




Pancreatic Cancer Action Network

Independent Auditor's Report and Financial Statements

June 30, 2023



Pancreatic Cancer Action Network

June 30, 2023

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Independent Auditor's Report

Board of Directors
Pancreatic Cancer Action Network
Manhattan Beach, California

Opinion

We have audited the financial statements of Pancreatic Cancer Action Network, which comprise the statement of financial position as of June 30, 2023, 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 Pancreatic Cancer Action Network as of June 30, 2023, 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 audit 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 Pancreatic Cancer Action Network and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matters

As discussed in *Note 10* to the financial statements, in 2023, Pancreatic Cancer Action Network adopted new accounting guidance for accounting for leases.

The June 30, 2022 financial statements, before they were restated for the matters discussed in *Note 14*, were audited by other auditors, and their report thereon, dated October 7, 2022, expressed an unmodified opinion.

Our opinion is not modified with respect to these matters.

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 Pancreatic Cancer Action Network's ability to continue as a going concern within one year after the date that these 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 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 Pancreatic Cancer Action Network'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 Pancreatic Cancer Action Network'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

The June 30, 2022 financial statements were audited by other auditors, and their report thereon, dated October 7, 2022, expressed an unmodified opinion. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent other than for the matters noted in *Note 14* for the restatement, in all material respects, with the audited financial statements from which it has been derived.

FORVIS,LLP

New York, New York
December 15, 2023

Pancreatic Cancer Action Network
Statement of Financial Position
June 30, 2023
(With Summarized Financial Information for June 30, 2022)

	2023	2022 (Restated - Note 14)
Assets		
Cash and cash equivalents	\$ 7,849,538	\$ 21,628,423
Investments	33,467,132	29,948,473
Pledges receivable, net	22,972,929	8,249,392
Receivables	4,922,892	3,218,579
Contracts in progress	4,321,679	1,194,844
Prepaid expenses	3,594,841	829,383
Property and equipment, net	333,295	501,515
Right-of-use asset - operating lease	2,885,582	-
Other assets	252,484	262,831
	<u>80,600,372</u>	<u>65,833,440</u>
Total assets	<u>\$ 80,600,372</u>	<u>\$ 65,833,440</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	\$ 11,680,589	\$ 9,390,259
Accrued wages and benefits	2,503,955	2,583,278
Grant obligations, net	13,015,778	12,349,632
Deferred revenue	1,074,901	1,869,944
Deferred lease liability	-	757,717
Operating lease liability	3,495,767	-
Finance lease obligations	8,946	17,138
	<u>31,779,936</u>	<u>26,967,968</u>
Total liabilities	<u>31,779,936</u>	<u>26,967,968</u>
Net Assets		
Without donor restrictions		
Undesignated	5,824,185	12,481,468
Board-designated operating reserve	19,070,000	19,000,000
	<u>24,894,185</u>	<u>31,481,468</u>
Net assets without donor restrictions	<u>24,894,185</u>	<u>31,481,468</u>
With donor restrictions	<u>23,926,251</u>	<u>7,384,004</u>
Total net assets	<u>48,820,436</u>	<u>38,865,472</u>
Total liabilities and net assets	<u>\$ 80,600,372</u>	<u>\$ 65,833,440</u>

Pancreatic Cancer Action Network
Statement of Activities
Year Ended June 30, 2023
(With Summarized Financial Information for the Year Ended June 30, 2022)

	2023		2022 (Restated - Note 14)	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Operating Revenues, Gains, and Other Support				
Contributions	\$ 14,660,273	\$ 33,155,122	\$ 47,815,395	\$ 27,418,492
Special events income (net of direct costs of \$3,400,433 and \$3,316,146 for 2023 and 2022, respectively)	13,791,701	-	13,791,701	12,522,009
Clinical research contracts	16,312,934	-	16,312,934	7,241,610
Contributed nonfinancial assets	122,950	-	122,950	194,604
Other income	21,123	-	21,123	34,945
Net assets released from restrictions	16,612,875	(16,612,875)	-	-
Total operating revenues, gains, and other support	<u>61,521,856</u>	<u>16,542,247</u>	<u>78,064,103</u>	<u>47,411,660</u>
Operating Expenses				
Program services				
Research	37,566,422	-	37,566,422	26,824,334
Advocacy	1,512,398	-	1,512,398	1,403,585
Patient services	4,256,510	-	4,256,510	4,635,006
Community engagement	8,686,456	-	8,686,456	6,981,104
Total program services	<u>52,021,786</u>	<u>-</u>	<u>52,021,786</u>	<u>39,844,029</u>
Support services				
Management and administration	11,226,785	-	11,226,785	9,268,249
Development	6,411,608	-	6,411,608	5,231,425
Total support services	<u>17,638,393</u>	<u>-</u>	<u>17,638,393</u>	<u>14,499,674</u>
Total operating expenses	<u>69,660,179</u>	<u>-</u>	<u>69,660,179</u>	<u>54,343,703</u>
Change in Net Assets from Operations	(8,138,323)	16,542,247	8,403,924	(6,932,043)
Nonoperating Activities				
Investment return	1,551,040	-	1,551,040	(3,614,468)
Note payable forgiveness	-	-	-	1,950,000
Change in Net Assets	<u>(6,587,283)</u>	<u>16,542,247</u>	<u>9,954,964</u>	<u>(8,596,511)</u>
Net Assets, Beginning of Year, as Previously Reported				49,487,905
Adjustments for error corrections - Note 14				<u>(2,025,922)</u>
Net Assets, Beginning of Year, As Restated	<u>31,481,468</u>	<u>7,384,004</u>	<u>38,865,472</u>	<u>47,461,983</u>
Net Assets, End of Year	<u>\$ 24,894,185</u>	<u>\$ 23,926,251</u>	<u>\$ 48,820,436</u>	<u>\$ 38,865,472</u>

