Medical Debt Resolution, Inc.
(d/b/a RIP Medical Debt)

Financial Statements
Years Ended December 31, 2023 and 2022

The report accompanying these financial statements was issued by
BDO USA, P.C., a Virginia professional corporation, and the U.S. member of
BDO International Limited, a UK company limited by guarantee.

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Years Ended December 31, 2023 and 2022

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Contents

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Independent Auditor's Report

The Board of Directors
Medical Debt Resolution, Inc.
(d/b/a RIP Medical Debt)
New York, New York

Opinion

We have audited the financial statements of Medical Debt Resolution, Inc. (the Organization), which comprise the statements of financial position as of December 31, 2023 and 2022, the related statements of activities, functional expenses, 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 the Organization as of December 31, 2023 and 2022, and the changes in its net assets 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 the Organization 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 the Organization'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 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 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.

BDO USA, P.C.

September 25, 2024

Medical Debt Resolution, Inc.
(d/b/a RIP Medical Debt)

Statements of Financial Position

December 31,		2023		2022
Assets				
Current Assets				
Cash and cash equivalents	$	**35,361,575**	$	83,884,167
Contributions receivable, net		**448,752**		159,331
Prepaid expenses		**502,406**		209,876
Prepaid debt abolishment costs		**6,583,403**		3,163,388
Right-of-use asset - operating lease		**-**		83,666
Investments, at fair value		**52,156,633**		-
Security deposits and other assets		**5,271**		95,331
Total Current Assets		**95,058,040**		87,595,759
Property and Equipment, Net		**26,130**		22,738
Capitalized Software and Website Costs, Net		**813,209**		639,156
Total Assets	$	**95,897,379**	$	88,257,653
Liabilities and Net Assets				
Liabilities				
Current Liabilities				
Accounts payable and accrued expenses	$	**584,793**	$	444,334
Deferred revenue		**1,265,757**		437,692
Operating lease liability		**-**		86,120
Total Liabilities		**1,850,550**		968,146
Commitments and Contingencies				
Net Assets				
Without donor restrictions		**82,567,389**		79,591,769
With donor restrictions		**11,479,440**		7,697,738
Total Net Assets		**94,046,829**		87,289,507
Total Liabilities and Net Assets	$	**95,897,379**	$	88,257,653

See accompanying notes to financial statements.

Medical Debt Resolution, Inc.
(d/b/a RIP Medical Debt)

Statements of Activities

Year ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues			
Contributions and grants	$ 15,576,025	$ 10,714,848	$ 26,290,873
Contributions of nonfinancial assets	522,058	-	522,058
Investment income, net	3,123,237	-	3,123,237
Net assets released from restrictions	6,933,146	(6,933,146)	-
Total Support and Revenues	26,154,466	3,781,702	29,936,168
Expenses			
Program services:			
Medical debt relief	17,169,050	-	17,169,050
Technology infrastructure development	606,836	-	606,836
Community engagement, education, and public policy	551,740	-	551,740
Medical debt research and storytelling	76,433	-	76,433
Total Program Services	18,404,059	-	18,404,059
Supporting services:			
Management and general	2,918,166	-	2,918,166
Fundraising and development	1,856,621	-	1,856,621
Total Expenses	23,178,846	-	23,178,846
Change in Net Assets	2,975,620	3,781,702	6,757,322
Net Assets, beginning of year	79,591,769	7,697,738	87,289,507
Net Assets, end of year	$ 82,567,389	$ 11,479,440	$ 94,046,829

See accompanying notes to financial statements.

Medical Debt Resolution, Inc.
(d/b/a RIP Medical Debt)

Statements of Activities

Year ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues			
Contributions and grants	$ 37,180,634	$ 5,182,176	$ 42,362,810
Contributions of nonfinancial assets	246,300	-	246,300
Investment income, net	509,218	-	509,218
Net assets released from restrictions	3,147,376	(3,147,376)	-
Total Support and Revenues	41,083,528	2,034,800	43,118,328
Expenses			
Program services:			
Medical debt relief	7,777,434	-	7,777,434
Technology infrastructure development	438,673	-	438,673
Community engagement, education, and public policy	341,914	-	341,914
Medical debt research and storytelling	56,859	-	56,859
Total Program Services	8,614,880	-	8,614,880
Supporting services:			
Management and general	1,688,083	-	1,688,083
Fundraising and development	1,622,964	-	1,622,964
Total Expenses	11,925,927	-	11,925,927
Change in Net Assets	29,157,601	2,034,800	31,192,401
Net Assets, beginning of year	50,434,168	5,662,938	56,097,106
Net Assets, end of year	$ 79,591,769	$ 7,697,738	$ 87,289,507

See accompanying notes to financial statements.

