



REPORT OF INDEPENDENT AUDITORS  
AND FINANCIAL STATEMENTS

**LIFECENTER NORTHWEST**

December 31, 2021 and 2020

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## **Report of Independent Auditors**

To the Board of Directors  
LifeCenter Northwest

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of LifeCenter Northwest, which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of LifeCenter Northwest as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of LifeCenter Northwest and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 LifeCenter Northwest's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 LifeCenter Northwest'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 LifeCenter Northwest'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.

*Morse Adams LLP*

Everett, Washington

March 28, 2022

## LifeCenter Northwest Statements of Financial Position

### ASSETS

	December 31,	
	2021	2020
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 23,964,483	\$ 20,715,461
Accounts receivable	7,763,305	8,030,698
Medicare receivable	3,740,290	1,480,204
Other receivables	57,092	54,072
Short-term investments	206,212	203,222
Prepaid expenses and other current assets	695,009	654,543
Total current assets	36,426,391	31,138,200
<b>PROPERTY AND EQUIPMENT</b>		
Furniture and equipment	1,334,326	1,197,396
Leasehold improvements	1,428,933	1,414,937
	2,763,259	2,612,333
Accumulated depreciation and amortization	(1,925,962)	(1,664,070)
Total property and equipment, net	837,297	948,263
Long-term investments	2,266,919	2,523,206
Other long-term assets	354,451	290,488
Total assets	\$ 39,885,058	\$ 34,900,157

### LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 4,724,619	\$ 2,402,480
Accrued salaries and related benefits	2,734,167	2,530,805
Accrued medical liabilities	2,702,830	2,674,390
Capital lease obligations, current portion	27,453	35,118
Deferred rent, current portion	57,934	42,771
Deferred tenant improvement allowance, current portion	88,731	88,731
Total current liabilities	10,335,734	7,774,295
Deferred rent, net of current portion	231,001	289,202
Deferred tenant improvement allowance, net of current portion	231,963	320,694
Deferred compensation	-	28,381
Capital lease obligations, net of current portion	-	27,441
Other liabilities	256,343	223,292
Total liabilities	11,055,041	8,663,305
<b>NET ASSETS</b>		
Without donor restrictions	28,830,017	26,236,852
Total liabilities and net assets	\$ 39,885,058	\$ 34,900,157

**LifeCenter Northwest**  
**Statements of Activities and Changes in Net Assets**

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	Years Ended December 31,	
	2021	2020
REVENUE AND SUPPORT		
Procurement revenue	\$ 48,700,960	\$ 44,680,104
Import revenue	3,906,900	1,275,000
Contributions	665,654	570,187
Unrealized (loss) on investments	(122,575)	(9,721)
Investment income	127,996	209,565
Research and other revenue	54,408	58,787
	<u>53,333,343</u>	<u>46,783,922</u>
EXPENSES		
Procurement services and program support	42,872,118	34,504,081
Public education	1,282,666	1,113,083
	<u>44,154,784</u>	<u>35,617,164</u>
Management and general	6,585,394	6,863,075
	<u>50,740,178</u>	<u>42,480,239</u>
TOTAL CHANGE IN NET ASSETS	2,593,165	4,303,683
NET ASSETS, beginning of year	<u>26,236,852</u>	<u>21,933,169</u>
NET ASSETS, end of year	<u>\$ 28,830,017</u>	<u>\$ 26,236,852</u>

## LifeCenter Northwest Statements of Cash Flows

	Years Ended December 31,	
	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 2,593,165	\$ 4,303,683
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	261,893	259,221
Unrealized loss on investments	122,575	9,721
Loss on disposal of property and equipment	-	360
Changes in operating assets and liabilities		
Accounts receivable and other receivables	264,373	(3,004,034)
Medicare receivable	(2,260,086)	(668,315)
Prepaid expenses and other assets	(104,429)	(170,741)
Accounts payable, accrued liabilities, and other liabilities	2,586,992	1,780,018
Deferred rent and tenant improvement allowance	(131,769)	(107,887)
Deferred compensation	(28,381)	28,381
	3,304,333	2,430,407
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(150,927)	(41,763)
Purchase of investments	(69,278)	(57,498)
Proceeds from sales of investments	200,000	200,000
	(20,205)	100,739
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on capital lease	(35,106)	(33,504)
	(35,106)	(33,504)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	3,249,022	2,497,642
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	20,715,461	18,217,819
<b>CASH AND CASH EQUIVALENTS, end of year</b>	\$ 23,964,483	\$ 20,715,461

# LifeCenter Northwest

## Notes to Financial Statements

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### Note 1 – Organization and Significant Accounting Policies

**Organization** – LifeCenter Northwest (the Organization), a nonprofit corporation, is the certified organ procurement organization (OPO) for Montana, Alaska, Northern Idaho, and most of Washington that began operations January 1, 1997. It is the mission of the Organization to provide the bridge between the loss of life and the gift of life through organ and tissue donation and transplantation. The Organization is dedicated to promoting organ and tissue donations to benefit the greatest number of people through transplantation.

