

**THE JOHN RITTER FOUNDATION
FOR AORTIC HEALTH
FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

**FARBER HASS HURLEY LLP
CERTIFIED PUBLIC ACCOUNTANTS**

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FOR AORTIC HEALTH
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SEPTEMBER 30, 2022**

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of
The John Ritter Foundation for Aortic Health
Los Angeles, California

We have reviewed the accompanying financial statements of The John Ritter Foundation for Aortic Health (a nonprofit foundation), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of The John Ritter Foundation for Aortic Health and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Farber Hass Hurley LLP

Chatsworth, California
August 15, 2023

**THE JOHN RITTER FOUNDATION
FOR AORTIC HEALTH
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2022**

ASSETS

Current assets:		
Cash and cash equivalents	\$	348,817
Investments		7,638
Prepaid expenses		<u>16,056</u>
Total current assets		372,511
Non-current assets:		
Intangible assets, net		<u>78,542</u>
Total assets	\$	<u><u>451,053</u></u>

LIABILITIES AND NET ASSETS

Accrued expenses	\$	<u>16,685</u>
		<u>16,685</u>
Net assets:		
Net assets without donor restrictions		434,368
Net assets with donor restrictions		<u>-</u>
Total net assets		<u>434,368</u>
Total liabilities and net assets	\$	<u><u>451,053</u></u>

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

**THE JOHN RITTER FOUNDATION
FOR AORTIC HEALTH
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<u>Net assets without donor restriction</u>	<u>Net assets with donor restriction</u>	<u>Total</u>
REVENUE AND SUPPORT:			
Donations	\$ 746,064	\$ -	\$ 746,064
Donations in-kind - services	262,500	-	262,500
Total	<u>1,008,564</u>	<u>-</u>	<u>1,008,564</u>
Direct event revenue	7,425	-	7,425
Direct event costs	(25,361)	-	(25,361)
Total	<u>(17,936)</u>	<u>-</u>	<u>(17,936)</u>
Net depreciation in investments	(1,710)	-	(1,710)
Interest and dividend income	153	-	153
Total revenue and support	<u>989,071</u>	<u>-</u>	<u>989,071</u>
EXPENSES:			
Program services	818,359	-	818,359
General and administrative	102,945	-	102,945
Fundraising	297,357	-	297,357
Total expenses	<u>1,218,661</u>	<u>-</u>	<u>1,218,661</u>
Change in net assets	(229,590)	-	(229,590)
Net assets – beginning of year	663,958	-	663,958
Net assets – end of year	<u>\$ 434,368</u>	<u>\$ -</u>	<u>\$ 434,368</u>

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

**THE JOHN RITTER FOUNDATION
FOR AORTIC HEALTH
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Program Services	General and Administrative	Fund Raising	Total
Salaries	\$ 120,382	\$ 60,191	\$ 60,191	\$ 240,764
Payroll taxes	17,790	8,895	8,895	35,580
Total employee costs	138,172	69,086	69,086	276,344
Advertising and marketing	91,474	-	91,474	182,948
Amortization	-	13,963	-	13,963
Bank service charges	-	121	-	121
Computer systems expense	350	1,000	4,735	6,085
Grant expenses	561,015	-	-	561,015
Legal and accounting	-	15,300	-	15,300
Meetings	-	1,000	3,071	4,071
Other expenses	5,113	225	4,632	9,970
NY Marathon expenses	-	-	16,719	16,719
Office expenses	625	1,249	625	2,499
Payroll processing charge	442	221	221	884
Postage and shipping	-	680	1,000	1,680
Printing and promotions	1,030	-	17,659	18,689
Rental	-	-	7,848	7,848
Stripe processing fees	-	-	2,297	2,297
Symposium	-	-	17,875	17,875
Taxes and licenses	-	100	-	100
Travel	20,138	-	28,109	48,247
Venue and catering	-	-	32,006	32,006
Total other expenses	680,187	33,859	228,271	942,317
Total expenses	\$ 818,359	\$ 102,945	\$ 297,357	\$ 1,218,661

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

**THE JOHN RITTER FOUNDATION
FOR AORTIC HEALTH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Cash flows from operating activities:	
Change in net assets	\$ (229,590)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Amortization expense	13,963
Net depreciation on investments	1,710
Change in assets and liabilities:	
Prepaid expenses	(16,056)
Accrued expenses	(3,862)
Cash used by operating activities	<u>(233,835)</u>
Cash flows from investing activities:	
Investment in intangible assets	(75,000)
Purchases of securities	(9,348)
Net cash used in investing activities	<u>(84,348)</u>
Net decrease in cash, cash equivalents	(318,183)
Cash and cash equivalents – beginning of year	<u>667,000</u>
Cash and cash equivalents – end of year	<u><u>\$ 348,817</u></u>
Supplemental cash flow information:	
Interest paid	\$ -
Taxes paid	<u><u>\$ -</u></u>

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

**THE JOHN RITTER FOUNDATION
FOR AORTIC HEALTH
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Foundation

The John Ritter Foundation for Aortic Health (the “Foundation”), is a California non-profit, charitable corporation created in 2003 after the sudden death of John Ritter due to acute aortic dissection. The Foundation is dedicated to improving the identification of individuals at risk for aortic dissections and the treatment of thoracic aortic disease through medical research. The Foundation also seeks to provide accurate information to the general public about the disease and its risk factors, along with support to individuals who have thoracic aortic disease or have lost a loved one to the disease. Finally, the Foundation is dedicated to raising awareness of thoracic aortic disease, including risk factors, proper medical and surgical management, and recognition of symptoms of an acute aortic dissection.