Medical Debt Resolution, Inc.
(d/b/a RIP Medical Debt)

Statements of Functional Expenses

Year ended December 31, 2023

	Program Expenses					Supporting Services		
	Medical Debt Relief	Technology Infrastructure Development	Community Engagement, Education, and Public Policy	Medical Debt Research and Storytelling	Total Program Expenses	Management and General	Fundraising and Development	Total
Cost of Debt Abolished								
Debt portfolios acquired:								
Purchased debt portfolios	$ 15,453,205	$ -	$ -	$ -	$ 15,453,205	$ -	$ -	$ 15,453,205
Direct labor	1,074,417	-	-	-	1,074,417	-	-	1,074,417
Other debt abolishment costs	790,969	-	-	-	790,969	-	-	790,969
Increase in prepaid debt abolishment costs:								
Prepaid debt abolishment costs	(3,420,015)	-	-	-	(3,420,015)	-	-	(3,420,015)
Total Cost of Debt Abolished	13,898,576	-	-	-	13,898,576	-	-	13,898,576
Salaries and Benefits	648,641	381,602	248,510	-	1,278,753	982,971	187,578	2,449,302
Contract Service Expenses	766,249	138,619	292,524	76,433	1,273,825	835,521	1,347,610	3,456,956
Contract Service Expenses, In-Kind	-	-	-	-	-	446,033	-	446,033
Mailing Services	1,481,704	-	-	-	1,481,704	-	-	1,481,704
Merchant Account Fees	-	-	-	-	-	206,944	-	206,944
Office and Admin Expenses	53,976	-	1,098	-	55,074	125,051	65,026	245,151
Facility Expenses	-	-	-	-	-	119,941	-	119,941
Facility Expenses, In-Kind	-	-	-	-	-	76,025	-	76,025
Travel and Meeting Expenses	18,377	407	7,869	-	26,653	42,380	2,009	71,042
Technology Expenses	75,757	86,208	1,739	-	163,704	71,453	253,744	488,901
Depreciation and Amortization	225,770	-	-	-	225,770	11,847	654	238,271
Total Expenses	$ 17,169,050	$ 606,836	$ 551,740	$ 76,433	$ 18,404,059	$ 2,918,166	$ 1,856,621	$ 23,178,846

See accompanying notes to financial statements.

Medical Debt Resolution, Inc.
(d/b/a RIP Medical Debt)

Statements of Functional Expenses

Year ended December 31, 2022

	Program Expenses					Supporting Services		
	Medical Debt Relief	Technology Infrastructure Development	Community Engagement, Education, and Public Policy	Medical Debt Research and Storytelling	Total Program Expenses	Management and General	Fundraising and Development	Total
Cost of Debt Abolished								
Debt portfolios acquired:								
Purchased debt portfolios	$ 5,965,330	$ -	$ -	$ -	$ 5,965,330	$ -	$ -	$ 5,965,330
Donated debt portfolios	-	-	-	-	-	-	-	-
Direct labor	935,567	-	-	-	935,567	-	-	935,567
Other debt abolishment costs	887,652	-	-	-	887,652	-	-	887,652
Increase in prepaid debt abolishment costs:								
Prepaid debt abolishment costs	(1,921,689)	-	-	-	(1,921,689)	-	-	(1,921,689)
Total Cost of Debt Abolished	5,866,860	-	-	-	5,866,860	-	-	5,866,860
Salaries and Benefits	459,022	250,584	173,606	-	883,212	544,962	82,254	1,510,428
Contract Service Expenses	513,953	129,374	144,941	55,000	843,268	516,476	1,427,046	2,786,790
Contract Service Expenses, In-Kind	-	-	-	-	-	187,500	-	187,500
Mailing Services	686,715	-	-	-	686,715	-	-	686,715
Merchant Account Fees	-	-	-	-	-	111,636	-	111,636
Office and Admin Expenses	18,124	-	1,670	1,859	21,653	62,002	62,729	146,384
Facility Expenses	3,000	-	-	-	3,000	113,773	-	116,773
Facility Expenses, In-Kind	-	-	-	-	-	58,800	-	58,800
Travel and Meeting Expenses	11,285	-	21,017	-	32,302	24,498	1,739	58,539
Technology Expenses	67,404	58,715	680	-	126,799	57,890	49,196	233,885
Depreciation and Amortization	151,071	-	-	-	151,071	10,546	-	161,617
Total Expenses	$ 7,777,434	$ 438,673	$ 341,914	$ 56,859	$ 8,614,880	$ 1,688,083	$ 1,622,964	$ 11,925,927

