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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, 2023 and 2022 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, 2023 and 2022 and the changes in its net assets and its 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.

Plant & Moran, PLLC

June 21, 2024

Statement of Financial Position

December 31, 2023 and 2022

	2023	2022
Assets		
Current Assets		
Cash	\$ 458,721	\$ 1,019,898
Promises to give	389,000	410,900
Prepaid expenses and other	35,706	11,100
Total current assets	883,427	1,441,898
Investments	5,544,520	4,400,648
Long-term Promises to Give	10,000	10,000
Total noncurrent assets	5,554,520	4,410,648
Total assets	\$ 6,437,947	\$ 5,852,546
Liabilities and Net Assets		
Current Liabilities		
Accounts payable, accrued expenses, and refundable advances	\$ 615,357	\$ 575,454
Scholarships payable	123,835	204,937
Total liabilities	739,192	780,391
Net Assets		
Without donor restrictions	2,368,307	1,959,109
With donor restrictions	3,330,448	3,113,046
Total net assets	5,698,755	5,072,155
Total liabilities and net assets	\$ 6,437,947	\$ 5,852,546

Statement of Activities and Changes in Net Assets

Years Ended December 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support						
General financial contributions	\$ 412,512	\$ -	\$ 412,512	\$ 483,516	\$ -	\$ 483,516
Education and scholarship financial contributions	-	350,447	350,447	-	1,004,768	1,004,768
AORN-funded initiatives	-	1,133,370	1,133,370	-	1,299,040	1,299,040
Nonfinancial contributions	26,598	45,330	71,928	30,966	50,870	81,836
Special event revenue - Net	63,926	-	63,926	52,166	-	52,166
Investment return - Net	296,168	208,557	504,725	(197,086)	(157,477)	(354,563)
Net assets released from restrictions	1,520,302	(1,520,302)	-	2,065,332	(2,065,332)	-
Total revenue, gains, and other support	2,319,506	217,402	2,536,908	2,434,894	131,869	2,566,763
Expenses						
Program services:						
Education and scholarships	524,902	-	524,902	900,278	-	900,278
AORN-funded initiatives	1,133,370	-	1,133,370	1,299,040	-	1,299,040
Support services:						
Management and general	153,017	-	153,017	127,945	-	127,945
Fundraising	180,661	-	180,661	174,375	-	174,375
Total expenses	1,991,950	-	1,991,950	2,501,638	-	2,501,638
Change in Net Assets - Before other items	327,556	217,402	544,958	(66,744)	131,869	65,125
Other Items - Expo relocation insurance proceeds	81,642	-	81,642	-	-	-
Change in Net Assets	409,198	217,402	626,600	(66,744)	131,869	65,125
Net Assets - Beginning of year	1,959,109	3,113,046	5,072,155	2,025,853	2,981,177	5,007,030
Net Assets - End of year	\$ 2,368,307	\$ 3,330,448	\$ 5,698,755	\$ 1,959,109	\$ 3,113,046	\$ 5,072,155

AORN Foundation

Statement of Functional Expenses

Year Ended December 31, 2023

	Program Services		Support Services		Total
	Education and Scholarships	AORN-funded Initiatives	Management and General	Fundraising	
Personnel	\$ 137,970	\$ -	\$ 39,894	\$ 173,371	\$ 351,235
Travel	-	-	12,675	-	12,675
Postage	-	-	1,182	-	1,182
Professional fees	-	-	45,125	-	45,125
Funded initiatives	-	1,133,370	-	-	1,133,370
Scholarships and grants	386,932	-	-	-	386,932
Fundraising	-	-	-	7,290	7,290
Miscellaneous	-	-	54,141	-	54,141
Total	524,902	1,133,370	153,017	180,661	1,991,950
Special events - Cost of direct benefit to donors	-	-	-	34,824	34,824
Total functional expenses	\$ 524,902	\$ 1,133,370	\$ 153,017	\$ 215,485	\$ 2,026,774

AORN Foundation

Statement of Functional Expenses

Year Ended December 31, 2022

	Program Services		Support Services		Total
	Education and Scholarships	AORN-funded Initiatives	Management and General	Fundraising	
Personnel	\$ 133,986	\$ -	\$ 49,838	\$ 168,577	\$ 352,401
Property operation and maintenance	-	-	3,692	-	3,692
Stationery and supplies	-	-	631	-	631
Travel/Meals	-	-	8,824	-	8,824
Postage	-	-	984	-	984
Professional fees	-	-	22,737	-	22,737
Funded initiatives	-	1,299,040	-	-	1,299,040
Scholarships and grants	766,292	-	-	-	766,292
Fundraising	-	-	-	5,798	5,798
Miscellaneous	-	-	41,239	-	41,239
Total	900,278	1,299,040	127,945	174,375	2,501,638
Special events - Cost of direct benefit to donors	-	-	-	29,634	29,634
Total functional expenses	\$ 900,278	\$ 1,299,040	\$ 127,945	\$ 204,009	\$ 2,531,272

AORN Foundation**Statement of Cash Flows**

Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 626,600	\$ 65,125
Adjustments to reconcile change in net assets to net cash from operating activities:		
Net realized and unrealized (gain) loss on investments	(301,771)	463,806
Contributions restricted for endowments	(81,961)	(141,357)
Changes in operating assets and liabilities that provided (used) cash:		
Related party receivables	-	150,000
Promises to give	21,900	(196,855)
Prepaid expenses and other	(24,606)	7,894
Accounts payable, accrued expenses, and refundable advances	39,903	(456,235)
Scholarship payable	(81,102)	50,852
Net cash provided by (used in) operating activities	<u>198,963</u>	<u>(56,770)</u>
Cash Flows from Investing Activities		
Purchases of investments	(895,701)	(198,734)
Sales of investments	53,600	89,543
Net cash used in investing activities	<u>(842,101)</u>	<u>(109,191)</u>
Cash Flows Provided by Financing Activities - Contributions restricted for endowments	<u>81,961</u>	<u>141,357</u>
Net Decrease in Cash	<u>(561,177)</u>	<u>(24,604)</u>
Cash - Beginning of year	<u>1,019,898</u>	<u>1,044,502</u>
Cash - End of year	<u><u>\$ 458,721</u></u>	<u><u>\$ 1,019,898</u></u>