

The Donna Foundation, Inc.
(A Not-For-Profit Corporation)

Years Ended June 30, 2019 and 2018



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Donna Foundation, Inc.
Jacksonville, Florida

We have audited the accompanying financial statements of The Donna Foundation, Inc. (a not-for-profit corporation), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Donna Foundation, Inc. as of June 30, 2019 and 2018 and the changes in its net assets, functional expenses and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Masters, Smith & Wisby, P.A.
Certified Public Accountants
Jacksonville, Florida

October 29, 2019

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THE DONNA FOUNDATION, INC.
(A NOT-FOR-PROFIT CORPORATION)

STATEMENTS OF FINANCIAL POSITION

ASSETS

	June 30	
	2019	2018
Assets:		
Cash and cash equivalents	\$ 98,623	\$ 35,434
Accounts receivable	36,309	50,845
Inventory	9,470	13,794
Prepaid expenses	12,749	3,186
Total Current Assets	157,151	103,259
Property and Equipment, net	-	-
Total Assets	\$ 157,151	\$ 103,259

LIABILITIES AND NET ASSETS

Liabilities:		
Line of credit	\$ 35,000	\$ -
Accounts payable, trade	113,662	120,685
Accounts payable, benefactors	41,650	182,485
Deferred revenue	38,017	81,873
Total Liabilities, all current	228,329	385,043
Net Assets:		
Without Donor Restrictions	(71,178)	(281,784)
Total Net Assets	(71,178)	(281,784)
Total Liabilities and Net Assets	\$ 157,151	\$ 103,259

See accompanying notes

THE DONNA FOUNDATION, INC.
(A NOT-FOR-PROFIT CORPORATION)

STATEMENTS OF ACTIVITIES

	Year Ended June 30	
	2019	2018
Changes in Net Assets Without Donor Restrictions:		
Support and Revenue:		
Contributions, gifts and grants	\$ 1,740,863	\$ 1,815,028
Foundation events	45,975	51,949
Books and merchandise sales, net of cost of goods sold of \$18,294 and \$16,777, respectively	(3,650)	6,753
In-kind contributions	225,394	239,287
	2,008,582	2,113,017
 Total Support and Revenue Without Donor Restrictions		
Net Assets Released from Restrictions:		
Restrictions satisfied by payments	100,000	100,000
	100,000	100,000
 Total Support and Revenue Without Donor Restrictions and Net Assets Released from Restrictions	2,108,582	2,213,017
 Operating Expenses:		
Program Services	1,551,076	1,736,321
Supporting Services:		
Fund raising	170,942	132,802
General operations	175,958	196,752
	1,897,976	2,065,875
 Total Operating Expenses		
Change in Net Assets Without Donor Restrictions	210,606	147,142
 Change in Net Assets With Donor Restrictions:		
Contributions	100,000	100,000
Net assets released from restrictions	(100,000)	(100,000)
	-	-
 Change in Net Assets With Donor Restrictions		
Change in Net Assets	210,606	147,142
 Net Assets, Beginning of Year	(281,784)	(428,926)
 Net Assets, End of Year	\$ (71,178)	\$ (281,784)

See accompanying notes

THE DONNA FOUNDATION, INC.
(A NOT-FOR-PROFIT CORPORATION)

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2019

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Fund Raising</u>	<u>General Operations</u>	
Communications	\$ 243,769	\$ -	\$ -	\$ 243,769
Bank and merchant fees	-	-	5,425	5,425
Charitable contributions:				
CareLine and financial aid platform	100,000	-	-	100,000
Conferences and meetings	-	-	2,194	2,194
Depreciation	-	-	-	-
Education outreach	110,267	-	-	110,267
Employee benefits	15,235	8,821	6,112	30,169
Survivorship operations	892,160	-	-	892,160
Insurance	-	-	8,808	8,808
Licenses and permits	-	-	541	541
Other expenses	-	-	1,304	1,304
Printing and publications	2,794	-	-	2,794
Professional and contract services	-	53,932	7,134	61,066
Facilities	-	-	47,916	47,916
Repairs and maintenance	-	-	7,759	7,759
Salaries	173,222	100,297	69,494	343,013
Payroll taxes	13,629	7,892	5,468	26,989
Telephone	-	-	13,802	13,802
	<hr/>	<hr/>	<hr/>	<hr/>
Total Operating Expenses	<u>\$ 1,551,076</u>	<u>\$ 170,942</u>	<u>\$ 175,958</u>	<u>\$ 1,897,976</u>