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

*Net assets without donor restrictions* – Net assets not subject to donor restrictions, as well as voluntary reserves such as separate components of board-designated net assets.

*Net assets with donor restrictions* – Net assets subject to donor-imposed stipulations. As of December 31, 2021 and 2020, the Organization had no net assets subject to donor restrictions.

Contributions with donor-imposed restrictions that are met in the same year as received are reported as revenues within net assets without donor restrictions.

**Cash and cash equivalents** – The Organization defines cash and cash equivalents to include demand deposits, savings accounts, and investments with an original maturity of three months or less, excluding assets whose use is limited or included in its investment portfolio. The Organization maintains its cash and cash equivalent accounts at financial institutions in amounts, which at times, may exceed federally insured limits.

**Accounts receivable, other receivables, and revenue** – Revenue includes fees for human organ and tissue recovery services provided to transplant hospitals, tissue processing and distribution agencies, other organ procurement organizations, and medical research organizations. Revenues are reported as increases in net assets. No interest is charged on organ and tissue related receivables.

The Organization determines revenue recognition through the following steps:

- Identification of the contract, or contracts, with a receiving organ/tissue party,
- Identification of the performance obligations in the contract,
- Determination of the transaction reimbursement,
- Allocation of the transaction reimbursement to the performance obligations in the contract, and
- Recognition of revenue when, or as, the Organization satisfies a performance obligation.



**Note 1 – Organization and Significant Accounting Policies (continued)**

The Organization has contracts with receiving organ/tissue parties to furnish organs or tissues to health care organizations for transplantation or for research purposes. As a practical expedient, the Organization has applied a portfolio approach for contracts with similar characteristics as management reasonably expects the effects of applying the portfolio approach would not differ materially from evaluating each individual contract. As part of its assessment of each contract, the Organization evaluates certain factors including the receiving parties ability to pay or credit risk. For each contract, the Organization considers the promise to fulfill the services provided, each of which is distinct, to be the identified performance obligations. For each recovery of organs or tissues, the Organization recognizes revenue at a point in time as a distinct and separate performance obligation.

The Organization has identified one performance obligation for organ revenue, which is met upon delivery of the organ. However, there may be two performance obligations for tissue revenue of which one is met upon delivery of the tissue and a second is met upon certification from a medical professional, which on average occurs 30 days after delivery. Because a set transaction reimbursement is associated with each performance obligation, revenue is recognized when each distinct performance obligation is met.

As the Organization's standard payment terms are less than one year, the Organization has elected, as a practical expedient, to not assess whether a contract has a significant financing component. The Organization allocates the transaction reimbursement to each distinct organ or tissue based on the amount agreed upon in contracts with receiving parties or approved by the Board of Directors. The reimbursement as specified on the contract is considered the standalone reimbursement as it is an observable source that depicts the reimbursement as if the organ or tissue is provided to a similar receiving party in similar circumstances.

Incidental items that are immaterial in the context of the contract are recognized as expense. The Organization has concluded that none of the costs it has incurred to obtain and fulfill its revenue contracts meet the capitalization criteria, and as such, there are no costs deferred and recognized as assets on the statements of financial position at December 31, 2021 or 2020.

Other receivable amounts include contributions made to the Organization and collected by the Department of Licensing and other receivables. There was no allowance for uncollectible amounts at December 31, 2021 or 2020. The Organization has established credit policies and, historically, the losses related to customer nonpayment have been very low as a percentage of revenues. Management regularly monitors its accounts receivable and establishes an allowance for those deemed uncollectible as needed.

Approximately 31% and 40% of the accounts receivable balance at December 31, 2021 and 2020, respectively, was due from two customers. Additionally, approximately 51% and 53% of procurement revenue was from three customers for the year ended December 31, 2021 and 2020, respectively.

