

**ALLERGY AND ASTHMA
NETWORK/MOTHERS OF ASTHMATICS, INC.**

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT**

DECEMBER 31, 2023 AND 2022

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Independent Auditor's Report

To the Board of Directors
Allergy and Asthma Network/Mothers of Asthmatics, Inc.
Fairfax, VA

Opinion

We have audited the accompanying financial statements of Allergy and Asthma Network/Mothers of Asthmatics, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Allergy and Asthma Network/Mothers of Asthmatics, Inc. 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. 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 Allergy and Asthma Network/Mothers of Asthmatics, Inc. 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 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.

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 Allergy and Asthma Network/Mothers of Asthmatics, Inc.'s ability to continue as a going concern within one year after the date that the 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 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 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 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 Allergy and Asthma Network/Mothers of Asthmatics, Inc.'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 Allergy and Asthma Network/Mothers of Asthmatics, Inc.'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.

Emphasis of Matter

As discussed in Note B to the financial statements, during the year ended December 31, 2023, Allergy and Asthma Network/Mothers of Asthmatics, Inc. adopted new accounting guidance, Accounting Standards Update ("ASU") 2016-13, Topic 326, *Financial Instruments – Credit Losses*, as amended. Our opinion is not modified with respect to these matters.

Jm & m

Washington, DC
September 3, 2024

ALLERGY AND ASTHMA NETWORK/MOTHERS OF ASTHMATICS, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

	2023	2022
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,121,725	\$ 1,023,435
Accounts receivable, net of allowance for credit losses	63,782	217,201
Settlement receivable	125,000	200,000
Prepaid expenses	53,218	123,208
Total Current Assets	1,363,725	1,563,844
PROPERTY AND EQUIPMENT, NET	141,725	8,707
OTHER ASSETS		
Deposits	-	3,651
Total Other Assets	-	3,651
TOTAL ASSETS	\$ 1,505,450	\$ 1,576,202
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 99,661	\$ 240,765
Accrued expenses	194,270	201,803
Deferred revenue	26,250	211,000
Loan payable, current portion	3,861	3,861
Total Current Liabilities	324,042	657,429
NON-CURRENT LIABILITIES		
Loan payable, net of current portion	144,129	147,697
Total Liabilities	468,171	805,126
NET ASSETS		
Without donor restrictions	284,401	(236,967)
With donor restrictions		
With donor restrictions - purpose and time	748,878	1,004,043
With donor restrictions - perpetual in nature	4,000	4,000
Total with donor restrictions	752,878	1,008,043
Total Net Assets	1,037,279	771,076
TOTAL LIABILITIES AND NET ASSETS	\$ 1,505,450	\$ 1,576,202

The accompanying notes are an integral part of these financial statements.

ALLERGY AND ASTHMA NETWORK/MOTHERS OF ASTHMATICS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions		Total
		Purpose and Time	Perpetual in Nature	
REVENUE AND SUPPORT				
Contributions:				
Foundation and corporate grants	\$ 1,433,936	\$ 1,063,167	\$ -	\$ 2,497,103
Individual donors	12,519	-	-	12,519
Membership dues	685	-	-	685
Donated services	104,439	-	-	104,439
Total Contributions	1,551,579	1,063,167	-	2,614,746
Contract income	176,622	-	-	176,622
Government grants	191,759	-	-	191,759
Corporate council membership dues	267,485	-	-	267,485
Magazine advertising and subscriptions	5,000	-	-	5,000
Resource materials and product sales	73,626	-	-	73,626
Interest income	1,297	-	-	1,297
Other revenue	91,434	-	-	91,434
Net assets released from restrictions	1,318,332	(1,318,332)	-	-
Total Revenue and Support	3,677,134	(255,165)	-	3,421,969
EXPENSES				
Program services:				
Education and outreach	1,138,900	-	-	1,138,900
Outreach	898,007	-	-	898,007
Advocacy	192,386	-	-	192,386
Research	339,443	-	-	339,443
Total Program Services	2,568,736	-	-	2,568,736
Supporting services:				
Management and general	500,720	-	-	500,720
Fundraising	86,310	-	-	86,310
Total Supporting Services	587,030	-	-	587,030
Total Expenses	3,155,766	-	-	3,155,766
CHANGE IN NET ASSETS	521,368	(255,165)	-	266,203
NET ASSETS , beginning of year	(236,967)	1,004,043	4,000	771,076
NET ASSETS , end of year	\$ 284,401	\$ 748,878	\$ 4,000	\$ 1,037,279

The accompanying notes are an integral part of these financial statements.