Pancreatic Cancer Action Network
Statement of Functional Expenses
Year Ended June 30, 2023
(With Summarized Financial Information for the Year Ended June 30, 2022)

	2023									2022 (Restated - Note 14)	
	Program Services					Support Services				Total Expenses	Total Expenses
	Research and Scientific Affairs	Advocacy	Patient Services	Community Engagement	Total Program Services	Management and Administration	Development	Total Supporting			
Salaries	\$ 5,259,517	\$ 966,842	\$ 2,691,567	\$ 4,430,193	\$ 13,348,119	\$ 5,922,804	\$ 3,619,547	\$ 9,542,351	\$ 22,890,470	\$ 18,879,146	
Payroll taxes and benefits	1,010,637	187,453	519,781	857,339	2,575,210	988,251	700,053	1,688,304	4,263,514	3,281,920	
Research	27,319,373	-	-	-	27,319,373	-	-	-	27,319,373	20,531,296	
Conferences, workshops, and travel	361,117	108,284	4,835	223,334	697,570	152,709	60,238	212,947	910,517	437,961	
Professional fees	2,961,082	162,559	309,680	1,435,592	4,868,913	930,436	1,126,982	2,057,418	6,926,331	4,894,585	
Advertising	-	-	340,063	1,152,157	1,492,220	58,495	227,788	286,283	1,778,503	1,388,838	
Donor and affiliate engagement	2,418	-	-	119,066	121,484	7,853	38,811	46,664	168,148	280,812	
Dues and subscriptions	20,083	19,225	-	1,000	40,308	11,108	1,620	12,728	53,036	170,242	
Occupancy and maintenance	217,575	44,421	147,227	212,607	621,830	281,609	167,162	448,771	1,070,601	1,064,188	
Finance and processing charges	-	-	-	-	-	1,437,416	-	1,437,416	1,437,416	978,188	
Information technology	197,950	16,500	51,674	129,403	395,527	869,171	388,545	1,257,716	1,653,243	1,203,107	
Insurance	101,368	-	-	44,932	146,300	203,210	-	203,210	349,510	245,888	
Postage, printing, and supplies	367	-	164,023	24,855	189,245	72,884	51,232	124,116	313,361	404,645	
Staff support	790	-	3,998	21,859	26,647	253,407	2,856	256,263	282,910	259,912	
Depreciation	114,145	7,114	23,662	34,119	179,040	37,432	26,774	64,206	243,246	322,975	
Totals	<u>\$ 37,566,422</u>	<u>\$ 1,512,398</u>	<u>\$ 4,256,510</u>	<u>\$ 8,686,456</u>	<u>\$ 52,021,786</u>	<u>\$ 11,226,785</u>	<u>\$ 6,411,608</u>	<u>\$ 17,638,393</u>	<u>\$ 69,660,179</u>	<u>\$ 54,343,703</u>	

Pancreatic Cancer Action Network
Statement of Cash Flows
Year Ended June 30, 2023
(With Summarized Financial Information for the Year Ended June 30, 2022)

	2023	2022 (Restated - Note 14)
Operating Activities		
Change in net assets	\$ 9,954,964	\$ (8,596,511)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	243,246	322,974
Net realized and unrealized loss (gain) on investments	(1,551,040)	4,602,744
Donated stocks	-	(606,066)
Provision for uncollectible pledges	544,265	80,000
Noncash operating lease expense	854,072	-
Forgiveness on note payable	-	(1,950,000)
Changes in operating assets and liabilities		
Pledges receivable	(15,267,802)	3,525,170
Receivables and contracts in progress	(4,831,148)	(3,535,811)
Prepaid expenses	(2,765,458)	104,639
Other assets	10,347	3,270
Accounts payable and accrued expenses	2,290,330	3,753,695
Accrued wages and benefits	(79,323)	(166,354)
Grant obligations	666,146	4,731,284
Operating lease liability	(1,001,604)	-
Deferred revenue	(795,043)	898,599
Deferred lease liability	-	(106,169)
	(11,728,048)	3,061,464
Net cash (used in) provided by operating activities		
Investing Activities		
Purchase of investments	(20,727,725)	(12,249,640)
Purchase of sale of investments	18,760,106	9,815,087
Purchase of property and equipment	(75,026)	(135,163)
	(2,042,645)	(2,569,716)
Net cash used in investing activities		
Financing Activities		
Principal payments on finance lease obligations	(8,192)	(9,202)
	(8,192)	(9,202)
Net cash used in financing activities		
Change in Cash and Cash Equivalents	(13,778,885)	482,546
Cash and Cash Equivalents, Beginning of Year	21,628,423	21,145,877
Cash and Cash Equivalents, End of Year	\$ 7,849,538	\$ 21,628,423
Supplemental Cash Flows Information		
Cash paid during the year for interest	\$ 1,262	\$ -

Pancreatic Cancer Action Network

Notes to Financial Statements

June 30, 2023

(With Summarized Financial Information as of and for the Year Ended June 30, 2022)

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The Pancreatic Cancer Action Network (PanCAN), was founded in 1999. PanCAN's vision is to create a world in which all patients with pancreatic cancer will thrive. Our mission is to take bold action to improve the lives of everyone impacted by pancreatic cancer by advancing scientific research, building community, sharing knowledge, and advocating for patients. PanCAN has a comprehensive approach to fighting pancreatic cancer that includes funding transformative research, providing patient services, advocating for increased federal research dollars, and educating the public and raising awareness about pancreatic cancer.

