

American Society of Transplantation and Subsidiary

Financial Statements
Year Ended December 31, 2023



1835 Market Street, 3rd Floor
Philadelphia, PA 19103

215/567-7770 | bbdcpa.com

**AMERICAN SOCIETY OF TRANSPLANTATION
AND SUBSIDIARY**

CONTENTS

| | |
|--|----------|
| INDEPENDENT AUDITOR'S REPORT | 1 |
| FINANCIAL STATEMENTS | |
| <i>Consolidated Statement of Financial Position</i> | 3 |
| <i>Consolidated Statement of Activities</i> | 4 |
| <i>Consolidated Statement of Functional Expenses</i> | 5 |
| <i>Consolidated Statement of Cash Flows</i> | 6 |
| <i>Notes to Consolidated Financial Statements</i> | 7 |



INDEPENDENT AUDITOR'S REPORT

Board of Directors American Society of Transplantation

Opinion

We have audited the accompanying consolidated financial statements of the American Society of Transplantation (a nonprofit organization) and Subsidiary (a limited liability company), which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the American Society of Transplantation and Subsidiary as of December 31, 2023, and the changes in their net assets and their cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 the American Society of Transplantation and Subsidiary 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 consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the American Society of Transplantation and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated 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 consolidated 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 consolidated 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 consolidated 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 the American Society of Transplantation and Subsidiary'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the American Society of Transplantation and Subsidiary'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

We have previously audited the American Society of Transplantation and Subsidiary's 2022 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated September 9, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

BBD, LLP

Philadelphia, Pennsylvania
June 7, 2024

**AMERICAN SOCIETY OF TRANSPLANTATION
AND SUBSIDIARY**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2023 with comparative totals for 2022

| | <u>2023</u> | <u>2022</u> |
|--|-----------------------------|-----------------------------|
| ASSETS | | |
| Cash | \$ 611,725 | \$ 591,443 |
| Accounts receivable | | |
| Contributions | 220,000 | 215,000 |
| Distribution from joint venture | 1,160,643 | 780,434 |
| Publications | 64,416 | 325,904 |
| Other | 98,529 | 130,798 |
| Prepaid expenses | 735,770 | 531,987 |
| Right of use asset - operating lease | 322,225 | 385,955 |
| Investments | 18,270,946 | 17,305,971 |
| Equipment and website development costs (net of accumulated depreciation of \$395,963 in 2023 and \$333,574 in 2022) | 185,518 | 75,574 |
| Interest in net assets of joint ventures | <u>201,023</u> | <u>313,632</u> |
| Total assets | <u>\$ 21,870,795</u> | <u>\$ 20,656,698</u> |
| LIABILITIES | | |
| Accounts payable and accrued expenses | \$ 527,273 | \$ 431,133 |
| Deferred income | | |
| Membership dues and subscriptions | 695,496 | 704,264 |
| Corporate membership dues | 51,667 | 84,167 |
| Partner Connect | 64,750 | 74,000 |
| Meeting registration and sponsorship | 136,540 | 300,460 |
| Other | 120,000 | 150,000 |
| Operating lease obligation | <u>329,621</u> | <u>393,454</u> |
| Total liabilities | <u>1,925,347</u> | <u>2,137,478</u> |
| NET ASSETS | | |
| Without donor restrictions | | |
| Operating | 3,872,439 | 3,178,006 |
| Board designated | <u>14,728,458</u> | <u>13,887,093</u> |
| | 18,600,897 | 17,065,099 |
| With donor restrictions | <u>1,344,551</u> | <u>1,454,121</u> |
| Total net assets | <u>19,945,448</u> | <u>18,519,220</u> |
| Total liabilities and net assets | <u>\$ 21,870,795</u> | <u>\$ 20,656,698</u> |