ALLERGY AND ASTHMA NETWORK/MOTHERS OF ASTHMATICS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions		Total
		Purpose and Time	Perpetual in Nature	
REVENUE AND SUPPORT				
Grants and contributions				
Foundation and corporate grants	\$ 323,335	\$ 1,956,035	\$ -	\$ 2,279,370
Individual donors	23,616	-	-	23,616
Membership dues	4,926	-	-	4,926
Donated securities	25,000	-	-	25,000
Donated services	116,161	-	-	116,161
Total Grants and Contributions	493,038	1,956,035	-	2,449,073
Contract income	356,879	-	-	356,879
Government grants	158,518	-	-	158,518
Corporate council membership dues	360,000	-	-	360,000
Magazine advertising and subscriptions	1,000	-	-	1,000
Resource materials and product sales	68,578	-	-	68,578
Interest income	1,948	-	-	1,948
Other revenue	8,155	-	-	8,155
Net assets released from restrictions	2,054,800	(2,054,800)	-	-
Total Revenue and Support	3,502,916	(98,765)	-	3,404,151
EXPENSES				
Program services:				
Education and outreach	2,784,471	-	-	2,784,471
Advocacy and research	415,277	-	-	415,277
Total Program Services	3,199,748	-	-	3,199,748
Supporting services:				
Management and general	615,392	-	-	615,392
Fundraising	144,440	-	-	144,440
Total Supporting Services	759,832	-	-	759,832
Total Expenses	3,959,580	-	-	3,959,580
CHANGE IN NET ASSETS	(456,664)	(98,765)	-	(555,429)
NET ASSETS , beginning of year	219,697	1,102,808	4,000	1,326,505
NET ASSETS , end of year	\$ (236,967)	\$ 1,004,043	\$ 4,000	\$ 771,076

The accompanying notes are an integral part of these financial statements.

ALLERGY AND ASTHMA NETWORK/MOTHERS OF ASTHMATICS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

	PROGRAM SERVICES				TOTAL PROGRAM SERVICES	SUPPORTING SERVICES			TOTAL
	EDUCATION	OUTREACH	ADVOCACY	RESEARCH		MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL SUPPORTING SERVICES	
Accounting	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 89,624	\$ -	\$ 89,624	\$ 89,624
Advertising and promotion	4,605	2,851	37	439	7,932	-	-	-	7,932
Advertising and promotion - donated	-	98,679	-	-	98,679	-	-	-	98,679
Bad debt expense	-	-	-	8,260	8,260	1,228	-	1,228	9,488
Bank charges	15	-	-	15	30	3,271	-	3,271	3,301
Conferences and meetings - food and hotel	1,567	29,775	71	1,065	32,478	7,137	-	7,137	39,615
Consulting	287,681	250,433	103,729	132,813	774,656	83,174	3,453	86,627	861,283
Depreciation	5,512	4,609	923	2,110	13,154	677	151	828	13,982
Dues and subscriptions	510	1,575	2,250	-	4,335	770	-	770	5,105
Equipment rental and maintenance	8,876	438	-	2,467	11,781	-	-	-	11,781
Insurance	-	-	-	-	-	13,164	-	13,164	13,164
Interest and finance charges	-	-	-	-	-	5,708	-	5,708	5,708
Legal	2,940	-	-	4,256	7,196	203,222	-	203,222	210,418
Miscellaneous	2,181	11,220	-	1,965	15,366	2,060	86	2,146	17,512
Payroll administration expenses	-	-	-	-	-	12,088	-	12,088	12,088
Postage and shipping	33,586	11,304	-	161	45,051	246	72	318	45,369
Printing and copying	36,920	3,414	112	38	40,484	1,572	-	1,572	42,056
Professional fees - donated	-	-	-	-	-	5,760	-	5,760	5,760
Rent	-	-	-	-	-	1,420	-	1,420	1,420
Salaries and related benefits	635,611	340,572	38,623	155,265	1,170,071	41,895	70,462	112,357	1,282,428
Staff development	397	169	-	1,198	1,764	3,022	160	3,182	4,946
Subgrants/awards	7,000	10,000	500	-	17,500	-	-	-	17,500
Supplies	32,906	72,803	15,016	25,324	146,049	10,928	2,562	13,490	159,539
Taxes and licenses	5,065	4,824	-	-	9,889	4,518	5,893	10,411	20,300
Telephone and internet	5,179	4,431	705	1,813	12,128	655	1,169	1,824	13,952
Travel and meals	38,516	44,982	30,420	784	114,702	7,178	260	7,438	122,140
Website hosting and maintenance	29,833	5,928	-	1,470	37,231	1,403	2,042	3,445	40,676
Total Expenses	\$ 1,138,900	\$ 898,007	\$ 192,386	\$ 339,443	\$ 2,568,736	\$ 500,720	\$ 86,310	\$ 587,030	\$ 3,155,766

