

THE NATIONAL PANCREAS FOUNDATION

FINANCIAL STATEMENTS

MARCH 31, 2021



THE NATIONAL PANCREAS FOUNDATION

FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2021 AND 2020

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
The National Pancreas Foundation

We have audited the accompanying financial statements of The National Pancreas Foundation (the Foundation), which comprise the statement of financial position as of March 31, 2021, 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 from 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 Foundation'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 Foundation'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 National Pancreas Foundation as of March 31, 2021, 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.

Prior Period Financial Statements

The financial statements of The National Pancreas Foundation as of and for the year ended March 31, 2020, were audited by other auditors whose report dated August 31, 2020, expressed an unmodified audit opinion on those financial statements.

Calibre CPA Group, PLLC

Bethesda, MD
November 2, 2021

THE NATIONAL PANCREAS FOUNDATION

STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
ASSETS		
Cash and cash equivalents	\$ 746,686	\$ 661,503
Accounts receivable	19,120	-
Grants receivable	-	205,000
Prepaid expenses and deposits	34,039	19,106
Capitalized program costs	1,505,948	1,505,948
Less: accumulated amortization	<u>(1,372,774)</u>	<u>(1,249,746)</u>
Net capitalized program costs	<u>133,174</u>	<u>256,202</u>
Total assets	<u>\$ 933,019</u>	<u>\$ 1,141,811</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 210,277	\$ 48,851
Accrued payroll and taxes	14,597	6,357
Refundable advance - PPP loan	<u>80,226</u>	<u>-</u>
Total liabilities	<u>305,100</u>	<u>55,208</u>
NET ASSETS		
Net assets without donor restrictions	440,029	888,683
Net assets with donor restrictions	<u>187,890</u>	<u>197,920</u>
Total net assets	<u>627,919</u>	<u>1,086,603</u>
Total liabilities and net assets	<u>\$ 933,019</u>	<u>\$ 1,141,811</u>

See accompanying notes to financial statements.

THE NATIONAL PANCREAS FOUNDATION

STATEMENTS OF ACTIVITIES

YEARS ENDED MARCH 31, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Grants and contributions	\$ 295,346	\$ 351,401	\$ 646,747	\$ 855,193	\$ 584,025	\$ 1,439,218
Special and chapter events	445,067	-	445,067	310,798	-	310,798
Interest	111	-	111	536	-	536
Other income	40,518	-	40,518	5,675	-	5,675
Contribution from Paycheck Protection Program loan	77,778	-	77,778	-	-	-
Net assets released from restrictions	361,431	(361,431)	-	593,315	(593,315)	-
	1,220,251	(10,030)	1,210,221	1,765,517	(9,290)	1,756,227
EXPENSES						
Program services	1,560,308	-	1,560,308	1,855,085	-	1,855,085
Management and general	59,079	-	59,079	104,879	-	104,879
Fundraising	49,518	-	49,518	32,603	-	32,603
	1,668,905	-	1,668,905	1,992,567	-	1,992,567
CHANGE IN NET ASSETS	(448,654)	(10,030)	(458,684)	(227,050)	(9,290)	(236,340)
NET ASSETS						
Beginning of year	888,683	197,920	1,086,603	1,115,733	207,210	1,322,943
End of year	\$ 440,029	\$ 187,890	\$ 627,919	\$ 888,683	\$ 197,920	\$ 1,086,603

See accompanying notes to financial statements.

THE NATIONAL PANCREAS FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED MARCH 31, 2021

	Program Service	Management and General	Fundraising	Total
EXPENSES				
Salaries and benefits	\$ 450,761	\$ 36,142	\$ 16,447	\$ 503,350
Fundraising and registry	384,865	5,211	25,340	415,416
Grants	189,873	-	-	189,873
Special and chapter events	178,623	1,096	-	179,719
Depreciation and amortization	123,028	-	-	123,028
Legal and accounting	90,496	8,552	3,892	102,940
Rent	41,136	3,888	1,769	46,793
Donated materials and services	40,185	-	-	40,185
Computer services	16,649	1,451	660	18,760
Bank fees	15,726	717	326	16,769
Postage and shipping/reproduction	14,689	800	364	15,853
Supplies and other	5,402	502	228	6,132
Telephone	4,861	404	184	5,449
Insurance	3,304	312	142	3,758
Meetings and travel	666	-	164	830
Filing fees and taxes	44	4	2	50
Total expenses	<u>\$ 1,560,308</u>	<u>\$ 59,079</u>	<u>\$ 49,518</u>	<u>\$ 1,668,905</u>

See accompanying notes to financial statements.