See accompanying notes to financial statements.

Medical Debt Resolution, Inc.
(d/b/a RIP Medical Debt)

Statements of Cash Flows

Year ended December 31,		**2023**		2022
Cash Flows from Operating Activities				
Change in net assets	**$**	**6,757,322**	$	31,192,401
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation and amortization		**238,271**		161,617
Bad debt expense		**35,000**		-
Amortization of discounts on contributions receivables		**-**		(1,540)
Non-cash lease expense		**83,666**		108,050
Net appreciation in fair value of investments		**(1,119,445)**		-
Changes in assets and liabilities:				
Contributions receivable		**(324,421)**		100,561
Prepaid expenses		**(292,530)**		(104,877)
Prepaid debt abolishment costs		**(3,420,015)**		(1,921,689)
Security deposits and other assets		**90,060**		1,223
Accounts payable and accrued expenses		**140,459**		227,383
Deferred revenue		**828,065**		437,692
Principal reduction in lease liability		**(86,120)**		(106,313)
Net Cash Provided by Operating Activities		**2,930,312**		30,094,508
Cash Flows from Investing Activities				
Purchase of property and equipment		**(18,472)**		(12,145)
Capitalized software costs		**(397,244)**		(318,952)
Proceeds from sale of investments		**104,168,141**		-
Purchases of investments		**(155,205,329)**		-
Net Cash Used in Investing Activities		**(51,452,904)**		(331,097)
Net (Decrease) Increase in Cash and Cash Equivalents		**(48,522,592)**		29,763,411
Cash and Cash Equivalents, beginning of year		**83,884,167**		54,120,756
Cash and Cash Equivalents, end of year	**$**	**35,361,575**	$	83,884,167
Supplemental Disclosures of Cash Flow Information				
Donated services and facilities	**$**	**522,058**	$	246,300
Investments in right-of-use asset – operating lease through operating lease liability		**-**		83,666

See accompanying notes to financial statements.

1. Description of the Organization

Medical Debt Resolution, Inc. (the Organization) was formed as a not-for-profit corporation on July 25, 2014, in the state of New York. Since filing a certificate of assumed name with the state of New York on April 28, 2015, the Organization has been doing business as RIP Medical Debt. As of April 15, 2024, the Organization is known as Undue Medical Debt. The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Organization raises funds from donors and uses those funds to acquire and abolish medical debt. Since the Organization's founding in 2014, the Organization has abolished close to $12 billion of medical debt and helped around 7.5 million people.

The Organization's mission is to end medical debt and be a source of justice in an unjust health care finance system, a unique solution for patient-centered health care providers, and a moral force for systemic change so all people can seek health care without fear. Over the course of the Organization's growth, its vision has expanded to address the root causes of medical debt and seeks to transform the health care system to make debt relief unnecessary in the future. Helping families and individuals burdened by undue medical debts has been the basis of this work by acquiring and abolishing these large portfolios through a blind selection process for those most in need. By canceling these debts, the Organization brings financial relief to families and reduces related stress. This innovative process then improves the health of patients, families, and communities—empowering them to share their stories of relief and further raising awareness of the issue of medical debt.

The Organization does this work because medical debt often results from unplanned and unexpected illnesses and accidents. About one third of adults in the United States have difficulty paying their health care bills. In many areas and for many reasons, people remain uninsured, and those who are insured often receive expensive bills after receiving care. Medical debt is the leading cause of bankruptcy in the United States. Further, the Organization aims to relieve the burden of medical debt, to prevent people from skipping or delaying medical care because of cost-related concerns, and to support people living healthier lives.

