

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

TRANSPLANT ALLIANCE FOUNDATION, INC.

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1-3
FINANCIAL STATEMENTS – INCOME TAX BASIS	
Statements of Assets, Liabilities, and Net Assets.....	4
Statements of Revenues, Expenses, and Changes in Net Assets	5
Notes to Financial Statements.....	6-10
SUPPLEMENTARY INFORMATION	
Statement of Functional Expenses – Income Tax Basis (With Summarized Comparative Totals)	11

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, 2022 and 2021, 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, 2022 and 2021, and its revenues, expenses and other changes in net assets for the year 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. 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. 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, 2022 (with summarized comparative totals for the year ended December 31, 2021) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. We have not audited the supplementary information and accordingly do not express an opinion on it.

C. Malcolm Smith & Company, P. C.

Certified Public Accountants

November 14, 2023

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TRANSPLANT ALLIANCE FOUNDATION, INC.
Statements of Assets, Liabilities, and Net Assets - Income Tax Basis
December 31, 2022 and 2021

	(Audited) 2022	(Audited) 2021
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 56,675	\$ 132,340
Total Current Assets	56,675	132,340
Property and Equipment, Net	274,127	125,356
Other Assets		
Security Deposits	27,584	27,584
Total Other Assets	27,584	27,584
Total Assets	<u>\$ 358,386</u>	<u>\$ 285,280</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Credit Card Payable	26,291	23,421
Note Payable - Renovations	29,304	-
Total Current Liabilities	55,595	23,421
Long-Term Liabilities, Less Current Portion	-	4,182
Total Liabilities	55,595	27,603
Net Assets Without Donor Restrictions	302,791	257,677
Total Liabilities and Net Assets	<u>\$ 358,386</u>	<u>\$ 285,280</u>

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, 2022 and 2021

	(Audited) 2022	(Audited) 2021
Revenue and Other Support		
Public Donations	\$ 13,986	\$ 67,569
In Kind Contributions	13,245	-
Fundraising Income	1,616,241	935,111
Other Income	4,543	2,641
Total Revenue and Other Support	\$ 1,648,015	\$ 1,005,321
Expenses		
Program Services:		
Grants and Assistance	194,394	146,431
Training and Education	90,623	55,274
Total Program Services	285,017	201,705
Management and General	158,744	100,577
Fundraising	1,159,140	578,790
Total Expenses	\$ 1,602,901	\$ 881,072
Excess of Revenue Over Expenses	45,114	124,247
Beginning Net Assets	\$ 257,677	\$ 133,430
Prior Period Adjustment	-	-
Beginning Net Assets (as restated)	257,677	133,430
Ending Net Assets	\$ 302,791	\$ 257,677

See accompanying notes and independent accountants' report.

Transplant Alliance Foundation, Inc.
Notes to Financial Statements
Years Ended December 31, 2022 and Supplementary 2021

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 organization's financial statements. The financial statements and notes are representations of the organization'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 met in the year the contribution was received. There were no net assets with donor restriction at December 31, 2022 and 2021.

See accompanying independent auditors' report.

Transplant Alliance Foundation, Inc.
Notes to Financial Statements
Years Ended December 31, 2022 and Supplementary 2021

Note 2 – Significant Accounting Policies (Continued)

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

For purposes of the statements of cash flows, the Organization 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, and depreciates such property and equipment using accelerated methods: at 200% double-declining balance over an estimated 7-year useful life for furniture, fixtures, machinery, and equipment and at 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.

Current Liabilities

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

See accompanying independent auditors' report.

Transplant Alliance Foundation, Inc.
Notes to Financial Statements
Years Ended December 31, 2022 and Supplementary 2021

Note 2 – Significant Accounting Policies (Continued)

Revenue

The revenue consist of donations and net fundraising proceeds generated by small games of chance. The revenue generated is used to carry out the mission of the organization 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 organization.

Date of Management's Review

In preparing the financial statements, management has evaluated events and transactions for potential recognition or disclosure through November 13, 2023, 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, 2022 is \$0.00. The long term debt from the proceeds of the Payroll protection Program Loan from the Covid-19 pandemic has been forgiven for the remaining balance of \$1,672 that was left over. There was no interest expense recognized on the payroll protection program loan or any other long term debts for the year ended December 31, 2022.