See accompanying notes

AMERICAN SOCIETY OF TRANSPLANTATION AND SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended December 31, 2023 with comparative totals for 2022

| | Without Donor Restrictions | | | With Donor Restrictions | Totals | |
|---|----------------------------|----------------------|----------------------|----------------------------|----------------------|----------------------|
| | Operating | Board Designated | Total | | 2023 | 2022 |
| REVENUE | | | | | | |
| Membership dues and subscriptions | \$ 1,313,438 | \$ - | \$ 1,313,438 | \$ - | \$ 1,313,438 | \$ 1,258,180 |
| Corporate membership dues | 480,833 | - | 480,833 | - | 480,833 | 481,250 |
| Income from joint ventures | 802,144 | - | 802,144 | - | 802,144 | 660,776 |
| Journal royalty | 334,794 | - | 334,794 | - | 334,794 | 326,692 |
| Meeting registration and sponsorship and educational projects | 1,089,602 | - | 1,089,602 | - | 1,089,602 | 874,396 |
| Partner Connect | 175,750 | - | 175,750 | - | 175,750 | 230,094 |
| Other | 401,438 | - | 401,438 | - | 401,438 | 308,205 |
| Total revenue | 4,597,999 | - | 4,597,999 | - | 4,597,999 | 4,139,593 |
| SUPPORT | | | | | | |
| Contributions | 630,262 | 9,750 | 640,012 | 518,581 | 1,158,593 | 1,204,758 |
| NET ASSETS RELEASED FROM RESTRICTIONS | | | | | | |
| Endowment spending policy | 350,000 | (313,404) | 36,596 | (36,596) | - | - |
| Additional transfers from endowment | 975,000 | (975,000) | - | - | - | - |
| Expiration of purpose and time restrictions | 697,187 | - | 697,187 | (697,187) | - | - |
| Total revenue and support | 7,250,448 | (1,278,654) | 5,971,794 | (215,202) | 5,756,592 | 5,344,351 |
| EXPENSES | | | | | | |
| Program services | | | | | | |
| Grants and awards | 1,253,318 | - | 1,253,318 | - | 1,253,318 | 1,069,378 |
| Meetings and educational projects | 2,848,381 | - | 2,848,381 | - | 2,848,381 | 2,815,649 |
| Fellowship training | 74,149 | - | 74,149 | - | 74,149 | 80,824 |
| Advocacy | 573,897 | - | 573,897 | - | 573,897 | 636,115 |
| Publications | 186,450 | - | 186,450 | - | 186,450 | 148,292 |
| Supporting services | | | | | | |
| Management and general | 1,225,610 | - | 1,225,610 | - | 1,225,610 | 715,738 |
| Member services | 466,688 | - | 466,688 | - | 466,688 | 391,164 |
| Fundraising | 269,912 | - | 269,912 | - | 269,912 | 110,367 |
| Total expenses | 6,898,405 | - | 6,898,405 | - | 6,898,405 | 5,967,527 |
| CHANGE IN NET ASSETS BEFORE OTHER CHANGES | 352,043 | (1,278,654) | (926,611) | (215,202) | (1,141,813) | (623,176) |
| OTHER CHANGES | | | | | | |
| Investment income (loss) | 342,390 | 2,120,019 | 2,462,409 | 105,632 | 2,568,041 | (3,233,229) |
| CHANGE IN NET ASSETS | 694,433 | 841,365 | 1,535,798 | (109,570) | 1,426,228 | (3,856,405) |
| NET ASSETS | | | | | | |
| Beginning of year | 3,178,006 | 13,887,093 | 17,065,099 | 1,454,121 | 18,519,220 | 22,375,625 |
| End of year | \$ 3,872,439 | \$ 14,728,458 | \$ 18,600,897 | \$ 1,344,551 | \$ 19,945,448 | \$ 18,519,220 |

See accompanying notes

**AMERICAN SOCIETY OF TRANSPLANTATION
AND SUBSIDIARY**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2023 with comparative totals for 2022

