

**THE NATIONAL PANCREAS FOUNDATION**

**FINANCIAL STATEMENTS**

**MARCH 31, 2017**

**HALEY & ASSOCIATES, LLC**

**CERTIFIED PUBLIC ACCOUNTANTS  
BELTSVILLE, MARYLAND 20705**

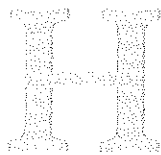


**THE NATIONAL PANCREAS FOUNDATION**

**FINANCIAL STATEMENTS**

**MARCH 31, 2017 and 2016**

	PAGE
Report of Independent Auditors	1
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6
Supplementary Information	
Schedule of Functional Expenses	11



**HALEY & ASSOCIATES, LLC**  
Certified Public Accountants

**REPORT OF INDEPENDENT AUDITORS**

To the Board of Directors of  
The National Pancreas Foundation

We have audited the accompanying financial statements of The National Pancreas Foundation (a nonprofit Foundation), which comprise the statement of financial position as of March 31, 2017 and 2016 and the related statements of activities and cash flows for the years 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.

***Auditors' 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 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 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 involves 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.

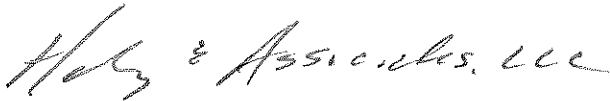
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The National Pancreas Foundation as of March 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matter***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on pages 11 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Haley & Associates, LLC  
Beltsville, MD  
June 15, 2017

THE NATIONAL PANCREAS FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
As of March 31, 2017 and 2016

	2017	2016
	Total	Total
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,156,279	\$ 998,225
Deposits & Prepaid Expenses	6,669	17,045
Capitalized Program Costs	1,356,438	1,176,375
Less: accumulated amortization	(380,072)	(218,218)
Net Capitalized Program Costs	976,365	958,157
<b>TOTAL ASSETS</b>	<b>\$ 2,139,313</b>	<b>\$ 1,973,427</b>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts Payable	\$ 96,434	\$ 26,026
Accrued Payroll and Taxes	5,636	8,519
Total Liabilities	102,070	34,545
<b>NET ASSETS</b>		
Unrestricted Net Assets	1,457,824	1,513,775
Temporarily Restricted Net Assets	579,419	425,107
Total Net Assets	2,037,243	1,938,882
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,139,313</b>	<b>\$ 1,973,427</b>

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

THE NATIONAL PANCREAS FOUNDATION  
STATEMENT OF ACTIVITIES  
Years Ended March 31, 2017 and 2016

	<u>2017</u>			<u>2016</u>
	Unrestricted	Temporarily Restricted	Total	Total
<b>SUPPORT &amp; REVENUE</b>				
Contributions & Grants	\$ 473,231	\$ 824,010	\$ 1,297,241	\$ 1,151,782
Special and Chapter Events	786,192	-	786,192	613,622
Interest	671	-	671	445
Net Assets Released from Restrictions	669,698	(669,698)	-	-
<b>TOTAL SUPPORT &amp; REVENUE</b>	<u>1,929,792</u>	<u>154,312</u>	<u>2,084,104</u>	<u>1,765,849</u>
<b>EXPENSES</b>				
Program Services	1,892,950	-	1,892,950	1,196,003
Management & General	61,473	-	61,473	52,051
Fundraising	31,320	-	31,320	53,981
<b>TOTAL EXPENSES</b>	<u>1,985,743</u>	<u>-</u>	<u>1,985,743</u>	<u>1,302,035</u>
<b>NET INCOME (LOSS)</b>	<u>(55,951)</u>	<u>154,312</u>	<u>98,361</u>	<u>463,814</u>
<b>NET ASSETS</b>				
Beginning of year	1,513,775	425,107	1,938,882	1,475,068
End of year	<u>\$ 1,457,824</u>	<u>\$ 579,419</u>	<u>\$ 2,037,243</u>	<u>\$ 1,938,882</u>

