

**Hirshberg Foundation for Pancreatic
Cancer Research**

Audited Financial Statements

As of and for the Year Ended December 31, 2021

Hirshberg Foundation for Pancreatic Cancer Research

Financial Statements
December 31, 2021

Hirshberg Foundation for Pancreatic Cancer Research

Contents

Independent Auditor's Report	3-4
Financial Statements	
Statement of Financial Position	6
Statement of Activities	7
Statement of Functional Expenses	8
Statement of Cash Flows	9
Notes to Financial Statements	10 - 15

Independent Auditor's Report

To the Board of Directors
Hirshberg Foundation for Pancreatic Cancer Research
Los Angeles, California

Opinion

We have audited the accompanying financial statements of Hirshberg Foundation for Pancreatic Cancer Research (a nonprofit organization), 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 financial statements referred to above present fairly, in all material respects, the financial position of Hirshberg Foundation for Pancreatic Cancer Research 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hirshberg Foundation for Pancreatic Cancer Research 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.

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 Hirshberg Foundation for Pancreatic Cancer Research's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Independent Auditor's Report - continued

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Hirshberg Foundation for Pancreatic Cancer Research'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 Hirshberg Foundation for Pancreatic Cancer Research'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.

Lewis Sharpstone & Co.

Woodland Hills, California
August 7, 2024

Financial Statements

Hirshberg Foundation for Pancreatic Cancer Research
Statement of Financial Position
December 31, 2021

Assets

Cash and cash equivalents	\$ 145,404
Investments	3,937,516
Contributions receivable	89,050
Prepaid expenses and other assets	64,015
Property and equipment - net	9,049

Total Assets \$ 4,245,034

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$ 78,219
---------------------------------------	-----------

Total Liabilities 78,219

Net Assets

Without donor restrictions	4,136,815
With donor restrictions	30,000

Total Net Assets 4,166,815

Total Liabilities and Net Assets \$ 4,245,034

See accompanying notes to financial statements.

Hirshberg Foundation for Pancreatic Cancer Research
Statement of Activities
Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support:			
Donations and grants	\$ 689,897	\$ 30,000	\$ 719,897
Special events, net	1,257,867	-	1,257,867
Net investment income	284,212	-	284,212
Net assets released from restriction	-	-	-
Total Revenue and Support	2,231,976	30,000	2,261,976
Expenses:			
Program services	1,084,264	-	1,084,264
Management and general	218,014	-	218,014
Fundraising	344,756	-	344,756
Total Expenses	1,647,034	-	1,647,034
Change in Net Assets	584,942	30,000	614,942
Net Assets, beginning of year	3,551,873	-	3,551,873
Net Assets, end of year	\$ 4,136,815	\$ 30,000	\$ 4,166,815

See accompanying notes to financial statements.

Hirshberg Foundation for Pancreatic Cancer Research
Statement of Functional Expenses
Year Ended December 31, 2021

	Research	Education and Support	Total Program Services	Management and General	Fundraising	Total
Salaries	\$ 112,308	\$ 137,436	\$ 249,744	\$ 69,231	\$ 163,077	\$ 482,052
Employee benefits	8,290	10,927	19,217	5,652	12,812	37,681
Payroll taxes	7,642	10,073	17,715	5,210	11,810	34,735
Grants made	706,020	-	706,020	-	-	706,020
Advertising	-	-	-	5,110	-	5,110
Insurance	3,382	4,458	7,840	2,306	5,226	15,372
Information technology	9,911	13,065	22,976	6,758	105,064	134,798
Occupancy	18,669	24,609	43,278	12,729	28,851	84,858
Office expenses	357	1,636	1,993	24,882	11,030	37,905
Professional fees	-	-	-	83,098	-	83,098
Telephone	2,227	2,935	5,162	1,518	3,441	10,121
Travel	-	5,151	5,151	-	-	5,151
Depreciation	2,229	2,939	5,168	1,520	3,445	10,133
Total Expenses	\$ 871,035	\$ 213,229	\$ 1,084,264	\$ 218,014	\$ 344,756	\$ 1,647,034

See accompanying notes to financial statements.

Hirshberg Foundation for Pancreatic Cancer Research
Statement of Cash Flows
Year Ended December 31, 2021

Cash Flows from Operating Activities	
Change in net assets	\$ 614,942
Adjustments to reconcile change in net assets to net cash flows from operating activities	
Depreciation	10,133
Realized and unrealized gains on investments	(218,106)
Changes in operating assets and liabilities:	
Contributions receivable	75,430
Prepaid expenses and other assets	(52,254)
Accounts payable and accrued expenses	28,189
Net cash flows from operating activities	458,334
Cash Flows from Investing Activities	
Purchase of investments	(2,958,892)
Proceeds from sale of investments	1,949,895
Net cash used in investing activities	(1,088,997)
Net Change in Cash and Cash Equivalents	(550,663)
Cash and Cash Equivalents, beginning of year	696,067
Cash and Cash Equivalents, end of year	\$ 145,404

See accompanying notes to financial statements.

