THE JOHN RITTER FOUNDATION

FOR AORTIC HEALTH

FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

FARBER HASS HURLEY LLP
CERTIFIED PUBLIC ACCOUNTANTS

THE JOHN RITTER FOUNDATION
FOR AORTIC HEALTH
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SEPTEMBER 30, 2023

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FARBER HASS HURLEY LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of The John Ritter Foundation for Aortic Health, which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year 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 The John Ritter Foundation for Aortic Health as of September 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. 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 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The John Ritter Foundation for Aortic Health's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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, including omissions, 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 The John Ritter Foundation for Aortic Health's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The John Ritter Foundation for Aortic Health’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.



Farber Hass Hurley LLP

Chatsworth, California
August 15, 2024

THE JOHN RITTER FOUNDATION
FOR AORTIC HEALTH
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2023

ASSETS

Current assets:		
Cash	$	215,405
Pledge receivable		25,000
Other receivables		5,522
Other current assets		10,350
Total current assets		256,277
Non-current assets:		
Intangible assets, net		149,020
Investments		45,033
Total non-current assets		194,053
Total assets	$	450,330

LIABILITIES AND NET ASSETS

Accrued expenses	$	35,269
		35,269
Net assets:		
Net assets without donor restrictions		360,061
Net assets with donor restrictions		55,000
Total net assets		415,061
Total liabilities and net assets	$	450,330

The accompanying notes are an integral part of this financial statement.

THE JOHN RITTER FOUNDATION
FOR AORTIC HEALTH
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Net assets without donor restriction	Net assets with donor restriction	Total
REVENUE AND SUPPORT:			
Donations - cash	$ 897,459	$ 85,000	$ 982,459
Donations in-kind - services	391,944	-	391,944
Donated stock	37,388	-	37,388
Donated goods	10,350	-	10,350
Total	1,337,141	85,000	1,422,141
SPECIAL EVENTS:			
Direct event revenue	27,006	-	27,006
Direct event costs	(94,264)	-	(94,264)
Total	(67,258)	-	(67,258)
Net investment return	71	-	71
Net assets released from restrictions	30,000	(30,000)	-
Total revenue and support	1,299,954	55,000	1,354,954
EXPENSES:			
Program services	1,066,894	-	1,066,894
General and administrative	125,245	-	125,245
Fundraising	182,122	-	182,122
Total expenses	1,374,261	-	1,374,261
Change in net assets	(74,307)	55,000	(19,307)
Net assets – beginning of year	434,368	-	434,368
Net assets – end of year	$ 360,061	$ 55,000	$ 415,061

The accompanying notes are an integral part of this financial statement.

THE JOHN RITTER FOUNDATION
FOR AORTIC HEALTH
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Program Services	General and Administrative	Fund Raising	Total
Salaries	$ 247,972	$ 42,940	$ 79,563	$ 370,475
Payroll taxes	20,399	3,800	5,443	29,642
Total employee costs	268,371	46,740	85,006	400,117
Advertising and marketing	235,620	-	10,000	245,620
Amortization	45,000	-	7,111	52,111
Aorta advocates	58,128	-	-	58,128
Auction expenses	-	-	4,456	4,456
Awareness	26,236	-	-	26,236
Bank service charges	-	3,486	3,253	6,739
Computer systems expense	10,000	11,910	-	21,910
Conference strategy	18,142	-	-	18,142
Dues and subscriptions	10,000	2,771	-	12,771
Educational webinars	1,940	-	-	1,940
Gifts	-	-	2,398	2,398
Grant expenses	365,162	-	-	365,162
LA marathon expenses	-	-	2,010	2,010
Legal and accounting	-	46,744	-	46,744
Meetings	2,500	3,311	2,679	8,490
NY marathon expenses	-	-	12,448	12,448
Office expenses	-	5,263	-	5,263
Other fundraising expenses	-	-	2,746	2,746
Other program expenses	3,015	-	-	3,015
Payroll processing charge	1,315	245	355	1,915
Postage and shipping	1,312	1,000	-	2,312
Printing and promotions	2,200	250	2,251	4,701
Program expenses - ADAW	17,377	-	-	17,377
Recording on media	-	-	8,971	8,971
Storage	297	297	-	594
Telephone	279	279	-	558
Taxes and licenses	-	125	-	125
Travel	-	2,824	38,438	41,262
Total other expenses	798,523	78,505	97,116	974,144
Total expenses	$ 1,066,894	$ 125,245	$ 182,122	$ 1,374,261

The accompanying notes are an integral part of this financial statement.

THE JOHN RITTER FOUNDATION
FOR AORTIC HEALTH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Cash flows from operating activities:		
Change in net assets	$	(19,307)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Amortization expense		52,111
Net investment return		(71)
Donated stock		(37,388)
Donated services capitalized		(122,590)
Change in assets and liabilities:		
Other receivables		(30,522)
Prepaid expenses		16,056
Other assets		(10,350)
Accrued expenses		18,649
Cash used by operating activities		(133,412)
Net decrease in cash, cash equivalents		(133,412)
Cash and cash equivalents – beginning of year		348,817
Cash and cash equivalents – end of year	$	215,405
Supplemental cash flow information:		
Interest paid	$	-
Taxes paid	$	-
Donated services capitalized	$	122,590

The accompanying notes are an integral part of this financial statement.