The Organization depends on donations and grants from individuals, corporations, charitable organizations, and government to support its mission and purpose to end medical debt. In support of this mission, the Organization carries out programs in the following areas:

Medical Debt Relief – This area consists of acquisition and relief (i.e., cancellation) of medical debts belonging to people experiencing poverty or other hardships.

Technology Infrastructure Development - This area consists of developing systems to more efficiently acquire and abolish medical debt.

Community Engagement, Education, and Public Policy - This area consists of engaging in efforts to raise public awareness of the economic and social effects of medical debt, strategic partnerships for furthering community awareness and youth engagement, and informing and supporting public policy efforts to address systemic causes of medical debt.

Medical Debt Research and Storytelling - This area consists of supporting research and survey activities studying the economic and social effects of medical debt and medical debt relief, and highlighting personal stories and common themes from recipients of the Organization's medical debt relief efforts. This is done in an effort to remove the stigma associated with, and better understand the impacts of, medical debt.

2. Summary of Significant Accounting Policies

Basis of Presentation

The Organization's financial statements have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America (GAAP). In the statements of financial position, assets and liabilities are presented in order of liquidity or conversion to cash and their maturity resulting in the use of cash, respectively.

Financial Statement Presentation

The classification of the Organization's net assets and its support, revenue, and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the two classes of net assets—net assets without donor restrictions and net assets with donor restrictions—be displayed in the statements of financial position and that the amounts of change in each of those classes of net assets be displayed in the statements of activities.

These classes are defined as follows:

Net Assets Without Donor Restrictions - This class consists of the part of net assets that are not subject to donor-imposed stipulations and are, therefore, available for the general operations of the Organization.

Net Assets with Donor Restrictions – This class consists of net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by the actions of the Organization, pursuant to those stipulations. When such stipulations end or are fulfilled, such net assets are reclassified to net assets without donor restrictions and reported as net assets released from restrictions in the statements of activities.

Net assets with donor restrictions also include net assets resulting from contributions whereby the principal has been stipulated by the donor to be held and invested in perpetuity, and the income used in accordance with the donor's stipulations, if any. At December 31, 2023 and 2022, the Organization had no net assets with donor restrictions that were perpetual in nature.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of 90 days or less when acquired to be cash equivalents, except for those cash equivalents held for short-term investment that are maintained in the Organization's investment portfolio.

The Organization maintains its cash in bank deposit accounts, which, at times, may exceed the amount insured by the Federal Deposit Insurance Corporation (FDIC). The Organization does not believe it is exposed to any significant risk from cash and cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with 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.

Contributions Receivable, Net

Receivables that are expected to be collected within one year are recorded at their net realizable value. Receivables that are expected to be collected in future years are recorded at the present value of estimated future cash flows.

The Organization provides an allowance for doubtful accounts for receivables that are specifically identified by management as to their uncertainty in regard to collectability. Management has deemed all receivable amounts fully collectible, and has not established an allowance.

Investments, at Fair Value

GAAP also establishes a three-level valuation hierarchy of fair value measurements. These valuation techniques are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of input create the following fair value hierarchy:

Level 1 - Valuations are based on observable inputs that reflect quoted market prices in active markets for identical investments at the reporting date.

Level 2 - Valuations are based on other observable inputs, either directly or indirectly, including (i) quoted prices for similar assets/liabilities in active markets; (ii) quoted prices for identical or similar assets in non-active markets; (iii) inputs other than quoted prices that are observable for the asset/liability; and (iv) inputs that are derived principally from or corroborated by other observable market data. Level 2 assets include those investments or similar investments that are redeemable at or near the statement of financial position date and for which a model was derived for valuation.

Level 3 - Valuations are based on pricing inputs that are unobservable and include situations where (i) there is little, if any, market activity for the investments; (ii) the investments cannot be independently valued; or (iii) the investments cannot be immediately redeemed at or near the fiscal year-end.

Net investment income is recorded as without donor restrictions, unless specifically restricted by the donors. Unrealized appreciation or depreciation of investments is included in the accompanying statements of activities. Realized gains and losses are accounted for on the specific identification method.

The policy of the Organization is to sell donated stock investments soon after receipt and consider them cash donations valued at the sale price.