PanCAN funds research – everything from early detection to innovative new treatment approaches. PanCAN's cumulative research investment is now \$208 million, making a significant impact on the diagnosis, treatment, and cure of today's patients and those who will be diagnosed in the future. PanCAN also advocates for increased federal research funding for pancreatic cancer researchers across the country to accelerate progress and continue to grow the number of researchers focused on this disease. PanCAN Patient Services provides free, personalized information and resources about pancreatic cancer including treatment options, clinical trials, specialists, and supportive care resources. Through PanCAN Patient Services, PanCAN talks to more pancreatic cancer patients and their families than any other organization in the world. Finally, PanCAN helps individuals and communities across the country work together to raise awareness and funds through its 59 volunteer-led Affiliates.

PanCAN raises most of its revenue from individual and corporate contributions, including those made through PanCAN PurpleStride events. PanCAN is headquartered in Manhattan Beach, California.

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 revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

PanCAN considers all liquid investments with original maturities of three months or less to be cash equivalents. Uninvested cash and cash equivalents included in investment accounts are not considered to be cash and cash equivalents. At June 30, 2023 and 2022, cash equivalents consisted primarily of money market funds.

At times during the year, PanCAN may hold deposits in excess of federal depository insurance limits, resulting in a concentration of credit risk. At June 30, 2023 and throughout the year, PanCAN keeps cash deposits at a financial institution that are in excess of the federal depository insurance limits.

Pancreatic Cancer Action Network

Notes to Financial Statements

June 30, 2023

(With Summarized Financial Information as of and for the Year Ended June 30, 2022)

Accounts Receivable

Accounts receivable are stated at the amount of consideration from pharmaceutical and research organizations for design and management of clinical trial research. Receivables are recognized only to the extent that PanCAN has an unconditional right to consideration to which it is entitled in exchange for services performed. Receipts received in advance of services performed are recorded as deferred revenue. PanCAN provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

Contracts in Progress

Contracts in progress are recorded when PanCAN has a right to consideration in exchange for goods or services that PanCAN has transferred to the customer. PanCAN records a contract asset for the prorated amount of work performed through the end of the year, but payment is not yet due from the customer.

Inventories

Inventories consist of various promotional items that are held for sale. Inventories are stated at the lower of cost or market using the first-in, first-out (FIFO) method. Inventories are included in other assets on the accompanying statements of financial position. At June 30, 2023 and 2022, inventories were \$30,293 and \$40,327, respectively.

Investments and Net Investment Return

PanCAN measures securities at fair value. Investment return includes dividend, interest, and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is recorded as with donor restrictions and then released from restriction. Other investment return is reflected in the statement of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

Property and Equipment

Property and equipment acquisitions over \$5,000 are stated at cost less accumulated depreciation and consist of leasehold improvements, furniture and fixtures associated with the administrative offices, database systems and website, and computers and software. PanCAN also capitalizes a group of assets purchased in bulk, if those bulk items are over \$10,000.

Depreciation is charged to expense using the straight-line method over the estimated useful lives of each asset. Estimated useful lives for furniture and equipment, computer software, and internally developed asset costs are three to 10 years. Assets under leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives.

Pancreatic Cancer Action Network

Notes to Financial Statements

June 30, 2023

(With Summarized Financial Information as of and for the Year Ended June 30, 2022)

Long-Lived Asset Impairment

PanCAN evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended June 30, 2023 and 2022.

Grant Obligations

PanCAN awards peer-reviewed research grants to investigators who are devoted to scientific research related to pancreatic cancer. Research grants may include multi-year installment payments. As a compliance requirement, PanCAN requires periodic reporting on the research activities associated with the grant award. In addition, grant agreements for the Precision Promise and Early Detection Initiative programs have been included in grant obligations. Grants and fees are recognized as expense when the grant is awarded to a named recipient. Grants with payment terms in excess of one year from the fiscal year-end are discounted to the present value of the obligation using a risk-free treasury rate applicable to the day in which the obligation is made.

Deferred Revenue

Revenue from fees for clinical trials is deferred and recognized over the periods to which the fees relate.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor or certain grantor restrictions.

PanCAN defines Board Designated Operating Reserve as the portion of net assets without donor restrictions that has been designated for use in emergencies and to sustain financial operations in the event budgeted revenue is not realized or unforeseen expenses are incurred. The presence of an operating reserve provides PanCAN with flexibility to respond adeptly to rapidly changing economic and other conditions that warrant an immediate shift in strategy. The Board has established a target of maintaining a minimum, fully funded operating reserve sufficient to fund four months of budgeted operating costs. At June 30, 2023 and 2022, the Board Designated Operating Reserve balance was \$19,070,000 and \$19,000,000, respectively, and represented approximately four months of fiscal operating expense.