Note 4 – Property and Equipment

The Organization capitalizes property and equipment over \$2,500. Lesser amounts are expensed. 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 method over estimated useful lives ranging from five years for furniture and vehicles to thirty years for buildings. Property and equipment, at book value, consist of the following:

See accompanying independent auditors' report.

Transplant Alliance Foundation, Inc.
Notes to Financial Statements
Years Ended December 31, 2022 and Supplementary 2021

	<u>2022</u>
Machinery and Equipment	\$ 33,532
Furniture and Fixtures	30,376
Leasehold Improvements	<u>269,916</u>
	333,824
Less Accumulated Depreciation	<u>(59,696)</u>
Property and Equipment, Net	<u>\$ 274,128</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 \$7,958 were paid through September 2021. The organization added more space to their facility totaling monthly lease commitments of \$4,900 monthly beginning in November 2021 and \$3,676 monthly in August 2020. Expansion project was made for yearend December 31, 2023 which increased their lease.

In addition to rent, the lease requires the organization to pay the landlord a proportionate share of operating expenses and taxes of \$1,745 on the original space and \$1,075 monthly and \$846 on the additional space added in subsequent lease addendums.

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. The additional projected lease commitments are reflected for information purposes only.

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

2023	253,285
2024	260,918
2025	268,616
2026	275,961
2027	<u>282,531</u>
	<u>\$1,341,311</u>

Total rent expense and operating costs totaled \$164,560 for the year ending December 31, 2022.

See accompanying independent auditors' report.

Transplant Alliance Foundation, Inc.
Notes to Financial Statements
Years Ended December 31, 2022 and Supplementary 2021

Note 6 – Related Party Transactions

We have reviewed the related party transactions and confirm that they have been 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 2022 included \$13,245 for Fundraising.

See accompanying independent auditors' report.

TRANSPLANT ALLIANCE FOUNDATION, INC.
Statement of Functional Expenses - Income Tax Basis
Year Ended December 31, 2022
(With Summarized Comparative Totals
for Year Ended December 31, 2021)

	Program Services		Supporting Services		2022 Totals	2021 Totals
	Grants and Assistance	Training and Education	Manage- ment and General	Fund- raising		
Advertising and Marketing	\$ -	\$ 4,245	\$ -	\$ 38,206	\$ 42,451	\$ 22,072
Bank Fees	-	-	-	-	-	2,704
Cash Prizes	-	-	-	253,915	253,915	133,077
Depreciation	-	-	5,930	17,789	23,719	19,295
Dues and Subscriptions	-	-	996	2,987	3,983	1,322
Gaming Direct Expenses	-	-	-	243,609	243,609	82,258
Gaming Supplies	-	-	-	254,123	254,123	128,225
Charitable Contributions	110,796	-	-	-	110,796	96,824
Insurance	7,576	6,133	6,855	15,514	36,078	26,624
Interest	-	-	256	768	1,024	1,013
Merchant Service Fees	-	-	11,788	35,365	47,153	-
Office Expense	-	-	11,085	5,969	17,054	8,933
Payroll Taxes	6,035	4,885	5,460	12,357	28,737	18,100
401k	-	-	4,650	-	4,650	1,435
Professional Services	-	-	2,873	-	2,873	10,783
Rent	-	16,456	37,849	110,255	164,560	116,434
Repairs and Maintenance	-	789	1,421	5,684	7,894	1,791
Travel	-	-	1,660	4,978	6,638	729
Security	-	-	222	667	889	3,122
Taxes and Licenses	-	-	213	637	850	664
Trash	-	-	809	3,235	4,044	3,640
Utilities	-	1,459	3,355	9,775	14,589	8,628
Wages	69,987	56,656	63,322	143,307	333,272	193,399
	\$ 194,394	\$ 90,623	\$ 158,744	\$ 1,159,140	\$ 1,602,901	\$ 881,072

See independent accountants' report.