Prepaid Debt Abolishment Costs

Prepaid debt abolishment costs are valued at the lower of cost or market using a specific identification method. Prepaid debt abolishment costs include the purchase cost of debt portfolios acquired, and related costs of direct labor, contract labor, and analytic data used in the debt acquisition process.

Donated debt portfolios are valued using a transparency pricing model developed by the Organization that is used for the pricing of other standard debt portfolio purchases.

Property and Equipment, Net

Property and equipment are stated at cost, less accumulated depreciation. The Organization capitalizes additions that have a cost of $500 or more with estimated useful lives of greater than three years. Depreciation is computed over the estimated useful lives of the assets by the straight-line method for financial reporting, as follows:

	Useful Life (Years)
Computer and office equipment	3
Furniture and fixtures	5

Impairment of Long-Lived Assets

The Organization follows the provisions of Accounting Standards Codification (ASC) 360-10-35, *Accounting for the Impairment or Disposal of Long-Lived Assets*, which requires the Organization to review long-lived assets, including both fixed and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. For the years ended December 31, 2023 and 2022, there were no impairments recorded in the financial statements.

Capitalized Software and Website Costs, Net

In accordance with Financial Accounting Standards Board (FASB) ASC 350-40, *Intangibles - Goodwill and Other - Internal-Use Software*, the Organization capitalizes certain costs of developing software used to acquire and abolish medical debt and for the Organization's public website.

Capitalized costs include contractor fees, payroll-related costs of development personnel, and development-related hosting costs. Expenditures prior to the development stage, such as those for prototyping and vendor selection, are expensed as incurred. Expenditures after the development stage, such as those for routine maintenance, support, and minor enhancements, are also expensed as incurred. Capitalized software is stated at cost, less accumulated amortization. Amortization of software development costs is computed by the straight-line method over an estimated useful life of five years.

Right-of-Use Asset – Operating Lease and Operating Lease Liability

The Organization has a non-cancelable operating lease agreement for office space to obtain a right-of-use (ROU) asset. The lease liability and ROU asset represent its lease obligations and rights to use the leased asset over the period of the lease and are recognized when the Organization enters into the lease. The lease payments are discounted using a rate determined when the lease is recognized. The related operating lease ROU asset may differ from the operating lease liability due to deferred or prepaid lease payments. The Organization has elected to apply the short-term lease exception to all leases with a term of one year or less. Rent expense for leases with terms of 12 months or less was approximately $48,000 and $0 for the years ended December 31, 2023 and

2022, respectively, and is included within facility expenses and facility expenses, in-kind in the statements of functional expenses.

Revenue Recognition

The Organization recognizes contributions when cash, non-cash assets, and unconditional promises to give are received. Conditional promises to give—that is, those with a measurable performance or other barrier and a right of return—are not recognized until the conditions on which they depend have been met. Amounts received prior to the meeting of these conditions, if any, are reported as refundable advances in the statements of financial position.

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted for a purpose by the donor are reported as revenue with donor restrictions and increases in net assets with donor restrictions. Contributions received with restrictions that are met in the same reporting period are reported as revenue without donor restrictions and increases in net assets without donor restrictions. When a restriction expires (either a stipulated time period ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions.

The noncash assets that the Organization receives as donations are valued differently, depending on the type of asset received. Donations of cryptocurrency or other similar intangible assets are initially recorded at the fair market value on the date of donation, and then subsequently tested for impairment to see if the fair market value falls below the carrying value. If the fair market value falls below the carrying value, an impairment loss is required to be recognized; however, reversing an impairment loss is prohibited, even if the fair market value is above the carrying value. Donations of debt portfolios are valued using a transparency pricing model developed by the Organization, which is used for the pricing of other standard debt portfolio purchases.

Deferred Revenue

Deferred revenue relates to program costs through December 31, 2023 incurred by the Organization to support programs that focus on canceling medical debt for income-eligible individuals. The funding source advances the Organization for said costs based on a budget submitted. All other payments are based on actual expenditures.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Organization allocates salaries and related expenses based on estimated time and effort and other expenses, including technology expenses, office and administrative expenses, postage and mailing services, telephone and communications, and travel expenses based on usage. The Organization classifies expenses, which are not directly related to a specific program, as management and general expenses.