Net assets with donor restrictions are subject to donor or certain grantor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor.

Pancreatic Cancer Action Network

Notes to Financial Statements

June 30, 2023

(With Summarized Financial Information as of and for the Year Ended June 30, 2022)

Contributions

Contributions are provided to PanCAN either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on PanCAN overcoming a donor imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment, and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor-stipulated time restriction ends or 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. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment, and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period the gift is received are recorded as revenue with donor restrictions and then released from restriction.

Conditional contributions and investment income having donor stipulations which are satisfied in the period the gift is received and the investment income is earned are recorded as revenue with donor restrictions and then released from restriction.

Pancreatic Cancer Action Network

Notes to Financial Statements

June 30, 2023

(With Summarized Financial Information as of and for the Year Ended June 30, 2022)

Contributed Nonfinancial Assets

Contributed nonfinancial assets are recorded at their estimated fair values on the date received. For the years ended June 30, 2023 and 2022, contributed nonfinancial assets recognized within the statements of activities included:

	<u>2023</u>	<u>2022</u>
Services	\$ 120,000	\$ 175,240
Food	-	13,858
Use of facilities	-	3,466
Gift cards	50	1,820
Supplies	<u>2,900</u>	<u>220</u>
	<u>\$ 122,950</u>	<u>\$ 194,604</u>

Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. Donated advertising services and use of storage facilities are reported at the estimated fair value in the financial statements on current rate for similar services and were utilized by PanCAN's program services.

Contributed food, gift cards, and supplies were utilized in PanCAN's PurpleStride fundraising event. PanCAN estimated the fair value based on estimates of wholesale values that would be received for selling similar products.

Income Taxes

PanCAN is exempt from income taxes under Section 501 of the Internal Revenue Code and similar provision of state law. However, PanCAN is subject to federal income tax on any unrelated business taxable income. PanCAN files tax returns in the U.S. federal jurisdiction.

PanCAN follows accounting requirements related to uncertain tax positions. Tax positions taken may include positions that PanCAN is exempt from income taxes or how PanCAN determines its unrelated business income. Uncertain tax positions are recognized if it is more likely than not, based on the technical merits, that the tax position will be realized or sustained upon an examination by the relevant tax authority. No amounts have been recorded at June 30, 2023 and 2022, with respect to uncertain tax positions.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Certain costs have been allocated among the program and management and general categories based on estimates of time incurred, usage and other relevant factors.

Pancreatic Cancer Action Network

Notes to Financial Statements

June 30, 2023

(With Summarized Financial Information as of and for the Year Ended June 30, 2022)

Reclassifications

Certain reclassification have been made to the 2022 financial statements to conform to the 2023 financial statement presentation. These reclassifications had no effect on the change in net assets.

Summarized Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with PanCAN's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

Note 2: Investments and Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Pancreatic Cancer Action Network

Notes to Financial Statements

June 30, 2023

(With Summarized Financial Information as of and for the Year Ended June 30, 2022)

Recurring Measurements

The following tables present the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2023 and 2022:

	Fair Value Measurements Using			
	Total Fair Value	Quoted Prices in Active Market for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2023				
Assets				
Fixed income securities				
Corporate bonds	\$ 12,916,831	\$ -	\$ 12,916,831	\$ -
U.S. Treasuries	5,361,391	5,361,391	-	-
Municipal bonds	235,519	-	235,519	-
Mortgage pools	422,778	-	422,778	-
Mutual funds				
Equity funds	6,428,875	6,428,875	-	-
Exchange traded funds	1,829,989	1,829,989	-	-
Money market funds	1,637,083	1,637,083	-	-
Common stock	4,559,805	4,559,805	-	-
Other assets - REIT	74,861	74,861	-	-
	<u>33,467,132</u>	<u>19,892,004</u>	<u>13,575,128</u>	<u>-</u>
Total investments reported on the fair value hierarchy	<u>\$ 33,467,132</u>	<u>\$ 19,892,004</u>	<u>\$ 13,575,128</u>	<u>\$ -</u>

	Fair Value Measurements Using			
	Total Fair Value	Quoted Prices in Active Market for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2022				
Fixed income securities				
Corporate bonds	\$ 4,325,389	\$ -	\$ 4,325,389	\$ -
U.S. federal agencies	5,075,204	5,075,204	-	-
Mutual and exchange traded bonds				
Bond funds	8,782,215	8,782,215	-	-
Equity funds and other assets	7,385,482	7,385,482	-	-
Common stock	4,380,183	4,380,183	-	-
	<u>29,948,473</u>	<u>25,623,084</u>	<u>4,325,389</u>	<u>-</u>
Total investments reported on the fair value hierarchy	<u>\$ 29,948,473</u>	<u>\$ 25,623,084</u>	<u>\$ 4,325,389</u>	<u>\$ -</u>

Pancreatic Cancer Action Network

Notes to Financial Statements

June 30, 2023

(With Summarized Financial Information as of and for the Year Ended June 30, 2022)

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statement of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the years ended June 30, 2023 and 2022.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. No Level 3 securities were held for the years ended June 30, 2023 and 2022.