| | Program Services | | | | | Supporting Services | | | | | Totals | |
|--------------------------------|-------------------------|---|------------------------|-------------------|-------------------|------------------------------|------------------------------|--------------------|-------------------|---------------------------------|---------------------|---------------------|
| | Grants and Awards | Meetings and Educational Projects | Fellowship Training | Advocacy | Publications | Total Program Services | Management and General | Member Services | Fundraising | Total Supporting Services | 2023 | 2022 |
| | Salaries and benefits | \$ 62,554 | \$ 1,146,824 | \$ - | \$ 333,621 | \$ - | \$ 1,542,999 | \$ 271,070 | \$ 187,662 | \$ 83,405 | \$ 542,137 | \$ 2,085,136 |
| Accreditation expense | - | 20,500 | - | - | - | 20,500 | - | - | - | - | 20,500 | 32,600 |
| Audiovisual services | - | 296,941 | - | - | - | 296,941 | - | - | - | - | 296,941 | 246,167 |
| Board meetings expense | - | - | - | - | - | - | 115,394 | 22,494 | - | 137,888 | 137,888 | 91,647 |
| Committee expenses | - | - | - | - | - | - | - | 84,137 | - | 84,137 | 84,137 | 69,328 |
| Contracted services | - | 530 | 50,500 | - | - | 51,030 | 233,779 | 22,352 | - | 256,131 | 307,161 | 307,562 |
| Copies, printing and supplies | - | 12,556 | 12 | - | - | 12,568 | 13,974 | 14,571 | - | 28,545 | 41,113 | 30,098 |
| Depreciation | - | - | - | - | - | - | 12,498 | 49,891 | - | 62,389 | 62,389 | 62,624 |
| Grants | 1,183,590 | - | - | - | - | 1,183,590 | - | - | - | - | 1,183,590 | 988,817 |
| Hotel, food and beverage | - | 896,958 | - | - | - | 896,958 | 147,218 | 11 | 82,913 | 230,142 | 1,127,100 | 883,587 |
| Insurance | - | - | 17,030 | - | - | 17,030 | 29,852 | - | - | 29,852 | 46,882 | 44,031 |
| Journal subscription expense | - | 750 | - | - | 186,450 | 187,200 | - | - | - | - | 187,200 | 148,292 |
| Officer expense | - | - | - | - | - | - | 60,000 | - | - | 60,000 | 60,000 | 75,500 |
| Professional fees | - | 3,428 | - | 221,074 | - | 224,502 | 126,567 | - | 5,772 | 132,339 | 356,841 | 290,975 |
| Program materials | 724 | 425,654 | - | 3,881 | - | 430,259 | - | - | - | - | 430,259 | 480,916 |
| Public relations and marketing | - | - | - | 15,321 | - | 15,321 | - | 8,655 | 7,000 | 15,655 | 30,976 | 32,050 |
| Technology | 6,450 | 3,868 | 828 | - | - | 11,146 | 63,730 | 76,915 | 84,649 | 225,294 | 236,440 | 213,571 |
| Travel | - | 1,490 | 1,952 | - | - | 3,442 | 14,403 | - | 6,173 | 20,576 | 24,018 | 14,587 |
| Miscellaneous | - | 38,882 | 3,827 | - | - | 42,709 | 137,125 | - | - | 137,125 | 179,834 | 149,793 |
| Total expenses | \$ 1,253,318 | \$ 2,848,381 | \$ 74,149 | \$ 573,897 | \$ 186,450 | \$ 4,936,195 | \$ 1,225,610 | \$ 466,688 | \$ 269,912 | \$ 1,962,210 | \$ 6,898,405 | \$ 5,967,527 |

5-

See accompanying notes

**AMERICAN SOCIETY OF TRANSPLANTATION
AND SUBSIDIARY**

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2023 with comparative totals for 2022

| | <u>2023</u> | <u>2022</u> |
|--|--------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| <i>Change in net assets</i> | \$ 1,426,228 | \$ (3,856,405) |
| <i>Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities</i> | | |
| Realized and unrealized (gain) loss on investments | (2,255,082) | 3,468,554 |
| Contributions restricted for long-term purpose | (58,051) | (40,210) |
| Change in interest in net assets of joint ventures | 112,609 | (7,592) |
| Depreciation | 62,389 | 62,624 |
| (Increase) decrease in | | |
| Accounts receivable | (91,452) | (200,558) |
| Prepaid expenses | (203,783) | (239,261) |
| Right of use asset - operating lease | 63,730 | (385,955) |
| Increase (decrease) in | | |
| Accounts payable and accrued expenses | 96,140 | 175,328 |
| Deferred income | (244,438) | 309,435 |
| Operating lease obligation | (63,833) | 393,454 |
| Net cash used for operating activities | <u>(1,155,543)</u> | <u>(320,586)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of investments | (4,561,659) | (4,026,350) |
| Proceeds from sale of investments | 5,851,766 | 3,756,084 |
| Purchase of equipment and website development costs | (172,333) | (5,875) |
| Net cash provided by (used for) investing activities | <u>1,117,774</u> | <u>(276,141)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Contributions restricted for long-term purpose | 58,051 | 40,210 |
| Net change in cash | 20,282 | (556,517) |
| CASH | | |
| Beginning of year | 591,443 | 1,147,960 |
| End of year | <u>\$ 611,725</u> | <u>\$ 591,443</u> |

See accompanying notes

AMERICAN SOCIETY OF TRANSPLANTATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023

(1) NATURE OF OPERATIONS

American Society of Transplantation ("**AST**") is a not-for-profit organization, the primary objectives of which are to promote and encourage education and research with respect to transplantation medicine and immunology; to provide a forum for the exchange of scientific information related to transplantation medicine and immunology; and to provide physicians and allied scientists interested in transplantation medicine and immunology an effective, unified authoritative voice in dealing with other governmental, medical, professional and private agencies and organizations.

