

FINAL EXIT NETWORK, INC.

**MODIFIED CASH BASIS
FINANCIAL STATEMENTS**

JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Final Exit Network, Inc.
Tallahassee, Florida

Opinion

We have audited the accompanying financial statements of Final Exit Network, Inc. (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets – modified cash basis as of June 30, 2023, and the related statements of revenues, expenses, and change in net assets – modified cash basis, functional expenses – modified cash basis, and cash flows – modified cash basis for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Final Exit Network, Inc. as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

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 Financial Statements section of our report. We are required to be independent of Final Exit Network, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Final Exit Network, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Final Exit Network, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Law Redd Crona + Munroe P.A.

LAW, REDD, CRONA & MUNROE, P.A.

Tallahassee, Florida

October 23, 2023

FINAL EXIT NETWORK, INC.
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS
MODIFIED CASH BASIS
JUNE 30, 2023

ASSETS

Cash and Cash Equivalents	\$ 133,843
Prepaid Expenses	700
Investments	4,328,611
Total Current Assets	<u><u>\$ 4,463,154</u></u>

LIABILITIES

Accounts Payable	\$ 41,417
Accrued Salaries and Payroll Taxes	4,648
Total Current Liabilities	<u><u>46,065</u></u>

NET ASSETS WITHOUT DONOR RESTRICTIONS 4,417,089

Total Liabilities and Net Assets \$ 4,463,154

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

FINAL EXIT NETWORK, INC.
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET ASSETS
MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions
SUPPORT AND REVENUE	
Bequests	\$ 1,597,921
Contributions	506,723
Grants	60,000
Membership Income	77,835
Other Revenue	761
Total Support and Revenue	2,243,240
EXPENSES	
Program Services	
Member Services	404,223
Support Services	
Fundraising	29,537
General and Administrative	178,350
Total Support Services	207,887
Total Expenses	612,110
Income From Operations	1,631,130
NONOPERATING INCOME	
Interest and Dividends	88,605
Gain on Investments	313,079
Investment Income, Net	401,684
CHANGE IN NET ASSETS	2,032,814
NET ASSETS - Beginning of Year	2,384,275
NET ASSETS - End of Year	\$ 4,417,089

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

FINAL EXIT NETWORK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
	<u>Member Services</u>	<u>General and Administrative</u>	<u>Fund Raising</u>	
Accounting and Bookkeeping	\$ -	\$ 54,934	\$ -	\$ 54,934
Bank and Credit Card Fees	3,201	765	-	3,966
Communications Consultant	37,707	-	8,539	46,246
Conferences and Meetings	2,187	14,572	-	16,759
Dues and Subscriptions	4,772	-	-	4,772
Fundraising	-	-	14,304	14,304
Guide Services	57,315	417	-	57,732
Insurance	-	539	-	539
Legal and Professional Fees	27,242	21,068	-	48,310
Magazine	19,203	569	-	19,772
Miscellaneous	2,920	1,509	-	4,429
Office Supplies	10,737	5,154	6,694	22,585
Outreach and Education	21,144	-	-	21,144
Collaborations	27,331	-	-	27,331
Salaries and Payroll Taxes	126,897	77,273	-	204,170
Research	3,615	-	-	3,615
Surrogate Services and Training	42,062	-	-	42,062
Telephone and Internet	3,082	-	-	3,082
Travel and Entertainment	858	1,000	-	1,858
Website	13,950	550	-	14,500
Total Expenses	\$ 404,223	\$ 178,350	\$ 29,537	\$ 612,110

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

**FINAL EXIT NETWORK, INC.
STATEMENT OF CASH FLOWS
MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2023**

OPERATING ACTIVITIES

Change in Net Assets	\$ 2,032,814
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Realized and Unrealized Gains on Investments, Net	(313,079)
Changes in Operating Assets and Liabilities:	
(Increase) Decrease in Assets	
Prepaid Expenses	(700)
Increase (Decrease) in Liabilities	
Accounts Payable	13,421
Accrued Salaries and Payroll Taxes	996
Net Cash Provided by Operating Activities	<u>1,733,452</u>

INVESTING ACTIVITIES

Proceeds from Sale of Investments	3,078,191
Purchase of Investments	(4,926,313)
Net Cash Used In Investing Activities	<u>(1,848,122)</u>

Net Decrease in Cash and Cash Equivalents (114,670)

Cash and Cash Equivalents at Beginning of Year 248,513

Cash and Cash Equivalents at End of Year \$ 133,843

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

FINAL EXIT NETWORK, INC.
NOTES TO MODIFIED CASH BASIS FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: Final Exit Network, Inc. (the Organization) is a nonprofit corporation organized for the purpose of serving those who are suffering intolerably from an incurable condition which has become more than they can bear and to increase the awareness of all Americans concerning their basic human right to a death with dignity. The Organization achieves this goal by educating qualified individuals in practical, peaceful ways to end their lives, offering compassionate bedside presence, and defending their right to choose. Revenues are received primarily through contributions from individuals and organizations.

Basis of Accounting: The Organization's policy is to prepare its financial statements on a modified cash basis, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Under this basis, revenues are recognized when collected rather than when the rights to receive accrue to the Organization. Similar to financial statements prepared in accordance with GAAP, expenditures are recognized when incurred. If an expenditure results in an asset having an estimated useful life that extends substantially beyond the year of acquisition, the expenditure is capitalized and depreciated over the estimated useful life of the asset.

