

American Society of Transplantation and Subsidiary

Financial Statements
Year Ended December 31, 2020



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 STATEMENT	
<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

**Boards of Directors
American Society of Transplantation
Mount Laurel, New Jersey**

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, 2020, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; 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 consolidated financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 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, 2020, 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.

Report on Summarized Comparative Information

We have previously audited the American Society of Transplantation and Subsidiary's 2019 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated May 20, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

BBO, LLP.

Philadelphia, Pennsylvania
April 5, 2021

**AMERICAN SOCIETY OF TRANSPLANTATION
AND SUBSIDIARY**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2020 with comparative totals for 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash	\$ 1,008,615	\$ 726,734
Accounts receivable		
Contributions	435,682	270,000
Distribution from joint venture	73,180	232,207
Publications	330,000	270,000
Other	69,859	161,743
Prepaid expenses	329,823	279,727
Investments	18,858,588	16,110,695
Equipment and website development costs (net of accumulated depreciation of \$214,974 in 2020 and \$145,398 in 2019)	165,244	229,108
Interest in net assets of joint ventures	<u>294,218</u>	<u>280,375</u>
Total assets	<u>\$ 21,565,209</u>	<u>\$ 18,560,589</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 294,664	\$ 244,890
Deferred income		
Membership dues and subscriptions	666,204	662,978
Corporate membership dues	102,083	70,000
Meeting registration and sponsorship	143,825	91,258
Other	<u>27,750</u>	<u>14,738</u>
Total liabilities	<u>1,234,526</u>	<u>1,083,864</u>
NET ASSETS		
Without donor restrictions		
Operating	3,496,362	2,742,766
Board designated	<u>15,089,702</u>	<u>13,483,160</u>
	18,586,064	16,225,926
With donor restrictions	<u>1,744,619</u>	<u>1,250,799</u>
Total net assets	<u>20,330,683</u>	<u>17,476,725</u>
Total liabilities and net assets	<u>\$ 21,565,209</u>	<u>\$ 18,560,589</u>

See accompanying notes

AMERICAN SOCIETY OF TRANSPLANTATION AND SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended December 31, 2020 with comparative totals for 2019

	Without Donor Restrictions			With Donor Restrictions	Totals	
	Operating	Board Designated	Total		2020	2019
REVENUE						
Membership dues and subscriptions	\$ 1,199,312	\$ -	\$ 1,199,312	\$ -	\$ 1,199,312	\$ 1,223,428
Corporate membership dues	379,167	-	379,167	-	379,167	422,500
Income from joint ventures	213,843	-	213,843	-	213,843	1,031,029
Journal royalty	338,854	-	338,854	-	338,854	301,689
Meeting registration and sponsorship and educational projects	952,678	-	952,678	-	952,678	895,768
Other	156,001	-	156,001	-	156,001	177,067
Total revenue	3,239,855	-	3,239,855	-	3,239,855	4,051,481
SUPPORT						
Contributions	253,539	42,345	295,884	910,214	1,206,098	875,997
NET ASSETS RELEASED FROM RESTRICTIONS						
Endowment spending policy	407,600	(373,753)	33,847	(33,847)	-	-
Expiration of board designations	25,564	(25,564)	-	-	-	-
Expiration of purpose and time restrictions	474,533	-	474,533	(474,533)	-	-
Total revenue and support	4,401,091	(356,972)	4,044,119	401,834	4,445,953	4,927,478
EXPENSES						
Program services						
Grants and awards	482,526	-	482,526	-	482,526	665,486
Meetings and educational projects	1,328,333	-	1,328,333	-	1,328,333	1,840,109
Fellowship training	66,071	-	66,071	-	66,071	85,478
Advocacy	541,241	-	541,241	-	541,241	652,505
Publications	178,448	-	178,448	-	178,448	176,820
Supporting services						
Management and general	470,242	-	470,242	-	470,242	497,191
Member services	830,174	-	830,174	-	830,174	599,929
Fundraising	154,283	-	154,283	-	154,283	209,274
Total expenses	4,051,318	-	4,051,318	-	4,051,318	4,726,792
CHANGE IN NET ASSETS BEFORE OTHER CHANGES	349,773	(356,972)	(7,199)	401,834	394,635	200,686
OTHER CHANGES						
Investment income	159,773	1,963,514	2,123,287	91,986	2,215,273	2,758,224
Gain on forgiveness of loan payable - Paycheck Protection Program	244,050	-	244,050	-	244,050	-
Total other changes	403,823	1,963,514	2,367,337	91,986	2,459,323	2,758,224
CHANGE IN NET ASSETS	753,596	1,606,542	2,360,138	493,820	2,853,958	2,958,910
NET ASSETS						
Beginning of year	2,742,766	13,483,160	16,225,926	1,250,799	17,476,725	14,517,815
End of year	\$ 3,496,362	\$ 15,089,702	\$ 18,586,064	\$ 1,744,619	\$ 20,330,683	\$ 17,476,725

