UNITED NETWORK FOR ORGAN SHARING AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

As of and for the Year Ended September 30, 2023
(With Summarized Comparative Totals for 2022)

And Report of Independent Auditor

Cherry Bekaert LLP
Your Guide Forward

UNITED NETWORK FOR ORGAN SHARING AND SUBSIDIARY
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Report of Independent Auditor

To the Board of Directors
United Network for Organ Sharing and Subsidiary
Richmond, Virginia

Opinion

We have audited the accompanying consolidated financial statements of United Network for Organ Sharing and Subsidiary (UNOS - a nonprofit organization) (the "Organization"), which comprise the consolidated statement of financial position as of September 30, 2023, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2023, and the changes in 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 *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of the Organization 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 Organization'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 consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Report on Summarized Comparative Information
We have previously audited the Organization's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 1, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters
As discussed in Note 1 to the consolidated financial statements, the Organization's primary source of revenue is one contract with a department of the United States. Non-renewal of the contract would materially affect the activities and financial position of the Organization.

Other Information
Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2024, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Richmond, Virginia
January 18, 2024

UNITED NETWORK FOR ORGAN SHARING AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEPTEMBER 30, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2022)

	2023	2022
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 21,093,189	$ 28,428,346
Restricted cash	16,126,990	20,577,464
Investments	16,530,847	14,757,715
Restricted investments	15,620,099	13,937,752
Accounts receivable, net	13,125,346	12,162,807
Prepaid expenses	4,162,564	4,278,566
Total Current Assets	86,659,035	94,142,650
Property and equipment, net	19,595,409	21,332,607
Other assets	489,934	589,341
Total Assets	$ 106,744,378	$ 116,064,598
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Current maturities of bonds payable	$ 670,000	$ 645,000
Accounts payable and accrued expenses	10,569,095	6,143,144
Health insurance liability	1,516,349	1,109,412
Due to National Organ Procurement Transplantation Network	26,847,958	39,227,603
Total Current Liabilities	39,603,402	47,125,159
Long-Term Liabilities:		
Bonds payable, less current portion	2,145,000	2,815,000
Total Liabilities	41,748,402	49,940,159
Net Assets:		
Without donor restrictions	63,995,828	65,848,049
With donor restrictions	1,000,148	276,390
Total Net Assets	64,995,976	66,124,439
Total Liabilities and Net Assets	$ 106,744,378	$ 116,064,598

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

UNITED NETWORK FOR ORGAN SHARING AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2022)

	OPTN	Network and Member Services	Management and General	Fundraising	2023 Total	Comparative 2022 Total
Change in Net Assets Without Donor Restrictions:						
Revenue and Other Support:						
OPTN patient registration fees	$ 71,805,579	$ -	$ -	$ -	$ 71,805,579	$ 53,270,348
Government grant - OPTN	6,500,000	-	-	-	6,500,000	6,827,506
UNOS fees	-	6,619,800	-	-	6,619,800	7,719,672
Contributions	-	-	-	514,078	514,078	662,585
Scientific and data analysis services	-	1,936,784	-	-	1,936,784	1,903,814
Regional and transplant forums	-	22,650	-	76,650	99,300	879,757
Miscellaneous	-	1,621,007	-	-	1,621,007	3,320,218
Satisfaction of program restrictions	-	587,092	-	-	587,092	711,394
Total Revenues Without Donor Restrictions	$ 78,305,579	$ 10,787,333	$ -	$ 590,728	$ 89,683,640	$ 75,295,294
Expenses:						
Salaries	$ 31,022,608	$ 4,802,649	$ 5,538,602	$ 421,156	41,785,015	35,192,567
Employee benefits and payroll taxes	13,116,517	2,921,816	2,640,430	208,301	18,887,064	16,663,024
Temporary help	530,470	(19,975)	83,164	23,976	617,635	127,163
Meetings and travel	2,894,118	1,438,019	126,598	20,954	4,479,689	2,281,710
Professional education programs and projects	6,827	-	-	-	6,827	20,221
Other purchased services	9,751,651	3,912,827	1,232,402	-	14,896,880	9,034,102
Telephone, telecommunications, and utilities	-	114,302	348,791	-	463,093	829,056
Equipment leases	-	-	113,857	-	113,857	94,961
Subscriptions and software	4,607,948	589,397	-	-	5,197,345	3,460,231
Repairs and maintenance	1,233,717	137,079	381,059	-	1,751,855	1,423,731
Depreciation and amortization	1,238,033	(123,333)	1,079,942	-	2,194,642	2,374,872
Indirect costs and benefit adjustment	13,381,717	-	(13,381,717)	-	-	-
Other	521,973	427,666	2,201,523	136,021	3,287,183	2,897,386
Total Expenses	$ 78,305,579	$ 14,200,447	$ 364,651	$ 810,408	93,681,085	74,399,024
Revenues (under) over Expenses					(3,997,445)	896,270
Investment return, net					2,165,628	(3,155,395)
Unrealized gain (loss) on insurance					5,320	(70,793)
Loss on disposal of property and equipment					(25,724)	-
Change in Net Assets Without Donor Restrictions					(1,852,221)	(2,329,918)
Change in Net Assets With Donor Restrictions:						
Contributions					1,310,850	906,550
Net assets released from restrictions					(587,092)	(711,394)
Change in Net Assets With Donor Restrictions					723,758	195,156
Change in net assets					(1,128,463)	(2,134,762)
Net assets, beginning of year					66,124,439	68,259,201
Net assets, end of the year					$ 64,995,976	$ 66,124,439