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

THE NATIONAL PANCREAS FOUNDATION  
STATEMENTS OF CASH FLOWS  
As of MARCH 31, 2017 and 2016

	2017	2016
	Total	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 98,361	\$ 463,814
Adjustments to reconcile changes in Net Assets:		
Cumulative Effect of Change Accounting Principle	-	-
Depreciation	161,855	105,932
(Increase) Decrease in Deposits & Prepaid Expenses	10,376	(10,879)
Increase (Decrease) in Liabilities	70,408	(2,281)
(Decrease) Increase Accrued Payroll and Taxes	(2,885)	401
Total Adjustments	239,753	93,173
Net Cash provided by Operating Activities	338,114	556,987
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(180,063)	(244,844)
<b>CASH FLOWS FROM FINANCIING ACTIVITIES</b>		
	-	-
<b>NET (DECREASE) INCREASE IN CASH</b>		
<b>AND CASH EQUIVALENTS</b>	158,054	312,143
Beginning of year	998,225	686,082
End of year	\$ 1,156,279	\$ 998,225

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

# THE NATIONAL PANCREAS FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017 AND 2016

### NOTE 1. DESCRIPTION OF FOUNDATION AND NATURE OF OPERATIONS

**Nature of Activities** - Nature of Activities – The National Pancreas Foundation (the “Foundation”) has its main headquarters located in Bethesda, Maryland. It was registered on September 18, 1977 as a Pennsylvania non-profit corporation. The Foundation provides hope for those suffering from pancreatitis and pancreatic cancer through funding cutting edge research, advocating for new and better therapies, and providing support and education for patients, caregivers, and health care professionals. The Foundation has chapters throughout the United States, supporting the Foundation's educational, advocacy, and developmental goals.

### NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Presentation** - The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The financial statements have been prepared using the accrual basis of accounting.

**Cash and Cash Equivalents** - The Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**Classification of Net Assets** - The net assets of the Foundation are reported as follows:

Unrestricted net assets represent the portion of expendable funds that are available for support of the Foundation's operations.

Temporarily restricted net assets represent amounts that are specifically restricted by donors for various programs or for future periods.

Permanently restricted net assets represent net assets subject to donor-imposed stipulations that may be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned and capital gains, if any, on related investments for general or specific purposes. The Foundation did not have any permanently restricted net assets at March 31, 2017 and 2016.

**Capitalized Cost** – The Foundation capitalizes the incurred costs related to the development of modules which further the foundation's mission and have useful life of greater than one year. These costs are amortized over a seven-year period upon completion of the related project. Amortization expense was \$161,855 and \$105,932 for 2017 and 2016, respectively.



# THE NATIONAL PANCREAS FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017 AND 2016

### **NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Use of Estimates** - The preparation of financial statements in conformity with the U.S. Generally Accepted Accounting Principles (GAAP) requires the Foundation to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

**Revenue Recognition** - Charitable contributions from the public are generally available for unrestricted use in the related year unless specifically restricted by the donor. Contributions are recorded when received. There are no promises to give as of March 31, 2017 and 2016.

Contributions are reported as revenue in the year in which the payments are received and/or unconditional promises are made. The Foundation reports contributions as permanently or temporarily restricted support if they are received with donor stipulations that limit their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

**Donated Materials** - Donations of materials are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in unrestricted net assets.

**Functional Allocation of Expenses** - The program services as presented on the statements of activities are described as funds used to provide grants to scientists and medical research Foundations to advance pancreatic disease research and creation of a support network for individuals and families suffering from pancreatic disease and disorders. The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

# THE NATIONAL PANCREAS FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017 AND 2016

### NOTE 3. CONCENTRATIONS

The Foundation maintains its cash balances in various financial institutions. Deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor. Cash balances on deposit with financial institutions at March 31, 2017 exceeded the balances insured by the FDIC by approximately \$651,788. Management regularly monitors the financial institutions and its cash balances to minimize any potential risk.