THE NATIONAL PANCREAS FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED MARCH 31, 2020

	Program Service	Management and General	Fundraising	Total
EXPENSES				
Grants	\$ 393,275	\$ -	\$ -	\$ 393,275
Salaries and benefits	332,925	41,849	17,834	392,608
Depreciation and amortization	312,153	-	-	312,153
Special and chapter events	279,216	12,520	-	291,736
Fundraising and registry	205,625	8,472	3,610	217,707
Meetings and travel	144,432	15,992	60	160,484
Legal and accounting	81,239	12,758	5,437	99,434
Rent	39,213	6,158	2,624	47,995
Computer services	19,864	2,760	1,176	23,800
Postage and shipping/reproduction	16,254	1,594	679	18,527
Bank fees	13,338	981	418	14,737
Supplies and other	5,006	727	310	6,043
Donated materials and services	5,675	-	-	5,675
Insurance	4,101	633	270	5,004
Telephone	2,156	339	144	2,639
Filing fees and taxes	613	96	41	750
Total expenses	<u>\$ 1,855,085</u>	<u>\$ 104,879</u>	<u>\$ 32,603</u>	<u>\$ 1,992,567</u>

See accompanying notes to financial statements.

THE NATIONAL PANCREAS FOUNDATION

STATEMENTS OF CASH FLOWS

YEARS ENDED MARCH 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (458,684)	\$ (236,341)
Adjustments to reconcile change in net assets to cash provided by (used for) operating activities		
Depreciation and amortization	123,028	312,153
Grants and contributions receivable	185,880	(205,000)
Prepaid expenses and deposits	(14,933)	49,942
Accounts payable	161,426	(33,349)
Accrued payroll and taxes	8,240	(14,695)
Net cash provided by (used for) operating activities	<u>4,957</u>	<u>(127,290)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan	<u>80,226</u>	<u>-</u>
Net cash provided by financing activities	<u>80,226</u>	<u>-</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	85,183	(127,290)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>661,503</u>	<u>788,793</u>
End of year	<u>\$ 746,686</u>	<u>\$ 661,503</u>

See accompanying notes to financial statements.

THE NATIONAL PANCREAS FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2021 AND 2020

NOTE 1. DESCRIPTION OF FOUNDATION AND NATURE OF OPERATIONS

Nature of Activities - The National Pancreas Foundation (the “Foundation”) has its main headquarters located in Bethesda, Maryland. It was registered on September 18, 1997, 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 Accounting - The accompanying financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Under this basis, revenue is recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation - Financial statement presentation follows the recommendations of U.S. generally accepted accounting principles in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC 958-205), *Not-for-Profit Entities - Presentation of Financial Statements*. Under those principles, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets - net assets without donor restrictions and net assets with donor restrictions.

Cash and Cash Equivalents - The Foundation considers as cash equivalents all cash available for immediate withdrawal and all investments with initial maturities of three months or less.

Classification of Net Assets - Net assets are reported in two distinct classes as follows:

Net assets without donor restrictions - These net assets are available to finance the general operations of the Foundation. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Foundation, the environment in which it operates, and the purposes specified in its organizing documents.

Net assets with donor restrictions - These net assets result from contributions and other inflows of assets, the use of which by the Foundation is limited by donor-imposed time or purpose restrictions that are either temporary or perpetual. When a donor restriction expires (that is, when a stipulated time restriction ends, or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capitalized Program Costs - 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. Depreciation and amortization expense for the years ended March 31, 2021 and 2020 was \$123,028 and \$312,153 for 2021 and 2020, respectively.

Revenue Recognition - Revenue is derived from both exchange transactions and contribution transactions. Revenue from exchange transactions is recognized when control of promised goods or services is transferred to our members and customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. All goods and services are transferred at a point in time. Payments are generally required in advance and are reported as deferred revenue until the related revenue is recognized. Unconditional contributions are recognized upon receipt of cash or other assets, or when a donor promises to transfer cash or other assets in the future. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return or release, are not recognized until the conditions on which they depend have been substantially met.

Grants and contributions - The Foundation reports grants and contributions as net assets with donor restrictions if they are received with donor or grantor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. When a donor restriction is fulfilled in the same year as the contribution is received, the contribution is recognized as without donor restricted support. Unconditional grants and contributions that have been promised but not yet received are reflected as contributions receivable in the accompanying statements of financial position.

Donated Materials - Donations of materials are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions. Donated materials and services were \$40,185 for the fiscal year ending March 31, 2021 and were \$5,675 for fiscal year ending March 31, 2020.

Functional Allocation of Expenses - The program services as presented on the statements of activities are 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 accompanying statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenue and expenses during the reporting period. Actual results could differ from these estimates.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications - Certain reclassifications have been made to the 2020 financial statements herein to conform to the 2021 presentation. These reclassifications had no effect on the total net assets or the total change in net assets for 2020.

NOTE 3. TAX STATUS

Income Taxes - The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation has filed for and received income tax exemptions in the various jurisdictions where it is required to do so. The Foundation files the Federal Form 990 tax return in the U.S. Federal jurisdiction and various states. As of March 31, 2021, the statute of limitation for tax years 2018 through 2020 remains open with the U.S. Federal jurisdiction and various states.