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

UNITED NETWORK FOR ORGAN SHARING AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED SEPTEMBER 30, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2022)

	2023	2022
Cash flows from operating activities:		
Change in net assets	$ (1,128,463)	$ (2,134,762)
Adjustments to reconcile changes in net assets to net cash flows from operating activities:		
Depreciation and amortization	2,194,642	2,374,872
Bad debt expense	62,576	159
Loss on disposal of property and equipment	25,724	-
(Gain) loss on insurance values	(5,320)	70,793
Realized and unrealized (gain) loss on investments, net	(1,839,939)	3,155,395
Change in operating assets and liabilities:		
Accounts receivable	(1,025,115)	1,030,522
Prepaid expenses	116,002	(1,737,102)
Other assets	104,727	39,149
Accounts payable and accrued expenses	4,425,951	1,575,773
Health insurance liability	406,937	233,005
Due to National Organ Procurement Transplantation Networ	(14,061,991)	6,297,443
Deferred grant revenue - Paycheck Protection Program loar	-	(7,250,000)
Net cash flows from operating activities	(10,724,269)	3,655,247
Cash flows from investing activities:		
Purchases of property and equipment	(483,168)	(1,135,046)
Proceeds from the sale of Investments	1,624,753	213,396
Purchases of investments	(1,557,947)	(206,348)
Net cash flows from investing activities	(416,362)	(1,127,998)
Cash flows from financing activities:		
Repayments of bonds and notes payables	(645,000)	(625,000)
Net cash flows from financing activities	(645,000)	(625,000)
Change in cash, cash equivalents, and restricted cash	(11,785,631)	1,902,249
Cash, cash equivalents, and restricted cash, beginning of year	49,005,810	47,103,561
Cash, cash equivalents, and restricted cash, end of year	$ 37,220,179	$ 49,005,810
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	$ 173,636	$ 81,566
Cash paid during the year for income taxes	$ 3,365	$ 10,341
Supplemental disclosures of noncash investing activities:		
Appreciation on restricted investments due to OPTN	$ (1,682,346)	$ (2,981,321)
Supplemental disclosures - cash, cash equivalents, and restricted cash:		
Cash and cash equivalents	$ 21,093,189	$ 28,428,346
Restricted cash	16,126,990	20,577,464
Cash, cash equivalents, and restricted cash, end of year	$ 37,220,179	$ 49,005,810

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

Note 1—Organization and nature of operations

United Network for Organ Sharing and Subsidiary ("UNOS" or the "Organization"), a Virginia non-stock, not-for-profit corporation, operates the National Organ Procurement and Transplantation Network ("OPTN") established by the National Organ Transplantation Act passed by the U.S. Congress in 1984. Through a contract with the Health Resources and Services Administration ("HRSA") of the Department of Health and Human Services ("DHHS") (the "OPTN Contract"), the Organization functions as the sole national network whose mission is to improve the effectiveness of the United States organ procurement and transplantation system and to provide for the fair and equitable distribution of all donated organs. To carry out this mission, the Organization maintains a computerized database to identify potential transplant recipients and to provide for the systematic matching of donated organs with such recipients. The Organization is staffed 24 hours a day, 7 days a week, with specialists trained in assisting transplant centers and in administering Board of Directors-approved organ allocation policies. All organ procurement organizations and transplant facilities in the United States are required to be members of OPTN. The Organization's Board of Directors is currently made up of 42 voting members elected from the Organization's membership and the general public.

On September 12, 2013, the Organization was awarded an OPTN Contract from HRSA for the period September 30, 2013 through September 29, 2014, with additional one-year options to extend the OPTN Contract to September 29, 2015, 2016, 2017, and 2018, and a six-month option to extend the OPTN Contract from October 1, 2018 through March 31, 2019. On November 3, 2018, the Organization was awarded the latest OPTN Contract from HRSA for the period April 1, 2019 through September 29, 2019, with additional one-year options to extend the OPTN Contract to September 29, 2020, 2021, 2022, and 2023.

During fiscal year 2023, HRSA exercised its unilateral right to extend the contract for an additional six months, which is what occurred at the end of the previous contract period. The contract was extended through March 2024 with four twelve-month extension options following the six-month extension. The OPTN Contract is the primary source of revenue for the Organization. If the Organization is not awarded the OPTN Contract extensions, its future operations would be materially and adversely affected.

On August 3, 2023, the Organization established Chorus, LLC ("Chorus"), a wholly-owned subsidiary located in Richmond, Virginia. Chorus was organized under Section 501(c)(3) of the Internal Revenue Code of 1986 and its purpose is to operate exclusively for charitable, scientific, or education purposes.

