

# Financial Statements

P.A.N.D.A.S. Network.org  
(a nonprofit organization)  
Years Ended December 31, 2019 and 2018



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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
P.A.N.D.A.S. Network.org  
Menlo Park, CA

We have audited the accompanying financial statements of P.A.N.D.A.S. Network.org (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019, 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.

### 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 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 entity'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 P.A.N.D.A.S. Network.org as of December 31, 2019, 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.

## Report on Summarized Comparative Information

The 2018 financial statements of P.A.N.D.A.S. Network.org were audited by other auditors whose report dated November 5, 2019, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Harris CPA*

Meridian, Idaho  
November 2, 2020



**P.A.N.D.A.S. NETWORK.ORG**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2019**  
**With Comparative Totals as of December 31, 2018**

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	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 417,318	\$ 288,011
Prepaid expenses	<u>0</u>	<u>10,000</u>
Total Current Assets	417,318	298,011
<b>Property and Equipment, net</b>	<u>0</u>	<u>885</u>
Total Assets	<u>\$ 417,318</u>	<u>\$ 298,896</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 3,691	\$ 0
<b>Net Assets</b>		
Without donor restrictions	240,744	210,983
With donor restrictions	<u>172,883</u>	<u>87,913</u>
Total Net Assets	<u>413,627</u>	<u>98,896</u>
Total Liabilities and Net Assets	<u>\$ 417,318</u>	<u>\$ 298,896</u>

See notes to financial statements.

**P.A.N.D.A.S. NETWORK.ORG**  
**STATEMENTS OF ACTIVITIES**  
**For the Year Ended December 31, 2019**  
**With Comparative Totals as of December 31, 2018**

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	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2019 Total</u>	<u>2018 Total</u>
<b>Revenue</b>				
Donations	\$ 230,471	\$ 117,070	\$ 347,541	\$ 384,965
Conference registration	39,069		39,069	74,756
Interest	<u>156</u>	<u>          </u>	<u>156</u>	<u>49</u>
	269,696	117,070	386,766	459,770
Net assets released from restrictions	<u>32,100</u>	<u>(32,100)</u>	<u>0</u>	<u>0</u>
Total Revenue and Other Support	301,796	84,970	386,766	459,770
<b>Expenses</b>				
Program Services	234,080	0	234,080	233,669
Supporting Services				
Management and General	18,975		18,975	18,744
Fundraising	<u>18,980</u>	<u>          </u>	<u>18,980</u>	<u>34,124</u>
Total Supporting Services	<u>37,955</u>	<u>0</u>	<u>37,955</u>	<u>52,868</u>
Total Expenses	<u>272,035</u>	<u>0</u>	<u>272,035</u>	<u>286,537</u>
Change in Net Assets	29,761	84,970	114,731	173,233
<b>Net Assets</b>				
Beginning of Year	<u>210,983</u>	<u>87,913</u>	<u>298,896</u>	<u>125,663</u>
End of Year	<u>\$ 240,744</u>	<u>\$ 172,883</u>	<u>\$ 413,627</u>	<u>\$ 298,896</u>

See notes to financial statements.

**P.A.N.D.A.S. NETWORK.ORG**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2019**  
**With Comparative Totals for the Year Ended December 31, 2018**

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	<u>Program Services</u>	<u>Management &amp; General</u>	<u>Fundraising</u>	<u>2019 Total</u>	<u>2018 Total</u>
Operating Expenses					
Conference expenses	\$ 83,125	\$	\$	\$ 83,125	\$ 75,483
Payroll	37,721	12,569	12,572	62,862	99,049
Grants to other organizations	55,233			55,233	57,609
Office expenses	15,805	3,387	3,387	22,579	18,225
Professional fees	20,403			20,403	5,511
Travel	8,908	1,907	1,909	12,724	7,387
Occupancy	4,568	979	979	6,526	5,510
Marketing and advertising	6,342			6,342	2,293
Renee Lumio Awareness Day Fun Night				0	14,968
Other	1,975	133	133	2,241	500
Total Expenses	<u>\$ 234,080</u>	<u>\$ 18,975</u>	<u>\$ 18,980</u>	<u>\$ 272,035</u>	<u>\$ 286,535</u>

See notes to the financial statements

**P.A.N.D.A.S. NETWORK.ORG**  
**STATEMENTS OF CASH FLOWS**  
**For the Year Ended December 31, 2019**  
**With Comparative Totals for the Year Ended December 31, 2018**

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	<u>2019</u>	<u>2018</u>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 114,731	\$ 173,233
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	885	0
Changes in operating assets and liabilities		
Prepaid expenses	10,000	(10,000)
Accounts payable	<u>3,691</u>	<u>0</u>
 Net Cash Provided (Used) by Operating Activities	 <u>129,307</u>	 <u>163,233</u>
 Net Change in Cash	 129,307	 163,233
<b>Cash - Beginning of Year</b>	<u>288,011</u>	<u>124,778</u>
<b>Cash - End of Year</b>	<u>\$ 417,318</u>	<u>\$ 288,011</u>

See notes to financial statements.



# **P.A.N.D.A.S. NETWORK.ORG**

## **NOTES TO THE FINANCIAL STATEMENTS**

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### **Note A – Significant Accounting Policies**

#### *Nature of Organization*

P.A.N.D.A.S. Network.org (the Organization) is a California nonprofit public benefit corporation founded in 2011. The mission of the Organization is to further medical research and community support for families whose children suffer from Pediatric Acute Neurological Disease Associated with Streptococcus.

