



**INTERNATIONAL ENVIRONMENTAL  
RESEARCH FOUNDATION**

FINANCIAL STATEMENTS

OCTOBER 31, 2001



*Certified Public Accountants  
and Consultants*

**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
International Environmental Research Foundation

We have audited the accompanying statement of financial position of the International Environmental Research Foundation as of October 31, 2001, and the related statements of activities, functional expenses and cash flows from inception (November 20, 2000) through the year then ended. These financial statements are the responsibility of the Organization's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the International Environmental Research Foundation as of October 31, 2001, and the changes in its net assets and its cash flows from inception (November 20, 2000) to the year then ended in conformity with accounting principles generally accepted in the United States of America.



Larisa Komsky, CPA

October 1, 2002

**INTERNATIONAL ENVIRONMENTAL RESEARCH FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
**AT OCTOBER 31, 2001**

**Assets**

Current Assets:	
Cash and cash equivalents (Notes 2d and 2e)	\$772,213
Prepaid expenses	1,321
	773,534
Property and Equipment:	
Property and equipment - net of accumulated depreciation (Note 4)	1,139
	\$774,673
	\$774,673

**Liabilities and Net Assets**

Liabilities:	
Accounts payable and accrued expenses	\$87,120
	87,120
Net Assets: (Note 2b)	
Unrestricted	24,250
Temporarily restricted (Note 3)	663,303
	687,553
	\$774,673
	\$774,673

*The attached notes and auditors' report  
are an integral part of these financial statements.*

**INTERNATIONAL ENVIRONMENTAL RESEARCH FOUNDATION**  
**STATEMENT OF ACTIVITIES**  
**FROM NOVEMBER 20, 2000 (INCEPTION) THROUGH OCTOBER 31, 2001**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Change in Net Assets:</b>			
<b>Public Support and Revenue:</b>			
Contributions (Note 2c)		\$1,000,000	\$1,000,000
Special event revenues			
Less: cost of direct benefits to donors			
Net revenue from special events			0
Interest income	\$24,250		24,250
	<u>24,250</u>	<u>1,000,000</u>	<u>1,024,250</u>
Total public support and revenue			
Net assets released from restrictions	336,697	(336,697)	0
	<u>360,947</u>	<u>663,303</u>	<u>1,024,250</u>
Total support, revenue and other			
<b>Expenses:</b>			
Program services	\$272,082		272,082
Management and general	58,584		58,584
Fund raising	6,031		6,031
	<u>336,697</u>	<u>0</u>	<u>336,697</u>
Total expenses			
Change in net assets	24,250	663,303	687,553
Net assets - beginning of year	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
Net assets - end of year	\$24,250	\$663,303	\$687,553
	<u><u>\$24,250</u></u>	<u><u>\$663,303</u></u>	<u><u>\$687,553</u></u>

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**INTERNATIONAL ENVIRONMENTAL RESEARCH FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FROM NOVEMBER 20, 2000 (INCEPTION) THROUGH OCTOBER 31, 2001**

	<u>Program Services</u>	<u>Management &amp; General</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries	\$27,650	\$7,900	\$3,950	\$39,500
Payroll taxes and benefits	2,473	707	353	3,533
Total personnel services	<u>30,123</u>	<u>8,607</u>	<u>4,303</u>	<u>43,033</u>
Research expenses (Note 5)	229,859			229,859
Professional		45,740		45,740
Telephone	609	174	87	870
Printing & publications	2,275	650	325	3,250
Depreciation	159	45	23	227
Insurance		780		780
Dues	350	100	50	500
Automobile expense	1,121	320	160	1,601
Organizational fees	3,150	900	450	4,500
Conference and travel	3,373	964	481	4,818
Office expense	<u>1,063</u>	<u>304</u>	<u>152</u>	<u>1,519</u>
Total	<u><u>\$272,082</u></u>	<u><u>\$58,584</u></u>	<u><u>\$6,031</u></u>	<u><u>\$336,697</u></u>

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are an integral part of these financial statements.*



**INTERNATIONAL ENVIRONMENTAL RESEARCH FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
**FROM NOVEMBER 20, 2000 (INCEPTION) THROUGH OCTOBER 31, 2001**