Note 2—Summary of significant accounting policies

Basis of Accounting – The accompanying consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis of Presentation – The consolidated financial statements include certain prior year summarized comparative information in total but not by functional category. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the consolidated financial statements as of and for the year ended September 30, 2023, from which the summarized information was derived.

Principles of Consolidation – The consolidated financial statements include the accounts of Chorus. All significant intercompany accounts and transactions have been eliminated in consolidation.

Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Costs that are billed under the provisions of the OPTN Contract are reflected as costs of the program. Network and member services include items such as educational initiatives to increase organ donation and other non-contract expenses.

Note 2—Summary of significant accounting policies (continued)

Certain categories of expenses are attributable to more than one program or supporting service function and are allocated on a reasonable basis that is consistently applied through judgement and estimation.

The major expense categories include the following:

Expense	Method of Allocation
Salaries and benefits	Time and effort
Information technology	Specific use
Other purchased services	Direct expense
Depreciation	Useful life and contract language
Repairs and maintenance	Direct expense

Use of Estimates – The preparation of the consolidated financial statements in conformity with U.S. GAAP 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

Net Assets – The Organization's net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization are classified and reported as follows:

> *Without Donor Restrictions* – Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions that may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties.
>
> *With Donor Restrictions* – Net assets whose use by the Organization is subject to donor-imposed stipulations. Some donor-imposed stipulations are temporary in nature and can be fulfilled by actions of the Organization pursuant to those stipulations or expire by the passage of time. Other donor-imposed restrictions are perpetual in nature and should be maintained in perpetuity by the Organization. At September 30, 2023, no amounts were required to be held in perpetuity.

Cash and Cash Equivalents – Cash and cash equivalents include cash on hand, cash in banks, and highly liquid cash management funds with an original maturity of three months or less.

Restricted Cash and Investments – Restricted cash and investments represent those funds that have been collected from OPTN members on behalf of the OPTN, for which cost reimbursement vouchers have not been submitted to the DHHS, or contributions received subject to donor-imposed stipulations.

Concentrations of Credit Risk – The Organization places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation provides insurance coverage up to $250,000 for substantially all depository accounts. The Organization from time to time may have amounts on deposit in excess of the insured limits. As of September 30, 2023 and 2022, the Organization had $36,977,554 and $48,884,531 respectively, in deposits that exceeded these insured amounts.

Historically, the Organization has not experienced significant losses related to accounts receivable and, therefore, believes that the credit risk related to accounts receivable is minimal. The Organization derived approximately 86% and 80% of its revenue without donor restrictions from government contracts for the years ended September 30, 2023 and 2022, respectively.

Note 2—Summary of significant accounting policies (continued)

Investments – The Organization accounts for investments in accordance with Financial Accounting Standards Board ("FASB") guidance on accounting for investments held by not-for-profit organizations. The guidance requires certain investments to be reflected at fair value in the statement of financial position. The fair value of investments is determined by an independent market valuation service using quoted closing prices at the end of the period. Interest income and dividends are recorded on the accrual basis. Investments are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the risks in the near term could materially affect amounts reported in the consolidated financial statements.

Property and Equipment – Property and equipment are carried at historical cost, less accumulated depreciation. Depreciation is calculated using the straight-line method over the assets estimated useful lives of 39 years for the building, 3 to 15 years for furniture and non-computer equipment, and 3 to 5 years for computer equipment. Expenditures of less than $5,000 for property and equipment are expensed as incurred. The cost and accumulated depreciation applicable to assets retired or sold are removed from the respective accounts, and gains or losses thereon are included in changes in net assets.

The carrying value of property and equipment is evaluated when certain events or changes in circumstances indicate that the carrying amount may exceed fair value. Fair value is calculated by estimating cash flows produced by the assets over their remaining useful lives. If undiscounted projected cash flows are less than the carrying amount, an impairment would be recognized. No impairments were identified during 2023.

Income Taxes – The Organization has been granted an exemption from federal income taxes under Internal Revenue Code Section 501(c)(3) except for income generated from unrelated business activities. Unrelated business activities include rental income on debt financed property and travel agency services. Income tax benefit on losses from these activities was $3,365 for the year ended September 30, 2023. Income tax benefit on losses from these activities was $10,341 for the year ended September 30, 2022. The Organization's tax returns are generally subject to examination for three years after the later of the due date or date of filing.

Due to OPTN – Due to OPTN represents total OPTN registrations billed to OPTN members, less OPTN registration funding claimed by the Organization on the OPTN vouchers submitted to DHHS.

Compensated Absences – The Organization accrues a provision for vacation and holiday pay due to employees, which is reflected in accounts payable and accrued expenses on the statement of financial position.

Donated Services – The Organization recognizes donated services as contributions in accordance with guidance issued by FASB. Under this guidance, such services are recorded if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Gifts-In-Kind – Gifts-in-kind revenue is recognized in accordance with FASB Accounting Standards Codification ("ASC") 958-605. In circumstances in which the Organization distributes gifts-in-kind as part of its programs, it reports an expense which is reported in the functional classification for the program in which the gifts-in-kind were used. The Organization did not receive gifts-in-kind contributions of goods used for special events for the years ended September 30, 2023 or 2022.