The accompanying notes are an integral part of these financial statements.

ALLERGY AND ASTHMA NETWORK/MOTHERS OF ASTHMATICS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	PROGRAM SERVICES			SUPPORTING SERVICES			TOTAL
	EDUCATION AND OUTREACH	ADVOCACY AND RESEARCH	TOTAL PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL SUPPORTING SERVICES	
Accounting	\$ -	\$ -	\$ -	\$ 188,611	\$ -	\$ 188,611	\$ 188,611
Advertising and promotion	40,264	-	40,264	305	102	407	40,671
Advertising and promotion - donated	114,999	-	114,999	1,162	-	1,162	116,161
Bad debt expense	12,000	3,000	15,000	-	-	-	15,000
Bank charges	147	-	147	1,248	8	1,256	1,403
Conferences and meetings - food and hotel	93,743	-	93,743	998	4,986	5,984	99,727
Consulting	905,543	28,900	934,443	4,613	24,288	28,901	963,344
Depreciation	1,303	-	1,303	1,232	-	1,232	2,535
Dues and subscriptions	2,370	-	2,370	15,200	-	15,200	17,570
Equipment rental and maintenance	886	-	886	-	-	-	886
Insurance	-	-	-	13,925	-	13,925	13,925
Interest and finance charges	-	-	-	8,011	-	8,011	8,011
Legal	5,296	-	5,296	78,397	-	78,397	83,693
Miscellaneous	67	201	268	6,311	134	6,445	6,713
Payroll administration expenses	-	-	-	13,059	-	13,059	13,059
Postage and shipping	9,300	24,800	34,100	328	17	345	34,445
Printing and copying	13,206	17,199	30,405	307	-	307	30,712
Rent	24,328	8,109	32,437	12,403	2,862	15,265	47,702
Salaries and related benefits	1,150,740	271,703	1,422,443	79,912	95,895	175,807	1,598,250
Staff development	-	-	-	6,052	-	6,052	6,052
Subgrants/Awards	1,921	46,097	48,018	-	-	-	48,018
Supplies	123,286	5,137	128,423	35,959	6,849	42,808	171,231
Supplies - donated	-	-	-	25,000	-	25,000	25,000
Taxes and licenses	2,343	-	2,343	1,289	8,084	9,373	11,716
Telephone and internet	16,841	-	16,841	5,031	-	5,031	21,872
Travel and meals	257,378	-	257,378	114,418	1,215	115,633	373,011
Website hosting and maintenance	8,510	10,131	18,641	1,621	-	1,621	20,262
Total Expenses	\$ 2,784,471	\$ 415,277	\$ 3,199,748	\$ 615,392	\$ 144,440	\$ 759,832	\$ 3,959,580

The accompanying notes are an integral part of these financial statements.