The Organization reports information regarding its assets, liabilities, net assets, and change in net assets according to two classes of net assets (net assets without donor restrictions and net assets with donor restrictions) based on the existence or absence of donor-imposed restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Income Taxes: The Organization is recognized as a nonprofit corporation under Section 501(c)(3) of the *Internal Revenue Code* and has not been classified as a private foundation under Section 509(a). The Organization recognizes interest and penalties related to unrecognized tax benefits in current operating expenses.

Cash and Cash Equivalents: Cash and cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near maturity at the date of purchase that they bear insignificant risk of value change due to changes in interest rates.

Property and Equipment: The Organization capitalizes acquisitions of property and equipment having a useful life of more than one year and cost in excess of \$1,000. Donated property is recorded at its approximate fair value at the time of donation. Depreciation is provided on the straight-line basis over the estimated useful lives of the respective asset.

FINAL EXIT NETWORK, INC.
NOTES TO MODIFIED CASH BASIS FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments: The Organization invests cash in excess of current working capital requirements in money market funds, mutual funds, and equities. The fair value of investments are estimated based on their quoted market values for the specific investments. Realized and unrealized gains and losses are included in the change in net assets on the statement of revenues, expenses, and change in net assets. Donated investments are reflected as contributions at their market value at date of receipt.

Concentration of Credit Risk: All investment transactions have credit exposure to the extent that a counterparty may default on an obligation to the Organization. Credit risk is a consequence of carrying investment positions. To manage credit risk, the Organization focuses primarily on higher quality securities, reviews the credit strength of all entities in which it invests, limits its exposure in any one investment, and monitors portfolio quality, taking into account credit rating assigned by recognized credit rating organizations.

Contributions: Contributions are considered to be without donor restrictions unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as with donor restrictions which increases that net asset class. However, if a restriction is fulfilled in the same time period in which the contribution is received, the entity reports the support as without donor restrictions.

Functional Allocation of Expenses: The costs of providing various programs and other activities have been summarized on a functional basis in the statement of revenues, expenses, and change in net assets. Costs that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated based on estimated percentage of time spent in each functional area.

Estimates: The preparation of financial statements in conformity with modified cash basis 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.

Membership Dues: All membership dues are voluntary and are renewed throughout the year and are recognized as revenue upon receipt.

FINAL EXIT NETWORK, INC.
NOTES TO MODIFIED CASH BASIS FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 2 – CASH AND CASH EQUIVALENTS

The Organization maintains its operating cash at two commercial banks. At times, the balances may exceed the current Federal Deposit Insurance Corporation (FDIC) limit of \$250,000. The Organization believes credit risk related to these balances are minimal.

Additionally, the Organization maintains cash in a money market account held with an investment advisor. The balance in this account at June 30, 2023 was \$101,527 and was not covered by the Federal Deposit Insurance Corporation.

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Fair Value Measurement and Disclosures Topic of the FASB Accounting Standards Codification 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the Fair Value Measurement and Disclosures Topic are described as follows:

- Level 1:* Quoted Prices in active markets for identical assets or liabilities.
- Level 2:* Observable market-based inputs or unobservable inputs that are corroborated by the market data.
- Level 3:* Unobservable inputs that are not corroborated by market data.

The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

Fair Value on a Recurring Basis

The following table presents the balances of assets and liabilities measured at fair value on a recurring basis.

**FINAL EXIT NETWORK, INC.
NOTES TO MODIFIED CASH BASIS FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

Investments consisted of the following at June 30, 2023:

2023	Fair Value	Level 1	Level 2	Level 3
Investments				
Mutual Funds	\$ 4,328,611	\$ 4,328,611	\$ -	\$ -
Total Investments	<u>\$ 4,328,611</u>	<u>\$ 4,328,611</u>	<u>\$ -</u>	<u>\$ -</u>

Net investment income for the year ended June 30, 2023 consisted of the following:

	2023
Interest and Dividends	\$ 88,605
Net Unrealized Gain	131,551
Net Realized Gain	181,528
Investment Income, Net	<u>\$ 401,684</u>

NOTE 4 – CONCENTRATIONS

The Organization received three bequests from three separate donors which provided approximately 34%, 22%, and 12%, respectively, of total support and revenue. No other donor contributed more than 10% of support and revenue.

NOTE 5 – LIQUIDITY AND AVAILABILITY OF RESOURCES

As of June 30, 2023, the Organization had \$4,462,454 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 totaling \$133,843 and investments totaling \$4,328,611. None of these financial assets are subject to donor or other contractual restrictions that would make them unavailable for general expenditures within one year of the statement of financial position date.

FINAL EXIT NETWORK, INC.
NOTES TO MODIFIED CASH BASIS FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 6 – INCOME TAXES

An entity must recognize the impact of uncertain tax positions in the financial statements if it is more likely than not that a tax position taken for tax return purposes will not be sustained upon examination by taxing authorities. The Organization has concluded that it has no material uncertain tax positions and, accordingly, it has not recognized any liability for unrecognized tax benefits. The Organization has filed all required tax returns in all jurisdictions in which it operates. Tax years after 2018 remain subject to examination by the applicable taxing authorities.

NOTE 7 – EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through October 23, 2023, the date which the financial statements were available to be issued.