

PSC PARTNERS SEEKING A CURE
FINANCIAL STATEMENTS
DECEMBER 31, 2023



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CHARLES POYSTI LLC

Independent Auditor's Report

Board of Directors
PSC Partners Seeking A Cure
Englewood, Colorado

Opinion

I have audited the accompanying financial statements of PSC Partners Seeking A Cure (a Colorado not-for-profit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PSC Partners Seeking A Cure as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of PSC Partners Seeking A Cure and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 PSC Partners Seeking A Cure's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My objective is 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 my 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, including omissions, 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, I:

- 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 PSC Partners Seeking A Cure'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 PSC Partners Seeking A Cure's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.



September 12, 2024
Denver, Colorado

PSC PARTNERS SEEKING A CURE
STATEMENTS OF FINANCIAL POSITION

December 31,	2023	2022
<u>Assets</u>		
Cash	\$ 177,349	\$ 105,694
Accounts receivable	46,744	103,176
Promises to give	1,302,994	899,000
Prepaid expenses	5,759	9,669
Right of use assets, net of accumulated depreciation	87,353	8,974
Investments	2,794,425	3,461,387
Equipment, net of accumulated depreciation	1,494	5,658
Deposits	<u>2,114</u>	<u>2,114</u>
Total Assets	<u>\$ 4,418,232</u>	<u>\$ 4,595,672</u>
<u>Liabilities and Net Assets</u>		
Accounts payable and accrued liabilities	\$ 29,116	\$ 8,472
Right of use liabilities	<u>88,253</u>	<u>9,548</u>
	<u>117,369</u>	<u>18,020</u>
Net assets		
Without donor restrictions		
Undesignated	2,213,151	2,279,886
Designated by the Board for operating reserve	<u>180,000</u>	<u>180,000</u>
	2,393,151	2,459,886
With donor restrictions	<u>1,907,712</u>	<u>2,117,766</u>
Total net assets	<u>4,300,863</u>	<u>4,577,652</u>
Total Liabilities and Net Assets	<u>\$ 4,418,232</u>	<u>\$ 4,595,672</u>

The accompanying notes are an integral part of these financial statements.

PSC PARTNERS SEEKING A CURE
STATEMENTS OF ACTIVITIES

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>For the Year Ended December 31, 2023</u>			
<u>Support, revenue and other gains</u>			
Contributions	\$ 716,989	\$ 348,857	\$ 1,065,846
Non-cash contributions	201,670	722,484	924,154
Conference income	77,026	0	77,026
Investment income	189,414	0	189,414
Other income	4,136	0	4,136
Net assets released from restrictions	<u>1,281,395</u>	<u>(1,281,395)</u>	<u>0</u>
Total support, revenue and other gains	<u>2,470,630</u>	<u>(210,054)</u>	<u>2,260,576</u>
<u>Expenses</u>			
Program	2,005,363		2,005,363
General and administrative	395,695		395,695
Fundraising	<u>136,307</u>		<u>136,307</u>
Total expenses	<u>2,537,365</u>		<u>2,537,365</u>
Change in net assets	(66,735)	(210,054)	(276,789)
Net assets, beginning of year	<u>2,459,886</u>	<u>2,117,766</u>	<u>4,577,652</u>
Net assets, end of year	<u>\$ 2,393,151</u>	<u>\$ 1,907,712</u>	<u>\$ 4,300,863</u>
<u>For the Year Ended December 31, 2022</u>			
<u>Support, revenue and other gains</u>			
Contributions	\$ 631,590	\$ 854,866	\$ 1,486,456
Non-cash contributions	201,478	328,275	529,753
Conference income	148,025	0	148,025
Investment income (loss)	(57,840)	0	(57,840)
Other income	750	0	750
Net assets released from restrictions	<u>183,530</u>	<u>(183,530)</u>	<u>0</u>
Total support, revenue and other gains	<u>1,107,533</u>	<u>999,611</u>	<u>2,107,144</u>
<u>Expenses</u>			
Program	874,729		874,729
General and administrative	165,337		165,337
Fundraising	<u>69,212</u>		<u>69,212</u>
Total expenses	<u>1,109,278</u>		<u>1,109,278</u>
Change in net assets	(1,745)	999,611	997,866
Net assets, beginning of year	<u>2,461,631</u>	<u>1,118,155</u>	<u>3,579,786</u>
Net assets, end of year	<u>\$ 2,459,886</u>	<u>\$ 2,117,766</u>	<u>\$ 4,577,652</u>