THE JOHN RITTER FOUNDATION
FOR AORTIC HEALTH
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of operations

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.

As permitted, the Foundation does not use fund accounting

Cash and cash equivalents

Cash and cash equivalents consist of cash in bank accounts.

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, 2023, there were $85,000 in donations received with restrictions, of which $55,000 are in net assets with donor restrictions as of September 30, 2023.

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, 2023, donated goods received by the Foundation totaled $80,792, with $10,350 remaining as of September 30, 2023 under Other Assets.

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, 2023, is $391,944, which includes $122,590 in donated services capitalized.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Stock contributions

Periodically, the Foundation receives contributions in the form of stock. The fair market value of the donated stock on the date of the donation is recognized as contribution revenue. If the donor placed a restriction on the donation of the stock, the fair market value of that stock on the date of the donation is recorded as restricted. Total value of stock contributions during fiscal year ended September 30, 2023, is $37,388, including $5,000 with restrictions. Management has no intention of selling these investments within next twelve months.

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.

Investments

The Foundation invests in various investment securities. 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 values of investment securities will occur in the near term and such changes could materially affect the Foundation's account balances and amounts included on the Statement of Financial Position. 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 two to five years. As of September 30, 2023, the Foundation had $52,111 in amortization expenses.

Tax-exempt status

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 a 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 2020 to the present, generally for three years after they are filed.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising and marketing costs

The Foundation expenses its costs for advertising when incurred. For the year ended September 30, 2023, advertising and marketing expense was $245,620 including $245,410 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.

Use of estimates

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.

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. Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for discussion of fair value measurements.

NOTE 2. CASH AND CASH EQUIVALENTS

The Foundation's financial assets as of September 30, 2023, consist of cash totaling $215,405. There are no contractual or donor-imposed restrictions on the assets, and all are available for general use, except for $55,000 with donor restrictions as of September 30, 2023.

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, 2023, 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

Fair value of financial instruments

Fair value of financial instruments including cash and accrued expenses are stated at cost, which approximates fair value due to the short-term nature of these items. Framework for measuring fair value provides a 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 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are as follows:

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.

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 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. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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

Common stocks: Valued at the closing price reported in the active market in which the individual securities are traded.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission ("SEC"). These funds are required to publish their daily Net Asset Value ("NAV") and to transact at that price.

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

NOTE 3. FAIR VALUE MEASUREMENTS (continued)

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, 2023:

	Level 1	Level 2	Level 3	Total
Stocks:				
Common stock	$ 7,742	-	-	$ 7,742
Total common stock	7,742	-	-	7,742
Mutual Funds:				
Mutual funds	36,728	$ -	$ -	36,728
Total Mutual Funds	36,728	-	-	36,728
Money Market Funds	563	-	-	563
Total Investments and Cash Equivalents	$ 45,033	$ -	$ -	$ 45,033

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. PLEDGE RECEIVABLE

The Foundation received a restricted donation in the amount of $50,000 from its founder to be used for grant writing. The donation was to be divided in two installments of $25,000. The first installment was received prior to September 30, 2023, and the second installment is due within twelve months of the year end. As of September 30, 2023, the Foundation had $25,000 in pledge receivable.

NOTE 6. INTANGIBLE ASSETS

The Foundation's intangible asset was comprised of the following at September 30, 2023:

Platform and promotional website	$ 216,979
Accumulated amortization	(67,959)
	$ 149,020

NOTE 7. FUNDRAISING EVENTS

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

	Evening from the heart - LA	Evening from the heart - NY	New York Marathon	LA 5K	Run for Aortic Health	Dallas Bowlathon	Total
For the year ended September 30, 2023							
Direct Revenue	$ 15,301	$ 6,825	$ -	$ -	$ -	$ 4,880	$ 27,006
Less direct benefit to donors	(63,577)	(12,974)	(8,584)	-	-	(9,129)	(94,264)
Less overhead expenses	(11,501)	(7,674)	(43,641)	(3,157)	(10,120)	(156)	(76,249)
Net income (loss) from fundraising for the year ended September 30, 2023	$ (59,777)	$ (13,823)	$ (52,225)	$ (3,157)	$ (10,120)	$ (4,405)	$ (143,507)

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, 2023, the Foundation received $598,643 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, 2023, the Foundation recognized approximately $100,000 of grant expenses to affiliated organizations. As of September 30, 2023, the Foundation has $- due from its affiliates.

NOTE 9. LIQUIDITY AND CAPITAL RESOURCES

The Foundation's source of liquidity includes cash and cash equivalents and contributions from donors. As of September 30, 2023, the Foundation's working capital is $171,008. Financial assets available for general expenditure within one year of the balance sheet date, consist of the following:

Current assets:		
Cash	$	215,405
Pledge receivables		25,000
Other receivables		5,522
Other current assets		10,350
Donor restricted assets included in cash		(50,000)
		206,277
Accrued expenses		35,269
		35,269
Working capital	$	171,008

The Foundation has a total of $55,000 in assets restricted for specific purposes as of September 30, 2023.

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 2023.

NOTE 10. SUBSEQUENT EVENTS

In preparing the financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through August 15, 2024, the date that the financial statements were available to be issued.