#### *Basis of Accounting*

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

#### *Basis of Presentation*

The Organization reports net assets, revenues, expenses, gains and losses which are classified according to two classes of net assets: with donor restriction and without donor restrictions. Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes. Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions.

#### *Use of Estimates*

The Organization uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

#### *Cash and Cash Equivalents*

The Organization considers all unrestricted, short-term, highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

#### *Concentration of Credit Risk*

Financial instruments that potentially subject PANDAS Network.org to significant concentrations of credit risk consist principally of cash and cash equivalents. Accounts at financial institutions are insured by the Federal Deposit Insurance Corporation for up to \$250,000. At December 31, 2019 and 2018, PANDAS Network.org had uninsured balances of \$105,483 and \$0, respectively.

**P.A.N.D.A.S. NETWORK.ORG**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**Note A – Significant Accounting Policies (Continued)**

*Fixed Assets*

The Organization follows the practice of capitalizing all property and equipment with a cost exceeding \$1,000. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in change in net assets for the period.

*Fair Value*

The Organization uses fair value for reporting financial assets and liabilities. A hierarchy for reporting the reliability of input measurements is used to assess fair value for all assets and liabilities. Fair value is defined as the selling price that would be received for an asset, or paid to transfer a liability, in the principle or most advantageous market on the measurement date. The hierarchy established prioritizes fair value measurements based on the types of inputs used in the valuation technique. Certain financial instruments are carried at cost on the balance sheet, which approximates fair value due to their short term, highly liquid nature.

*Revenue Recognition*

The Organization receives advance payments from customers for an annual conference event. These payments are considered contracts with their customers and are recognized as liabilities until the conference has occurred, at which point revenue is recognized.

*Functional Allocation of Expenses*

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are payroll, depreciation, occupancy, office, and travel expenses. These expenses are allocated based on management's estimate of their time and effort spent on each respective functional category.

**P.A.N.D.A.S. NETWORK.ORG**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**Note A – Significant Accounting Policies (Continued)**

*Contributions*

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as contributions with donor restrictions that increases that net asset class. When donor restrictions expire, that is, when a time restriction ends and/or a purpose restriction is fulfilled, 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 restriction.

*Income Taxes*

The PANDAS Network.org is a not-for-profit organization that is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and comparable state law. Accordingly, no provision for income taxes is made in the financial statements.

*Presentation of Certain Taxes*

The Organization collects various taxes from customers and remits these amounts to applicable taxing authorities. The Organization's accounting policy is to include these taxes in revenues and cost of sales.

*Uncertain Tax Positions*

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for 2019 or 2018. The Organization files Form 990 in the U.S. federal jurisdiction. The Organization is no longer subject to examination by the Internal Revenue Service for years before 2016.

*Advertising Expense*

The Organization expenses advertising as costs are incurred. Total advertising expense was \$6,342 and \$2,293 for the years ended December 31, 2019 and 2018, respectively.

**P.A.N.D.A.S. NETWORK.ORG**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**Note A – Significant Accounting Policies (Continued)**

*Prior Year Comparative Totals*

The financial statements included certain 2018 summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a complete presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the 2018 financial statements from which the summarized information was derived.

*Reclassifications*

Certain amounts at December 31, 2018 have been reclassified to conform to the current year presentation. These reclassifications did not have any effect on net assets for the year ended December 31, 2018.

*Subsequent Events*

The Organization has evaluated subsequent events through November 2, 2020, which is the date the financial statements were available to be issued. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact operations; however the related financial impact and duration cannot be reasonably estimated at this time.

**Note B – Liquidity and Availability of Resources**

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Cash and cash equivalents	\$ 417,318
Less amounts unavailable for general expenditures within one year, due to:	
Restricted by donors with purpose restrictions	<u>172,883</u>
Total financial assets available within one year after restriction	<u>\$ 244,435</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. At December 31, 2019, all net assets with donor restrictions are available for payment of (any major expenditures incurred), except for contributions receivable which are available when the receivable is collected which is expected within the next year and the expenditure is incurred.

**P.A.N.D.A.S. NETWORK.ORG**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**Note C – Property and Equipment**

At June 30, property and equipment consists of the following:

	<u>2019</u>	<u>2018</u>
Furniture and equipment	\$ 1,153	\$ 1,153
Less accumulated depreciation	<u>1,153</u>	<u>268</u>
	<u>\$ 0</u>	<u>\$ 885</u>

For the years ended December 31, 2019 and 2018, the Organization recognized \$885 and \$0 in depreciation expense, respectively.

**Note D – Net Assets**

The Organization reports net assets according to two classes of net assets: with donor restrictions and without donor restrictions. Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes. Net asset with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. The Organization’s restricted net assets are restricted by the donor for purpose and consisted of the following as of December 31:

	<u>2019</u>	<u>2018</u>
Net assets without donor restrictions:	\$ 240,744	\$ 210,983
With donor restrictions:		
PN Registry	10,000	10,000
Research, Education, and Treatment	<u>162,883</u>	<u>77,913</u>
Total with donor restrictions	<u>172,883</u>	<u>87,913</u>
Total net assets	<u>\$ 413,627</u>	<u>\$ 298,896</u>