

Financial Statements

P.A.N.D.A.S. Network.org
(a nonprofit organization)
Years Ended December 31, 2020 and 2019



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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, 2020, 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, 2020, 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

We have previously audited P.A.N.D.A.S. Network.org's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 2, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Harris CPA

Meridian, Idaho
July 28, 2021



P.A.N.D.A.S. NETWORK.ORG
STATEMENTS OF FINANCIAL POSITION
December 31, 2020
With Comparative Totals as of December 31, 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets		
Cash	\$ 484,116	\$ 417,318
Contributions receivable	<u>7,758</u>	<u>0</u>
Total Current Assets	<u>491,874</u>	<u>417,318</u>
Total Assets	<u>\$ 491,874</u>	<u>\$ 417,318</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 5,244	\$ 3,691
Grants payable	<u>40,000</u>	<u>0</u>
Total Current Liabilities	45,244	3,691
Net Assets		
Without donor restrictions	283,892	240,744
With donor restrictions	<u>162,738</u>	<u>172,883</u>
Total Net Assets	<u>446,630</u>	<u>413,627</u>
Total Liabilities and Net Assets	<u>\$ 491,874</u>	<u>\$ 417,318</u>

See notes to financial statements.

P.A.N.D.A.S. NETWORK.ORG
STATEMENTS OF ACTIVITIES
For the Year Ended December 31, 2020
With Comparative Totals for the Year Ended December 31, 2019

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>2020</u> <u>Total</u>	<u>2019</u> <u>Total</u>
Revenue				
Donations	\$ 197,527	\$ 125,455	\$ 322,982	\$ 347,541
Conference registration	0		0	39,069
Interest	<u>89</u>		<u>89</u>	<u>156</u>
	197,616	125,455	323,071	386,766
Net assets released from restrictions	<u>135,600</u>	<u>(135,600)</u>	<u>0</u>	<u>0</u>
Total Revenue and Other Support	333,216	(10,145)	323,071	386,766
Expenses				
Program Services	230,480	0	230,480	234,080
Supporting Services				
Management and general	40,859		40,859	18,975
Fundraising	<u>18,729</u>		<u>18,729</u>	<u>18,980</u>
Total Supporting Services	<u>59,588</u>	<u>0</u>	<u>59,588</u>	<u>37,955</u>
Total Expenses	<u>290,068</u>	<u>0</u>	<u>290,068</u>	<u>272,035</u>
Change in Net Assets	43,148	(10,145)	33,003	114,731
Net Assets				
Beginning of Year	<u>240,744</u>	<u>172,883</u>	<u>413,627</u>	<u>298,896</u>
End of Year	<u>\$ 283,892</u>	<u>\$ 162,738</u>	<u>\$ 446,630</u>	<u>\$ 413,627</u>

See notes to financial statements.

P.A.N.D.A.S. NETWORK.ORG
STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2020
With Comparative Totals for the Year Ended December 31, 2019

	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>2020 Total</u>	<u>2019 Total</u>
Operating Expenses					
Research grants & gifts	\$ 135,600	\$	\$	\$ 135,600	\$ 55,233
Consulting	30,736	23,187	8,761	62,684	62,862
Research Animation	25,575	800		26,375	0
Awareness and office expenses	18,738	1,905	5,230	25,873	22,579
Professional fees	213	10,388		10,601	20,403
Occupancy	6,219	1,333	1,333	8,885	6,526
Marketing and advertising	7,498	512		8,010	6,342
Travel	2,952		575	3,527	12,724
Subscriptions		2,734		2,734	0
Nonresearch grants & gifts	2,549		2,830	5,379	0
Conference expenses	400			400	83,125
Other					2,241
Total Expenses	<u>\$ 230,480</u>	<u>\$ 40,859</u>	<u>\$ 18,729</u>	<u>\$ 290,068</u>	<u>\$ 272,035</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, 2020
With Comparative Totals for the Year Ended December 31, 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 33,003	\$ 114,731
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Changes in operating assets and liabilities		
Depreciation	0	885
Prepaid expenses	0	10,000
Contributions receivable	(7,758)	0
Grants payable	40,000	0
Accounts payable	<u>1,553</u>	<u>3,691</u>
 Net Cash Provided (Used) by Operating Activities	 <u>66,798</u>	 <u>129,307</u>
 Net Change in Cash	 66,798	 129,307
Cash - Beginning of Year	<u>417,318</u>	<u>288,011</u>
Cash - End of Year	<u>\$ 484,116</u>	<u>\$ 417,318</u>

See notes to financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS

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, 2020 and 2019, 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

Note A – Significant Accounting Policies (Continued)

Fixed Assets

The Organization follows the practice of capitalizing all property and equipment with a cost exceeding \$750. 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. The Organization had \$472 in fixed asset costs and resulting accumulated depreciation of \$472. All assets were fully depreciated at December 31, 2020 and 2019.

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. Due to the pandemic and restrictions on holding events, the annual conference was not held in 2020.

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, 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. 79% of all expenses paid are related to program services.

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

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 2020 or 2019. 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 2017.

Advertising Expense

The Organization expenses advertising as costs are incurred. Total advertising expense was \$8,010 and \$6,342 for the years ended December 31, 2020 and 2019, respectively.

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

Note A – Significant Accounting Policies (Continued)

Prior Year Comparative Totals

The financial statements included certain 2019 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 2019 financial statements from which the summarized information was derived.

Reclassifications

Certain amounts at December 31, 2019 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, 2019.

Subsequent Events

The Organization has evaluated subsequent events through July 28, 2021 which is the date the financial statements were available to be issued.

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	\$ 484,116
Less amounts unavailable for general expenditures within one year, due to:	
Restricted by donors with purpose restrictions	<u>(162,738)</u>
Total financial assets available within one year after restriction	<u>\$ 321,378</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, 2020, all net assets without 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

Note C – 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>2020</u>	<u>2019</u>
Net assets without donor restrictions:	\$ 283,892	\$ 240,744
With donor restrictions:		
PN Registry	10,000	10,000
Research, Education, and Treatment	<u>152,738</u>	<u>162,883</u>
Total with donor restrictions	<u>162,738</u>	<u>172,883</u>
Total net assets	<u>\$ 446,630</u>	<u>\$ 413,627</u>

Note D – Risks and Uncertainties

The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. The extent of the impact of COVID-19 on the Organization’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Organization’s customers, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Organization’s financial position and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce.