

Financial Statements

P.A.N.D.A.S. Network.org
(a nonprofit organization)
Years Ended December 31, 2021 and 2020



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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of P.A.N.D.A.S. Network.org, which comprise the statement of financial position as of December 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of P.A.N.D.A.S. Network.org as of December 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 P.A.N.D.A.S. Network.org 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 P.A.N.D.A.S. Network.org's ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS 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 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 GAAS, 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 P.A.N.D.A.S. Network.org'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 P.A.N.D.A.S. Network.org'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.

Report on Summarized Comparative Information

We have previously audited P.A.N.D.A.S. Network.org's December 31, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 28, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Meridian, Idaho
July 12, 2022

P.A.N.D.A.S. NETWORK.ORG
STATEMENTS OF FINANCIAL POSITION
December 31, 2021
With Comparative Totals as of December 31, 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets		
Cash	\$ 333,507	\$ 484,116
Contributions receivable	16,329	7,758
Prepaid expenses	<u>7,678</u>	<u>0</u>
Total Current Assets	357,514	491,874
Other Assets		
Furniture and equipment	1,440	472
Website	<u>95,000</u>	<u>0</u>
	96,440	472
Less accumulated depreciation and amortization	<u>6,525</u>	<u>472</u>
Total Other Assets	<u>89,915</u>	<u>0</u>
Total Assets	<u>\$ 447,429</u>	<u>\$ 491,874</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 2,767	\$ 5,244
Grants payable	<u>0</u>	<u>40,000</u>
Total Current Liabilities	2,767	45,244
Net Assets		
Without donor restrictions	310,128	283,892
With donor restrictions	<u>134,534</u>	<u>162,738</u>
Total Net Assets	<u>444,662</u>	<u>446,630</u>
Total Liabilities and Net Assets	<u>\$ 447,429</u>	<u>\$ 491,874</u>

See notes to financial statements.

P.A.N.D.A.S. NETWORK.ORG
STATEMENTS OF ACTIVITIES
For the Year Ended December 31, 2021
With Comparative Totals for the Year Ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021 Total</u>	<u>2020 Total</u>
Revenue				
Donations	\$ 155,736	\$ 233,242	\$ 388,978	\$ 322,982
Interest	<u>26</u>	<u> </u>	<u>26</u>	<u>89</u>
	155,762	233,242	389,004	323,071
Net assets released from restrictions	<u>261,446</u>	<u>(261,446)</u>	<u>0</u>	<u>0</u>
 Total Revenue and Other Support	 417,208	 (28,204)	 389,004	 323,071
Expenses				
Program Services	311,508	0	311,508	230,480
Supporting Services				
Management and general	57,604		57,604	40,859
Fundraising	<u>21,860</u>	<u> </u>	<u>21,860</u>	<u>18,729</u>
 Total Supporting Services	 <u>79,464</u>	 <u>0</u>	 <u>79,464</u>	 <u>59,588</u>
 Total Expenses	 <u>390,972</u>	 <u>0</u>	 <u>390,972</u>	 <u>290,068</u>
 Change in Net Assets	 26,236	 (28,204)	 (1,968)	 33,003
Net Assets				
Beginning of Year	<u>283,892</u>	<u>162,738</u>	<u>446,630</u>	<u>413,627</u>
End of Year	<u>\$ 310,128</u>	<u>\$ 134,534</u>	<u>\$ 444,662</u>	<u>\$ 446,630</u>

See notes to financial statements.