Hirshberg Foundation for Pancreatic Cancer Research

Notes to Financial Statements

December 31, 2021

1. Organization

Founded in 1997, the Hirshberg Foundation for Pancreatic Cancer Research (the “Organization”) is a national, nonprofit organization dedicated to advancing pancreatic cancer research, and providing information, resources, and support to pancreatic cancer patients and their families.

The Organization operates two programs:

The Research program: The research program includes making grants to further research into finding a cure for pancreatic cancer. The Organization supports basic and clinical scientists and investigators in the United States and around the world. Since 2005 the Organization has awarded more than 100 grants and funded nearly 50 research institutions. The UCLA Agi Hirshberg Center for Pancreatic Diseases provides a critical hub for advancing research and treatment breakthroughs. The Organization funds three laboratories at UCLA focusing on basic and translational science and also funds a pancreas tissue bank.

The Education and Support program: The education and support program provides information and guidance to patients and caregivers, including counseling and support groups, alternative medicine, clinical trial updates, patient advocacy, financial aid and genetic counseling. The Organization’s annual symposium is a patient centered education program that has integrated nearly 200 researchers, clinicians, patients and families to learn about developments, treatments and progression of finding a cure. The Organization’s family webinar series is an interactive series connecting specialists with the pancreatic cancer community.

2. Significant Accounting Policies

Basis of Presentation

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.

Net Asset Classification

To ensure observance of certain constraints and restrictions placed on the use of resources, Hirshberg Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Net Assets without Donor Restrictions: Net assets without donor restrictions are available for use at the discretion of the Board of Directors and management for general operating purposes. From time to time the Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management’s discretion. No such designations existed at December 31, 2021.

Net Assets with Donor Restrictions: Net assets with donor restrictions consists of assets whose use is limited by donor imposed, time and/or purpose restrictions. Hirshberg Foundation reports cash or other assets received as revenues with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when

Hirshberg Foundation for Pancreatic Cancer Research

Notes to Financial Statements

December 31, 2021

a stipulated time restriction ends or a purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statement of activities as net assets released from restriction. See Note 5 for more information on the composition of net assets with donor restrictions.

Cash and Cash Equivalents

Cash and cash equivalents consist of checking and savings accounts.

Revenue Recognition and Contributions Receivable

Contributions, including any unconditional promises to give, are recognized as revenue in the period received and are reported as increases in the appropriate class of net assets. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Cash received for conditional contributions prior to the condition being met would be recognized as deferred revenue on the statement of financial position. As of December 31, 2021 there was no deferred revenue.

Contributions receivable are recorded at the net present value of cash expected to be received. All promises to give were due and collected soon after the year end. Accordingly at December 31, 2021 there was no discount recorded and no allowance for doubtful accounts.

Special event revenue is recorded net of direct event expenses. There are three annual events held each year, the largest being the Tour De Pier. For the year ended December 31, 2021, gross event revenue was \$1,679,250 and direct expenses were \$ 451,570, net \$1,227,680.

Donated Materials and Services

Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills provided by individuals possessing those skills and would typically need to be purchased if not provided by donation are recorded at fair value in the period received. There were no donated materials or services during the year ending December 31, 2021.

Investments

Investments in mutual funds and exchange traded funds are stated at fair value. Interest, dividends, and realized and unrealized gains and losses are reported as increases or decreases in net assets.

Fair Value Measurements

Accounting Standards Codification ("ASC") Topic 820, Fair Value Measurements, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under ASC Topic 820 are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Hirshberg Foundation for Pancreatic Cancer Research

Notes to Financial Statements

December 31, 2021

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs or other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Property and Equipment

Property and equipment are recorded at cost if purchased or at estimated fair value on the date of donation if donated. The Organization capitalizes all expenditures for property and equipment in excess of \$2,500. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, 5 years for furniture and computer equipment and the lesser of the duration of the lease or the useful life of the improvement for leasehold improvements, also 5 years.

Expenses Recognition

Expenses are recognized when incurred. Prepaid expenses represent payments made for goods or services in advance of the Organization receiving the benefit or incurring the expense.