# LifeCenter Northwest

## Notes to Financial Statements

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### Note 1 – Organization and Significant Accounting Policies (continued)

**Medicare receivable** – Medicare receivables are reported at the estimated net realizable value based on cost reports and past experience with the Medicare Administration and are classified as current or noncurrent based on management's best estimate of when funds will be received or paid. Medicare revenue is expected to be audited approximately one to three years after year end by a Medicare fiscal intermediary, which may result in adjustments to amounts previously recorded. The adjustments are recorded at the time that such amounts can first be reasonably determined, normally upon notification by Medicare.

Laws and regulations governing the Medicare program are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates could materially change. The Medicare receivable is a significant estimate.

**Investments** – Investments consist of certificates of deposits (CDs) and mutual funds. The CD terms range from one to five years and are reported at fair value. CDs that will mature within one year are classified as short-term investments and all other certificates of deposit are classified as long-term investments. The Organization's investments in mutual funds are carried at fair value and classified as long-term. Unrealized and realized gains and losses are reflected in the statement of activities and changes in net assets. Securities are generally held in custodial investment accounts administered by certain financial institutions.

**Property and equipment** – Furniture and equipment, and leasehold improvements are stated at cost. The Organization capitalizes all fixed assets with a total cost greater than \$5,000. Furniture and equipment are depreciated using the straight-line method over estimated useful lives of 3 to 20 years. Leasehold improvements are amortized using the straight-line method over the shorter of the useful life or the term of the lease.

Depreciation and amortization expense during 2021 and 2020, totaled \$261,893 and \$259,221, respectively.

**Deferred rent** – Deferred rent consists of the liability for office rent due to the cumulative difference between the total lease payments through December 31, 2021, based on the terms of the lease agreement, and what the expense would be based on a straight-line basis over the life of the lease. See Note 7 for a schedule of future required lease payments.

**Deferred tenant improvement allowance** – Deferred tenant improvement allowance represents amounts paid by the landlord for tenant improvements in association with an operating lease for office space and a surgical recovery suite. The deferred tenant improvement allowance is amortized over the ten years and eight months' and three years' life of the leases, respectively. The leases effective dates are January 1, 2015 and September 1, 2020, respectively (see Note 7).

**Note 1 – Organization and Significant Accounting Policies (continued)**

**Procurement and import revenue** – Procurement and import revenue consist of fees charged to medical facilities and other OPOs for costs incurred in the procurement of organs and tissues. The revenue is recognized after the procurement services have been completed and the organ or tissue has been accepted by the receiving facility.

**Contributions** – The Organization records contributions according to accounting principles generally accepted in the United States of America (U.S. GAAP) for contributions received and contributions made. Accordingly, contributions, including unconditional promises to give, are recorded in the period made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-adjusted interest rates applicable to the years in which the promises are to be received.

**Federal income taxes** – The IRS has determined the Organization is exempt from federal income taxes under provision of Section 501(a) of the Internal Revenue Code as an entity described in Section 501(c)(3) and not as a private foundation. Accordingly, no provision for income taxes has been made in these financial statements. The Organization adopted accounting for uncertain tax positions. The accounting standard prescribes a recognition threshold and measurement process for uncertain tax positions. As of December 31, 2021 and 2020, the Organization had no uncertain tax positions requiring accrual.

**Use of estimates** – The preparation of financial statements in accordance 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accrued medical liabilities totaling \$2,702,830 and \$2,674,390 as of December 31, 2021 and 2020, respectively, have been recorded based on management's estimates of actual costs incurred for which invoices had not been received. While costs based on actual vendor invoices may differ from the estimates, management believes that any differences would not have a material impact on the Organization's financial position. Due to uncertainties in the estimation process, however, it is at least reasonably possible that management's estimate of accrued medical liabilities will change during the following year. That amount, if any, cannot be estimated.

# LifeCenter Northwest

## Notes to Financial Statements

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### Note 1 – Organization and Significant Accounting Policies (continued)

**Subsequent events** – Subsequent events are events or transactions that occur after the date of the statement of financial position but before the financial statements are issued. The Organization recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Organization’s financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the date of the statement of financial position and before the financial statements are available to be issued.

The Organization has evaluated subsequent events through March 28, 2022, which is the date the financial statements are available to be issued.