See accompanying notes

**AMERICAN SOCIETY OF TRANSPLANTATION
AND SUBSIDIARY**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2020 with comparative totals for 2019

	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	2020	2019
	Salaries and benefits	\$ 36,602	\$ 599,949	\$ -	\$ 194,148	\$ -	\$ 830,699	\$ 160,729	\$ 491,735	\$ 108,214	\$ 760,678	\$ 1,591,377
Accreditation expense	-	27,000	-	-	-	27,000	-	-	-	-	27,000	24,409
Annual meeting expense	2,840	-	-	-	-	2,840	-	-	-	-	2,840	20,224
Audiovisual services	-	174,210	-	-	-	174,210	-	-	-	-	174,210	213,530
Board meetings expense	-	11,548	-	28,869	-	40,417	17,321	-	-	17,321	57,738	128,834
Committee expenses	-	5,544	-	-	-	5,544	-	18,127	-	18,127	23,671	72,359
Contracted services	-	-	47,390	-	-	47,390	160,068	72,259	-	232,327	279,717	249,025
Copies, printing and supplies	-	3,245	108	-	-	3,353	5,255	6,189	-	11,444	14,797	16,043
Depreciation	-	-	-	-	-	-	3,153	66,423	-	69,576	69,576	69,106
Grants	433,788	-	-	-	-	433,788	-	-	-	-	433,788	615,547
Hotel, food and beverage	-	257,878	-	-	-	257,878	-	3,158	30,998	34,156	292,034	713,781
Insurance	-	-	13,422	-	-	13,422	23,142	-	-	23,142	36,564	37,168
Journal subscription expense	-	-	-	-	178,448	178,448	-	-	-	-	178,448	176,820
Officer expense	-	-	-	35,750	-	35,750	7,150	28,600	-	35,750	71,500	71,500
Professional fees	-	-	-	240,000	-	240,000	29,666	17,137	6,720	53,523	293,523	296,638
Program materials	-	139,071	-	-	-	139,071	-	-	-	-	139,071	135,149
Public relations and marketing	375	1,164	-	23,545	-	25,084	-	18,157	6,311	24,468	49,552	44,811
Speaker honoraria	-	4,500	-	-	-	4,500	-	-	-	-	4,500	25,989
Technology	8,125	32,870	660	-	-	41,655	-	61,813	-	61,813	103,468	62,196
Travel	-	42,386	2,451	8,715	-	53,552	3,486	5,229	1,915	10,630	64,182	202,594
Miscellaneous	796	28,968	2,040	10,214	-	42,018	60,272	41,347	125	101,744	143,762	152,905
Total expenses	\$ 482,526	\$ 1,328,333	\$ 66,071	\$ 541,241	\$ 178,448	\$ 2,596,619	\$ 470,242	\$ 830,174	\$ 154,283	\$ 1,454,699	\$ 4,051,318	\$ 4,726,792

See accompanying notes

**AMERICAN SOCIETY OF TRANSPLANTATION
AND SUBSIDIARY**

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2020 with comparative totals for 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Change in net assets</i>	\$ 2,853,958	\$ 2,958,910
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities		
Realized and unrealized gain on investments	(1,979,594)	(2,368,758)
Contributions restricted for long-term purpose	(34,267)	(40,637)
Change in interest in net assets of joint ventures	(13,843)	(15,292)
Gain on forgiveness of loan payable - Paycheck Protection Program	(244,050)	-
Depreciation	69,576	69,106
(Increase) decrease in		
Accounts receivable	25,229	(307,348)
Prepaid expenses	(50,096)	(82,969)
Increase (decrease) in		
Accounts payable and accrued expenses	49,774	(91,426)
Deferred income	100,888	(17,671)
Net cash provided by operating activities	<u>777,575</u>	<u>103,915</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(3,639,576)	(4,960,062)
Proceeds from sale of investments	2,871,277	4,936,090
Purchase of equipment and website development costs	(5,712)	(127,167)
Net cash used for investing activities	<u>(774,011)</u>	<u>(151,139)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan payable - Payroll Protection Program	244,050	-
Contributions restricted for long-term purpose	34,267	40,637
Net cash provided by financing activities	<u>278,317</u>	<u>40,637</u>
Net change in cash	281,881	(6,587)
CASH		
Beginning of year	<u>726,734</u>	<u>733,321</u>
End of year	<u>\$ 1,008,615</u>	<u>\$ 726,734</u>

See accompanying notes

AMERICAN SOCIETY OF TRANSPLANTATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020

(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 net assets released from 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, 2020

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.