AST Transplant Nephrology Fellowship Training Accreditation Program ("**TNFTAP**") was organized as a limited liability company on May 1, 2014 and is wholly owned by AST. TNFTAP's primary purpose is to conduct, oversee, and manage the AST Transplant Nephrology Fellowship Training Accreditation Program in order to promote the education, training and knowledge of renal transplant physicians.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of AST and TNFTAP. All material intercompany accounts and transactions have been eliminated.

Basis of Accounting

The consolidated financial statements have been prepared on the accrual basis of accounting. As a result, revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

AST and TNFTAP report information regarding their financial position and activities according to the following classes of net assets:

Without donor restrictions

Net assets that are not subject to donor-imposed restrictions.

With donor restrictions

Net assets that are subject to donor-imposed restrictions that will be satisfied by actions of AST and TNFTAP and/or the passage of time. When a restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as expiration of purpose and time restrictions.

Also included in this category are net assets subject to donor-imposed restrictions that require the net assets to be maintained indefinitely while permitting AST to expend the income generated in accordance with the provisions of the contribution.

Fair Value Measurements of Assets and Liabilities

Generally accepted accounting principles ("**GAAP**") define fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of AST and TNFTAP. Unobservable inputs reflect AST and TNFTAP's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

AMERICAN SOCIETY OF TRANSPLANTATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that the AST and TNFTAP have the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these assets and liabilities does not entail a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable, that is, inputs that reflect AST and TNFTAP's own assumptions.

Accounting Estimates

In preparing consolidated financial statements in conformity with GAAP, management makes estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, as well as the reported amounts of revenues and expenses during the reported period. Actual results could vary from those estimates.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with organizations having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial. Interest is not charged on outstanding balances.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value, as determined by quoted market prices, with gains and losses included in the consolidated statement of activities. Dividend and interest income is recorded as earned.

AST and TNFTAP invest in a professionally-managed portfolio that contains various types of investments (**See Note 3**). Such investments are exposed to market and credit risk. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that the amounts reported in the consolidated financial statements could change materially in the near term.

Equipment and Website Development Costs

Equipment and website development costs are carried at cost if purchased and at fair value at the date of donation if contributed. Depreciation is computed using the straight-line method over the estimated lives of the assets.

Leases

Effective with the implementation of ASU 2016-02, Leases (Topic 842) and subsequent amendments to the initial guidance (collectively, Topic 842) on January 1, 2022, operating leases are recorded in right-of-use-assets and lease liabilities in the consolidated statement of financial position. Leases with a term of twelve months or less are considered short term leases and are accounted for as an expense in the consolidated statement of activities as rental payments are incurred.

Operating lease assets represent AST's right to use an underlying asset for the lease term and lease liabilities represent its obligation to make lease payments arising from the lease. Operating lease assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. AST uses the implicit rate when readily determinable. When the lease does not provide an implicit rate, AST uses a secured borrowing rate based on the information available at commencement date in determining the present value of lease payments.

AMERICAN SOCIETY OF TRANSPLANTATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023

AST's lease terms may include options to extend if the option is considered reasonably certain to be exercised. Operating lease expense for lease payments are recognized on a straight-line basis over the lease term.

Revenue Recognition

Membership dues and Partner Connect are invoiced based on fixed rate schedules at the beginning of the membership year, which creates a deferred revenue balance upon collection. Revenue from membership dues and Partner Connect is recognized as revenue on a pro rata basis over the year as benefits are provided.

Publication prices are fixed at the time of purchase based on price listings or negotiated rate, which are paid at the time of purchase. Revenue from publications is recognized in the period that the publication is delivered to the customer or over the period of time that a customer may access the resource depending on the type of publication.