Note 2—Summary of significant accounting policies (continued)

Health Insurance – In January 2018, the Organization switched from a fully-insured health insurance plan for employees to a self-funded plan. There is no limit per claim on the Organization's self-insured health insurance. The specific stop loss limit as of September 30, 2023 and 2022 is $150,000. The estimated liability as of September 30, 2023 and 2022 is $1,516,349 and $1,109,412 respectively, and is reported as health insurance liability in the accompanying consolidated statement of financial position.

Revenue Recognition – The Organization recognizes revenue in accordance with FASB ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 established principles for recognizing revenue upon the transfer of promised goods or services to customers, in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The Organization recognizes revenue from contracts as services are provided, which corresponds to the year in which the performance obligations for services are rendered (see Note 3).

Adopted Accounting Pronouncements – As of October 1, 2022, the Organization adopted the provisions of FASB ASU 2016-02, *Leases*, which requires the Organization to recognize leased assets and liabilities on the balance sheet for the rights and obligations created by those leases. There was no material impact on the consolidated financial statements as a result of this adoption.

Recent Accounting Pronouncements Not Yet Adopted – In June 2016, FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326)* and subsequently related amendments (ASU 2018-19, ASU 2019-04, ASU 2019-05, ASU 2019-10, ASU 2019-11, and ASU 2022-02). This guidance replaces the existing incurred loss impairment guidance and established a single allowance framework for financial assets carried at amortized cost based on expected credit losses. The estimate of expected credit losses requires the incorporation of historical information, current conditions, and reasonable and supportable forecasts. This ASU will be effective for the year ending September 30, 2024. The Organization is currently evaluating the effect the adoption of this ASU will have on the consolidated financial statements.

Note 3—Revenue recognition

The Organization oversees the OPTN as their primary source of revenue. Related revenue directly related to administering the OPTN accounts for over 79% of the total revenue for the year ended September 30, 2023 which includes the OPTN Patient Registration Fees, Government appropriated funds, and UNOS Fees. Other revenue streams include scientific and data services, grants, and educational forums which are a direct result of the Organization's role in being the OPTN contractor. Items such as contributions are strictly an UNOS engagement, as soliciting contributions are excluded from the OPTN Contract.

The Organization's revenue streams consist of the following:

OPTN Registration Fees – Member organizations are billed monthly based on data obtained from the Organization's registration system for all registrations added in the previous month at the federally approved fee. When the OPTN registration fee is billed to the member organizations, no revenue is recognized at this stage. As the Organization performs the work under the contract with the DHHS, the Organization submits a monthly voucher that details all of the direct labor costs, direct purchased costs, indirect, administrative costs, a fringe benefit rate, and an indirect cost rate. When HRSA approves the voucher, the revenue is recognized. At that time, the Organization determines the conditions of the contract have been satisfied. The transaction price for the OPTN registration fee is set each year and ultimately approved by the Secretary of HHS. Revenue from each registration is recognized at a point in time because the customer benefits from and consumes the services immediately. Services provided for OPTN registrations is considered a single performance obligation that is a series of individually distinct goods or services. Indirect rates are billed based on provisional rates which are trued up upon receipt of approved final rates. During 2023, the Organization recorded an indirect rate adjustment related to the years ended September 30, 2023 and 2022 in the amount of $2,429,272 and $2,362,671, respectively.

Note 3—Revenue recognition (continued)

UNOS Fees – The UNOS fee is a monthly charge based on additional work to include analysis and data related services provided to all transplant community members that the Organization bills to those same member organizations that received an OPTN fee and is solely a UNOS based fee. Transplant community members who register patients each month receive a UNOS fee invoice that aligns with the number of registrations from the prior month, similar in timing to the OPTN billing practice. UNOS fee revenue is recognized immediately as revenue as all of the services have been provided at the time of billing. The transaction price for the UNOS fee is set each year and ultimately approved by the UNOS Board of Directors. Revenue from each UNOS fee is recognized at a point in time because the customer benefits from and consumes the services immediately. UNOS fee revenue is a single performance obligation that is a series of individually distinct goods or services.

Government Contract – As a result of this contract being a cost reimbursement contract, monthly costs are compiled together to create an invoice to the federal government. Costs incurred under the provisions of the contract are reflected as costs of the program. Under this contract, the government pays the amount based on a floating cost sharing agreement, equivalent to approximately between 10% and 11% of total contract expense, and the remainder is paid through collected organ listing registration fees that are drawn out of the OPTN bank account, which is managed and collected by the Organization on behalf of OPTN. The annual amount of revenue can be split into two categories. In the first category of revenue, the fixed amount of revenue from the federal government is part of the formal federal government. The fiscal year budget is negotiated and agreed to at the execution of the 5-year OPTN Contract. Revenue is recognized over the life of the contract as the Organization performs the required monthly services. In the second category of revenue, HRSA has the option to request and execute optional tasks under the contract, which is also negotiated at the execution of the 5-year OPTN Contract. The contract specifies that based on the estimated size of the work, a specific revenue amount has been previously calculated. Revenue is recognized over time as services are performed under the contract.

