

TRANSPLANT ALLIANCE FOUNDATION, INC.
FINANCIAL STATEMENTS – INCOME TAX BASIS
AND SUPPLEMENTARY INFORMATION
For the Year Ended December 31, 2023 and 2022

TRANSPLANT ALLIANCE FOUNDATION, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Transplant Alliance Foundation, Inc.
Gilbertsville, Pennsylvania

Opinion

We have audited the accompanying financial statements of Transplant Alliance Foundation, Inc. (a nonprofit corporation), which comprise the statement of assets, liabilities, and net assets – income tax basis as of December 31, 2023 and 2022, and the related statement of revenues, expenses, and other changes in net assets – income tax basis for the years 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 assets, liabilities, and net assets of Transplant Alliance Foundation, Inc. as of December 31, 2023 and 2022, and its revenues, expenses and other changes in net assets for the years then ended in accordance with the basis of accounting Transplant Alliance Foundation, Inc. uses for income tax purposes described in Note 2.

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 Financial Statements Section of our report. We are required to be independent of Transplant Alliance Foundation, Inc. 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.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describe the basis of accounting. The financial statements are prepared on the basis of accounting Transplant Alliance Foundation, Inc. uses for income tax purposes, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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outsourcing services, and techniques for increasing efficiency.**

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the income tax basis of accounting described in Note 2; this includes determining that the income tax basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

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 the 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 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 Transplant Alliance Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.

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**C. Malcolm
Smith & Company, P.C.**
Certified Public Accountants

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- 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 Transplant Alliance Foundation, Inc.'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.

Supplementary Information

The accompanying Statement of Functional Expenses - Income Tax Basis for the year ended December 31, 2023 (with summarized comparative totals for the year ended December 31, 2022) is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management. We audited the supplementary information and the report is covered by the opinion.

C. Malcolm Smith & Company, P. C.

Certified Public Accountants

November 14, 2024

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TRANSPLANT ALLIANCE FOUNDATION, INC.
Statements of Assets, Liabilities, and Net Assets - Income Tax Basis
December 31, 2023 and 2022

	(Audited) 2023	(Audited) 2022
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 91,532	\$ 56,675
Total Current Assets	91,532	56,675
Property and Equipment, Net	253,292	274,127
Other Assets		
Security Deposits	27,584	27,584
Total Other Assets	27,584	27,584
Total Assets	\$ 372,408	\$ 358,386
LIABILITIES AND NET ASSETS		
Current Liabilities		
Credit Card Payable	28,791	26,291
Note Payable - Renovations		29,304
Total Current Liabilities	28,791	55,595
Long-Term Liabilities, Less Current Portion	-	
Total Liabilities	28,791	55,595
Net Assets Without Donor Restrictions	343,617	302,791
Total Liabilities and Net Assets	\$ 372,408	\$ 358,386

See accompanying notes and independent accountants' report.

TRANSPLANT ALLIANCE FOUNDATION, INC.
Statements of Revenue, Expenses, and Changes in Net Assets - Income Tax Basis
Years Ended December 31, 2023 and 2022

	<u>(Audited)</u> <u>2023</u>	<u>(Audited)</u> <u>2022</u>
Revenue and Other Support		
Public Donations	\$ 32,042	\$ 13,986
In-Kind Contributions	23,250	13,245
Fundraising Income	1,838,924	1,616,241
Non-Government Grants	1,500	
ATM Surcharges	5,237	
Other Income	-	4,543
	<hr/>	<hr/>
Total Revenue and Other Support	\$ 1,900,953	\$ 1,648,015
	<hr/>	<hr/>
Expenses		
Program Services:		
Grants and Assistance	248,885	194,394
Training and Education	100,491	90,623
Total Program Services	<hr/> 349,376	<hr/> 285,017
Management and General	184,841	158,744
Fundraising	<hr/> 1,325,910	<hr/> 1,159,140
	<hr/>	<hr/>
Total Expenses	\$ 1,860,127	\$ 1,602,901
	<hr/>	<hr/>
Excess of Revenue Over Expenses	40,826	45,114
	<hr/>	<hr/>
Beginning Net Assets	\$ 302,791	\$ 257,677
	<hr/>	<hr/>
Prior Period Adjustment	-	-
	<hr/>	<hr/>
Beginning Net Assets (as restated)	302,791	257,677
	<hr/>	<hr/>
Ending Net Assets	\$ 343,617	\$ 302,791
	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes and independent accountants' report.