Note 3: Grant Obligations

Grant obligations consists of annual award installments and administrative fees due on multi-year research grants that are payable each year in advance, over one to three years. During the years ended June 30, 2023 and 2022, PanCAN awarded new grant obligations in the amount of \$6,702,000 and \$10,154,938, respectively. These amounts are net of discounts of \$155,444 and \$355,062 for the years ended June 30, 2023 and 2022, respectively. Discount rates ranged from 4.49% to 4.87% and from 2.8% to 2.99% for the years ended June 30, 2023 and 2022, respectively.

Future payments on grant obligations consisted of the following:

<u>Year Ending June 30,</u>	
2024	\$ 8,266,709
2025	4,471,036
2026	<u>648,412</u>
	13,386,157
Less discounts	<u>(370,379)</u>
	<u><u>\$ 13,015,778</u></u>

Pancreatic Cancer Action Network

Notes to Financial Statements

June 30, 2023

(With Summarized Financial Information as of and for the Year Ended June 30, 2022)

Note 4: Pledges Receivable

PanCAN received promises to give. Noncurrent pledges receivable have been discounted over the payment period using a discount rate ranging from 4.05% to 5.40% for the year ended June 30, 2023 and 3% for the year ended June 30, 2022. Pledges receivable are due as follows:

	<u>2023</u>	<u>2022</u>
Due within one year	\$ 10,287,204	\$ 5,031,123
Due within one to five years	<u>14,243,336</u>	<u>3,776,414</u>
	24,530,540	8,807,537
Less		
Allowance for uncollectible pledges	(373,004)	(179,074)
Unamortized discount	<u>(1,184,607)</u>	<u>(379,071)</u>
	<u>\$ 22,972,929</u>	<u>\$ 8,249,392</u>

Note 5: Property and Equipment

Property and equipment at June 30, 2023 and 2022 consists of:

	<u>2023</u>	<u>2022</u>
Furniture and equipment	\$ 505,160	\$ 520,977
Computer hardware and software	1,061,372	986,347
Database system and website	3,378,698	3,378,698
Leasehold improvements	<u>895,054</u>	<u>890,471</u>
	5,840,284	5,776,493
Accumulated depreciation	<u>(5,506,989)</u>	<u>(5,274,978)</u>
	<u>\$ 333,295</u>	<u>\$ 501,515</u>

Note 6: Revenue from Contracts with Customers (Restated – Note 14)

Clinical Trials and Fees

PanCAN contracts directly with pharmaceutical/biotech companies (customers) to conduct clinical trials for pancreatic cancer patients. The clinical trials are generally billed and paid based on achievement of milestones or set timeframes (*e.g.*, quarterly, etc.). The performance obligation under clinical trials are typically billed one month to one quarter in arrears, which may result in an unbilled service asset or contract asset at period-end.

Pancreatic Cancer Action Network

Notes to Financial Statements

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(With Summarized Financial Information as of and for the Year Ended June 30, 2022)

At contract inception, PanCAN and the customer design the scope of work for the services to be provided and the deliverables bargained for in the contract. Contracts entered into for clinical trials are considered a single performance obligation as PanCAN provides a highly integrated service resulting in a combined output which is the final end result of the clinical trial (whether it results in a successful or terminated trial).

Revenue is recognized for the single performance obligation over time due to PanCAN's right to payment for work performed to date. The contracts enable PanCAN to invoice the customer as work progresses based on the corresponding milestones during the life cycle of a clinical trial.

Contracts are terminable by the customer, according to advance notice terms, medical, scientific or safety reasons, or specific terms of breach specified within the contracts. If a contract is terminated, payment of fees for services rendered through the date of termination is required and may require payment for subsequent services necessary to conclude the study or close out the contract. Final settlement amounts are agreed to with the customer based on remaining work to be performed. These amounts are included in revenue when PanCAN believes the amount can be estimated reliably and its realization is probable. In evaluating the probability of recognition, PanCAN considers the contractual basis for the settlement amount and the objective evidence available to support the amount.

Transaction Price and Recognition

PanCAN determines the transaction price based on PanCAN's internal pricing guidelines, and negotiations with the customer. The transaction price is the contractually defined amount that includes adjustment for variable consideration, such as study stages, percent of subject enrollment or retainage on periodic billings, which are estimable. The progression of contract performance obligations are measured primarily utilizing an estimate of percentage completion based upon the "level of effort" (stage in the clinical trial life cycle).

From time to time, PanCAN will receive overpayments of customer balances resulting in amounts owed back to third parties. These amounts are excluded from revenues and are recorded as liabilities until they are refunded. As of June 30, 2023 and 2022, PanCAN did not have any overpayments and related liability.

Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to revenue in the period of the change. For the years ended June 30, 2023 and 2022, additional revenues of \$9,447,137 and \$573,400, respectively, were recognized due to changes in estimates of transaction prices for performance obligations satisfied in prior years. Subsequent changes that are determined to be the result of an adverse change in the customer's ability to pay are recorded as bad debt expense.

PanCAN has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the payors that have different reimbursement and payment methodologies. All clinical trial revenue is recognized over time.