**Cash Flows from Operating Activities:**

Change in net assets	\$687,553
Adjustments to reconcile increase in net assets to net cash used for operating activities:	
Depreciation	227
(Increase)/decrease in prepaid expenses	(1,321)
Increase/(decrease) in accounts payable & accrued expense	<u>87,120</u>
Total adjustments	<u>86,026</u>
Net cash provided by operating activities	773,579
 <b>Cash Flows from Investing Activities:</b>	
Purchases of equipment and fixed assets	<u>(1,366)</u>
Net cash used for investing activities	<u>(1,366)</u>
Net increase/(decrease) in cash and cash equivalents	772,213
Cash and cash equivalents - beginning of year	<u>0</u>
Cash and cash equivalents - end of year	<u><u>\$772,213</u></u>

*The attached notes and auditors' report  
are an integral part of these financial statements.*

**INTERNATIONAL ENVIRONMENTAL RESEARCH FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**OCTOBER 31, 2001**

**Note 1. Organization**

The International Environmental Research Foundation ("the Organization") was organized in 2000. It is dedicated to providing scientific research to the complex of environmental health problems, utilizing information from the study of environmental related diseases in any population of people in the world, and transferring knowledge concerning environmental research to communities where such information is critical to public health decisions.

**Note 2. Summary of Significant Accounting Policies**

a. Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

b. Basis of Presentation

The Organization follows Statement of Financial Accounting Standards (SFAS) No.'s 116 and 117, *Accounting for Contributions Received and Contributions Made*, and *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, organizations are required to report information regarding their financial position and activities according to the following classes of net assets:

*Unrestricted* - represents all activity without donor imposed restrictions as well as activity with donor imposed restrictions which expire within the same period.

*Temporarily Restricted* - relates to contributions of cash and other assets with donor stipulations that make clear the assets restriction, either due to a program nature or by passage of time.

*Permanently Restricted* - relates to contributions of cash and other assets whereby the assets must remain intact due to restrictions placed by the donor. The Organization had no permanently restricted net assets at October 31, 2001.

c. Contributions

Contributions received are recorded as unrestricted or temporarily restricted support depending on the existence and/or nature of any donor restrictions.

Note 2c.(Continued)

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

d. Cash and Cash Equivalents

For purposes of financial reporting, cash and cash equivalents include cash held in banks and money market funds.

e. Concentration of Credit Risk

The Organization maintains its cash balances at Citibank. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. In addition, company has a cash fund with Merrill Lynch, which is covered by SPIC insurance up to \$500,000. At October 31, 2001, the Organization had uninsured cash balances which totaled \$270,123.

f. Donated Assets

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation. There were no donated assets during the year ended October 31, 2001.

g. Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

h. Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets or decreases of liabilities, depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

i. Capitalization Policies

Items of property and equipment are recorded at cost. Routine maintenance and repair costs and leasehold improvements which do not materially extend the estimated useful lives of property and equipment are expensed as incurred.



Note 2.(Continued)

j. Management 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 certain reported amounts and disclosures. Accordingly, results could differ from those estimates.

**Note 3. Temporarily Restricted Net Assets**

Temporarily restricted net assets consisted of the following at October 31, 2001:

Research Project	<u>\$663,303</u>
Total	<u><u>\$663,303</u></u>

**Note 4. Property and Equipment**

Property and equipment costs are depreciated over their estimated useful lives (3 to 5 years) using the straight line method and consist of the following at October 31, 2001:

Computer equipment	\$1,366
Less: accumulated depreciation	<u>(227)</u>
Property and equipment - Net	<u><u>\$1,139</u></u>

**Note 5. Commitments & Contingencies**

The Organization entered into a contractual agreement with Mount Sinai - School of Medicine to fund research on the relationship between simian virus (SV40), asbestos and mesothelioma. At 10/31/01, the Organization showed expenses in the amount of \$216,359 relating to research grants.

In addition, the Board has resolved to fund an additional 14 months of this research in the amount of \$381,098 on a quarterly basis beginning December 1, 2001.