Scientific and Data Analysis Services – Individual contracts between the Organization and other organizations for a variety of work including collaborative registries, post-market study registries, research consulting, logistics, transplant analytics, and scientific data and analysis. Each hour is distinct, and revenue is recognized over time and substantially the same with the same pattern of transfer. Services provided by each hourly contract employee is a single performance obligation that is a series of individually distinct goods or services. The Organization charges up-front fees for development costs. Revenue is recognized over the life of the contract. Contracts are billed accorded to the agreement in each contract.

Miscellaneous Revenue – Other services that may be subject to unrelated business income tax as non-mission focused services and are recognized as revenue as the service is rendered.

Contributions revenue with donor restrictions represents funds received through a gift or grant that are restricted by the donor to be expended for a specific purpose and are recognized as revenue when received. The satisfaction of the restrictions is reported as increases to net assets without donor restrictions and decreases to net assets with donor restrictions under net assets released from restrictions. If the expiration of restrictions occurs in the same fiscal year as the contribution is received, the contributions are shown as increases in net assets without donor restrictions. Expenses are reported as decreases in net assets without donor restrictions.

Note 4—Liquidity and availability of resources

The following represents financial assets at September 30, 2023 and 2022:

	2023	2022
Financial assets at year-end:		
Cash and cash equivalents	$ 21,093,189	$ 28,428,346
Restricted cash	16,126,990	20,577,464
Investments	16,530,847	14,757,715
Restricted investments	15,620,099	13,937,752
Accounts receivable, net	13,125,346	12,162,807
	82,496,471	89,864,084
Less amounts not available to be used for general expenditures within one year:		
Restricted cash	(16,126,990)	(20,577,464)
Restricted investments	(15,620,099)	(13,937,752)
Restricted by donors for specific purposes	(1,000,148)	(276,390)
Internally designated for debt service	(105,316)	(85,078)
Reimbursements for previously incurred OPTN Contract expenses	(541,667)	(1,139,213)
Financial assets available to meet general expenditures within one year	$ 49,102,251	$ 53,848,187

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures relating to its mission-related activities and supporting services to be general expenditures. Additionally, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by the OPTN Contract.

As discussed in Note 2 of the consolidated financial statements, certain financial assets are restricted for use by the OPTN Contract. This results when collection of OPTN registration fees exceed the reimbursable costs incurred at a given point in time by the Organization. The Organization has determined that the use of restricted cash and investments amounts will be for mission-related activities within one year and, accordingly, these amounts are included in financial assets available to meet general expenditures within one year.

In addition to financial assets available to meet general expenditures within one year, the Organization, through its budgeting process, anticipates collecting sufficient registration fees to cover general expenditures that are not covered by reimbursements from the OPTN Contract.

Note 5—Investments

Investments at fair market value as of September 30 consist of the following:

Investments	$	16,530,847	$	14,757,715
Restricted investments		15,620,099		13,937,752
Total investments	$	32,150,946	$	28,695,467

Investments	$	16,530,847	$	14,757,715
Restricted investments		15,620,099		13,937,752
Total investments	$	32,150,946	$	28,695,467

All investments are short-term as of September 30, 2023 and 2022.

Investment income (loss) for the years ended September 30 consisted of the following:

		2023		2022
Unrealized gains (losses)	$	1,744,403	$	(3,155,395)
Realized losses		(472,621)		-
Dividends and interest		893,846		-
	$	2,165,628	$	(3,155,395)

Note 6—Accounts receivable

Accounts receivable as shown in the accompanying statement of financial position as of September 30 consists of the following:

		2023		2022
OPTN registration fees	$	10,118,677	$	9,416,985
UNOS membership fees		1,158,531		1,342,209
Government contracts		541,667		1,139,213
Other		1,361,147		264,400
Allowance for doubtful accounts		(54,676)		-
	$	13,125,346	$	12,162,807

Accounts receivable consist of OPTN registration fees, UNOS fees, government contracts, and other receivables and are carried at original amounts. Other receivables primarily consist of amounts due to the Organization from non-affiliate entities that are associated with the Organization as a result of various transactions that were entered into prior to year-end but have not yet been received as of September 30, 2023. An allowance for doubtful accounts is maintained to provide for the estimated amount of receivables that will not be collected. The allowance is based on customer creditworthiness, historical payment experience, and the age of outstanding receivables. The Organization charges off uncollectible receivables against the allowance when the likelihood of collection is remote. As of September 30, 2023 and 2022, the allowance for doubtful accounts totaled $54,676 and $-0-, respectively. Bad debt expense totaled $62,576 and $159 for the years ended September 30, 2023 and 2022, respectively, and is included in other expenses in the consolidated statement of activities.