Pancreatic Cancer Action Network

Notes to Financial Statements

June 30, 2023

(With Summarized Financial Information as of and for the Year Ended June 30, 2022)

Contract Balances

The following table provides information about PanCAN's receivables from contracts, contract assets and contract liabilities with customers:

	<u>2023</u>	<u>2022</u>
Accounts receivable, beginning of year	\$ 3,218,579	\$ 7,067,261
Accounts receivable, end of year	4,922,892	3,218,579
Contracts in progress, beginning of year	1,194,844	1,125,000
Contracts in progress, end of year	4,321,679	1,194,844
Deferred revenue, beginning of year	1,869,944	3,252,043
Deferred revenue, end of year	1,074,901	1,869,944

Note 7: Net Assets (Restated – Note 14)

Net Assets with Donor Restriction

Net assets with donor restrictions at June 30 are restricted for the following purposes or periods:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose		
Research	\$ 20,448,554	\$ 4,225,472
Advocacy	-	386,238
Patient services	962,505	-
Community engagement	400,000	866,420
	<u>21,811,059</u>	<u>5,478,130</u>
Subject to passage of time		
Promises to give that are not restricted by donors but which are unavailable for expenditure until due	<u>2,115,192</u>	<u>1,905,874</u>
	<u>\$ 23,926,251</u>	<u>\$ 7,384,004</u>

Pancreatic Cancer Action Network

Notes to Financial Statements

June 30, 2023

(With Summarized Financial Information as of and for the Year Ended June 30, 2022)

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or occurrence of other events specified by donors.

	<u>2023</u>
Expiration of time restrictions	\$ 1,427,955
Satisfaction of purpose restrictions	
Research	14,470,255
Advocacy	25,000
Patient services	439,665
Community engagement	<u>250,000</u>
	<u>\$ 16,612,875</u>

Note 8: Liquidity and Availability (Restated – Note 14)

As of June 30, 2023, the following financial assets could readily be made available within one year of the statements of financial position date to meet general expenditures:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 7,849,538	\$ 21,628,423
Investments	33,467,132	29,948,473
Pledges receivable, net	22,972,929	8,249,392
Receivables	<u>4,922,892</u>	<u>3,218,579</u>
	69,212,491	63,044,867
Less amounts not available to be used within one year due to		
Donor-designated for purpose or time	(14,500,490)	(3,789,855)
Board-designated for operating reserve	<u>(19,070,000)</u>	<u>(19,000,000)</u>
	<u>\$ 35,642,001</u>	<u>\$ 40,255,012</u>

PanCAN receives significant contributions restricted by donors or grantors and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. As of June 30, 2023, restricted contributions of \$9,425,761 was included in financial assets available to meet cash needs for general expenditures within one year.

Pancreatic Cancer Action Network

Notes to Financial Statements

June 30, 2023

(With Summarized Financial Information as of and for the Year Ended June 30, 2022)

The board-designated operating reserve is without donor restrictions that has been designated for use in emergencies and to sustain financial operations in the event budgeted revenue is not realized or unforeseen expenses are incurred. The Board has established a target of maintaining a minimum, fully funded operating reserve sufficient to fund four months of budgeted operating costs. Although PanCAN does not intend to spend from this board-designated operating reserve, these amounts could be made available if necessary.

PanCAN manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. PanCAN monitors liquidity and cash flows on an ongoing basis to ensure an appropriate amount of cash and cash equivalents are available to meet current expenditure needs. Management reports its financial position regularly to different committees of the Board and to the whole Board.

Note 9: Note Payable

In March 2020, Congress passed the Paycheck Protection Program (PPP), authorizing loans to small businesses for use in paying employees that they continue to employ throughout the COVID-19 pandemic and for rent, utilities, and interest on mortgages. Loans obtained through the Paycheck Protection Program are eligible to be forgiven as long as the proceeds are used for qualifying purposes and certain other conditions are met.

In June 2020, PanCAN received loan proceeds in the amount of \$1,950,000 under the PPP. On August 6, 2021, the Small Business Administration approved forgiveness of the PPP loan in full. PanCAN recognized forgiveness of the PPP loan as revenue during the year ended June 30, 2022.

Note 10: Leases

Change in Accounting Principle

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842). This ASU requires lessees to recognize a lease liability and a right-of-use (ROU) asset on a discounted basis, for substantially all leases, as well as additional disclosures regarding leasing arrangements. Disclosures are required to enable users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. In July 2018, FASB issued ASU 2018-11, *Leases* (Topic 842): *Targeted Improvements*, which provides an optional transition method of applying the new lease standard. Topic 842 can be applied using either a modified retrospective approach at the beginning of the earliest period presented or, as permitted by ASU 2018-11, at the beginning of the period in which it is adopted, *i.e.*, the comparatives under Accounting Standards Codification (ASC) 840 option.

Pancreatic Cancer Action Network

Notes to Financial Statements

June 30, 2023

(With Summarized Financial Information as of and for the Year Ended June 30, 2022)

PanCAN adopted Topic 842 on July 1, 2022 (the effective date), using the comparatives under ASC 840 transition method, which applies Topic 842 at the beginning of the period in which it is adopted. Prior period amounts have not been adjusted in connection with the adoption of this standard. PanCAN elected the package of practical expedients under the new standard, which permits entities to not reassess lease classification, lease identification or initial direct costs for existing or expired leases prior to the effective date. Also, PanCAN elected to keep short-term leases with an initial term of 12 months or less off the statement of financial position. PanCAN did not elect the hindsight practical expedient in determining the lease term for existing leases as of July 1, 2022.

