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Independent Auditor's Report

To the Board of Trustees
AORN Foundation

Opinion

We have audited the financial statements of AORN Foundation (the "Foundation"), which comprise the statement of financial position as of December 31, 2021 and 2020 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2021 and 2020 and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of the Foundation and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audits 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 audits conducted in accordance with GAAS 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.

To the Board of Trustees
AORN Foundation

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 Foundation'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 the Foundation'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Plante & Morse, PLLC

June 7, 2022

Statement of Financial Position

		December 31, 2021 and 2020	
		2021	2020
Assets			
Current Assets			
Cash and cash equivalents	\$	1,044,502	\$ 1,118,219
Related party receivables		150,000	-
Promises to give		214,045	1,219,275
Prepaid expenses and other		18,994	9,417
Total current assets		<u>1,427,541</u>	<u>2,346,911</u>
Investments		4,755,263	4,203,568
Long-term Promises to Give		10,000	17,000
Total noncurrent assets		<u>4,765,263</u>	<u>4,220,568</u>
Total assets		<u>\$ 6,192,804</u>	<u>\$ 6,567,479</u>
Liabilities and Net Assets			
Current Liabilities			
Accounts payable, accrued expenses, and refundable advances	\$	1,031,689	\$ 1,788,978
Scholarships payable		154,085	90,324
Total liabilities		<u>1,185,774</u>	<u>1,879,302</u>
Net Assets			
Without donor restrictions		2,025,853	1,863,207
With donor restrictions		2,981,177	2,824,970
Total net assets		<u>5,007,030</u>	<u>4,688,177</u>
Total liabilities and net assets		<u>\$ 6,192,804</u>	<u>\$ 6,567,479</u>

Statement of Activities and Changes in Net Assets

Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support						
General contributions	\$ 275,438	\$ -	\$ 275,438	\$ 396,432	\$ -	\$ 396,432
Education and scholarship contributions	-	294,751	294,751	-	144,471	144,471
AORN-funded initiatives	-	968,972	968,972	-	1,663,400	1,663,400
In-kind contributions	37,476	87,010	124,486	61,038	45,030	106,068
Special event revenue - Net	13,537	-	13,537	11,419	-	11,419
Investment return - Net	239,654	101,007	340,661	182,807	142,373	325,180
Net assets released from restrictions	1,295,533	(1,295,533)	-	1,856,588	(1,856,588)	-
Total revenue, gains, and other support	1,861,638	156,207	2,017,845	2,508,284	138,686	2,646,970
Expenses						
Program services:						
Education and scholarships	448,801	-	448,801	445,022	-	445,022
AORN-funded initiatives	968,972	-	968,972	1,663,400	-	1,663,400
Support services:						
Management and general	119,977	-	119,977	124,064	-	124,064
Fundraising	161,242	-	161,242	154,599	-	154,599
Total expenses	1,698,992	-	1,698,992	2,387,085	-	2,387,085
Increase in Net Assets - Before other items	162,646	156,207	318,853	121,199	138,686	259,885
Other Items						
Expo cancellation insurance proceeds	-	-	-	131,902	-	131,902
Refunded restricted contributions	-	-	-	-	(441,000)	(441,000)
Increase (Decrease) in Net Assets	162,646	156,207	318,853	253,101	(302,314)	(49,213)
Net Assets - Beginning of year	1,863,207	2,824,970	4,688,177	1,610,106	3,127,284	4,737,390
Net Assets - End of year	\$ 2,025,853	\$ 2,981,177	\$ 5,007,030	\$ 1,863,207	\$ 2,824,970	\$ 4,688,177

AORN Foundation

Statement of Functional Expenses

Year Ended December 31, 2021

	Program Services		Support Services		Total
	Education and Scholarships	AORN-funded Initiatives	Management and General	Fundraising	
Personnel	\$ 122,240	\$ -	\$ 48,121	\$ 153,799	\$ 324,160
Property operation and maintenance	-	-	11,076	-	11,076
Stationery and supplies	-	-	242	-	242
Professional fees	-	-	16,019	-	16,019
Funded initiatives	-	968,972	-	-	968,972
Scholarships and grants	326,561	-	-	-	326,561
Fundraising	-	-	-	7,443	7,443
Miscellaneous	-	-	44,519	-	44,519
Total	448,801	968,972	119,977	161,242	1,698,992
Special events - Cost of direct benefit to donors	-	-	-	679	679
Total functional expenses	\$ 448,801	\$ 968,972	\$ 119,977	\$ 161,921	\$ 1,699,671

AORN Foundation

Statement of Functional Expenses

Year Ended December 31, 2020

	Program Services		Support Services		Total
	Education and Scholarships	AORN-funded Initiatives	Management and General	Fundraising	
Personnel	\$ 96,630	\$ -	\$ 45,448	\$ 147,842	\$ 289,920
Property operation and maintenance	-	-	11,076	-	11,076
Stationery and supplies	-	-	576	-	576
Telephone	-	-	60	-	60
Postage	-	-	416	-	416
Professional fees	-	-	30,363	-	30,363
Funded initiatives	-	1,663,400	-	-	1,663,400
Scholarships and grants	348,392	-	-	-	348,392
Fundraising	-	-	-	6,757	6,757
Miscellaneous	-	-	36,125	-	36,125
Total	445,022	1,663,400	124,064	154,599	2,387,085
Special events - Cost of direct benefit to donors	-	-	-	15,149	15,149
Total functional expenses	\$ 445,022	\$ 1,663,400	\$ 124,064	\$ 169,748	\$ 2,402,234

AORN Foundation**Statement of Cash Flows**

Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Increase (decrease) in net assets	\$ 318,853	\$ (49,213)
Adjustments to reconcile increase (decrease) in net assets to net cash from operating activities:		
Net realized and unrealized gain on investments	(149,194)	(176,413)
Contributions restricted for endowments	(191,074)	(7,618)
Bad debt recoveries	-	(10,000)
Changes in operating assets and liabilities that (used) provided cash:		
Related party receivables	(150,000)	-
Promises to give	1,012,230	(595,274)
Prepaid expenses and other	(9,577)	35,249
Accounts payable, accrued expenses, and refundable advances	(757,289)	680,207
Scholarship payable	63,761	(68,652)
Net cash provided by (used in) operating activities	137,710	(191,714)
Cash Flows Used in Investing Activities - Purchases of investments	(402,501)	(212,961)
Cash Flows Provided by Financing Activities - Contributions restricted for endowments	191,074	7,618
Net Decrease in Cash and Cash Equivalents	(73,717)	(397,057)
Cash and Cash Equivalents - Beginning of year	1,118,219	1,515,276
Cash and Cash Equivalents - End of year	<u>\$ 1,044,502</u>	<u>\$ 1,118,219</u>