



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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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The National Pancreas Foundation

Opinion

We have audited the accompanying financial statements of The National Pancreas Foundation (the Foundation), which comprise the statements of financial position as of March 31, 2022 and 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.

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, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.





Auditor's 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 auditor's 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 the Foundation'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 the Foundation'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.

Calibre CPA Group, PLLC

Bethesda, MD
December 9, 2022



THE NATIONAL PANCREAS FOUNDATION

STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2022 AND 2021

	2022	2021
Assets		
Assets		
Cash and cash equivalents	\$ 663,519	\$ 746,686
Accounts receivable	-	19,120
Grants receivable	-	-
Prepaid expenses and deposits	70,508	34,039
Capitalized program costs	1,507,479	1,505,948
Less: accumulated amortization	(1,429,871)	(1,372,774)
Net capitalized program costs	77,608	133,174
Total assets	<u>\$ 811,635</u>	<u>\$ 933,019</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 262,528	\$ 210,277
Accrued payroll and taxes	15,623	14,597
Refundable advance - PPP loan	-	80,226
Total liabilities	<u>278,151</u>	<u>305,100</u>
Net assets		
Net assets without donor restrictions	533,484	440,029
Net assets with donor restrictions	-	187,890
Total net assets	<u>533,484</u>	<u>627,919</u>
Total liabilities and net assets	<u>\$ 811,635</u>	<u>\$ 933,019</u>

See accompanying notes to financial statements.



THE NATIONAL PANCREAS FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED MARCH 31, 2022

	Program Service	Management and General	Fundraising	Total
Expenses				
Salaries and benefits	\$ 511,813	\$ 70,102	\$ 19,407	\$ 601,322
Fundraising and registry	466,045	10,616	3,264	479,925
Grants	197,500	-	-	197,500
Special and chapter events	54,553	162	550	55,265
Depreciation and amortization	57,097	-	-	57,097
Legal and accounting	57,955	9,421	2,608	69,984
Rent	12,955	2,106	583	15,644
Computer services	32,754	4,997	1,383	39,134
Bank fees	17,125	1,767	489	19,381
Postage and shipping/reproduction	10,305	1,385	383	12,073
Supplies and other	2,306	344	95	2,745
Telephone	709	115	32	856
Insurance	2,985	485	134	3,604
Meetings and travel	2,672	1,371	-	4,043
Filing fees and taxes	101	16	5	122
Total expenses	<u>\$ 1,426,875</u>	<u>\$ 102,887</u>	<u>\$ 28,933</u>	<u>\$ 1,558,695</u>

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

STATEMENTS OF CASH FLOWS

YEARS ENDED MARCH 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	\$ (94,435)	\$ (458,684)
Adjustments to reconcile change in net assets to cash provided by (used for) operating activities		
Depreciation and amortization	57,097	123,028
Grants and contributions receivable	19,120	185,880
Prepaid expenses and deposits	(36,469)	(14,933)
Accounts payable	52,251	161,426
Accrued payroll and taxes	1,026	8,240
Net cash provided by (used for) operating activities	<u>(1,410)</u>	<u>4,957</u>
Cash flows from financing activities		
Purchase of property and equipment	(1,531)	-
Proceeds from Paycheck Protection Program loan	-	80,226
PPP loan forgiveness	<u>(80,226)</u>	<u>80,226</u>
Net cash provided by (used for) financing activities	<u>(81,757)</u>	<u>80,226</u>
Net change in cash and cash equivalents	(83,167)	85,183
Cash and cash equivalents		
Beginning of year	<u>746,686</u>	<u>661,503</u>
End of year	<u>\$ 663,519</u>	<u>\$ 746,686</u>

See accompanying notes to financial statements.



THE NATIONAL PANCREAS FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2022 AND 2021

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.



NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2022 and 2021 was \$57,097 and \$123,028 for 2022 and 2021, 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 \$-0- for the fiscal year ending March 31, 2022 and were \$40,185 for fiscal year ending March 31, 2021.

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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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, 2022, the statute of limitation for tax years 2019 through 2021 remain 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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Total assets at year end	\$ 811,635	\$ 933,019
Less nonfinancial assets		
Program costs, net	77,608	133,174
Deposits and prepaid expenses	<u>70,508</u>	<u>34,039</u>
Total financial assets at end of year	663,519	765,806
Less amounts not available to meet general expenditures coming due within one year		
Assets subject to donor-imposed restrictions	<u>-</u>	<u>187,890</u>
Financial assets available to meet general expenditures coming due in the next year	<u>\$ 663,519</u>	<u>\$ 577,916</u>

NOTE 5. 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, 2022 and 2021, are as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Grants and contributions	\$ -	\$ -	\$ 205,000
Event registrations, exhibitor fees	-	14,250	-
Product sales	-	4,870	-
	<u>\$ -</u>	<u>\$ 19,120</u>	<u>\$ 205,000</u>

NOTE 6. NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2022</u>	<u>2021</u>
Animation project	\$ -	\$ 20,000
Patient registry	-	141,897
Chapter retreat	-	15,993
Symposium	-	10,000
	<u>\$ -</u>	<u>\$ 187,890</u>

Net assets released from donor restrictions for the years ended March 31, 2022 and 2021 were \$395,890 and \$361,431, respectively.

NOTE 7. OFFICE LEASE AGREEMENT

The Foundation has an agreement to share office rent and related costs with a third party, which expired on June 30, 2021. This agreement was renewed for one year. Total expenses related to this agreement for the years ended March 31, 2022 and 2021 were \$15,644 and \$46,793, respectively.

Future minimum lease payments required are as follows:

2022	<u>\$ 3,270</u>
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NOTE 8. SPECIAL EVENTS

Special and chapter events income and expenses consisted of the following as of March 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Income		
Special and chapter events	\$ 469,060	\$ 445,067
In kind donations	-	40,185
Total income	<u>\$ 469,060</u>	<u>\$ 485,252</u>
Expenses		
Special and chapter events	\$ 55,265	\$ 179,719
In kind expenses	-	40,185
Total expenses	<u>\$ 55,265</u>	<u>\$ 219,904</u>

NOTE 9. 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 \$80,226 under the Paycheck Protection Program (PPP). 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, 2022, was \$80,226.

NOTE 10. 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, 2022 exceeded the balances insured by the FDIC by \$353,000. Management regularly monitors the financial institutions and its cash balances to minimize any potential risk.



NOTE 11. SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 9, 2022, which is the date the financial statements were available to be issued. This review and evaluation revealed no material event or transaction which would require an adjustment to or disclosure in the accompanying financial statements.