Transplant Alliance Foundation, Inc.
Notes to Financial Statements
Years Ended December 31, 2023 and 2022

Note 1 – Organization

Transplant Alliance Foundation, Inc. (the “Foundation”) is a non-profit corporation organized and operated in the state of Pennsylvania established with the sole purpose of alleviating the financial strain that often accompanies organ transplants. We understand that the journey towards health and recovery can be overwhelming, and our mission is to ensure that individuals and families can focus on healing without the added stress of financial instability.

Note 2 – Significant Accounting Policies

This summary of significant accounting policies of Transplant Alliance Foundation, Inc. is presented to assist in understanding the Foundation’s financial statements. The financial statements and notes are representations of the Foundation’s management who is responsible for their integrity and objectivity.

Basis of Presentation

The Foundation’s policy is to prepare its financial statements on the income tax basis of accounting, which is a comprehensive basis of accounting other than the accounting principles generally accepted in the United States of America. Consequently, certain revenue and expenses are recognized in the determination of income in different reporting periods than they would be if the financial statements were prepared in conformity with generally accepted accounting principles in the United States of America.

The Foundation reports information regarding its financial position and activities according to two classes of net assets:

- a. Net Assets Without Donor Restriction—Net assets that are not subject to donor-imposed stipulations.
- b. Net Assets With Donor Restriction—Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restriction unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net asset. The Foundation has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were

See accompanying independent auditors’ report.

Transplant Alliance Foundation, Inc.
Notes to Financial Statements
Years Ended December 31, 2023 and 2022

Note 2 – Significant Accounting Policies (Continued)

met in the year the contribution was received. There were no net assets with donor restriction at December 31, 2023 and 2022.

Functional Expenses

The costs of the Foundation's programs and supporting services have been reported on a functional basis in the Statement of Functional Expenses. Expenses are charged to each program based on direct expenses recognized. Any program expenses not directly chargeable to a program are allocated based on indirect cost allocations.

Income Tax Status

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law. The Foundation files its Form 990 with federal and state authorities in the State of Pennsylvania.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Property and Equipment

The Foundation capitalizes purchases of property and equipment with an original cost of \$2,500 or more. Purchased property and equipment is capitalized at cost. Donations of property and equipment are capitalized at their estimated fair value at the date contributed. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

Property and equipment are depreciated using the straight line and 200% double-declining balance over an estimated 7-year useful life for furniture, fixtures, machinery, and equipment is depreciated using 150% double-declining balance over an estimated 15-year useful life for leasehold improvements. Purchases of property and equipment of less than \$2,500 are expensed.

Security Deposits

The Foundation's other assets consist of security deposits for the landlord of the leased premises.

See accompanying independent auditors' report.

Transplant Alliance Foundation, Inc.
Notes to Financial Statements
Years Ended December 31, 2023 and 2022

Note 2 – Significant Accounting Policies (Continued)

Current Liabilities

The Foundation's current liabilities consist of credit card balances and current payroll tax liabilities. Interest on credit card balances is recognized when paid.

Revenue

The revenue consist of donations and gross fundraising proceeds generated by small games of chance. The revenue generated, after the payment of related fundraising expenses, is used to carry out the mission of the Foundation to educate the public on the benefits of organ donation and to assist other agencies with similar missions to provide support services for those receiving donated organs.

Expenses

The expenses consist of the various program, operating and fundraising expenses to carry out the mission of the Foundation.

Date of Management's Review

In preparing the financial statements, management has evaluated events and transactions for potential recognition or disclosure through November 14, 2024, the date on which the financial statements were available to be issued.

Note 3 – Long-Term Debt

The maturities of long-term debt as of December 31, 2023 and 2022 is \$0.00.

See accompanying independent auditors' report.