The most significant impact of adoption was the recognition of operating lease ROU asset of \$3,739,654 and operating lease liability of \$4,497,371, while the accounting for existing capital leases (now referred to as finance leases) remained substantially unchanged. As part of adopting the standard, previously recognized liabilities for deferred rent and lease incentives were reclassified as a component of the ROU assets. The standard did not significantly affect the statements of activities, functional expenses, or cash flows.

Accounting Policies

PanCAN determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of ROU assets and lease liabilities on the statement of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. PanCAN determines lease classification as operating or finance at the lease commencement date.

PanCAN accounts for the lease and nonlease components separately. The lease component consists of office space and nonlease components consist of common area maintenance charges. Lease and nonlease components are clearly defined on the monthly invoice, therefore, PanCAN allocates the consideration to the lease and nonlease components using their relative standalone values.

At lease commencement, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. PanCAN has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

The lease term may include options to extend or to terminate the lease that PanCAN is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

PanCAN has elected not to record leases with an initial term of 12 months or less on the statement of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Pancreatic Cancer Action Network

Notes to Financial Statements

June 30, 2023

(With Summarized Financial Information as of and for the Year Ended June 30, 2022)

Nature of Lease

PanCAN has entered into the following lease arrangements:

Operating Lease

PanCAN leases its main office space in Manhattan Beach that expires on October 31, 2026. PanCAN has an option to extend the lease for a period of five years with a written notice to the lessor. Lease payments have an escalating fee schedule, which is 1.6% increase each year. Termination of the leases is generally prohibited unless there is a violation under the lease agreement.

Quantitative Disclosures

The lease cost and other required information for the year ended June 30, 2023 are:

Lease cost		
Operating lease cost	\$	874,640
Other information		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$	1,022,171
Weighted-average remaining lease term		
Operating leases		3.33 years
Weighted-average discount rate		
Operating leases		0.52%

Future minimum lease payments and reconciliation to the statement of financial position at June 30, 2023 are as follows:

	Operating Lease
	<hr/>
2024	\$ 1,038,196
2025	1,055,062
2026	1,072,793
2027	359,600
	<hr/>
Total future undiscounted lease payments	3,525,651
Less present value discount	<hr/> (29,884)
Lease liability	<hr/> <u>\$ 3,495,767</u>

Pancreatic Cancer Action Network

Notes to Financial Statements

June 30, 2023

(With Summarized Financial Information as of and for the Year Ended June 30, 2022)

Prior Year Long-Term Debt Disclosure under Topic 840

The rent expense for year ended June 30, 2022 was \$978,052. Future minimum annual lease payments at June 30, 2022 were as follows:

2023	\$ 1,119,773
2024	1,138,726
2025	1,158,608
2026	1,179,446
2027	<u>395,500</u>
	<u>\$ 4,992,053</u>

Note 11: Retirement Plan

PanCAN has a 401(k) profit-sharing plan (the Plan) covering all eligible employees. The Plan provides for participants to make pre-tax contributions, with PanCAN matching 100% of contributions up to 3% of the participant's compensation and matching 50% of contributions for the next 2% of compensation. In addition, PanCAN may make discretionary additional contributions for its employees. During the years ended June 30, 2023 and 2022, PanCAN made nondiscretionary contributions of \$728,923 and \$624,792, respectively, toward its employees' 401(k) retirement accounts.

Note 12: Deferred Compensation Plans

In July 2015, PanCAN adopted a deferred compensation plan in accordance with Section 457(f) of the Internal Revenue Code. In September 2020, PanCAN adopted a deferred compensation plan in accordance with Section 457(b) of the Internal Revenue Code. The purpose of these plans is to offer certain eligible employees of PanCAN the opportunity to defer specified amounts of compensation on a pre-tax basis. As of June 30, 2023 and 2022, PanCAN held no amounts accrued under the deferred compensation plans.

Note 13: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Accounts Receivable

Estimates associated with the allowance for uncollectible receivables are discussed in *Note 1*.

Pancreatic Cancer Action Network

Notes to Financial Statements

June 30, 2023

(With Summarized Financial Information as of and for the Year Ended June 30, 2022)

Pledges Receivable

As of June 30, 2023 and 2022, approximately 71% and 38% of pledges receivable were due from one donor and three donors, respectively.

Contributions

For the years ended June 30, 2023 and 2022, approximately 38% and 11% of contribution revenue was from one donor and two donors, respectively.

For the years ended June 30, 2023 and 2022, approximately 22% and 26%, respectively, of total revenue is from special events. This represents concentration of risk to PanCAN.

Grant Obligations

As of June 30, 2023 and 2022, approximately 57% and 27% of grant obligations were due to two grantees and one grantee, respectively.

Investments

PanCAN invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying statement of financial position.

Functional Allocation of Expenses

Estimates used to allocate certain costs on a functional basis are discussed in *Note 1*.