Meetings, registration and educational projects are based on published fixed rates and collected either at the time of registration, in advance of the meeting resulting in a deferred revenue balance or at the time the meeting takes place and immediately recognized as revenue. Educational projects are recognized in the period the projects are conducted.

Deferred revenue at December 31, 2023 is expected to be recognized as revenue in 2024, except for the Elsevier signing bonus of \$120,000. \$30,000 of the signing bonus will be recognized each year through 2027.

Contributions

Contributions received are recorded as net assets without donor restrictions or with donor restrictions depending on the absence or existence and nature of any donor restrictions. Donor-restricted contributions whose restrictions are satisfied in the same period are reported as net assets without donor restrictions.

Unconditional contributions are recognized as revenue when the related promise to give is received. Conditional contributions are recognized as revenue when the conditions are satisfied.

Income Taxes

AST is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. AST qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(1). However, income from certain activities not directly related to AST's tax-exempt purpose may be subject to taxation as unrelated business income.

TNFTAP is a limited liability company whose single member is AST.

GAAP requires entities to evaluate, measure, recognize and disclose any uncertain income tax positions taken on their tax returns. GAAP prescribes a minimum threshold that a tax position is required to meet in order to be recognized in the consolidated financial statements. AST and TNFTAP believe that they had no uncertain tax positions as defined in GAAP.

Functional Allocation of Expenses

The costs of providing various program and supporting services have been presented on a functional basis in the consolidated statements of activities and functional expenses. Expenses directly attributable to a specific functional area are reported as expenses of that functional area. Expenses not directly attributable to a specific functional area are allocated. Significant expenses that are allocated include salaries and benefits which are allocated based on estimates of time and effort.

AMERICAN SOCIETY OF TRANSPLANTATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023

Concentrations of Credit Risk

Financial instruments which potentially subject AST to concentrations of credit risk are cash and accounts receivable. AST maintain cash deposits at high-quality financial institutions. At times, such deposits may exceed federally-insured limits. Accounts receivable consist primarily of royalties from the publisher of AST's journal, distributions receivable from the joint venture with ASTS (**See Note 5**) and contributions which are expected to be collected in 2024.

Summarized Prior-Year Information

The consolidated 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 GAAP. Accordingly, such information should be read in conjunction with AST and TNFTAP's consolidated financial statements for the year ended December 31, 2022, from which the summarized information was derived.

(3) INVESTMENTS

Investments at December 31, consisted of the following:

| | <u>2023</u> | <u>2022</u> |
|--------------------|---------------------|---------------------|
| Money market funds | \$ 1,462,968 | \$ 1,388,727 |
| Common stocks | 5,084,820 | 4,854,081 |
| Mutual funds | | |
| Equity | 7,064,441 | 6,095,444 |
| Fixed income | <u>4,658,717</u> | <u>4,967,719</u> |
| | <u>\$18,270,946</u> | <u>\$17,305,971</u> |

Investment income (loss) for the year ended December 31, was comprised of the following:

| | <u>2023</u> | <u>2022</u> |
|---|---------------------|-----------------------|
| Interest and dividends | \$ 412,324 | \$ 333,071 |
| Net realized and unrealized gain (loss) | 2,255,082 | (3,468,554) |
| Less: investment management fees | <u>(99,365)</u> | <u>(97,746)</u> |
| | <u>\$ 2,568,041</u> | <u>\$ (3,233,229)</u> |

Investments are measured at fair value using Level 1 (quoted prices in active markets) valuation inputs.

(4) CONDITIONAL GRANTS PAYABLE

AST had conditional grant agreements of \$700,000 and \$525,000 at December 31, 2023 and 2022, respectively. As these grants are conditional on future events, no liability has been recorded in the consolidated financial statements. Future anticipated payments of conditional grants are \$500,000 in 2024 and \$200,000 in 2025.

AMERICAN SOCIETY OF TRANSPLANTATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023

(5) INTEREST IN NET ASSETS OF JOINT VENTURES

AST has entered into an unincorporated joint venture with the American Society of Transplant Surgeons ("**ASTS**") to co-sponsor meetings, publications and other common activities. Each organization has a 50% interest in the joint venture. AST has estimated its interest in the net assets of the joint venture to be \$201,023 as of December 31, 2023 and 2022. AST also has a distribution receivable from the joint venture of \$1,160,643 and \$780,434 included in accounts receivable on the consolidated statement of financial position at December 31, 2023 and 2022, respectively.