P.A.N.D.A.S. NETWORK.ORG
STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2021
With Comparative Totals for the Year Ended December 31, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2021 Total</u>	<u>2020 Total</u>
Operating Expenses					
Research grants & gifts	\$ 167,981	\$	\$	\$ 167,981	\$ 135,600
Consulting	46,800	24,881	13,376	85,057	62,684
Marketing and advertising	42,514			42,514	8,010
Awareness and office expenses	15,142	1,658	4,550	21,350	25,873
Professional fees	150	15,300		15,450	10,601
Research animation	12,950	1,800		14,750	26,375
Subscriptions	2,016	7,558	2,126	11,700	2,734
Occupancy	6,845	1,467	1,467	9,779	8,885
Sponsorships	7,500			7,500	0
Depreciation and amortization	6,525			6,525	0
Insurance		4,871		4,871	0
Travel	2,675	69		2,744	3,527
Nonresearch grants & gifts	160		341	501	5,379
Conference expenses	250			250	400
Total Expenses	<u>\$ 311,508</u>	<u>\$ 57,604</u>	<u>\$ 21,860</u>	<u>\$ 390,972</u>	<u>\$ 290,068</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, 2021
With Comparative Totals for the Year Ended December 31, 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Change in net assets	\$ (1,968)	\$ 33,003
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	6,525	0
Changes in operating assets and liabilities		
Prepaid expenses	(7,678)	0
Contributions receivable	(8,571)	(7,758)
Grants payable	(40,000)	40,000
Accounts payable	<u>(2,477)</u>	<u>1,553</u>
 Net Cash Provided (Used) by Operating Activities	 (54,169)	 66,798
Cash Flows From Investing Activities		
Purchase of equipment and website	<u>(96,440)</u>	<u>0</u>
 Net Change in Cash	 (150,609)	 66,798
Cash – Beginning of Year	<u>484,116</u>	<u>417,318</u>
Cash – End of Year	<u>\$ 333,507</u>	<u>\$ 484,116</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 and Income 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, 2021 and 2020, PANDAS Network.org had uninsured balances of \$9,908 and \$105,483, respectively.

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

Note A – Significant Accounting Policies (Continued)

Concentration of Credit and Income Risk (Continued)

The Organization has two donors that accounted for 38% and 22% of total revenue for the years ended December 31, 2021 and 2020, respectively.

Furniture and Equipment

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. Depreciation expense totaled \$192 and \$0 for the years ended December 31, 2021 and 2020, respectively.

Intangible Assets - Website

The Organization records intangible assets on the basis of their cost at the date of the acquisition. Intangible assets are amortized using the straight-line method over their estimated useful lives.

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 2021 or 2020.

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

Note A – Significant Accounting Policies (Continued)

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. 80% of all expenses paid are related to program services.

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.

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

Note A – Significant Accounting Policies (Continued)

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 2021 or 2020. 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 2018.

Advertising Expense

The Organization expenses advertising as costs are incurred. Total advertising expense was \$42,514 and \$8,010 for the years ended December 31, 2021 and 2020, respectively.

Reclassifications

Certain amounts at December 31, 2020 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, 2020.

Subsequent Events

The Organization has evaluated subsequent events through July 12, 2022, 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	\$ 333,507
Less amounts unavailable for general expenditures within one year, due to:	
Restricted by donors with purpose restrictions	<u>(134,534)</u>
Total financial assets available within one year after restriction	<u>\$ 198,973</u>

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

Note B – Liquidity and Availability of Resources (Continued)

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, 2021, 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.

Note C – Website

During the year ended December 31, 2021, the Organization acquired intangible asset that consisted of a website. The asset is being amortized over its expected useful lives, which is five years. Amortization expense totaled \$6,333 and \$0 for the years ended December 31, 2021 and 2020, respectively. The following is a detail of all intangible assets as of December 31:

	<u>2021</u>
PANDASnetwork.org	\$ 95,000
Less accumulated amortization	<u>(6,333)</u>
	<u><u>\$ 88,667</u></u>

The Organization estimates amortization expense for the next five years :

2022	\$ 19,000
2023	19,000
2024	19,000
2025	19,000
2026	<u>12,667</u>
	<u><u>\$ 88,667</u></u>

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

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>2021</u>	<u>2020</u>
Net assets without donor restrictions:	\$ 310,128	\$ 283,892
With donor restrictions:		
PN Registry	10,000	10,000
Research, Education, and Treatment	<u>124,534</u>	<u>152,738</u>
Total with donor restrictions	<u>134,534</u>	<u>162,738</u>
Total net assets	<u>\$ 444,662</u>	<u>\$ 446,630</u>

Note E – Related Party Transactions

The Organization received contributions from related parties. For the year ended December 31, 2021 and 2020, contributions received totaled \$96,757 and \$50,000, respectively.