ALLERGY AND ASTHMA NETWORK/MOTHERS OF ASTHMATICS, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 266,203	\$ (555,429)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Bad debt expense	9,488	15,000
Depreciation and amortization	13,982	2,535
Decrease (increase) in assets:		
Accounts receivable	143,931	(36,710)
Settlement receivable	75,000	(200,000)
Prepaid expense	69,990	7,027
Deposits	3,651	-
Increase (decrease) in liabilities:		
Accounts payable	(141,104)	109,788
Accrued expenses	(7,533)	105,471
Deferred revenue	(184,750)	31,000
Net Cash Provided by (Used for) Operating Activities	248,858	(521,318)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(147,000)	(8,467)
Net Cash Provided by (Used for) Investing Activities	(147,000)	(8,467)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on loans payable	(3,568)	(3,472)
Net Cash Provided by (Used for) Financing Activities	(3,568)	(3,472)
 NET CHANGE IN CASH AND CASH EQUIVALENTS	98,290	(533,257)
 CASH AND CASH EQUIVALENTS, beginning of year	1,023,435	1,556,692
 CASH AND CASH EQUIVALNETS, end of year	\$ 1,121,725	\$ 1,023,435
 SUPPLEMENTARY INFORMATION		
Cash paid for interest	\$ 2,758	\$ 7,212

The accompanying notes are an integral part of these financial statements.

ALLERGY AND ASTHMA NETWORK/MOTHERS OF ASTHMATICS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE A - NATURE OF ORGANIZATION AND PROGRAM DESCRIPTIONS

Founded in 1985, Allergy and Asthma Network/Mothers of Asthmatics, Inc. (“AANMA”) is the leading nonprofit outreach, education, advocacy and research organization for individuals and families living with allergies, asthma and related conditions. The AANMA mission is simple yet profound: to end needless death and suffering, empower people to take control of their health and well-being, and make healthcare more inclusive, equitable and accessible for people living with these conditions. AANMA is committed to raising awareness, promoting understanding, offering resources, fostering collaboration, and advocating for policies and research that enhance quality of life for everyone impacted by these conditions. AANMA specializes in making medically accurate information understandable to all while promoting evidence-based care.

AANMA's programs all focus on health equity and include:

Education and Outreach - Trusted Messengers Community Outreach; Social Influencer’s Summit; Spanish language website; toll free helpline in English and Spanish; Awareness Days campaigns, digital outreach on social media; media outreach via print, digital and radio. AllergyAsthmaNetwork.org website with 2.1 million visitors in 2023; BiologicMeds.org and ChronicHives.org microsites; EczemaInSkinOfColor.org microsite; monthly e-newsletter; online store with digital downloads and print educational resources.

Advocacy and Research - Annual Day on Capitol Hill which draws both online and in-person advocates on key legislative issues. Legislative advocacy priorities include Increased funding for asthma, atopic dermatitis and food allergy programs; improve access to affordable healthcare; environmental justice; Improve school-based programs for those with allergies and asthma; more research and data collection; community outreach and engagement; increase telehealth services. Engagement in research projects; diversity in research projects; recruitment for clinical studies and focus groups; free virtual asthma coaching program; biweekly “get involved in research e-newsletters; numerous publications, posters and abstracts presented.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting. Therefore, revenue and related assets are recognized when earned and expenses and related liabilities are recorded as the related obligations incurred.

Adoption of New Accounting Pronouncement

In June 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*.

ALLERGY AND ASTHMA NETWORK/MOTHERS OF ASTHMATICS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022
(continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Adoption of New Accounting Pronouncement (continued)

The amendments in this ASU significantly change how organizations will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. Importantly, this ASU will impact both financial institutions and non-financial services entities

Previously, U.S. generally accepted accounting principles (U.S. GAAP) contained an “incurred loss” methodology for recognizing credit losses. This methodology delayed recognition until it was probable a loss had been incurred. ASU 2016-13 introduces an approach based on expected losses to estimate credit losses on certain types of financial instruments (including trade receivables). It also modifies the impairment model for available-for-sale (“AFS”) debt securities and provides for a simplified accounting model for purchased financial assets with credit deterioration since their origination.

AANMA adopted ASU 2016-13 (commonly known as the Current Expected Credit Loss Impairment Model, or “CECL”), effective January 1, 2023. The main objective of ASU 2016-13 is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. To achieve this objective, the amendments in CECL replace the incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates.