The accompanying notes are an integral part of these financial statements.

PSC PARTNERS SEEKING A CURE
STATEMENTS OF FUNCTIONAL EXPENSES

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Totals</u>
<u>For the Year Ended December 31, 2023</u>				
Salaries and wages	\$ 519,878	\$ 114,357	\$ 94,262	\$ 728,497
Employee benefits	15,934	1,416	354	17,704
Payroll taxes	<u>46,580</u>	<u>10,497</u>	<u>8,528</u>	<u>65,605</u>
Total compensation	582,392	126,270	103,144	811,806
Conference & meetings	433,631	38,545	9,637	481,813
Professional fees	292,405	85,656	0	378,061
Bad debt	0	110,000	0	110,000
Insurance	819	2,294	164	3,277
Grants to others	194,707	0	0	194,707
Research	376,017	0	0	376,017
Office expense	21,455	18,422	5,781	45,658
Technology	49,555	11,436	15,247	76,238
Marketing	2,119	151	757	3,027
Occupancy	39,615	2,130	852	42,597
Patient registry	8,900	500	600	10,000
Depreciation	<u>3,748</u>	<u>291</u>	<u>125</u>	<u>4,164</u>
Total expenses	<u>\$ 2,005,363</u>	<u>\$ 395,695</u>	<u>\$ 136,307</u>	<u>\$ 2,537,365</u>
<u>For the Year Ended December 31, 2022</u>				
Salaries and wages	\$ 500,863	\$ 102,890	\$ 42,427	\$ 646,180
Employee benefits	26,040	5,349	2,206	33,595
Payroll taxes	<u>25,245</u>	<u>5,186</u>	<u>2,137</u>	<u>32,568</u>
Total compensation	552,148	113,425	46,770	712,343
Conference & meetings	64,489	5,733	1,433	71,655
Professional fees	32,553	26,750	2,681	61,984
Postage	812	62	375	1,249
Insurance	782	2,190	157	3,129
Grants to others	98,422	0	0	98,422
Office expense	8,485	4,325	2,262	15,072
Technology	58,060	8,746	12,377	79,183
Marketing	480	20	566	1,066
Occupancy	34,117	2,609	1,117	37,843
Patient registry	19,437	1,092	1,310	21,839
Depreciation	<u>4,944</u>	<u>385</u>	<u>164</u>	<u>5,493</u>
Total expenses	<u>\$ 874,729</u>	<u>\$ 165,337</u>	<u>\$ 69,212</u>	<u>\$ 1,109,278</u>

The accompanying notes are an integral part of these financial statements.

PSC PARTNERS SEEKING A CURE
STATEMENTS OF CASH FLOWS

<u>For the Years ended December 31,</u>	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Cash received from donors	\$ 1,440,768	\$ 1,570,004
Conference and other income received	81,162	148,775
Interest and dividends received	163,325	42,397
Cash paid to vendors and suppliers	<u>(2,508,321)</u>	<u>(1,108,793)</u>
Net cash provided by (used in) operating activities	<u>(823,066)</u>	<u>652,383</u>
Cash flows from investing activities		
Purchase of investments	(1,444,363)	(831,011)
Proceeds from sale of investments	<u>2,339,084</u>	<u>199,674</u>
Net cash provided by (used in) investing activities	<u>894,721</u>	<u>(631,337)</u>
Net increase in cash and cash equivalents	71,655	21,046
Cash and cash equivalents at beginning of year	<u>105,694</u>	<u>84,648</u>
Cash and cash equivalents at end of year	<u>\$ 177,349</u>	<u>\$ 105,694</u>
Supplemental Disclosure of Non-Cash Investing Activity:		
Donated stock received	<u>\$ 201,670</u>	<u>\$ 201,478</u>

The accompanying notes are an integral part of these financial statements.

