

Independent Auditor's Report

To the Board of Trustee
AORN Foundation

We have audited the accompanying financial statements of AORN Foundation (the "Foundation"), which comprise the statement of financial position as of December 31, 2019 and 2018 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AORN Foundation as of December 31, 2019 and 2018 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.

Plante & Moran, PLLC

May 8, 2020

Statement of Financial Position

December 31, 2019 and 2018

	2019	2018
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,515,276	\$ 551,850
Promises to give	616,001	913,050
Prepaid expenses and other	44,666	46,305
Total current assets	2,175,943	1,511,205
Investments	3,814,194	3,460,187
Long-term Promises to Give	15,000	40,000
Total noncurrent assets	3,829,194	3,500,187
Total assets	<u>\$ 6,005,137</u>	<u>\$ 5,011,392</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable, accrued expenses, and refundable advances	\$ 1,108,771	\$ 898,905
Scholarships payable	158,976	118,571
Total liabilities	1,267,747	1,017,476
Net Assets		
Without donor restrictions	1,610,106	1,279,325
With donor restrictions	3,127,284	2,714,591
Total net assets	4,737,390	3,993,916
Total liabilities and net assets	<u>\$ 6,005,137</u>	<u>\$ 5,011,392</u>

Statement of Cash Flows

Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities		
Increase (decrease) in net assets	\$ 743,474	\$ (248,846)
Adjustments to reconcile increase (decrease) in net assets to net cash from operating activities:		
Investment return	(295,963)	55,319
Contributions restricted for endowments	(18,561)	(40,303)
Bad debt expense	20,000	-
Changes in operating assets and liabilities that provided (used) cash:		
Promises to give	302,049	(549,184)
Prepaid expenses and other	1,639	(13,230)
Accounts payable, accrued expenses, and refundable advances	209,863	594,211
Scholarship payable	40,405	(59,645)
Net cash provided by (used in) operating activities	1,002,906	(261,678)
Cash Flows Used in Investing Activities - Purchases of investments	(58,041)	(64,432)
Cash Flows Provided by Financing Activities - Contributions restricted for endowments	18,561	40,303
Net Increase (Decrease) in Cash and Cash Equivalents	963,426	(285,807)
Cash and Cash Equivalents - Beginning of year	551,850	837,657
Cash and Cash Equivalents - End of year	<u>\$ 1,515,276</u>	<u>\$ 551,850</u>

Statement of Activities and Changes in Net Assets

Years Ended December 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support						
General contributions	\$ 464,988	\$ -	\$ 464,988	\$ 376,682	\$ -	\$ 376,682
Education and scholarship contributions	-	813,338	813,338	-	478,384	478,384
AORN-funded initiatives	-	884,500	884,500	-	1,440,700	1,440,700
In-kind contributions	69,166	45,030	114,196	63,791	-	63,791
Special event revenue - Net	74,384	-	74,384	79,690	-	79,690
Investment return - Net	206,749	89,214	295,963	(51,683)	(3,636)	(55,319)
Net assets released from restrictions	1,419,389	(1,419,389)	-	2,113,308	(2,113,308)	-
Total revenue, gains, and other support	2,234,676	412,693	2,647,369	2,581,788	(197,860)	2,383,928
Expenses						
Program expenses:						
Education and scholarships	645,005	-	645,005	794,129	-	794,129
AORN-funded initiatives	884,500	-	884,500	1,440,700	-	1,440,700
Support services:						
Management and general	210,566	-	210,566	215,315	-	215,315
Fundraising	163,824	-	163,824	182,630	-	182,630
Total expenses	1,903,895	-	1,903,895	2,632,774	-	2,632,774
Increase (Decrease) in Net Assets	330,781	412,693	743,474	(50,986)	(197,860)	(248,846)
Net Assets - Beginning of year	1,279,325	2,714,591	3,993,916	1,330,311	2,912,451	4,242,762
Net Assets - End of year	\$ 1,610,106	\$ 3,127,284	\$ 4,737,390	\$ 1,279,325	\$ 2,714,591	\$ 3,993,916

AORN Foundation

Statement of Functional Expenses

Year Ended December 31, 2019

	Program Services		Support Services		Total
	Education and Scholarships	AORN-funded Initiatives	Management and General	Fundraising	
Personnel	\$ 87,866	\$ -	\$ 79,560	\$ 152,968	\$ 320,394
Property operation and maintenance	-	-	11,076	-	11,076
Stationery and supplies	-	-	160	-	160
Travel/Meals	-	-	26,477	-	26,477
Telephone	-	-	603	-	603
Postage	-	-	869	-	869
Professional fees	-	-	29,359	-	29,359
Funded initiatives	-	884,500	-	-	884,500
Scholarships and grants	557,139	-	-	-	557,139
Fundraising	-	-	-	10,856	10,856
Miscellaneous	-	-	62,462	-	62,462
Special events - Cost of direct benefit to donors	-	-	-	56,827	56,827
Total functional expenses	\$ 645,005	\$ 884,500	\$ 210,566	\$ 220,651	\$ 1,960,722

Year Ended December 31, 2018

	Program Services		Support Services		Total
	Education and Scholarships	AORN-funded Initiatives	Management and General	Fundraising	
Personnel	\$ 68,522	\$ -	\$ 107,388	\$ 171,304	\$ 347,214
Property operation and maintenance	-	-	11,076	-	11,076
Stationery and supplies	-	-	518	-	518
Telephone	-	-	439	-	439
Travel/Meals	-	-	26,330	-	26,330
Postage	-	-	890	-	890
Professional fees	-	-	28,151	-	28,151
Funded initiatives	-	1,440,700	-	-	1,440,700
Scholarships and grants	725,607	-	-	-	725,607
Fundraising	-	-	-	11,326	11,326
Miscellaneous	-	-	40,523	-	40,523
Special events - Cost of direct benefit to donors	-	-	-	40,433	40,433
Total functional expenses	\$ 794,129	\$ 1,440,700	\$ 215,315	\$ 223,063	\$ 2,673,207