See accompanying notes

**THE DONNA FOUNDATION, INC.
(A NOT-FOR-PROFIT CORPORATION)**

**STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2018**

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Fund Raising</u>	<u>General Operations</u>	
Communications	293,432	\$ -	\$ -	\$ 293,432
Bank and merchant fees	-	-	5,762	5,762
CareLine and financial aid platform	100,000	-	-	100,000
Conferences and meetings	-	-	929	929
Depreciation	-	-	1,140	1,140
Education outreach	124,662	-	-	124,662
Employee benefits	15,338	9,926	5,241	30,505
Survivorship operations	1,008,627	-	-	1,008,627
Insurance	-	-	13,429	13,429
Licenses and permits	-	-	411	411
Other expenses	-	-	4,567	4,567
Printing and publications	4,397	-	-	4,397
Professional and contract services	-	-	33,917	33,917
Facilities	-	-	44,295	44,295
Repairs and maintenance	-	-	7,161	7,161
Salaries	175,517	113,590	59,972	349,079
Payroll taxes	14,348	9,286	4,902	28,536
Telephone	-	-	15,026	15,026
Total Operating Expenses	<u>\$ 1,736,321</u>	<u>\$ 132,802</u>	<u>\$ 196,752</u>	<u>\$ 2,065,875</u>

See accompanying notes

THE DONNA FOUNDATION, INC.
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STATEMENTS OF CASH FLOWS

	Year Ended June 30	
	2019	2018
Cash Flows from Operating Activities:		
Change in net assets	\$ 210,606	\$ 147,142
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation	-	1,140
Change in assets and liabilities:		
Accounts receivable	14,536	(50,845)
Inventory	4,324	128
Accounts payable and accrued expenses	(147,858)	(176,830)
Deferred revenue	(43,856)	81,873
Net Cash Flows from Operating Activities	28,189	2,608
Cash Flows from Financing Activities:		
Borrowings under line of credit	35,000	-
Net Cash Flows from Financing Activities	35,000	-
Net Change in Cash and Cash Equivalents	63,189	2,608
Cash and Cash Equivalents, Beginning of Period	35,434	32,826
Cash and Cash Equivalents, End of Period	\$ 98,623	\$ 35,434

See accompanying notes

THE DONNA FOUNDATION, INC.
(A NOT-FOR-PROFIT CORPORATION)

NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2019 and 2018

A. Summary of Significant Accounting Policies:

Organization and Purpose:

The Donna Foundation, Inc.(the Organization), a private not-for-profit corporation in Northeast, Florida, provides financial assistance and support nationwide to those living with breast cancer and funds ground breaking breast cancer research. The Organization produces and participates in a variety of community outreach initiatives, educational programs and fundraising events yearly to support its mission.

Basis of Accounting:

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation – New Accounting Pronouncement

Financial statement presentation followed the recommendations of the Financial Accounting Standards Board's Accounting Standard Codification for Financial Statements of Not-for-Profit Organizations (ASC 958). Formerly, under ASC 958, the Organization was required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In August 2016, the FASB issued ASU 2016-14, "Presentation of Financial Statements of Not-for-Profit entities" (Topic 958). The ASU amends the current reporting model for not-for -profit organizations by changing the reporting of net assets from three classes to two classes, net assets without donor restrictions and net asset with donor restrictions, as well as adding and enhancing certain financial statement disclosures. The ASU is effective using a modified retrospective approach for fiscal years beginning after December 15, 2017. The Organization has adopted ASU 2016-14 for the fiscal year ended June 30, 2019 and has retrospectively applied it to 2018 as required.

Use of Estimates in the Preparation of Financial Statements:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash Equivalents:

For purposes of the statement of cash flows, the Organization considers all highly liquid short-term investments with an original maturity of three months or less to be cash equivalents. The Organization maintains its cash in bank deposit accounts, which at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization had no cash in excess of insured limits at June 30, 2019 and 2018.

Allowance for Doubtful Accounts:

The Organization considers all accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required.

THE DONNA FOUNDATION, INC.
(A NOT-FOR-PROFIT CORPORATION)

NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2019 and 2018
(continued)

A. Summary of Significant Accounting Policies (continued):

Contributions and Support Without and With Donor Restrictions:

Contributions and support received are recorded either without or with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) 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, depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Income Taxes:

The Organization is recognized by the Internal Revenue Service as not-for-profit under Section 501(c)(3) of the Internal Revenue Code and is, therefore, exempt from income taxes.

The Organization takes tax positions which it feels are adhering to the laws established by the taxing authorities. Therefore, the organization doesn't believe it has taken any uncertain tax positions which could subject it to penalties or interest; therefore, none have been accrued in the accompanying financial statements. The taxing authorities have the right to audit the Organization's book for the current and three previous years.