PSC PARTNERS SEEKING A CURE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

PSC Partners Seeking A Cure (PSCP, we, us, our) is a Colorado non-profit organization. The mission of the PSC Partners Seeking A Cure is to drive research to identify treatments and a cure for primary sclerosing cholangitis (PSC), while providing education and support for those impacted by this rare disease.

PSCP, primary sclerosing cholangitis, is an immune-mediated disease that causes the bile ducts inside and outside the liver to become scarred, narrowed and eventually blocked. As more and more ducts are blocked, bile becomes trapped and damages the liver. The damage, if left unchecked, causes liver cell death, which leads to cirrhosis and may eventually require a liver transplant. At present, the only definitive treatment for primary sclerosing cholangitis is a liver transplantation. PSCP is working to find better treatments and a cure.

The Scientific/Medical Advisory Committee of PSCP annually evaluates research proposals and selects grants to promote PSC research. The PSC Partners Seeking a Cure website provides information on PSCP and is updated frequently to provide PSC patients, caregivers, physicians, and researchers access to information concerning PSC and allied diseases. The website includes advice and personal stories from its members, in order to offer everyday living suggestions to PSCers in addition to updates on treatments and medical research. Starting in 2005 PSCP has held annual conferences for PSC patients and caregivers at medical centers throughout the country. These conferences allow the opportunity to learn about the most recent advances in PSC treatments and research, while also allowing PSCers to share their experiences, advice, and concerns with other PSCers. In addition, PSCP publishes a free online newsletter with updates about the latest treatments, research results, and coping suggestions. PSCP also holds local forums for PSC patients and caregivers.

Cash and Cash Equivalents

We consider all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for, nor restricted by, donors for long-term purposes, to be cash and cash equivalents.

Accounts Receivable

Accounts receivable consist primarily of web based donations processed through a third party. We determine the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. As of December 31, 2023 and 2022, the allowance for doubtful account balance was zero.

PSC PARTNERS SEEKING A CURE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Promises to Give

We record unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. We determine the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. As of December 31, 2023 and 2022, the allowance for doubtful account balance was zero.

Equipment and Depreciation

We capitalize all expenditures more than \$1,000 for property and equipment at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 7 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – we report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenue Recognition

Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

PSC PARTNERS SEEKING A CURE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services and In-Kind Contributions

Contributed goods are recorded at fair value at the date of donation and consist of materials, supplies, food, and small equipment. Volunteers often contribute time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

Advertising Costs

Advertising and promotion costs are expensed as incurred.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

PSCP is organized as a Colorado nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction, and has been determined not to be a private foundation. PSCP is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, it is subject to income tax on net income that is derived from business activities that are unrelated to our exempt purposes. PSCP has determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Financial Instruments and Credit Risk

We manage deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or may include uninsured investments in money market mutual funds. To date, we have not experienced losses in any of these accounts. Credit risk associated with accounts receivable is considered to be limited due to high historical collection rates.

Subsequent Events

Our financial statements were available to be issued on September 12, 2024, and this is the date through which subsequent events were evaluated.

PSC PARTNERS SEEKING A CURE
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 177,349	\$ 105,694
Accounts receivable	46,744	103,176
Investments	2,794,425	3,461,387
Promises to give – less than one year	<u>410,000</u>	<u>470,000</u>
	<u>\$ 3,428,518</u>	<u>\$ 4,140,257</u>

As part of our liquidity management plan, we invest cash in excess of daily requirements in short-term investments and money market funds. Occasionally, the Board designates a portion of any operating surplus to its operating reserve, which was \$180,000 as of December 31, 2023 and 2022.