### Note 2 – Investments

Investments are comprised of the following at December 31:

	<u>2021</u>	<u>2020</u>
Certificates of deposit - short-term	\$ 206,212	\$ 203,222
Certificates of deposit - long-term	-	213,322
Mutual funds	<u>2,266,919</u>	<u>2,309,884</u>
	<u>\$ 2,473,131</u>	<u>\$ 2,726,428</u>

Investment return is comprised of the following for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 127,996	\$ 209,565
Unrealized loss	<u>(122,575)</u>	<u>(9,721)</u>
	<u>\$ 5,421</u>	<u>\$ 199,844</u>

**Note 3 – Fair Value Measurements**

U.S. GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy are described as follows:

**Level 1** – Unadjusted quoted prices available in active markets for identical assets or liabilities;

**Level 2** – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or

**Level 3** – Unobservable inputs that are significant to the fair value measurement.

A financial instrument's level within the fair value hierarchy is based upon 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. There have been no changes in the methodologies used at December 31, 2021 and 2020.

*Certificates of deposit* – Valued at fair value based on quoted market prices for similar investments.

*Mutual funds* – Valued at fair value based on quoted market prices for similar investments.

**Fair values measured on a recurring basis** – Fair values of assets and liabilities measured on a recurring basis at December 31 were as follows:

	Fair Value Measurements as of December 31, 2021			
	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ -	\$ 206,212	\$ -	\$ 206,212
Mutual funds	2,266,919	-	-	2,266,919
Investments at fair value	<u>\$ 2,266,919</u>	<u>\$ 206,212</u>	<u>\$ -</u>	<u>\$ 2,473,131</u>
	Fair Value Measurements as of December 31, 2020			
	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ -	\$ 416,544	\$ -	\$ 416,544
Mutual funds	2,309,884	-	-	2,309,884
Investments at fair value	<u>\$ 2,309,884</u>	<u>\$ 416,544</u>	<u>\$ -</u>	<u>\$ 2,726,428</u>

# LifeCenter Northwest

## Notes to Financial Statements

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### Note 4 – Medicare Receivable and Payable

	<u>2021</u>	<u>2020</u>
Current receivable		
Due from Medicare - 2021 cost report	\$ 3,740,290	-
Due from Medicare - 2020 cost report	-	\$ 1,480,204

The Organization recognized \$3,755,566 and \$3,518,670 due from Medicare within procurement revenue on the statement of activities and changes in net assets during 2021 and 2020, respectively.

As of December 31, 2021, Medicare cost reports have been closed by the Medicare fiscal intermediary for cost report periods through 2018.

### Note 5 – Liquidity and Availability

In 2021, the Organization has approximately \$37,998,000 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash and cash equivalents of \$23,964,000, receivables of \$11,561,000, and short and long-term investments of \$2,473,000. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. The receivables are expected to be collected within one year.

In 2020, the Organization has approximately \$33,007,000 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash and cash equivalents of \$20,715,000, receivables of \$9,565,000, and short and long-term investments of \$2,727,000. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

The Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet at least 150 days of normal operating expenses, which are, on average, approximately \$139,000 per day.

The Organization has a policy to invest cash consistent with the preservation of capital and minimization of investment risk. As part of its liquidity management, the Organization invests cash in excess of daily requirements in certificate of deposits.

**Note 6 – Qualified Employee Benefit Plan**

The Organization sponsors a 403(b) qualified retirement benefit plan (the Plan). All employees may make elective deferrals under the Plan. After completing one year of service, employees are eligible for employer matching contributions in amounts determined by the Plan document that is approved by the Board of Directors. The Organization recognized expenses of \$791,213 and \$713,154 related to matching contributions to the Plan during the years ended December 31, 2021 and 2020, respectively.

The Organization also maintains a nonqualified deferred compensation plan covered under Section 457(b) of the Internal Revenue Code. Only employees specifically designated by the Governing Board are eligible. The maximum salary deferral under the 457(b) plan for the years ended December 31, 2021 and 2020, was \$19,500 for both years. There are no matching provisions. The nonqualified deferred compensation plan is administered by the Organization. As of December 31, 2021 and 2020, there was one participant in the 457(b) plan. Total assets in the plan were \$256,343 and \$223,292 as of December 31, 2021 and 2020, respectively, which has been included in other long-term assets with an offsetting amount in other liabilities. Assets in the plan are held by the Organization on a non-trust basis and are subject to the claims of its creditors.