Upon adoption of ASU 2016-13, *Measurement of Credit Losses on Financial Instruments*, AANMA recognized a \$1,228 increase in the allowance for credit losses as of January 1, 2023. The cumulative effect adjustment to net assets as a result of this was monetarily insignificant.

Basis of Presentation

Financial statement presentation follows Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 958 *Not-for-Profit entities*. In accordance with ASC Topic 958, net assets, revenue, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

Net Assets without Donor Restrictions – Net assets not subject to donor-imposed stipulations.

ALLERGY AND ASTHMA NETWORK/MOTHERS OF ASTHMATICS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022
(continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Basis of Presentation (continued)

Net Assets with Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met by either actions of AANMA and/or the passage of time, or that must be maintained in perpetuity by AANMA. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions. Contributions received with donor restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.

Cash and Cash Equivalents

For purposes of the statements of cash flows, AANMA considers all highly liquid investments purchased with the maturity of three months or less to be cash equivalents. At times during the year, AANMA maintained cash and cash equivalents balances at financial institutions in excess of the Federal Deposit Insurance Corporation limits. Management believes it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year end. Annually, management determines if an allowance for doubtful accounts is necessary based upon a review of outstanding receivables, historical collection of information, and existing economic conditions. Accounts deemed uncollectible are charged off based on specific circumstances of the parties involved. Based on management's evaluation of uncollectible accounts at the end of the year, bad debts are provided for by the allowance method. Management recorded an allowance for credit losses in the amount of \$1,228 as of December 31, 2023. As of the beginning of the year ended December 31, 2022, AANMA had accounts receivable of \$195,491.

Settlement Receivable

Settlement receivable is stated at the amount management expects to collect from balances outstanding at year end pertaining to the litigation involving AANMA and one of its former employees as described in Note L.

Property and Equipment

Property and equipment are stated at cost. Expenditures greater than \$500 which extend the life of an asset are capitalized while maintenance and repairs are charged as expenses when incurred. Depreciation is computed on a straight-line method over the estimated useful lives of the assets which range from three to five years.

ALLERGY AND ASTHMA NETWORK/MOTHERS OF ASTHMATICS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022
(continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Revenue Recognition

Grants and Contributions

AANMA records contributions received, including unconditional promises to give, as increases in net assets in the period the promise is received at their fair values. Contributions received with donor restrictions are recorded as contributions with donor restrictions based on donor intent.

Contributions whose restrictions are fulfilled in the same period are recorded as contributions without donor restrictions support in the statements of activities. Expirations of restrictions are reported as reclassifications from net assets with donor restrictions to net assets without donor restrictions. As of December 31, 2023, AANMA did not have any conditional promises to give.

Government grants received by AANMA are recognized as revenue only when expenditures are incurred. Expenditures in excess of reimbursement are shown as accounts receivable. Due to the nature of funding from the Federal government, management believes all accounts receivable will be collected, therefore, no allowance for bad debt has been recorded. Refundable advances reflect Federal funds received which have not yet been expended on specific programs.

As of the beginning of the year ended December 31, 2022, AANMA had deferred revenue of \$180,000, which included \$180,000 of conditional contributions for which cash had been received but the underlying conditions not yet satisfied.

Corporate Council Membership Dues

Dues received from corporate council members are recognized by allocating the membership price to the related performance obligations and recognizing the related revenue over time as these obligations are accomplished. Deferred corporate council membership dues represent dues received in advance that relate to obligations applicable to the next fiscal year.

Other Revenue

Resource materials, product sales and subscription revenues are recognized at a point in time as products are sold. Newsletter or website advertising revenues are recorded as earned at a point in time when the related newsletters or advertisements are published. Magazine revenues collected in advance of the period in which they are earned are recorded as deferred revenue.

ALLERGY AND ASTHMA NETWORK/MOTHERS OF ASTHMATICS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022
(continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

In-Kind Contributions

In-kind contributions are recorded at the fair value of the services or items received. AANMA recognizes in-kind contributions that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Functional Expense Classification

The financial statements report certain categories of expenses that are attributable to one or more program or supporting services of AANMA. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include rent as well as salaries and benefits and payroll taxes, all of which are allocated on the basis of estimates of time and effort.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenue and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

NOTE C - INCOME TAXES

AANMA is recognized as exempt from federal income tax, except on unrelated business activities, under the provisions of Section 501(c)(3) of the Internal Revenue Code.