NOTE 3 - PROMISES TO GIVE

Unconditional promises to give are estimated to be collected as follows as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Within one year	\$ 410,000	\$ 470,000
In one to five years	<u>1,020,000</u>	<u>480,000</u>
	1,430,000	950,000
Less discount to net present value	<u>(127,007)</u>	<u>(51,000)</u>
	<u>\$ 1,302,993</u>	<u>\$ 899,000</u>

NOTE 4 - INVESTMENTS

Investments held as of December 31 are as follows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,271,008	\$ 2,532,406
Bond funds	1,313,383	593,534
Equities	210,034	200,910
Fixed income	0	104,802
Mortgage pools	<u>0</u>	<u>29,735</u>
	<u>\$ 2,794,425</u>	<u>\$ 3,461,387</u>
Composition of investment return:		
Interest and dividends	\$ 163,325	\$ 42,396
Realized and unrealized loss	<u>26,089</u>	<u>(100,237)</u>
	<u>\$ 189,414</u>	<u>\$ (57,841)</u>

PSC PARTNERS SEEKING A CURE
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - INVESTMENTS (CONTINUED)

The fair value measurement accounting literature provides the 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). All of PSCP's investments are valued using Level 1, which are described as inputs to the valuation methodology which are unadjusted quoted prices for identical assets or liabilities in active markets that PSCP has the ability to access.

NOTE 5 - EQUIPMENT AND DEPRECIATION

	<u>2023</u>	<u>2022</u>
Computers and equipment	\$ 21,524	\$ 21,524
Furniture and fixtures	<u>2,489</u>	<u>2,489</u>
	24,013	24,013
Less accumulated depreciation	<u>(22,519)</u>	<u>(18,355)</u>
Net fixed assets	<u>\$ 1,494</u>	<u>\$ 5,658</u>

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows:

	<u>2023</u>	<u>2022</u>
Cellular project	\$ 86,102	\$ 0
Educational program	14,409	8,995
Information technology	51,743	57,283
PROM	107,094	13,830
Research	141,655	98,422
WIND	<u>880,392</u>	<u>5,000</u>
	<u>\$ 1,281,395</u>	<u>\$ 183,530</u>

Net assets with donor restrictions are available for the following purposes:

	<u>2023</u>	<u>2022</u>
Cellular project	\$ 113,898	\$ 200,000
Educational program	0	6,909
Information technology	0	26,743
PROM	179,076	286,170
Research	0	112,814
WIND	<u>1,614,738</u>	<u>1,485,130</u>
	<u>\$ 1,907,712</u>	<u>\$ 2,117,766</u>

PSC PARTNERS SEEKING A CURE
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - NON-CASH CONTRIBUTIONS

For the years ended December 31, 2023 and 2022, non-cash contributions recognized within the statements of activities included the following:

	<u>2023</u>	<u>2022</u>
Donated stocks and other investments	\$ 201,670	\$ 201,478
Promises to give	<u>722,484</u>	<u>328,275</u>
	<u>\$ 924,154</u>	<u>\$ 529,753</u>

NOTE 8 - LEASES

We lease certain office space under a long-term non-cancelable operating lease agreement. The lease expire through March 2026. We include in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised.

The weighted-average discount rate is based on the discount rate implicit in the lease. We have elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The weighted-average discount rate used was 4.25%.

We have elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

We elected the practical expedient to not separate lease and non-lease components for the lease.