**Note 7 – Commitments and Contingencies**

At December 31, 2021, the Organization had a number of noncancelable operating leases for office spaces and a surgical recovery suite, which expire through 2025. Rental expenses for these leases totaled \$840,316 and \$767,843 for the years ended December 31, 2021 and 2020, respectively.

Future minimum lease payments under these leases are as follows:

2022	\$ 622,016
2023	578,681
2024	535,841
2025	<u>367,434</u>
	<u>\$ 2,103,972</u>

## LifeCenter Northwest

### Notes to Financial Statements

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#### Note 7 – Commitments and Contingencies (continued)

During the year ending December 31, 2018, the Organization recorded a capital lease for equipment that goes through September 30, 2022. The capital lease requires monthly payments of interest and principal totaling \$3,111.

Future minimum lease payments under this lease are as follows:

2022	<u>\$ 27,999</u>
Net minimum lease payments	27,999
Amount representing interest	<u>(546)</u>
Present value of net minimum lease payments	<u><u>\$ 27,453</u></u>

As of December 31, 2021 and 2020, the capital lease included in property and equipment totaled \$150,986 and has accumulated amortization of \$125,821 and \$88,559, respectively.

The Organization has elected to be self-insured for unemployment compensation. The costs of claims under this program are expensed as claims arise. Management has not accrued a provision for incurred-but-not-reported claims as it has been deemed to not be material.

In the normal course of business, the Organization is sometimes involved in litigation, including matters that may have existed at December 31, 2021. At December 31, 2021, management is not aware of any such matters. The Organization maintains professional liability insurance coverage through a "claims made" policy. Should the "claims made" policy not be renewed or replaced with equivalent insurance, claims related to occurrences during their terms, but reported subsequent to their termination, may be uninsured.



## LifeCenter Northwest Notes to Financial Statements

### Note 8 – Functional Expenses

The Organization provides procurement services and public education within its designated service area. Expenses related to providing these services by functional class for the years ended December 31, 2021 and 2020, are as follows:

	Procurement Services	Program Support	Public Education	Management and General	Total
<b>2021</b>					
Salaries and benefits	\$ 12,877,411	\$ 2,394,821	\$ 956,823	\$ 5,267,438	\$ 21,496,493
Donor services and supplies	25,196,035	1,298	11,025	6,249	25,214,607
Administrative	909,964	193,184	176,638	269,813	1,549,599
Occupancy	498,044	144,583	34,421	192,758	869,806
Travel and mileage	351,634	17,960	660	24,163	394,417
Professional fees	20,875	41,500	81,135	692,551	836,061
Staff development	29,157	5,785	8,150	74,210	117,302
Depreciation and amortization	156,468	33,399	13,814	58,212	261,893
	<u>\$ 40,039,588</u>	<u>\$ 2,832,530</u>	<u>\$ 1,282,666</u>	<u>\$ 6,585,394</u>	<u>\$ 50,740,178</u>
<b>2020</b>					
Salaries and benefits	\$ 11,736,305	\$ 2,255,371	\$ 848,699	\$ 5,177,513	\$ 20,017,888
Donor services and supplies	18,488,045	753	10,500	1,217	18,500,515
Administrative	850,479	166,745	160,961	331,220	1,509,405
Occupancy	491,191	119,305	34,726	143,637	788,859
Travel and mileage	116,532	40,157	10,568	17,965	185,222
Professional fees	22,134	2,500	24,158	1,070,368	1,119,160
Staff development	19,144	5,785	9,543	65,497	99,969
Depreciation and amortization	156,713	32,922	13,928	55,658	259,221
	<u>\$ 31,880,543</u>	<u>\$ 2,623,538</u>	<u>\$ 1,113,083</u>	<u>\$ 6,863,075</u>	<u>\$ 42,480,239</u>

Procurement services represents the coordination of the entire organ and tissue recovery process, including working with potential donor families and donor hospitals, evaluating donors, transportation of Organization staff and organs, assisting with the placement of organs, arranging for transportation of recovered tissue to nationally recognized tissue banks, and coordinating hospital facilities during organ recovery and placement.

Program support represents costs incurred to provide ongoing education to the Organization's partner hospitals to ensure that they recognize and refer potential donors.

Public education represents costs incurred to expand public awareness of organ and tissue donation.

Management and general encompass the expenditures associated with the leadership and articulation of the Organization's program strategy, as well as the functions necessary to support operations including accounting, finance, human resources, quality, and information technology.

Most expenses are recorded directly within each functional category. Some miscellaneous expenses are allocated across functional areas based on FTE counts.