In March 2011, the Foundation entered into an agreement with the University of Texas Health Science Center at Houston to form the John Ritter Program in Thoracic Aortic Disease Research (“JRRP”) which concentrates on research regarding the genetic cause of aortic disease.

Basis of accounting

The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”).

Financial statement presentation

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restriction – net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. The Foundation’s board may designate assets without restrictions for specific purposes from time to time.

Net assets with donor restriction – net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**THE JOHN RITTER FOUNDATION
FOR AORTIC HEALTH
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue and revenue recognition

Sources of revenue

The Foundation derives its revenues from contributions from the general public. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. For the year ending September 30, 2022, there were no donations received with any restrictions and no net assets with donor restrictions.

Contributions and donations

The Foundation recognizes contributions and donations when cash, securities or other assets are received; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

Revenue recognition

The Foundation recognizes revenues upon applying the five-step model: (a) identification of the contract(s) with a customer; (b) identification of the performance obligations in the contract; (c) determination of the transaction price; (d) allocation of the transaction price to performance obligations in the contract; and (e) recognition of revenues when, or as, the contractual obligations are satisfied.

In-kind contributions

From time to time, the Foundation receives in-kind contributions such as professional services, goods, and long-lived assets. Contributions of goods, and long-lived assets are recognized as revenue at a point of time at the estimated fair value, which considers the highest and best use, on the date of donation or when ownership of donated assets is transferred to the Foundation. During the year ending September 30, 2022, no material donated goods were received by the Foundation.

The contribution of services is recognized at a point in time if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Revenues and expenses related to contributed professional services are recognized in equal amounts at their fair market value, as estimated by management. During the year, a number of individuals donated expert services and time to the Foundation; the value of these services has been reflected in the financial statements. Total value of in-kind contribution of services recognized during fiscal year ended September 30, 2022 is \$262,500.

Functional expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and benefits are allocated based on estimates of time and effort. Professional fees are allocated based on full-time equivalent.

**THE JOHN RITTER FOUNDATION
FOR AORTIC HEALTH
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments are carried at their estimated fair values as determined by management in good faith with the assistance of third-party individuals using methods it considers appropriate. Those estimated fair values may differ from the values that would have been used had a ready market for those securities existed. Changes in unrealized gains and losses resulting from changes in fair value, net of investment management fees, are included in the statement of activities as “net appreciation or depreciation in investments”.

Intangible assets

Intangible assets are stated at cost. The Foundation’s policy is to capitalize assets with a cost in excess of \$1,000. Amortization is computed using the straight-line method over the estimated useful lives of the assets between three to five years. As of September 30, 2022, the Foundation had \$13,963 in amortization expenses.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash in bank accounts and investments with an initial maturity of three months or less.

Income taxes

The Foundation has received favorable determination letters from the Internal Revenue Service and the Franchise Tax Board that the Foundation is exempt from Federal and State income tax under Internal Revenue Code Section 501(c)(3) and applicable state statutes. In addition, the Foundation has been classified as an foundation that is not a private foundation under Section 509(a)(2). The accounting principles generally accepted in the United States of America provides accounting and disclosure guidance about positions taken by a foundation in its information returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Foundation in its Federal and State foundation information returns are more likely than not to be sustained upon examination. The Foundation is subject to examinations by U.S. Federal and State tax authorities from 2019 to the present, generally for three years after they are filed.

Advertising and marketing costs

The Foundation expenses its costs for advertising when incurred. For the year ended September 30, 2022, advertising and marketing expense was \$182,948 including \$180,000 in-kind services provided.

Volunteer hours

A substantial number of volunteers have donated significant amounts of time in the Foundation’s program services and in its fundraising campaigns. No amounts have been reflected in the statements for donated services, as no objective basis is available to measure the value of such services.

Estimates and assumptions

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from these estimates.

**THE JOHN RITTER FOUNDATION
FOR AORTIC HEALTH
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value of financial instruments

The carrying amount of cash and cash equivalents approximates fair value because of the liquidity of these instruments. The carrying values of receivables and accrued expenses approximate fair values because of the short maturity of these instruments.

NOTE 2. CASH AND CASH EQUIVALENTS

The Foundation's financial assets as of September 30, 2022 consist of cash totaling \$348,817. There are no contractual or donor-imposed restrictions on the assets and all are available for general use.