Income Taxes

The Organization is exempt from federal, state, and local income taxes under Section 501(c)(3) of the IRC and, therefore, has made no provision for income taxes in the accompanying financial statements. Under GAAP, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will be sustained upon examination by a taxing authority. The Organization does not believe it has taken any material uncertain tax positions and, accordingly, it has not recorded any liability for unrecognized tax benefits. The Organization has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Organization has filed Internal Revenue Service (IRS) Form 990 information returns, as required, and all other applicable returns in jurisdictions where so required. For the years ended December 31, 2023 and 2022, there were no interest or penalties recorded or included in the statements of activities. The Organization is subject to routine audit by a taxing authority. As of December 31, 2023 and 2022, the Organization was not subject to any examination by a taxing authority.

Recently Adopted Accounting Pronouncements

Financial Instruments - Credit Losses

In June 2016, the FASB issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended. The new credit losses standard changes the impairment model for most financial assets and certain other instruments. For trade and other receivables, contract assets recognized as a result of applying FASB ASC 606, loans, and certain other instruments, entities will be required to use a new, forward-looking, “expected-loss” model that generally will result in earlier recognition of credit losses than under today’s incurred-loss model. ASU 2016-13 is effective for annual periods beginning after December 15, 2022. Effective January 1, 2023, the Organization adopted ASU 2016-13. Management has evaluated the requirements of ASU 2016-13 and has determined that the impact of adopting ASU 2016-13 is not material to the financial statements.

Reclassification

Certain prior-year amounts were reclassified to conform to the current financial statement presentation.

3. Liquidity and Availability of Resources

The Organization regularly monitors liquidity required to meet its operating needs and other obligations as they come due. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities to be general expenditures. Amounts available for general expenditures over a 12-month period include donor-restricted amounts that are available for ongoing programmatic and support expenditures.

The following reflects the Organization's financial assets reduced by amounts not available for general use within one year because of contractual, donor-imposed, or internal restrictions and designations:

December 31,	**2023**	2022
Cash and cash equivalents	**$ 35,361,575**	$ 83,884,167
Contributions receivable, net	**448,752**	159,331
Investments, at fair value	**52,156,633**	-
Other receivables	**170**	1,192
Total Financial Assets	**87,967,130**	84,044,690
Less: those unavailable for general expenditures within one year:		
Donor-imposed program restrictions	**(11,479,440)**	(7,697,738)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	**$ 76,487,690**	$ 76,346,952

4. Contributions Receivable, Net

Contributions receivable, net, are primarily expected to be received as follows:

December 31,	**2023**	2022
Amounts to be collected:		
Less than one year	**$ 448,752**	$ 159,331
Contributions Receivable, Net	**$ 448,752**	$ 159,331

5. Prepaid Debt Abolishment Costs

Changes in the value of prepaid debt abolishment costs are presented below, along with supplemental details on the face value of debt abolished and the number of debtors helped.

December 31,	**2023**	2022
Prepaid Debt Abolishment Costs, beginning of year	**$ 3,163,388**	$ 1,241,699
Cost of medical debt acquired:		
Debt portfolios, purchased	**15,453,205**	5,965,330
Debt acquisition consulting and analysis fees	**174,724**	244,686
Data purchases	**516,059**	564,722
Data platform fees	**100,186**	78,244
Direct labor	**1,074,417**	935,567
Total Cost of Medical Debt Acquired	**17,318,591**	7,788,549
Cost of Medical Debt Abolished	**(13,898,576)**	(5,866,860)
Prepaid Debt Abolishment Costs, end of year	**$ 6,583,403**	$ 3,163,388
Face Value of Debt Abolished	**$ 3,337,752,724**	$ 1,771,663,816
Number of Debtors Helped	**1,957,131**	1,872,998

6. Property and Equipment, Net

Property and equipment, net, by major class, consisted of the following:

December 31,		**2023**		2022
Computer and office equipment	$	**70,153**	$	51,681
Furniture and fixtures		**1,423**		1,423
Less: accumulated depreciation		**(45,446)**		(30,366)
Property and Equipment, Net	$	**26,130**	$	22,738

Depreciation expense amounted to $15,080 and $12,583 for the years ended December 31, 2023 and 2022, respectively.

