, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Brainup, Inc. which comprise the statement of financial position as of December 31, 2021, and the related statement 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 the 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 the 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 statement. 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 Brainup, Inc. as of December 31, 2021, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

McHENRY, DIXON & NISEVICH, LTD.

A handwritten signature in cursive script, appearing to read "McHenry, Dixon & Nisevich, Ltd.", written in dark ink.

November 2, 2022

BRAINUP, INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2021

ASSETS

ASSETS:	
Cash	\$ 535,315
Property and equipment (Note 2)	<u>2,206</u>
Total Assets	<u>\$ 537,521</u>

LIABILITIES AND NET ASSETS

LIABILITIES:	
Accounts payable	\$ 15,372
Grants payable	<u>215,270</u>
Total Liabilities	\$ 230,642
NET ASSETS:	
Without donor restrictions:	
Unrestricted	<u>\$ 306,879</u>
Total Liabilities and Net Assets	<u>\$ 537,521</u>

The accompanying notes are an integral part  
of these financial statements

BRAINUP, INC  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Unrestricted</u>
SUPPORT AND REVENUE:	
Contributions	\$ 14,830
Special Events Income-net	200,624
Return on Investments	<u>120</u>
Total Support and Revenue	\$ 215,574
EXPENSES:	
Program	\$ 323,000
Management and General	<u>5,543</u>
Total Expenses	\$ <u>328,543</u>
CHANGE IN NET ASSETS	\$ (112,969)
NET ASSETS - BEGINNING OF YEAR	<u>419,848</u>
NET ASSETS - END OF YEAR	<u>\$ 306,879</u>

The accompanying notes are an integral part  
of these financial statements

BRAINUP, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>TOTAL</u>
Contributions to Research Projects	\$323,000	\$ -	\$323,000
Depreciation	-	115	115
Insurance	-	679	679
Interest Expense	-	50	50
Meals	-	1,381	1,381
Office Expense	-	1,081	1,081
Professional Fees	-	350	350
Website/Internet	<u>-</u>	<u>1,887</u>	<u>1,887</u>
Total Expenses	<u>\$323,000</u>	<u>\$ 5,543</u>	<u>\$328,543</u>

The accompanying notes are in integral part  
of these financial statements



BRAINUP, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$(112,969)
Adjustments to reconcile change in net assets to cash provided by operating activities	
Depreciation	115
Gain on sale of investments	(26)
Noncash contributions	(5,150)
Change in assets - decrease(increase):	
Accounts receivable	5,000
Change in liabilities-increase(decrease):	
Accounts payable	12,177
Grants payable	<u>142,373</u>
Net cash provided (used) by operating activities	\$ 41,520
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase office equipment	\$ (2,321)
Proceeds from sales of investments	<u>5,176</u>
Net cash (used) by investing activities	\$ <u>2,855</u>
Net increase in cash	\$ 44,375
Cash and cash equivalents, beginning of year	<u>490,940</u>
Cash and cash equivalents, end of year	<u>\$ 535,315</u>

The accompanying notes are an integral part  
of these financial statements



BRAINUP, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

Note 1. Nature of Activities and Significant Accounting Policies

Brainup, Inc. is an Illinois not-for-profit organization whose purpose is to bring public awareness to brain cancer, provide reassurance to patients and family members that they are not alone, and raise money for cancer research.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting.

Cash and Cash Equivalents - For purpose of the Statement of Cash Flow, the Organization considers all highly liquid temporary cash investments with maturities of three months or less to be cash equivalents.

Investments - Investments in marketable securities with readily determinable fair values are valued at their fair market values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets.

The Organization's investments are exposed to various risks, such as interest rate, credit and overall market volatility. Due to these risk factors, it is reasonably possible that changes in the value of investments will occur in the near term and could materially affect the amounts reported in the statements of financial position.

Contributions - Contributions, including unconditional promises to give (pledges), are recognized as revenue upon receipt and are considered to be without donor restrictions unless they are received with donor stipulations that limit their use to a future period through either purpose or time restrictions. Contributions with donor stipulations that limit their use to a future period or activity are recognized in net assets with donor restrictions until the donor restrictions expire, that is, when a time restriction ends or purpose restriction is fulfilled.

Upon the expiration of donor stipulations, net assets with donor restrictions would be reclassified to net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions.

A contribution, gift, or grant is conditional if an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right or release of a promisor's obligation to transfer assets. The presence of both a barrier and a right of return or right of release indicates that a recipient promises to give are not recognized until they become unconditional, that is when the barriers in the agreement are overcome.

BRAINUP, INC.  
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Donated Services - No amounts have been reflected for donated services because they do not meet the requirement for inclusion in the financial statements.

Functional Expenses - The Organization allocated its expenses on a functional basis among its various programs and supporting activities. Operating expenses directly identified with a functional area are charged to that area and, where those expenses affect more than one area, they are allocated on the basis of ratios estimated by management.

Property and Equipment - The Organizations capitalizes property and equipment over \$500. Lesser amounts are expenses. Property and equipment is stated at cost or, if donated, at the approximate fair value as of the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets - normally 5 years.

Concentration of Credit Risk - Financial instruments that potentially subject the Organization to concentration of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At December 31, 2021, the Organization had \$281,028 in excess of the FDIC insured limit.

Income Taxes - The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

The Organization's Form 990, Return of Organization Exempt from Income Tax, for the years ending December 2018, 2019 and 2020 are subject to examination by the IRS, generally for three years after they were filed.

Estimates - In preparing financial statements in conformity with generally accepted accounting principles, management makes estimates and assumptions affecting the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Pledges to Give - A major purpose of the Organization is fund raising for cancer research. When the Organization makes a pledge to fund a project, it is recorded at the time the pledge is made.



BRAINUP, INC.  
NOTES TO FINANCIAL STATEMENTS  
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Note 2. Property and Equipment

Property and equipment consists of the following as of December 31, 2021:

Office equipment - at cost	\$ 2,321
Accumulated Depreciation	<u>(115)</u>
Net	<u>\$ 2,206</u>

Note 3. Special Events

The major fund raiser for the Organization is its annual 5k run/walk. Special events income is stated net of \$93,828 of direct expenses related to the events.

Note 4. Investments

Total investment return consisted of the following for year ended December 31, 2021:

Interest income	\$ 94
Gain on sale of investments	<u>26</u>
	<u>\$ 120</u>

Note 5. Evaluation of Subsequent Events

The Organization has evaluated subsequent events through November 2, 2022, the date which the financial statements were available to be issued.