Note 7—Property and equipment

Cost and accumulated depreciation as of September 30 are summarized as follows:

	2023	2022
Land	$ 1,113,000	$ 1,113,000
Building	25,237,943	25,240,503
Donor memorial	1,714,512	1,714,512
Computer hardware	19,494,652	19,846,837
Furniture and other equipment	2,372,167	3,526,627
Other fixed assets	92,360	588,931
	50,024,634	52,030,410
Less accumulated depreciation	(30,429,225)	(30,697,803)
Property and equipment, net	$ 19,595,409	$ 21,332,607

Depreciation expense related to property and equipment for the years ended September 30, 2023 and 2022 was $2,194,642 and $2,374,872, respectively.

Note 8—Accounts payable and other accrued expenses

As of September 30, accounts payable and other accrued expenses consist of the following:

	2023	2022
Trade	$ 2,899,835	$ 1,109,035
Other accounts payable	140,472	154,728
Accrued operating expenses	4,284,670	1,688,781
Accrued compensation absences	3,244,118	3,190,600
	$ 10,569,095	$ 6,143,144

Note 9—Long-term liabilities

In December 2010, the Organization paid off the 2002 bonds payable originally issued in the amount of $12,000,000, which were used to finance the construction of the corporate headquarters and obtained $9,720,000 from the issuance of the 2010 bonds payable. Interest is payable on the 2010 bonds payable on the first day of each month. Interest rates were initially determined on the 2010 bonds payable based on a weekly rate as determined by the bank serving as agent for the bond issuance. The Organization has the option to convert the rate to a term rate, as defined, for two or more semi-annual periods, which is determined by the bank such that there is no premium or discount on conversion. The Organization also has the option to convert the rate to a fixed rate to maturity, which is determined by the bank, provided that there is no discount or premium on conversion. At no time may the interest rate exceed 12%. The applicable interest rate as of September 30, 2023 and 2022 was 5.68% and 3.57%, respectively.

The Organization incurred $163,112 and $87,129 of interest expense for the years ended September 30, 2023 and 2022, respectively. Interest expense is included with other expenses on the consolidated statement of activities. The bonds payable contain restrictive covenants, including the requirement to maintain a minimum debt service coverage ratio and a minimum level of unrestricted liquidity. As of September 30, 2023, the Organization was in compliance with those covenants. Management is reserving cash to meet the required principal and interest payment in accordance with the payment deadlines.

Note 9—Long-term liabilities (continued)

Long-term liabilities as of September 30 consist of the following amounts:

	2023	2022
2010 bonds	$ 2,815,000	$ 3,460,000
Less current maturities	(670,000)	(645,000)
Long-term liabilities, less current portion	$ 2,145,000	$ 2,815,000

Future maturities on bonds payable at September 30, 2023 are as follows:

Years Ending September 30,	
2024	$ 670,000
2025	690,000
2026	715,000
2027	740,000
	$ 2,815,000

Note 10—Fair value measurements

The Organization has adopted FASB guidance on fair value measurements. The provisions of the guidance provide a framework for measuring fair value under U.S. GAAP and defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. This guidance requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. This guidance also establishes a fair value hierarchy which prioritizes the valuation inputs into three broad levels. Based on the underlying inputs, each fair value measurement in its entirety is reported in one of three levels.

The Organization's assets recorded at fair value on a recurring basis are categorized based on the priority of the inputs used to measure fair value. The inputs used in measuring fair value are categorized into three levels, as follows:

Level 1 – Inputs that are based upon quoted prices for identical instruments traded in active markets.

Level 2 – Inputs that are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar investments in markets that are not active, or models based on valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the investment.

Level 3 – Inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are, therefore, determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques. The Organization has no Level 3 investments.

Note 10—Fair value measurements (continued)

The asset'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 are used to maximize the use of observable inputs and minimize the use of unobservable inputs. Following is a description of the valuation methodology used for assets measured at fair value.

> *Equity Securities and Mutual Funds* – Valued at the closing price reported on the active market on which the individual securities are traded.

The preceding method 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 Organization believes its valuation methods are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There were no transfers between levels or change in methodology during the years ended September 30, 2023 or 2022.

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of September 30, 2023:

	Fair Value Using			
	Level 1	**Level 2**	**Level 3**	**Total**
Investments:				
Equity securities	$ 8,280,481	$ -	$ -	$ 8,280,481
Mutual funds	21,999,756	-	-	21,999,756
	30,280,237	-	-	30,280,237
Money market, carried at co:	1,870,709	-	-	1,870,709
Total Investments	$ 32,150,946	$ -	$ -	$ 32,150,946

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of September 30, 2022:

	Fair Value Using			
	Level 1	**Level 2**	**Level 3**	**Total**
Investments:				
Equity securities	$ 9,048,761	$ -	$ -	$ 9,048,761
Mutual funds	17,938,268	-	-	17,938,268
	26,987,029	-	-	26,987,029
Money market, carried at co:	1,708,438	-	-	1,708,438
Total Investments	$ 28,695,467	$ -	$ -	$ 28,695,467

Note 11—Employee benefit plans

Retirement benefits for all full-time employees are provided through a qualified defined contribution pension plan. Under the terms of the plan, all employees of the Organization who have completed 1,000 hours of continuous employment earn a year of vesting for plan purposes. All employees are eligible for participation coincident with employment. The Organization contributed an amount equal to 4% of each participant's compensation and matched participant deferrals dollar for dollar up to 6% of employee compensation for the years ended September 30, 2023 and 2022. Employees become fully vested after six years of vesting service, as defined in the plan. Forfeitures serve to reduce the total contribution required of the Organization.