AST records its interest in the net assets of the joint venture described above on the equity method. Summarized financial information as of December 31, 2023 and 2022 and for the years then ended from the joint venture's financial statements is as follows:

| | <u>2023</u> | <u>2022</u> |
|----------------------|--------------------|--------------------|
| Assets | \$ 3,147,673 | \$ 2,398,946 |
| Liabilities | <u>(2,745,627)</u> | <u>(1,996,900)</u> |
| Net assets | <u>\$ 402,046</u> | <u>\$ 402,046</u> |
| Revenues | \$ 7,075,358 | \$ 5,638,141 |
| Expenses | (3,973,432) | (4,077,273) |
| Distributions, net | <u>(3,101,926)</u> | <u>(1,560,868)</u> |
| Change in net assets | <u>\$ -</u> | <u>\$ -</u> |

AST also had a joint venture with the American Society of Nephrology ("**ASN**"). Each organization had a 50% interest in the joint venture. This venture ended during 2023 and AST received a final distribution of \$112,609 during the year ended December 31, 2023.

(6) LEASES

AST leases its office space under a lease which expires October 31, 2028. Rent expense for the years ended December 31, 2023 and 2022 was \$69,021 and \$69,417, respectively, and is included in contracted services expenses on the consolidated statement of functional expenses.

The maturities of the operating lease liability as of December 31, 2023 were as follows:

Years ending December 31,

| | |
|---|------------------|
| 2024 | \$ 67,060 |
| 2025 | 69,631 |
| 2026 | 72,202 |
| 2027 | 74,773 |
| 2028 | <u>64,275</u> |
| | 347,941 |
| Less: interest | <u>(18,320)</u> |
| Present value of operating leases liability | <u>\$329,621</u> |

The weighted average remaining lease term on operating leases was 4.83 years and the weighted average discount rate was 1.55% as of December 31, 2023.

(7) NET ASSETS WITHOUT DONOR RESTRICTIONS – BOARD DESIGNATED

Board designated net assets consist of the following:

**AMERICAN SOCIETY OF TRANSPLANTATION
AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023

| | <u>Balance</u> <u>December 31, 2022</u> | <u>Additions</u> | <u>Investment</u> <u>Income</u> | <u>Releases</u> | <u>Balance</u> <u>December 31, 2023</u> |
|----------------------|--|------------------|------------------------------------|-----------------|--|
| Quasi-Endowment fund | \$13,887,093 | \$ 9,750 | \$ 2,120,019 | \$(1,288,404) | \$14,728,458 |
| | <u>Balance</u> <u>December 31, 2021</u> | <u>Additions</u> | <u>Investment</u> <u>Loss</u> | <u>Releases</u> | <u>Balance</u> <u>December 31, 2022</u> |
| Quasi-Endowment fund | \$16,844,490 | \$21,636 | \$(2,703,829) | \$ (275,204) | \$13,887,093 |

The Quasi-Endowment fund is to provide income to support core AST programs.

(8) NET ASSETS WITH DONOR RESTRICTIONS

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

| | <u>Balance</u> <u>December 31, 2022</u> | <u>Additions</u> | <u>Releases</u> | <u>Balance</u> <u>December 31, 2023</u> |
|---|--|---|--------------------|--|
| Subject to expenditure for specified purposes or periods | | | | |
| Grants and awards | \$ 537,187 | \$467,500 | \$(537,187) | \$ 467,500 |
| Education and other | <u>225,000</u> | <u>-</u> | <u>(160,000)</u> | <u>65,000</u> |
| | <u>762,187</u> | <u>467,500</u> | <u>(697,187)</u> | <u>532,500</u> |
| Net assets to be maintained indefinitely | | | | |
| Endowment, whose income is available for various programs | <u>691,934</u> | <u>156,713</u> | <u>(36,596)</u> | <u>812,051</u> |
| | <u>\$1,454,121</u> | <u>\$624,213</u> | <u>\$(733,783)</u> | <u>\$1,344,551</u> |
| | <u>Balance</u> <u>December 31, 2021</u> | <u>Additions</u> <u>(Subtractions)</u> | <u>Releases</u> | <u>Balance</u> <u>December 31, 2022</u> |
| Subject to expenditure for specified purposes or periods | | | | |
| Grants and awards | \$ 734,690 | \$325,000 | \$(522,503) | \$ 537,187 |
| Education and other | <u>40,185</u> | <u>225,000</u> | <u>(40,185)</u> | <u>225,000</u> |
| | <u>774,875</u> | <u>550,000</u> | <u>(562,688)</u> | <u>762,187</u> |
| Net assets to be maintained indefinitely | | | | |
| Endowment, whose income is available for various programs | <u>793,177</u> | <u>(87,109)</u> | <u>(14,134)</u> | <u>691,934</u> |
| | <u>\$1,568,052</u> | <u>\$462,891</u> | <u>\$(576,822)</u> | <u>\$1,454,121</u> |