AANMA believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements or that would have an effect on its tax-exempt status. There are no unrecognized tax benefits or liabilities that need to be recorded.

AANMA's information returns are subject to examination by the Internal Revenue Service for a period of three years from the date they were filed, except under certain circumstances. The Association's information returns for the years 2020 through 2022 are open for a tax examination by the Internal Revenue Service, although no request has been made as of the date of these financial statements.

ALLERGY AND ASTHMA NETWORK/MOTHERS OF ASTHMATICS, INC.
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NOTE D - AVAILABLE RESOURCES AND LIQUIDITY

AANMA's primary source of revenue is grants and contributions. AANMA regularly monitors liquidity required to meet its operating needs and other contractual commitments. AANMA strives to maintain liquid financial assets sufficient to cover 50% of the value of the audit year's operating expenses. Financial assets in excess of daily cash requirements are invested in money market accounts and interest bearing savings accounts.

In addition to financial assets available to meet general expenditures over the next 12 months, AANMA operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. Timing of revenue receipt also ensures the availability of necessary operational funds.

The following table reflects AANMA's financial assets as of December 31, 2023 and 2022, reduced by amounts that are not available to meet general expenditures within one year of the related statement of financial position date because of contractual restrictions or internal board designations. AANMA expects to utilize net assets with donor restrictions for purpose and time within the next year and therefore, such amounts have not been reduced from the financial assets in the table below.

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,121,725	\$ 1,023,435
Accounts receivable, net of allowance for credit losses	63,782	217,201
Settlement receivable	<u>125,000</u>	<u>200,000</u>
Total financial assets	1,310,507	1,440,636
Less: donor restricted net asset - endowment	<u>(4,000)</u>	<u>(4,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 1,306,507</u></u>	<u><u>\$ 1,436,636</u></u>

NOTE E - PROPERTY AND EQUIPMENT

As of December 31, 2023 and 2022, property and equipment consisted of the following:

	<u>2023</u>	<u>2022</u>
Computer equipment	\$ 12,545	\$ 12,545
Furniture and equipment	22,012	22,012
Software	<u>147,000</u>	<u>-</u>
Subtotal	181,557	34,557
Less: accumulated depreciation	<u>(39,832)</u>	<u>(25,850)</u>
Property and Equipment, Net	<u><u>\$ 141,725</u></u>	<u><u>\$ 8,707</u></u>

ALLERGY AND ASTHMA NETWORK/MOTHERS OF ASTHMATICS, INC.
NOTES TO THE FINANCIAL STATEMENTS
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(continued)

NOTE E - PROPERTY AND EQUIPMENT – continued

For the years ended December 31, 2023 and 2022, depreciation expense totaled \$13,982 and \$2,535, respectively.

NOTE F - LOANS PAYABLE

Economic Injury Disaster Loan

On June 30, 2020, AANMA secured a loan in the amount of \$150,000 with the SBA. This loan can be used to cover certain expenses during the COVID-19 crisis. The loan proceeds may not be used for lobbying or any programs or activities that would be out of scope for AANMA, but can be used to supplement income categories including, but not limited to, contributions, publication revenue, individual contributions, government grants, and special event revenue.

Monthly principal payments of \$675 plus interest, calculated at the rate of 2.75% per annum, began on June 30, 2021, and are due until maturity on June 30, 2050. As of December 31, 2023 and 2022, the balance on the SBA loan, which is inclusive of both principal and interest accrued, totaled \$147,990 and \$151,558, respectively.

Future minimum payments related to the loans payable are as follows for the years ending December 31:

2024	\$	3,969
2025		4,079
2026		4,192
2027		4,192
Thereafter		127,516
Subtotal		<u>143,948</u>
Accrued interest		4,042
Total Loans Payable	\$	<u><u>147,990</u></u>

NOTE G - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were restricted for the following purposes as of December 31:

	<u>2023</u>	<u>2022</u>
Net assets with donor restrictions - purpose and time	\$ 748,878	\$ 1,004,043
Net assets with donor restrictions - perpetual in nature	4,000	4,000
Total Net Assets With Donor Restrictions	<u><u>\$ 752,878</u></u>	<u><u>\$ 1,008,043</u></u>

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NOTE H - ENDOWMENT

AANMA has received an endowment totaling \$4,000 as of December 31, 2023 and 2022. It is invested in perpetuity and only the income can be used for program operations in accordance with restrictions set by the donor. This endowment is included in net assets with donor restrictions – perpetual in nature on the statements of activities.