During fiscal year 2023, the Organization began offering a new non-qualified deferred compensation plan that complies with Section 457(f) of the Internal Revenue Code (the "Code"), and the short-term deferral provisions of Section 409A of the Code. The plan is intended to be an unfunded plan maintained primarily for the purpose of providing deferred compensation benefits for a select group of management or highly compensated employees under Sections 201(2), 301(a)(3), and 401(a)(1) of the Employee Retirement Income Security Act of 1974 ("ERISA") and independent contractors.

During fiscal year 2023, the Organization also adopted an incentive plan to provide a means by which certain employees or independent contractors of the Organization may receive performance incentive payments from the Organization. The incentive plan is intended to be a "bonus program" within the meaning of Department of Labor Regulation § 2510.3-2(c) and, therefore, it is intended that the incentive plan not to be subject to ERISA.

Contributions made by the Organization for the years ended September 30, 2023 and 2022 amounted to $5,021,250 and $4,488,667, respectively. Contributions are included with employee benefit and payroll taxes on the consolidated statement of activities.

Note 12—Operating leases

On June 22, 2015, the Organization entered into a lease agreement with Virginia Commonwealth University ("VCU"), which stipulates that VCU is to lease a portion of the Jackson Center from the Organization for a period of ten years and six months, commencing on February 16, 2016. Rental revenue totaled $546,754 and $544,004 for the years ended September 30, 2023 and 2022, respectively, and is included with miscellaneous revenue on the consolidated statement of activities. Rental revenue is recognized on a straight-line basis over the term of the lease agreement which resulted in rent receivable totaling $222,880 and $272,578 as of September 30, 2023 and 2022, respectively, which is included with other assets on the consolidated statement of financial position.

Future amounts of rental payments due from VCU at September 30, 2023 are as follows:

Years Ending September 30,	
2024	$ 597,352
2025	612,286
2026	627,593
2027	374,702
	$ 2,211,933

Note 12—Operating leases (continued)

The Organization leases certain office equipment under noncancelable operating leases through 2025. Equipment lease expense was $113,859 and $94,962 for the years ended September 30, 2023 and 2022, respectively. Future minimum lease payments under the remaining portion of noncancelable operating leases are as follows:

Years Ending September 30,	
2024	$ 81,686
2025	20,422
	$ 102,108

The Organization has considered the effects of ASC 842, *Leases* for the leases above. It was concluded that there was no significant impact on the consolidated financial statements for the lease income and the operating lease.

Note 13—Commitments and contingencies

DHHS and the General Accounting Office ("GAO") are entitled to review the accounting and other records of the Organization. DHHS is primarily responsible for determining the acceptability of estimated or incurred costs as allowable contract costs under the OPTN Contract. GAO is responsible for determining that procurement actions are made in conformity with applicable laws and regulations. Management is of the opinion that the Organization is in compliance with applicable provisions of the OPTN Contract.

The Organization, in the ordinary course of its business to provide for the fair and equitable distribution of donated organs, is sometimes named as a defendant in litigation involving claims related to its operation of the OPTN. While it is the Organization's policy to handle all claims promptly, efficiently, fairly, and in accordance with the provisions of the OPTN Contract and applicable laws, the Organization may be subjected to a plaintiff's allegations seeking a reimbursement of legal fees. On the basis of information provided by in-house and external counsel and others, the Organization believes there are no contingencies that will materially affect the consolidated financial statements.

The Organization maintains medical, professional, and general liability coverage under various insurance policies.

On December 17, 2020, the Organization entered into a Mutual Non-Disclosure Agreement with Accenture Federal Services, LLC ("Accenture"). Under the terms of this agreement, for work performed between the Organization and Accenture, both parties may disclose to the other party (the "Recipient") information it considers confidential. The Recipient may use confidential information only for the purposes agreed upon by both parties. The Recipient shall return or destroy all confidential information (including copies) that the disclosing party made available to the Recipient under the agreement when (a) the purpose for disclosing the confidential information is completed, or (b) within ten days upon written request by the disclosing party. Each party may retain, subject to the terms of the agreement, a copy of the confidential information required for compliance with its internal recordkeeping requirements. Neither party may use the name, trade name, trademark, logo, acronym, or other designation of the other in connection with any press release, advertising, publicity materials or otherwise without the prior written consent of the other party. The agreement is governed by and construed in accordance with the laws of Delaware, without giving effect to conflict of law rules.