The endowment has an historical dollar value of \$653,393 and \$602,312 at December 31, 2023 and 2022, respectively.

(9) ENDOWMENT FUNDS

In 2009, the State of New Jersey enacted the Uniform Prudent Management of Institutional Funds Act ("**UPMIFA**") effective immediately, the provisions of which apply to endowment funds existing on or established after that date. AST has determined that its net assets with donor restrictions meet the definition of an endowment fund under UPMIFA.

AMERICAN SOCIETY OF TRANSPLANTATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023

AST has adopted investment and spending policies for its endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long-term. AST's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes.

The spending policy calculates the amount of money annually distributed from the endowment funds to support various programs. The current spending policy on the endowment funds is to distribute an amount equal to 5% in 2023 and 2% in 2022 of a moving three-year average of the fair value of the endowment fund.

Changes in the endowment assets for the years ended are as follows:

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|--|---|---------------------|
| Endowment net assets, December 31, 2022 | \$13,887,093 | \$691,934 | \$14,579,027 |
| Additions | | | |
| Contributions | 9,750 | 51,081 | 60,831 |
| Investment income | 2,120,019 | 105,632 | 2,225,651 |
| Spending policy distribution and transfers | <u>(1,288,404)</u> | <u>(36,596)</u> | <u>(1,325,000)</u> |
| Endowment net assets, December 31, 2023 | <u>\$14,728,458</u> | <u>\$812,051</u> | <u>\$15,540,509</u> |

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---|--|---|---------------------|
| Endowment net assets, December 31, 2021 | \$16,844,490 | \$793,177 | \$17,637,667 |
| Additions | 21,636 | 40,210 | 61,846 |
| Investment loss | (2,703,829) | (127,319) | (2,831,148) |
| Spending policy distribution | <u>(275,204)</u> | <u>(14,134)</u> | <u>(289,338)</u> |
| Endowment net assets, December 31, 2022 | <u>\$13,887,093</u> | <u>\$691,934</u> | <u>\$14,579,027</u> |

(10) RETIREMENT PLAN

AST participates in a defined contribution plan that covers substantially all of its employees. Employees can contribute any percentage of their income up to the Internal Revenue Service limit for the year. AST can make a discretionary matching contribution. Employer contributions made to the plan for the years ended December 31, 2023 and 2022 were \$75,465 and \$64,111, respectively.

(11) LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects AST and TNFTAP's financial assets as of the consolidated statement of financial position date, which has been reduced by financial assets not available within one year.

| | |
|------------------------|-------------------|
| Cash | \$ 611,725 |
| Accounts receivable | 1,543,588 |
| Investments | <u>18,270,946</u> |
| Total financial assets | 20,426,259 |

**AMERICAN SOCIETY OF TRANSPLANTATION
AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023

| | |
|--|---------------------|
| Less: financial assets not available for general operations within one year | |
| Restricted by donor for specific purposes or periods | (532,500) |
| Restricted by donor to be maintained indefinitely | (812,051) |
| Board designated funds | <u>(14,728,458)</u> |
| Total financial assets available within one year | <u>\$ 4,353,250</u> |

Liquidity Management

As part of AST and TNFTAP's liquidity management, it invests cash in excess of daily requirements in short-term investments, typically money market funds and equity and fixed income mutual funds.

(12) HOTEL COMMITMENTS

AST has entered into agreements with hotels providing room accommodations for its educational meetings through 2027. These agreements include a guarantee by AST that a minimum number of rooms will be rented by conference attendees. AST intends to hold its educational meetings at the scheduled hotels.

(13) SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 7, 2024, the date on which the consolidated financial statements were available to be issued. No material subsequent events have occurred since December 31, 2023, that require recognition or disclosure in the consolidated financial statements.