Inventories:

Inventories primarily relate to merchandise relating to the foundation and national marathon. Inventory is valued at lower of cost or net realizable value as determined on the first-in, first-out basis.

Property and Equipment:

Property and equipment are recorded at cost as of the date of acquisition. Contributed property is recorded at fair values as of the date of receipt. Capitalization of assets received from the above source is made only when the amount exceeds \$1,000. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets (equipment and furniture – 5 to 7 years).

Expense Allocation:

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort to the program or function benefitted.

THE DONNA FOUNDATION, INC.
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NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2019 and 2018
(continued)

A. Summary of Significant Accounting Policies (continued):

Advertising:

The Organization expenses advertising costs in the periods in which they are incurred. Advertising expense was \$243,769 and \$293,432 for the periods ended June 30, 2019 and 2018, respectively.

B. Inventories:

The components of inventories at June 30, 2019 and 2018 are as follows:

	2019	2018
Clothing	\$ 6,246	\$ 12,464
Hats, visors and other	3,224	1,327
	\$ 9,470	\$ 13,794

C. Property and Equipment:

	2019	2018
Property and equipment consist of the following:		
Equipment	\$ 4,571	\$ 4,571
Furniture	87,300	87,300
Leasehold improvements	9,144	9,144
	101,015	101,015
Less, accumulated depreciation	101,015	101,015
	\$ -	\$ -

Depreciation expense was \$- and \$1,140 for the years ending June 30, 2019 and June 30, 2018, respectively.

D. Line of Credit:

The Organization opened a \$50,000 line of credit with IBERIABANK on May 23, 2019. The line is schedule to mature on May 22, 2020 and bears interest at the prime rate of interest as published in the money rate section of the Wall Street Journal plus 2.5%. The interest rate at June 30, 2019 was 8% and the outstanding balance on the line was \$35,000.

THE DONNA FOUNDATION, INC.
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NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2019 and 2018
(continued)

E. Donated Materials, Services and Facilities:

The value of donated materials and services and the corresponding expenditures included in the financial statement for the periods ended June 30, 2019 and 2018, respectively, are as follows:

	2019	2018
<u>Support and Revenue</u>		
In-Kind contributions	\$ 225,394	\$ 239,287
 <u>Expenses</u>		
Communications	\$ 159,824	\$ 169,454
Other	65,570	69,833
Total	\$ 225,394	\$ 239,287

Contributions of services are recognized in the financial statements if the services enhance or create non-financial assets or require specialized skills that are provided by individuals possessing those skills, and would typically need to be purchased if not donated. The Organization receives a significant amount of donated services from unpaid volunteers who assist in administrative and fundraising activities. No amounts have been recognized in the statement of activities because the criteria for recognition have not been met. During the periods ending June 30, 2019 and 2018, the Organization received an estimated 8,076 and 10,605 volunteer hours related to various activities, respectively.

F. Concentration of Credit Risk:

The Organization's major source of support is through fund raising activities. During the year ended June 30, 2019, 21% of the Organization's contributions, gifts and grants revenue was donated by five (5) donors. During the year ended June 30, 2018, 31% of the Organization's contributions, gifts and grants revenue and was donated by eight (8) donors.

G. Leasing Arrangements:

The Entity conducts its operations from a facility that is leased under a 60 month non-cancelable operating lease beginning October 1, 2017 and expiring on September 30, 2022. Monthly rent is \$3,530 (prior to sales tax) for the initial 12 month period and escalates annually. Rent expense for the year ended June 30, 2019 and 2018 was \$43,840 and \$41,335, respectively. Future lease commitments are as follows:

Year Ended	
<u>June 30</u>	
2020	\$ 45,510
2021	47,310
2022	49,110
2023	12,390
	\$ 154,320

THE DONNA FOUNDATION, INC.
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NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2019 and 2018
(continued)

H. Liquidity and Availability of Financial Assets:

It is the policy of the organization to manage its financial assets, so they are available when needed to meet its general expenditures, liabilities and other obligations as they become due.

The Organization's financial assets available within one year from the statement of financial position date available for general expenditures are:

	June 30	
	2019	2018
Cash	\$ 98,623	\$ 35,434
Accounts receivable	36,309	50,845
Financial assets at year-end	134,932	85,279
Financial assets available to meet cash needs for general expenditure within one year	\$ 134,932	\$ 85,279

I. Subsequent Events:

Subsequent events have been evaluated through October 29, 2019, the date the financial statements were available to be issued. No subsequent events were identified that would require adjustment to or disclosure in these financial statements.

J. Prior Period Reclassifications:

Certain amounts in the 2018 financial statements have been reclassified to conform with the 2019 presentation. These reclassifications had no impact on the change in net assets as previously reported in the 2018 financial statements.