Revenue Recognition

Membership dues 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 is recognized as revenue on a pro rata basis over the membership year as membership 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.

AMERICAN SOCIETY OF TRANSPLANTATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020

Meetings 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, 2020 is expected to be recognized as revenue in 2021.

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.

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, 2019, from which the summarized information was derived.

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 primarily in 2021.

AMERICAN SOCIETY OF TRANSPLANTATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020

Reclassifications

Certain items in the 2019 summarized comparative totals have been reclassified to conform to the 2020 presentation.

(3) INVESTMENTS

Investments at December 31, consisted of the following:

	<u>2020</u>	<u>2019</u>
Money market funds	\$ 664,333	\$ 813,977
Common stocks	4,623,001	4,545,785
Mutual funds		
Equity	7,737,366	6,485,307
Fixed income	<u>5,833,888</u>	<u>4,265,626</u>
	<u>\$18,858,588</u>	<u>\$16,110,695</u>

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

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 328,971	\$ 477,466
Net realized and unrealized gain	1,979,594	2,368,758
Less investment management fees	<u>(93,292)</u>	<u>(88,000)</u>
	<u>\$ 2,215,273</u>	<u>\$ 2,758,224</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 \$476,250 and \$201,250 at December 31, 2020 and 2019, 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 \$401,250 in 2021 and \$75,000 in 2022.

(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, 2020 and 2019. AST also has a distribution receivable from the joint venture of \$73,180 included in accounts receivable on the consolidated statement of financial position at December 31, 2020.

AST also has a joint venture with the American Society of Nephrology ("**ASN**"). Each organization has a 50% interest in the joint venture. AST has estimated its investment to be \$93,195 and \$79,352 as of December 31, 2020 and 2019, respectively.

AST records its interest in the net assets of the joint ventures described above on the equity method. Summarized financial information as of December 31, 2020 and 2019 and for the years then ended from the joint ventures' financial statements is as follows:

**AMERICAN SOCIETY OF TRANSPLANTATION
AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020

<u>2020</u>	<u>ASTS</u>	<u>ASN</u>	<u>Total</u>
Assets	\$ 729,206	\$186,389	\$ 915,595
Liabilities	(327,160)	-	(327,160)
Net assets	<u>\$ 402,046</u>	<u>\$186,389</u>	<u>\$ 588,435</u>
Revenues	\$ 2,141,367	\$ 29,988	\$ 2,171,355
Expenses	(1,595,007)	(2,303)	(1,597,310)
Distributions, net	(546,360)	-	(546,360)
Change in net assets	<u>\$ -</u>	<u>\$ 27,685</u>	<u>\$ 27,685</u>
<u>2019</u>	<u>ASTS</u>	<u>ASN</u>	<u>Total</u>
Assets	\$ 1,144,533	\$162,236	\$ 1,306,769
Liabilities	(742,487)	(3,532)	(746,019)
Net assets	<u>\$ 402,046</u>	<u>\$158,704</u>	<u>\$ 560,750</u>
Revenues	\$ 5,611,395	\$ 46,999	\$ 5,658,394
Expenses	(3,346,981)	(16,414)	(3,363,395)
Distributions, net	(2,264,414)	-	(2,264,414)
Change in net assets	<u>\$ -</u>	<u>\$ 30,585</u>	<u>\$ 30,585</u>

(6) NET ASSETS WITHOUT DONOR RESTRICTIONS – BOARD DESIGNATED

Board designated net assets consist of the following:

	<u>Balance December 31, 2019</u>	<u>Additions</u>	<u>Investment Income</u>	<u>Releases</u>	<u>Transfers</u>	<u>Balance December 31, 2020</u>
Quasi-Endowment fund	\$12,706,848	\$ -	\$1,947,996	\$(373,753)	\$ 808,611	\$15,089,702
AST RN fund	<u>776,312</u>	<u>42,345</u>	<u>15,518</u>	<u>(25,564)</u>	<u>(808,611)</u>	<u>-</u>
	<u>\$13,483,160</u>	<u>\$42,345</u>	<u>\$1,963,514</u>	<u>\$(399,317)</u>	<u>\$ -</u>	<u>\$15,089,702</u>

The Quasi-Endowment fund is to provide income to support core AST programs. The AST Research Network ("**AST RN**") fund fosters transformative, multi-disciplinary transplantation and immunology research opportunities. During 2020, the Board approved collapsing the AST RN fund into its Quasi-Endowment fund.

