

MED-PROJECT CA, LLC
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022



CPAs | CONSULTANTS | WEALTH ADVISORS

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YEAR ENDED DECEMBER 31, 2022**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
MED-Project USA
Washington, DC

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of MED-Project CA, LLC (MED-Project CA), which comprise the statement of financial position as of December 31, 2022, 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 MED-Project CA, as of December 31, 2022, and 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 MED-Project CA and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 MED-Project CA's ability to continue as a going concern for one year after the date 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 GAAS 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 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 GAAS, 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 MED-Project CA'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 MED-Project CA'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.



CliftonLarsonAllen LLP

Arlington, Virginia
March 16, 2023

**MED-PROJECT CA, LLC
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022**

ASSETS

| | | |
|--------------------------------------|----|------------|
| Accounts Receivable, Net | \$ | [REDACTED] |
| Property and Equipment, Net | | |
| Reserve Fund Held by MED-Project USA | | |
| Total Assets | \$ | [REDACTED] |

LIABILITIES AND NET ASSETS

LIABILITIES

| | | |
|-------------------|----|------------|
| [REDACTED] | \$ | [REDACTED] |
| Total Liabilities | | [REDACTED] |

NET ASSETS

| | | |
|----------------------------------|----|------------|
| [REDACTED] | | [REDACTED] |
| Total Liabilities and Net Assets | \$ | [REDACTED] |

See accompanying Notes to Financial Statements.

**MED-PROJECT CA, LLC
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

REVENUE

Program Service Fees
Interest Income
Total Revenue

\$ [REDACTED]

EXPENSES

Program Services:
Collection and Disposal
Communications
Total Program Services
Supporting Services:
General and Administrative
Total Supporting Services

Total Expenses

[REDACTED]

CHANGE IN NET ASSETS

Net Assets - Beginning of Period

[REDACTED]

NET ASSETS - END OF PERIOD

\$ [REDACTED]

See accompanying Notes to Financial Statements.

**MED-PROJECT CA, LLC
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|---|---|
| Change in Net Assets | █ |
| Adjustments to Reconcile Change in Net Assets to Net Cash | |
| Provided by Operating Activities: | |
| Depreciation | █ |
| Increase in Assets: | |
| Accounts Receivable | █ |
| █ | █ |
| █ | █ |
| █ | █ |
| █ | █ |
| Net Cash Provided by Operating Activities | █ |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|---------------------------------------|---|
| Purchases of Property and Equipment | █ |
| Net Cash Used by Investing Activities | █ |

NET CHANGE IN CASH AND CASH EQUIVALENTS

| | |
|---|---|
| Cash and Cash Equivalents - Beginning of Period | - |
|---|---|

| | |
|--|-------------|
| CASH AND CASH EQUIVALENTS - END OF PERIOD | \$ - |
|--|-------------|

See accompanying Notes to Financial Statements.

MED-PROJECT CA, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 NATURE OF OPERATIONS

The California Pharmaceutical and Sharps Waste Stewardship Program, authorized by California Public Resources Code Section 42030 et seq. requires covered drug and sharps manufacturers to establish safe and convenient disposal options for covered drugs and home-generated sharps waste.

MED-Project USA was established effective January 1, 2020 as a District of Columbia nonprofit corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, to develop, implement, and operate community level pharmaceutical product stewardship take-back programs, in compliance with and as mandated by legislation. MED-Project USA has one member, the Pharmaceutical Product Stewardship Work Group (PPSWG), a District of Columbia nonprofit corporation exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code.

MED-Project USA is the program operator for the MED-Project USA Home-Generated Sharps Waste and Covered Drugs from Households Stewardship Plans (the Plans or Programs). MED-Project USA contracts with MED-Project CA, LLC (MED-Project CA), a wholly-owned subsidiary of MED-Project USA, to provide outsourced services for development, implementation, and operation of the Programs (the Services). MED-Project CA was organized as a District of Columbia limited liability company in October 2019, with MED-Project USA as its sole member. MED-Project CA was formed to provide Services for the development, implementation, and operation of the Programs for MED-Project USA.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Use of Estimates

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

Income Tax Status

MED-Project USA is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from activities not directly related to MED-Project USA's tax-exempt purposes, if any, would be subject to taxation as unrelated business income.

**MED-PROJECT CA, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status (Continued)

MED-Project CA is considered a “disregarded entity” for federal income tax purposes. Its activities and purpose are fully consistent with those of MED-Project USA, and the activities of MED-Project CA are reported on a consolidated basis with MED-Project USA’s federal information return filing (IRS Form 990). MED-Project CA is subject to applicable state income taxes as a for-profit limited liability company. [REDACTED]

MED-Project USA’s and MED-Project CA’s tax returns and filings are subject to review and examination by federal, state, and local authorities for a period of three to four years depending on the jurisdiction.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

MED-PROJECT CA, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

| | | |
|------------|------------|------------|
| [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] |

**MED-PROJECT CA, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing MED-Project CA's Services and other activities have been summarized on a functional basis in the accompanying statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Certain expenses are directly identified with a Program activity or supporting service. However, certain other costs are attributable to more than one Program or supporting function and require allocation on a reasonable basis that is consistently applied. The expenses that have been allocated include Program manager support, data and IT services, legal, miscellaneous, travel, training, and recruitment, which are allocated on the basis of estimates of time and effort.

Subsequent Events

In preparing these financial statements, MED-Project CA has evaluated subsequent events for potential recognition or disclosure through March 16, 2023, the date the financial statements were available to be issued.

NOTE 3

[REDACTED]

[REDACTED]

[REDACTED]

NOTE 4

[REDACTED]

[REDACTED]

MED-PROJECT CA, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 5

The table content is almost entirely redacted with black bars. Only a few small, white rectangular fragments are visible, primarily on the right side of the table, which likely represent column headers or specific data points. The overall structure of the table is obscured.