In accounting for uncertainty in income taxes, accounting standards require an entity to recognize the financial statement impact of a tax position when it is more-likely-than-not that the position will not be sustained upon examination. Management evaluated the Foundation's tax positions and concluded that the Foundation has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

NOTE 4. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The following table represents the Foundation's financial assets available to meet cash needs for general expenditures within one year of March 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Total assets at year end	\$ 933,019	\$ 1,141,811
Less nonfinancial assets		
Program costs, net	133,174	256,202
Deposits and prepaid expenses	<u>34,039</u>	<u>19,106</u>
Total financial assets at end of year	765,806	866,503
Less amounts not available to meet general expenditures coming due within one year		
Assets subject to donor-imposed restrictions	<u>187,890</u>	<u>197,920</u>
Financial assets available to meet general expenditures coming due in the next year	<u>\$ 577,916</u>	<u>\$ 668,583</u>

NOTE 5. GRANTS RECEIVABLE

As of March 31, 2020, the Foundation had a grant receivable from a sponsor in the amount of \$205,000. The grant was received in full in April 2020.

NOTE 6. CONTRACT BALANCES

The timing of billings, cash collections, and revenue recognition result in contract assets and contract liabilities associated with revenue from exchange transactions. Contract assets consist entirely of trade accounts receivable, which are recognized only to the extent it is probable that the Foundation will collect substantially all of the consideration to which it is entitled to in exchange for the goods or services that will be or have been transferred. Balances in these accounts as of the beginning and end of the years ended March 31, 2021, and 2020, are as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Grants and contributions	\$ -	\$ 205,000	\$ -
Event registrations, exhibitor fees	14,250	-	-
Product sales	<u>4,870</u>	<u>-</u>	<u>-</u>
	<u>\$ 19,120</u>	<u>\$ 205,000</u>	<u>\$ -</u>

NOTE 7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of March 31:

	<u>2021</u>	<u>2020</u>
Animation Project	\$ 20,000	\$ 8,954
Patient Registry	141,897	172,816
Chapter Retreat	15,993	16,150
Symposium	<u>10,000</u>	<u>-</u>
	<u>\$ 187,890</u>	<u>\$ 197,920</u>

Net assets released from donor restrictions for the years ended March 31, 2021 and 2020 were \$361,431 and \$593,315, respectively.

NOTE 8. OFFICE LEASE AGREEMENT

The Foundation has an agreement to share office rent and related costs with a third party, which expired on June 30, 2020. This agreement was renewed for one year. Total expenses related to this agreement for the years ended March 31, 2021 and 2020 were \$46,793 and \$47,995, respectively.

Future minimum lease payments required are as follows:

2021	\$ 13,080
2022	<u>3,270</u>
	<u>\$ 16,350</u>

NOTE 9. SPECIAL EVENTS

Special and chapter events income and expenses consisted of the following as of March 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Income		
Special and chapter events	\$ 445,067	\$ 310,798
In kind donations	<u>40,185</u>	<u>5,675</u>
Total income	<u>\$ 485,252</u>	<u>\$ 316,473</u>
Expenses		
Special and chapter events	\$ 179,719	\$ 291,736
In kind expenses	<u>40,185</u>	<u>5,675</u>
Total expenses	<u>\$ 219,904</u>	<u>\$ 297,411</u>

NOTE 10. PAYCHECK PROTECTION PROGRAM LOAN

On May 1, 2020, the Foundation received a Paycheck Protection Program (PPP) loan in the amount of \$77,778, made available under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. PPP loans and accrued interest are forgivable after a covered period as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, primarily payroll, benefits, rent and utilities. The Foundation initially recorded the note payable as a refundable advance and subsequently recognized contribution income related to the debt forgiveness when the loan obligation was legally released. The amount of contribution income recognized during the year ended March 31, 2021, was \$77,778.

On February 15, 2021, the Foundation received a loan in the amount of \$81,226 under the Paycheck Protection Program (PPP). The Foundation recorded a note payable and will recognize income from debt forgiveness upon being legally released from the loan obligation. No income from debt forgiveness has been recognized during the year ended March 31, 2021.

NOTE 11. UNINSURED CASH

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 on March 31, 2021 exceeded the balances insured by the FDIC by \$255,817. Management regularly monitors the financial institutions and its cash balances to minimize any potential risk.

NOTE 12. SIGNIFICANT UNCERTAINTIES

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The extent of the impact of the pandemic on the Foundation's operational and financial performance will depend

NOTE 12. SIGNIFICANT UNCERTAINTIES (CONTINUED)

on certain developments, including the duration and spread of the outbreak and its impacts on the Foundation's donors, customers, employees, and vendors, all of which, at present, cannot be determined. Accordingly, the extent to which the pandemic may impact the Foundation's financial position, activities, and cash flows is uncertain, and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

NOTE 13. SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 2, 2021, which is the date the financial statements were available to be issued. After fiscal year March 31, 2021, the Foundation received the forgiveness of the second PPP loan the amount of \$81,226. This review and evaluation revealed no other material event or transaction which would require an adjustment to or disclosure in the accompanying financial statements.