7. Capitalized Software and Website Costs, Net

In 2019, the Organization began formal development of proprietary software (the Debt Abolishment Platform) to automate the process of identifying, analyzing, purchasing, and abolishing medical debt. The first phase of the Debt Abolishment Platform was placed into service in March 2020. The Organization continued development of new features and functionality of the software through 2023 and 2022, for which related expenditures were capitalized. Expenditures in connection with general maintenance and user training were expensed in the period incurred. Capitalized software and website costs, net, consisted of the following:

December 31,		**2023**		2022
Website and Software Development Costs				
Payroll costs, software development	$	**835,149**	$	596,368
Contractor costs, software development		**395,089**		259,639
Contractor costs, public website		**13,550**		13,550
Hosting costs, software development		**67,440**		44,427
Total Website and Software Development Costs Capitalized		**1,311,228**		913,984
Less: accumulated amortization		**(498,019)**		(274,828)
Capitalized Software and Website Costs, Net	$	**813,209**	$	639,156

Amortization expense amounted to $223,191 and $149,034 for the years ended December 31, 2023 and 2022, respectively.

The future amortization expense for intangible assets at December 31, 2023 is as follows:

December 31,		
2024	$	259,536
2025		230,819
2026		176,010
2027		110,500
2028		36,344
	$	813,209

8. Investments, at Fair Value

Investments, by fair value hierarchy, consisted of the following:

December 31, 2023

	Level 1	Level 2	Level 3	Total
Treasury bills	$ 47,806,355	$ -	$ -	$ 47,806,355
U.S. government bonds	-	4,350,278	-	4,350,278
	$ 47,806,355	$ 4,350,278	$ -	$ 52,156,633

There were no Level 3 investment transactions during the years ended December 31, 2023 or 2022.

The Organization did not have financial assets or financial liabilities that were measured at fair value on a non-recurring basis during the years ended December 31, 2023 and 2022.

9. Net Assets with Donor Restrictions

Net assets with donor restrictions are available as follows:

December 31,	**2023**	2022
Debt relief programs	**$ 11,479,440**	$ 7,697,738

Net assets were released from restrictions during the years ended December 31, 2023 and 2022 by incurring expenses or the passage of time, thus satisfying the restricted purposes as follows:

Year ended December 31,	**2023**	2022
Debt relief programs	**$ 6,933,146**	$ 3,147,376

10. Operating Lease Liability

During the year ended December 31, 2021, the Organization signed a non-cancelable 24-month office space lease, which expired on September 30, 2023.

On October 1, 2021, the Organization recognized (1) a lease liability of $209,126, which represents the present value of the remaining lease payments, discounted using the Organization's incremental borrowing rate of 4%, and (b) an ROU asset. As of December 31, 2023 and 2022, the balance of the ROU asset is $0 and $83,666, respectively, and is included on the statements of financial position.

The following tables summarize information related to the lease asset and liability:

Year ended December 31,	**2023**	2022
Operating lease cost	**$ 83,666**	$ 108,050
Cash paid for amounts included in the measurement of lease liability:		
Operating cash flows used to pay operating lease	**86,120**	106,313

Other information about lease amounts recognized in the financial statements is as follows:

December 31,	**2023**	2022
Remaining lease term – operating lease (months)	**-**	9
Average discount rate – operating lease (%)	**4.00**	4.00

December 31, 2022		
		Operating Lease
Gross Lease Liability	$	87,242
Less: imputed interest		(1,122)
Present Value of Lease Liability		86,120
Less: current portion of lease liability		(86,120)
Total Long-Term Lease Liability	$	-

December 31, 2022		
ROU asset - operating lease	$	83,666

The following table reconciles the undiscounted operating lease payments to the lease liability recorded on the accompanying statement of financial position at December 31, 2022:

Year ending December 31,		
2023	$	87,242
Total Minimum Lease Payments		87,242
Less: imputed interest		(1,122)
Total Operating Lease Liability	$	86,120

11. Intangible Asset

During the year ended December 31, 2021, the Organization received donations of cryptocurrency. The cryptocurrency donations were recognized for $85,252, which was the fair market value on the date of donation, with $67,742 of the donation restricted for medical debt relief. The balance of the cryptocurrency asset was fully sold in 2023. The fair market value of the cryptocurrency at December 31, 2023 and 2022 was $0 and $71,270, respectively, resulting in an impairment loss of $0 and $13,982, respectively. The amount is included in security deposits and other assets on the statements of financial position as of December 31, 2023 and 2022.