Transplant Alliance Foundation, Inc.
Notes to Financial Statements
Years Ended December 31, 2023 and 2022

Note 4 – Property and Equipment

Property and equipment, at book value, consist of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Machinery and Equipment	\$ 36,527	\$ 33,532
Furniture and Fixtures	30,376	30,376
Leasehold Improvements	<u>274,465</u>	<u>269,916</u>
	341,368	333,823
Less Accumulated Depreciation	<u>(88,076)</u>	<u>(59,697)</u>
Property and Equipment, Net	<u>\$ 253,292</u>	<u>\$ 274,126</u>

Note 5 – Lease Commitments

The Foundation leases operating facilities on a monthly basis. Payments pertaining to the lease agreement for a period of 5 years started November 2020. Base rental payments are \$17,163 monthly for 2023 which covers the 3 rental units. In addition to rent, the lease requires the Foundation to pay the landlord a proportionate share of operating expenses and taxes estimated at \$3,805 monthly.

For purposes of future minimum lease payments, the lease and operating costs will be projected over the remainder of the 60-month lease. Base rent increases every 12 months by 3% over the prior base rent amount. The original lease 5 year term ends in October of 2025 and is expected to be renewed for another 5 years in 2025.

See accompanying independent auditors' report.

Transplant Alliance Foundation, Inc.
Notes to Financial Statements
Years Ended December 31, 2023 and 2022

Note 5 – Lease Commitments (Continued)

Future minimum lease payments are as follows for the years ending December 31:

2024	260,918
2025	268,616
2026	275,961
2027	282,531
2028	<u>292,296</u>
	<u>\$ 1,380,322</u>

Total rent expense and operating costs totaled \$230,952 and \$164,560 for the years ending December 31, 2023 and 2022.

Note 6 – Related Party Transactions

We have reviewed the related party transactions and confirmed they were appropriately disclosed in the financial statements. These transactions have been conducted at arm's length and are in accordance with applicable regulations. No material irregularities or conflicts of interest have been identified in these transactions.

Note 7 – Donated Services and In-Kind Support

Transplant Alliance Foundation, Inc. may receive services, equipment and material without payment or compensation. When the value of such services is ascertainable and meets the requirements of FASB ASC 958-605-25-16, it is reflected in the accompanying financial statements as revenue and expense. Materials and other noncash donations are recorded at cost or estimated fair value determined at the date of donation, the in-kind service received in 2023 and 2022 included \$23,250 and \$13,245 for In-Kind Contributions.

See accompanying independent auditors' report.

TRANSPLANT ALLIANCE FOUNDATION, INC.
Statement of Functional Expenses - Income Tax Basis
Year Ended December 31, 2023
(With Summarized Comparative Totals
for Year Ended December 31, 2022)

	<u>Program Services</u>		<u>Supporting Services</u>		<u>2023 Totals</u>	<u>2022 Totals</u>
	<u>Grants and Assistance</u>	<u>Training and Education</u>	<u>Manage- ment and General</u>	<u>Fund- raising</u>		
Advertising and Marketing	\$ -	\$ 3,065	\$ -	\$ 27,586	\$ 30,651	\$ 42,451
Cash Prizes	-	-	-	382,976	382,976	253,915
Depreciation	-	-	2,838	25,542	28,380	23,719
Dues and Subscriptions	-	-	1,019	3,056	4,075	3,983
Gaming Direct Expenses	-	-	-	155,738	155,738	243,609
Gaming Supplies	-	-	-	321,868	321,868	254,123
Charitable Contributions	162,011	-	-	-	162,011	110,796
Insurance	9,992	8,088	9,040	20,459	47,579	36,078
Interest	-	-	1,129	3,385	4,514	1,024
Merchant Service Fees	-	-	3,956	35,603	39,559	47,153
Office Expense	-	-	1,665	897	2,562	17,054
Payroll Taxes	5,930	4,800	5,365	12,142	28,237	28,737
401k	-	-	6,300	-	6,300	4,650
Legal and Professional Fees	-	-	21,730	-	21,730	-
Payroll Service Fees	-	-	3,184	-	3,184	2,873
Rent	-	23,095	53,119	154,738	230,952	164,560
Repairs and Maintenance	-	754	1,357	5,426	7,537	7,894
Travel	-	-	107	321	428	6,638
Security	-	-	79	236	315	889
Taxes and Licenses	-	-	247	739	986	850
Trash	-	-	2,032	8,126	10,158	4,044
Utilities	-	3,252	7,480	21,790	32,522	14,589
Wages	70,952	57,437	64,194	145,282	337,865	333,272
	\$ 248,885	\$ 100,491	\$ 184,841	\$ 1,325,910	\$ 1,860,127	\$ 1,602,901

See independent accountants' report.