AANMA does not have a formally established investment policy or spending policy for the endowment; however, it has been the practice of the organization to hold the funds in federally insured cash accounts. There was no interest earned on the endowment for the years ended December 31, 2023 or 2022.

NOTE I - RETIREMENT PLANS

AANMA maintains the Allergy and Asthma Network/Mothers of Asthmatics, Inc. Defined Contributions Retirement Plan (the "Plan"), a non-contributory defined contribution plan under section 403(b) of the Internal Revenue Code. Employer contributions are discretionary and cover all eligible employees. Employees are eligible to participate and are eligible for employer contributions after completing one year of service and at age 21. There were no discretionary employer contributions to the plan during the years ended December 31, 2023 and 2022.

AANMA also maintains a tax-deferred annuity (salary reduction) plan under section 403(b) of the Internal Revenue Code. Employees are eligible for participation in the plan on their date of hire. The plan does not provide for employer contributions.

NOTE J - LEASE COMMITMENTS

During November 2013, AANMA entered into a non-cancellable lease for office space which was subsequently amended during August 2016 to expire on December 31, 2019. During October 2019, a second amendment was made which extended the lease for an additional three years, having commenced on January 1, 2020, and expired on December 31, 2022. This lease had called for payments of base rent and contained certain cost escalations.

During December 2022, AANMA entered into a month-to-month rent agreement for office space, which is still in effect as of the date these financial statements are available to be issued.

Rent expense totaled \$1,420 and \$47,702 for the years ended December 31, 2023 and 2022, respectively.

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NOTE K - CONTINGENCIES

Certain revenues under government programs are subject to audit by the providing agency. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to and audited under government auditing requirements. Until such audits have been completed and final settlement is reached there exists a contingency to refund any amounts received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

NOTE L - LITIGATION

AANMA alleged the former President and CEO of AANMA of misdirecting AANMA's assets for personal and third party use in both years 2022 and 2021. As a result of these transactions, AANMA and the former President and CEO of AANMA were involved in litigation in the United States District Court for the Eastern District of Virginia.

The parties resolved the case by settlement pursuant to which the former President and CEO agreed to pay AANMA \$200,000, 51% of which or \$102,000 constitutes an excess benefit received by the former CEO and President in 2022, and 49% of which or \$98,000 constitutes an excess benefit received by the former CEO and President in 2021.

In connection to the settlement, \$75,000 was collected during the year ended December 31, 2023, and is recorded under other revenue on the statement of activities. As of December 31, 2023 and 2022, the payment owed to AANMA totaled \$125,000 and \$200,000, respectively, and is recorded under settlement receivable on the statements of financial position.

NOTE M - IN-KIND DONATIONS

AANMA received in-kind supplies from various donors that directly benefited AANMA and not the individuals who were served by AANMA. Donated supplies are based on the fair market value. Donated supplies are allocated to AANMA's support services and are not donor restricted. For the years ended December 31, 2023 and 2022, the value of in-kind supplies totaled \$0 and \$25,000, respectively.

AANMA received in-kind contributions in the form of advertising and promotion services and professional fees. The donated services were allocated to AANMA's program and support services and are not donor restricted. Such services were valued at the prevailing rates of the donors. For the year ended December 31, 2023 and 2022, AANMA received donated advertising and promotion services and professional fees in the amount of \$104,439, and \$116,161, respectively.

ALLERGY AND ASTHMA NETWORK/MOTHERS OF ASTHMATICS, INC.
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NOTE N - SUBSEQUENT EVENTS

In preparing these financial statements, AANMA's management has evaluated events and transactions for potential recognition or disclosure through September 3, 2024, the date the financial statements were available to be issued. Except as disclosed in Note L, there were no additional events or transactions that were discovered during the evaluation that required further recognition or disclosure.