Note 13—Commitments and contingencies (continued)

On March 18, 2021, the Organization entered into an agreement with Accenture. Under the terms of this agreement, Accenture will provide services to the Organization to enhance its ability to provide exceptional services as the OPTN contractor. Under the agreement, the Organization guarantees Accenture a role on the Organization's team for the duration of the remaining OPTN Contract and for the duration of the next two iterations of the OPTN Contract as issued by HHS. The Organization guarantees Accenture a minimum of $1,500,000 in consulting services for each contract year of the OPTN Contract commencing with fiscal year 2022 under this agreement. The parties agree that for a period of ten years after the effective date of this agreement, Accenture will not at any time or in any manner, use for the benefit of Accenture, or divulge, disclose, or communicate in any manner any information that is proprietary to the Organization. If the terms of this agreements are violated by the Organization, they may be subject to litigation pursuant to terms of the agreements. The agreement is governed by and construed in accordance with the laws of the state of Virginia.

Note 14—Deferred grant revenue

On November 18, 2021, the Organization received notification from the bank that the forgiveness application for the Paycheck Protection Program loan ("PPP") of $7,250,000 had been accepted by the Small Business Administration and the loan was forgiven. The Organization did not recognize any grant revenue during the year ended September 30, 2023; however, the Organization recognized approximately $2,600,000 of grant revenue during the year ended September 30, 2022, for amounts attributable to the Organization's specific costs, which is included in miscellaneous revenue on the accompanying consolidated statement of activities. The remaining $4,650,000 is currently reflected in the due to National Organ Procurement Transplantation Network liability balance as it will be reimbursed to OPTN for amounts reimbursed by HRSA to the Organization during the covered period of the loan.

Note 15—Subsequent events

Management has evaluated subsequent events for potential recognition and/or disclosure through January 18, 2024, the date the consolidated financial statements were available to be issued and has determined there are no subsequent events to be reported in the accompanying consolidated financial statements.

SUPPLEMENTARY INFORMATION

UNITED NETWORK FOR ORGAN SHARING AND SUBSIDIARY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2023

Federal Grantor	Federal Assistance Listing Number	Pass Through Grantor's Number	Federal Expenditures
U.S. Department of Health and Human Services			
Direct Payments			
Health Resources and Services Administration	Organ Procurement and Transplantation Network (93.231-00-0115)	N/A	$ 6,500,000
			$ 6,500,000

The accompanying notes to schedule of expenditures of federal awards are an integral part of these statements.

Note 1—Basis of presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the United Network for Organ Sharing and Subsidiary (the "Organization") and is presented on the accrual basis of accounting. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts presented in the Schedule may differ from amounts presented in or used in the preparation of the basic consolidated financial statements.

Note 2—Summary of significant accounting policies

Basis of Accounting – Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable.

Indirect Cost Rate – The Organization has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3—Subrecipients

There were no amounts of federal expenditures presented in the Schedule that were provided to subrecipients.

COMPLIANCE SECTION

Cherry Bekaert LLP
Your Guide Forward

Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Consolidated Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
United Network for Organ Sharing and Subsidiary
Richmond, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of United Network for Organ Sharing and Subsidiary (a nonprofit organization) (the "Organization"), which comprise the consolidated statement of financial position as of September 30, 2023, and the related consolidated statement of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated January 18, 2024.

Report on Internal Control over Consolidated Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Richmond, Virginia
January 18, 2024

Cherry Bekaert LLP
Your Guide Forward

Report of Independent Auditor on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors
United Network for Organ Sharing and Subsidiary
Richmond, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited United Network for Organ Sharing and Subsidiary's (the "Organization") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended September 30, 2023. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, control and maintenance of effective internal over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Organization's federal programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is no suitable for any other purpose.

Cherry Bekaert LLP

Richmond, Virginia
January 18, 2024

Section I – Summary of Auditor's Results

Type of auditor's report issued: *Unmodified*

Internal control over financial reporting:

• Material weaknesses identified?	_______ yes	___X___ none reported
• Significant deficiencies identified?	_______ yes	___X___ none reported
• Noncompliance material to consolidated financial statements noted?	_______ yes	___X___ none reported

Federal Award

Internal control over major federal programs:

• Material weaknesses identified?	_______ yes	___X___ none reported
• Significant deficiencies identified that are not considered to be material weaknesses?	_______ yes	___X___ none reported
• Noncompliance material to consolidated financial statements noted?	_______ yes	___X___ none reported

Type of auditor's report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with the Uniform Grant Guidance? _______ yes ___X___ none reported

Identification of major programs:

Federal Project/Assistance Listing Number	**Program Name**
Department of Health and Human Services / 93.231-00-0115	Organ Procurement and Transplantation Network

Dollar threshold used to distinguish between type A and type B programs: $ 750,000

Auditee qualified as low-risk auditee? ___X___ yes _______ no

Section II – Findings Relating to the Consolidated Financial Statements which are Required to be Reported in Accordance with *Government Auditing Standards*

None reported

Section III – Findings and Questioned Costs Relating to Federal Awards

None reported

UNITED NETWORK FOR ORGAN SHARING AND SUBSIDIARY
SCHEDULE OF PRIOR YEAR FINDINGS

YEAR ENDED SEPTEMBER 30, 2023

There were no items reported for the year ended September 30, 2022.