Total right-of-use assets and lease liabilities as of December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
<u>Lease Assets</u>		
Right of use assets, net		
of accumulated depreciation	\$ 87,353	\$ 8,974
<u>Lease Liabilities</u>		
Right of use lease liabilities	<u>\$ 88,253</u>	<u>\$ 9,548</u>

The future minimum lease payments under noncancelable operating leases with terms greater than one year are listed below as of December 31, 2023:

2024	\$ 40,509
2025	41,725
2026	10,508
Less interest	<u>(4,489)</u>
Present value of lease liabilities	<u>\$ 88,253</u>

PSC PARTNERS SEEKING A CURE
NOTES TO FINANCIAL STATEMENTS

NOTE 9 - RETIREMENT PLAN

We maintain a defined contribution pension plan (the Plan) as defined under Section 401(k) of the U.S. Internal Revenue Code covering substantially all employees. The Plan offers employees who are 21 years of age and have completed 3 months of service, the opportunity to voluntarily contribute to the Plan. We did not make matching voluntary contributions to the Plan for the years ended December 31, 2023 and 2022.

NOTE 10 - AFFILIATE ORGANIZATION

PSCP entered into an Affiliate Agreement in 2016 with Partners Seeking A Cure Canada, an organization registered as a Canadian not-for-profit corporation. The affiliate was formed to enable Canadian donors to receive tax credits for their donations to support the research of PSC. According to the restrictions of the affiliate's charity registration under Canadian charity law, PSC Partners Seeking A Cure Canada can only use donations to cover operating costs and to support research institutions which are included in a pre-approved list issued by the Canadian government. Research grants will be chosen per the same Scientific/Medical Advisory Committee procedures used by PSC Partners (USA).

NOTE 11 - CORRECTION OF AN ERROR IN PREVIOUSLY ISSUED FINANCIAL STATEMENTS

During the course of the 2023 audit, an error was identified in unrestricted and conference contribution income recorded in fiscal 2022 and net assets with donor restrictions as of December 31, 2022. Corrective and preventive actions have been taken. The result of the error was an overstatement of recorded 2022 conference contributions with donor restrictions in the amount of \$148,025 and an overstatement of net assets with donor restrictions of \$703,007 as of December 31, 2022. The specific error arose from the incorrect recognition of conference revenue as donor restricted. Historically conference revenue in excess of direct and indirect costs has been considered restricted for future conferences. Upon internal review it has been determined that these funds should have been used for medical research and our general operations. The previously issued statement of financial activity has been restated for 2022.

Statement of Financial Activity:

AS ORIGINALLY REPORTED
For the Year Ended December 31, 2022
Support, revenue and other gains

Conference income	\$ 0	\$ 148,025	\$ 148,025
Net assets released from restrictions	<u>243,640</u>	<u>(243,640)</u>	<u>0</u>
Total support, revenue and other gains	<u>1,019,618</u>	<u>1,087,526</u>	<u>2,107,144</u>
Change in net assets	(89,660)	1,087,526	997,866
Net assets, beginning of year	<u>1,846,539</u>	<u>1,733,247</u>	<u>3,579,786</u>
Net assets, end of year	<u>\$1,756,879</u>	<u>\$2,820,773</u>	<u>\$4,577,652</u>

PSC PARTNERS SEEKING A CURE
NOTES TO FINANCIAL STATEMENTS

NOTE 11 - CORRECTION OF AN ERROR IN PREVIOUSLY ISSUED FINANCIAL STATEMENTS (CONTINUED)

AS RESTATED

For the Year Ended December 31, 2022

Support, revenue and other gains

Conference income	\$ 148,025	\$ 0	\$ 148,025
Net assets released from restrictions	<u>183,530</u>	<u>(183,530)</u>	<u>0</u>
Total support, revenue and other gains	<u>1,107,533</u>	<u>999,611</u>	<u>2,107,144</u>
Change in net assets	(1,745)	999,611	997,866
Net assets, beginning of year	<u>2,461,631</u>	<u>1,118,155</u>	<u>3,579,786</u>
Net assets, end of year	<u>\$2,459,886</u>	<u>\$2,117,766</u>	<u>\$4,577,652</u>