Note 14: Corrections of Prior Years' Financial Statements

During 2023, PanCAN retroactively restated the restricted contributions to net assets with donor restrictions due to certain implied time restrictions that were not taken into account. An increase to contributions with donor restrictions and decrease to contributions without donor restrictions of \$5,534,411, applicable for fiscal-year 2022, have been included in the statement of activities as a correction of an error. Due to this correction, the ending net assets with donor restrictions increased and net assets without donor restrictions decreased by \$5,534,411 for fiscal year 2022.

Pancreatic Cancer Action Network

Notes to Financial Statements

June 30, 2023

(With Summarized Financial Information as of and for the Year Ended June 30, 2022)

In prior years, certain required disclosures for revenue from contracts with customers were omitted and certain revenues from clinical research contracts were not appropriately recognized due to its milestone method of revenue recognition which does not conform to FASB ASC 606. During 2023, PanCAN retroactively restated the clinical research contracts revenue. A decrease to clinical research contracts revenue and change in net assets of \$2,415,423, applicable for fiscal year 2022, have been included in the statement of activities as a correction of an error. Due to this correction, the ending total net assets decreased by \$2,415,423 for fiscal year 2022. Additionally, PanCAN decreased the beginning net assets by \$736,058 for clinical research contracts revenue related to fiscal years 2021 and 2020. This correction adjusted down the beginning net assets by \$736,058 for fiscal year 2022.

In prior years, PanCAN did not appropriately capture all expenses incurred in clinical trial testing due to PanCAN not receiving certain invoices. During 2023, PanCAN retroactively restated the research expense. An increase to research expense and change in net assets of \$1,847,210, applicable for fiscal-year 2022, have been included in the statement of activities as a correction of an error. Due to this correction, the ending total net assets decreased by \$1,847,210 for fiscal year 2022. Additionally, PanCAN decreased the beginning net assets by \$1,289,864 for research expenses related to fiscal years 2021 and 2020. This correction adjusted down the beginning net assets by \$1,289,864 for fiscal year 2022.

Pancreatic Cancer Action Network

Notes to Financial Statements

June 30, 2023

(With Summarized Financial Information as of and for the Year Ended June 30, 2022)

The following financial statement line items for fiscal year 2022 were affected by the correction:

	<u>As Restated</u>	<u>As Previously Reported</u>	<u>Effect of Change</u>
Statement of Activities			
Operating revenues			
Clinical research contracts	\$ 7,241,610	\$ 9,657,033	\$ (2,415,423)
Total operating revenues, gains, and other support	47,411,660	48,162,615	(750,955) *
Operating expenses			
Program services - research	26,824,334	24,977,124	1,847,210
Total program services	39,844,029	37,996,819	1,847,210
Total operating expenses	54,343,703	52,496,493	1,847,210
Change in net assets	(8,596,511)	(4,333,878)	(4,262,633)
Net assets, beginning of year	47,461,983	49,487,905	(2,025,922)
Net assets, end of year	38,865,472	45,154,027	(6,288,555)
Statement of Financial Position			
Receivables	3,218,579	6,666,305	(3,447,726)
Contracts in progress	1,194,844	-	1,194,844
Prepaid expenses	829,383	902,759	(73,376)
Total assets	65,833,440	68,159,698	(2,326,258)
Accounts payable and accrued liabilities	9,390,259	6,326,561	3,063,698
Deferred revenue	1,869,944	971,345	898,599
Total liabilities	26,967,968	23,005,671	3,962,297
Net assets - with donor restrictions	7,384,004	1,849,592	5,534,412
Net assets - without donor restrictions - undesignated	12,481,468	24,304,435	(11,822,967)
Total net assets	38,865,472	45,154,027	(6,288,555)
Total liabilities and net assets	65,833,440	68,159,698	(2,326,258)
Statement of Functional Expenses			
Research	20,531,296	18,684,086	1,847,210
Total expenses	54,343,703	52,496,493	1,847,210
Statement of Cash Flows			
Cash flows from operating activities			
Change in net assets	(8,596,511)	(4,333,878)	(4,262,633)
Changes in operating assets and liabilities			
Receivables and contracts in progress	(3,535,811)	(5,052,635)	1,516,824
Accounts payable and accrued expenses	3,753,695	1,906,485	1,847,210
Deferred revenue	898,599	-	898,599

* This change also reflects investment return and note payable forgiveness for 2022 being moved into nonoperating activities.

Pancreatic Cancer Action Network

Notes to Financial Statements

June 30, 2023

(With Summarized Financial Information as of and for the Year Ended June 30, 2022)

Note 15: Subsequent Events

PanCAN signed a new lease agreement for an office space with less square footage than the space it is currently utilizing. The lease commences on November 1, 2023 and expires on October 31, 2031. Lease payments have an escalating fee schedule of 3% each year. The new office space is located in El Segundo, California. PanCAN has subleased its existing office space to a subtenant commencing on November 1, 2023 and has yet to move into the new space as of the date of the report.

Subsequent events have been evaluated through December 15, 2023, which is the date the financial statements were available to be issued.

Note 16: Future Change in Accounting Principle

Accounting for Financial Instruments – Credit Losses

FASB amended its standards related to the accounting for credit losses on financial instruments. This amendment introduces new guidance for accounting for credit losses on instruments including trade receivables and finance receivables. The new standard is effective for fiscal years beginning after December 15, 2022, including interim periods within those years. PanCAN is in the process of evaluating the effect the amendment will have on the financial statements; however, management does not believe it will have a material impact to its financial results.