(7) NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>Balance December 31, 2019</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance December 31, 2020</u>
Subject to expenditure for specified purposes or periods				
Grants and awards	\$ 482,500	\$ 745,682	\$(322,500)	\$ 905,682
Education and other	-	128,285	-	128,285
Future initiatives	<u>152,033</u>	<u>-</u>	<u>(152,033)</u>	<u>-</u>
	<u>634,533</u>	<u>873,967</u>	<u>(474,533)</u>	<u>1,033,967</u>
Net assets to be maintained indefinitely				
Endowment, whose income is available for various programs	<u>616,266</u>	<u>128,233</u>	<u>(33,847)</u>	<u>710,652</u>
	<u>\$1,250,799</u>	<u>\$1,002,200</u>	<u>\$(508,380)</u>	<u>\$1,744,619</u>

AMERICAN SOCIETY OF TRANSPLANTATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020

The endowment has an historical dollar value of \$526,863 at December 31, 2020.

(8) 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.

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 4.0% in 2020 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, 2019	\$12,706,848	\$616,266	\$13,323,114
Additions	808,611	36,247	844,858
Investment income	1,947,996	91,986	2,039,982
Spending policy distribution	<u>(373,753)</u>	<u>(33,847)</u>	<u>(407,600)</u>
Endowment net assets, December 31, 2020	<u>\$15,089,702</u>	<u>\$710,652</u>	<u>\$15,800,354</u>

(9) 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, 2020 and 2019 were \$58,632 and \$49,331, respectively.

(10) MANAGEMENT AGREEMENT

AST entered into a management agreement for the provision of certain association management services to be provided through December 31, 2021. Services to be provided include financial management, human resources, general office management, computer capabilities and office space. Fees under the agreement were \$279,717 and \$249,025 for the years ended December 31, 2020 and 2019, respectively.

(11) LEASE COMMITMENT

On January 4, 2021, the Society entered into a lease for office space which commences on June 1, 2021 and expires on October 31, 2028.

AMERICAN SOCIETY OF TRANSPLANTATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020

Future minimum annual lease commitments under non-cancelable operating leases are as follows:

Year ended June 30,

2021	\$ 10,070
2022	61,918
2023	64,489
2024	67,060
2025	69,631
Thereafter	<u>211,251</u>
	<u>\$484,419</u>

(12) FORGIVENESS OF LOAN PAYABLE – PAYCHECK PROTECTION PROGRAM

On April 30, 2020, AST received loan proceeds in the amount of \$244,050 under the Paycheck Protection Program ("**PPP**"). Established as part of the Coronavirus Aid, Relief and Economic Security Act ("**Cares Act**"), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the business' average monthly payroll expenses. PPP loans and accrued interest are forgivable after a "covered period" (eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities.

On December 17, 2020, the Small Business Administration forgave 100% of the PPP loan payable.

(13) 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	\$ 1,008,615
Accounts receivable	908,721
Investments	18,858,588
Interest in net assets of joint ventures	<u>294,218</u>
Total financial assets	21,070,142
Less: financial assets not available	
for general operations within one year	
Restricted by donor for specific purposes or periods	(1,033,967)
Restricted by donor to be maintained indefinitely	(710,652)
Interest in net assets of joint ventures	(294,218)
Board designated funds	<u>(15,089,702)</u>
Total financial assets available within one year	<u>\$ 3,941,603</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.

(14) HOTEL COMMITMENTS

AST has entered into agreements with hotels providing room accommodations for its educational meetings from 2022 to 2024. 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.

**AMERICAN SOCIETY OF TRANSPLANTATION
AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020

(15) SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 5, 2021, the date on which the consolidated financial statements were available to be issued. Except as noted below, no other material subsequent events have occurred since December 31, 2020, that require recognition or disclosure in the consolidated financial statements.

On January 4, 2021, AST entered into a lease agreement for office space through October 31, 2028 (**See Note 11**).

The extent of the impact of COVID-19 on AST and TNFTAP's operational and financial performance will depend on further developments, including the duration and spread of the outbreak, all of which cannot be predicted at this time.