Grants made

Grant awards are recorded as a liability and an expense when the grant is made. Grantees then provide requests for disbursement and the Organization disburses such funds. Generally, grants are for a semester. There was no grant liability as of December 31, 2021.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Certain direct costs are allocated to either program, administrative or fundraising expenses based on the function of that expense. The largest such expense is grants made, allocated to program services. Certain costs have been allocated on time or usage among the programs and supporting services benefited based on management's knowledge of the activities of the Organization. The largest such allocated cost is salaries expense, which is allocated based on estimates of personnel time performing each function.

Income Taxes

Hirshberg Foundation has been recognized by the Internal Revenue Service ("IRS") as an organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and by the California Franchise Tax Board as an organization that is exempt from State taxes under Section 23701(d) of the California Revenue and Taxation Code.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax

Hirshberg Foundation for Pancreatic Cancer Research
Notes to Financial Statements
December 31, 2021

positions and believes that all of the positions taken by Hirshberg Foundation its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. Hirshberg Foundation's returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States can require management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from the estimated amounts.

Risks

Custodial credit risk is the risk that the Organization will not be able to (a) recover deposits if the depository financial institution fails, b) recover the value of investments or collateral securities that are in the possession of an outside party if the counterparty to the investment or deposit transaction fails or c) recover receivables from third parties.

Financial instruments that potentially subject the Organization to credit risk are cash deposits with banks and other financial institutions that are in excess the federally insured limit of \$250,000. The Organization's cash balances exceed this limit at of times during the year. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Credit risk associated with receivables is considered to be limited due to high historic collection rates and because of the strong long-term relationships the Organization has with donors.

Recent Accounting Pronouncements

On February 2016, the FASB issued ASU No. 2016-02, Leases. The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for the Organization in its year ended December 31, 2022. The Organization is in the process of evaluating the impact of adoption on its financial statements.

3. Investments

The following table sets forth the values by level within the fair value hierarchy of the Organization's investment assets as of December 31, 2021:

Asset Class	At Fair Value			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 591,345	\$ -	\$ -	\$ 591,345
Mutual funds	917,920	-	-	917,920
Exchange traded funds	2,428,251	-	-	2,428,251
Total	\$ 3,937,516	\$ -	\$ -	\$ 3,937,516

Hirshberg Foundation for Pancreatic Cancer Research
Notes to Financial Statements
December 31, 2021

Total investment return consists of the following for the years ended December 31, 2021:

Interest and dividend income	\$	95,269
Realized and unrealized gains and losses		218,106
Investment fees		<u>(29,163)</u>
 Total investment return	 \$	 <u>284,212</u>

4. Property and Equipment

Property and equipment as of December 31, 2021 are summarized as follows:

Leasehold improvements	\$	130,385
Furniture and Fixtures		22,189
Computer Equipment		<u>11,798</u>
		164,372
Less: accumulated depreciation		<u>(155,323)</u>
 Property and equipment - net	 \$	 <u>9,049</u>

Depreciation expense for the year ended December 31, 2021 amounted to \$10,133.

5. Net Assets

Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31, 2021 comprised the following:

	<u>Balance at year end</u>	<u>Released from restriction</u>
Restricted for:		
Glioblastoma research	\$ 30,000	\$ -

Hirshberg Foundation for Pancreatic Cancer Research
Notes to Financial Statements
December 31, 2021

6. Liquidity and Availability of Resources

The Organization monitors its financial assets available for expenditures within one year of the balance sheet date on a quarterly basis. As of December 31, 2021, the balance available is as follows:

Cash and cash equivalents	\$ 145,404
Investments	3,937,516
Contributions receivable	<u>89,050</u>
 Total financial assets available	 4,171,970
 Less cash unavailable for expenditure within one year due to:	
Restricted by donor with time or purpose restrictions	<u>(30,000)</u>
 Financial assets available to meet cash needs for general expenditures within one year	 \$ <u>4,141,970</u>

As part of Hirshberg Foundation’s liquidity management Hirshberg Foundation prepares annual cash requirement projections which are used to ensure that needed balances are liquid and available for payment of general expenses in the near term. In addition, Hirshberg Foundation employs an informal annual budgeting process and strategic planning process to ensure Hirshberg Foundation will continue to be poised to have funds available to pay general expenses in the long term.

7. Subsequent Events

In March 2022 the Organization entered into a new five-year lease for its space. The initial monthly rental was \$6,975 per month, with 3% annual increases. The lease payments committed to under this lease are as follows:

Year ended December 31	
2022	\$ 62,775
2023	85,581
2024	88,152
2025	90,798
2026	93,525
Thereafter	<u>23,553</u>
 Total	 \$ <u>444,384</u>

The Organization has evaluated subsequent events through August 7, 2024 which is the date the financial statements were available to be issued.