12. Contributions of Nonfinancial Assets

Amounts are reported in the financial statements for voluntary donations of services and use of facilities if those services and use of facilities create or enhance nonfinancial assets or require specialized skills provided by individuals possessing those skills and would typically be purchased if not provided by donation. During the years ended December 31, 2023 and 2022, the Organization received $522,058 and $246,300, respectively, in contributions in-kind that are reported as contributions and expenses in the accompanying statements of activities and functional expenses. For the year ended December 31, 2023, the amount includes $446,033 and $76,025, and for the year ended December 31, 2022, the amount includes $187,500 and $58,800 recognized in revenue and expenses from pro-bono public relations services and use of facilities, respectively.

The following summarizes the Organization's contributed nonfinancial assets:

Year ended December 31, 2023

		Revenue Recognized	Donor Restrictions	Valuation Techniques and Inputs
Professional services	$	446,033	No associated donor restrictions	Valued based on fair market value of the services
Use of facilities		76,025	No associated donor restrictions	Valued based on difference between fair market value less the price paid
Total	$	522,058		

Year ended December 31, 2022

		Revenue Recognized	Donor Restrictions	Valuation Techniques and Inputs
Professional services	$	187,500	No associated donor restrictions	Valued based on fair market value of the services
Use of facilities		58,800	No associated donor restrictions	Valued based on difference between fair market value less the price paid
Total	$	246,300		

13. Retirement Plan

During the year ended December 31, 2020, the Organization adopted a qualified deferred compensation plan (Plan) under 403(b) of the IRC. Under the Plan, employees may elect to defer a portion of their salary, subject to IRS limits. Any employee who has completed a year of employment or who works full time is allowed to participate in the Plan. The Organization can make discretionary matching contributions towards the Plan, based on a uniform percentage or dollar amount of the employees' elective deferrals.

The Organization's contributions to the Plan for the years ended December 31, 2023 and 2022 amounted to $84,250 and $60,698, respectively. These amounts have been reported as a component of salaries and benefits within the statements of functional expenses.

14. Concentrations

The Organization maintains its cash accounts with various financial institutions. The FDIC insures bank deposits up to $250,000 per financial institution. At times, the balances of the accounts exceeded insured limits during the years ended December 31, 2023 and 2022.

During the year ended December 31, 2023, one single contributor accounted for more than 5% of the Organization's total revenue (excluding contributed nonfinancial assets). During the year ended December 31, 2022, one single contributor accounted for more than 70% of the Organization's total revenue (excluding contributed nonfinancial assets).

15. Conditional Grants

The Organization has grant agreements with several donors that consist of providing conditional funding in future years, amounting to approximately $24,618,000 at December 31, 2023 and $11,813,000 at December 31, 2022. A corresponding receivable has not been recorded on the statements of financial position, as the conditional grants are contingent upon incurring qualifying expenditures and fulfilling milestones. Conditional promises to give are recognized when the conditions on which they depend upon are substantially met. Until that point, any amounts that are received are recorded as refundable advances.

16. Related Party Transactions

During the year ended December 31, 2022, members of the Organization's board of directors were also employees or consultants of the Organization. During the year ended December 31, 2022, one board member was paid $34,365 for their services as employees or consultants to the Organization.

During the years ended December 31, 2023 and 2022, the Organization paid consulting fees totaling $99,000 to a consulting firm, the founder and CEO of which is an immediate family member of an individual on the Organization's board of directors.

17. Commitments and Contingencies

Under an agreement between the Organization and its primary consumer financial data supplier, the Organization is committed to aggregate minimum purchases of $550,000 in the year ending December 31, 2024. There was no minimum purchase requirement for the year ended December 31, 2023, and a similar minimum purchase requirement of $200,000 for the year ended December 31, 2022 was fulfilled.

18. Subsequent Events

Change of Name

Since filing a certificate of assumed name with the state of New York on April 9, 2024, the Organization has been doing business as Undue Medical Debt.

Subsequent events were evaluated for potential additional disclosures and corrections through September 25, 2024, which is the date the financial statements were available to be issued. There were no other subsequent events requiring adjustment to, or disclosures to, the financial statements.