The cash balances may exceed the amount of insurance provided on such deposits. The balances are insured by the Federal Deposit Insurance Corporation ("FDIC"). During the year ended September 30, 2022, there were funds that were uninsured. Management does not believe that the Foundation is subject to any unusual financial risk beyond the normal risk associated with commercial banking relationships. The Foundation has not experienced any losses on its deposits of cash and cash equivalents.

NOTE 3. FAIR VALUE MEASUREMENTS

In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, *Fair Value Measurements and Disclosures*, fair value is defined 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. FASB ASC 820 establishes a consistent framework which provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

- Level 2: Inputs to the valuation methodology include:
 - quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets or liabilities in inactive markets;
 - inputs other than quoted prices that are observable for the asset or liability;
 - inputs that are derived principally from or corroborated by observable market data by correlation or other means.

**THE JOHN RITTER FOUNDATION
FOR AORTIC HEALTH
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 3. FAIR VALUE MEASUREMENTS (continued)

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. ASC Topic 820 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. These methods are used on a consistent basis and the Foundation has not made changes in the valuation techniques used.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value:

Mutual Funds: Valued at the closing price reported in the active market in which the individual fund is traded. These funds are required to publish their daily net asset value and to transact at that price.

Money Market Funds: Valued at cost, which approximates fair value.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets and liabilities at fair value as of September 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual Funds:			
Real Estate Funds	\$ 7,638	\$ -	\$ -
Total Mutual Funds	<u>7,638</u>	<u>-</u>	<u>-</u>
Money Market Funds (<i>Included as part of Cash and Cash Equivalents</i>)	44,977	-	-
Total Investments and Cash Equivalents	<u>\$ 52,615</u>	<u>\$ -</u>	<u>\$ -</u>

**THE JOHN RITTER FOUNDATION
FOR AORTIC HEALTH
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 4. RISKS AND UNCERTAINTIES

The Foundation invests in various investment securities (see Note 3). Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those such changes could materially affect the investment balances and the amounts available for appropriation.

NOTE 5. INTANGIBLE ASSETS

The Foundation's intangible asset was comprised of the following at September 30, 2022:

Platform and promotional website	\$ 94,390
Accumulated amortization	(15,848)
	\$ 78,542

NOTE 6. FUNDRAISING EVENTS

The Foundation has the following various fundraising events throughout the year:

	<u>Evening from the heart - LA</u>	<u>Evening from the heart - NY</u>	<u>New York Marathon</u>	<u>Aortic Angel</u>	<u>ADAW</u>	<u>Total</u>
For the year ended September 30, 2022						
Direct Revenue	\$ 4,000	\$ 3,425	\$ -	\$ -	\$ -	\$ 7,425
Less direct benefit to donors	(14,325)	(10,650)	-	(386)	-	(25,361)
Less overhead expenses	(34,336)	(17,632)	(32,436)	(8,290)	(23,146)	(115,840)
Net income (loss) from fundraising for the year ended September 30, 2022	\$ (44,661)	\$ (24,857)	\$ (32,436)	\$ (8,676)	\$ (23,146)	\$ (133,776)

**THE JOHN RITTER FOUNDATION
FOR AORTIC HEALTH
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 7. LIQUIDITY AND CAPITAL RESOURCES

The Foundation's source of liquidity includes cash and cash equivalents and contributions from donors. As of September 30, 2022, the Foundation's working capital is \$348,188. Financial assets available for general expenditure within one year of the balance sheet date, consist of the following:

Current assets:	
Cash and cash equivalents	\$ 348,817
Prepaid Expense	16,056
	<u>364,873</u>
Accrued expenses	16,685
	<u>16,685</u>
Working capital	\$ <u>348,188</u>
Assets limited to use:	
Donor restricted	-
	<u>-</u>

The Foundation does not have assets restricted for specific purposes as of September 30, 2022.

In addition, the Foundation operates with a balanced budget and anticipates collecting revenue to cover general expenditures not covered by donor restricted resources. Refer to the statement of cash flows, which identifies the sources and uses of the Foundation's cash and positive cash generated by operations for fiscal year 2022.

NOTE 8. RELATED PARTIES

The Foundation engages in related party transactions with board members and affiliated organizations resulting from related party support through contributions, as well as grant expenses contributed to affiliated organizations. Certain contributions received by the Foundation may be re-granted to affiliated organization to carry out program objectives.

During the year ended September 30, 2022, the Foundation received \$112,375 of contributions from their board members.

At times, the Foundation re-grants contributions received from donors to their affiliates to carry out certain projects. During the year ended September 30, 2022, the Foundation recognized approximately \$265,000 of grant expenses to affiliated organizations. As of September 30, 2022, the Foundation has \$- due from its affiliates.

**THE JOHN RITTER FOUNDATION
FOR AORTIC HEALTH
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 9. SUBSEQUENT EVENTS

In preparing the financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through August 15, 2023, the date that the financial statements were available to be issued.