### NOTE 4. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following as of March 31:

	<u>2017</u>	<u>2016</u>
Horvitz – Dr. Kim Research Award	\$ 30,185	\$35,367
Patient Education	54,297	16,014
Fellows Symposium	113	26,080
Animation Project	107,961	97,925
Patient Registry	270,567	239,910
Newsletter	8,371	9,809
Chapter Retreat/Gen. Mission	107,925	-
	<u>\$ 579,419</u>	<u>\$ 425,107</u>

Net assets released from donor restrictions for the years ended March 31, 2017 and 2016 were \$669,698 and \$615,047, respectively.

### NOTE 5. OFFICE LEASE AGREEMENT

The Foundation has an agreement to share office rent and related costs with an unrelated third party. Under the current agreement, the Foundation is obligated to pay its share of office space. The Foundation's agreement is for the year ending August 31, 2017. Total expenses related to this agreement for the year ended March 31, 2017 and 2016 were \$31,600 and \$30,744 respectively. The minimum future payments for fiscal year ending March 31, 2018 is \$34,202.

**THE NATIONAL PANCREAS FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2017 AND 2016**

**NOTE 6. SPECIAL EVENTS**

Special events and chapter events income consisted of the following as of March 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Income:		
Special and chapter events	\$ 718,783	\$ 561,261
In Kind Donations		
Donated materials	<u>67,409</u>	<u>52,362</u>
Total income	<u>786,192</u>	<u>613,623</u>
Expenses:		
Special and chapter events	383,188	228,312
In Kind Expense		
Donated materials	<u>67,409</u>	<u>52,362</u>
Total expenses	<u>\$ 450,597</u>	<u>\$280,674</u>

**NOTE 7. TAX STATUS**

The Internal Revenue Service ("IRS") has advised that the Foundation qualifies under Section 501(c)(3) of the Internal Revenue Code, and is therefore, not subject to tax under present income tax laws. ASC Topic 740, Income Taxes, addresses the accounting for uncertainty in income taxes recognized in an organization's financial statements and prescribes a threshold and measurement attribute for financial statement recognition regarding tax positions taken or expected to be taken on a tax return, including the entity's status as a tax-exempt entity. The Foundation has determined there are no significant uncertain tax positions for the years ended March 31, 2017 and 2016. While the Foundation's tax and other regulatory forms may be examined by tax authorities, such as the IRS, it is no longer subject to federal income tax examinations for any years earlier than its fiscal year ended March 31, 2013.

**THE NATIONAL PANCREAS FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2017 AND 2016**

**NOTE 8. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through June 15, 2017, which is the date the financial statements were available to be issued. This review and evaluation revealed no new material events or transactions which would require an additional adjustment to or disclosure in the accompanying financial statements.

THE NATIONAL PANCREAS FOUNDATION  
 SCHEDULE OF FUNCTIONAL EXPENSES  
 Years Ended March 31, 2017 and 2016

	2017			2016
	Program Service	Management and General	Fundraising	Total
EXPENSES:				Total
Grants	524,743	-	-	\$ 524,743
Salaries & Benefits	269,983	30,811	18,833	319,627
Special Events	380,775	2,366	47	383,188
Fundraising and Registry	167,845	2,394	1,464	171,703
Donated Materials & Services	67,409	-	-	67,409
Supplies and Other	10,128	753	460	11,341
Rent	26,692	3,046	1,862	31,600
Depreciation and Amortization	161,855	-	-	161,855
Bank & Credit Card Fees	17,163	445	287	17,894
Computer Services	23,516	2,240	1,369	27,126
Filing Fees & Taxes	363	41	25	430
Insurance	5,370	613	375	6,357
Legal & Accounting	79,685	9,094	5,558	94,338
Postage & Shipping/Reproduction	34,185	1,476	915	36,576
Telephone	1,792	204	125	2,121
Travel	121,446	7,990	-	129,436
Total Expenses	\$ 1,892,950	\$ 61,473	\$ 31,320	\$ 1,985,743
				\$ 1,302,035

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