

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

**Years Ended June 30, 2020 and 2019**



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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, 2020 and 2019, 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, 2020 and 2019 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

January 8, 2021

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**THE DONNA FOUNDATION, INC.**  
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**STATEMENTS OF FINANCIAL POSITION**

**ASSETS**

	June 30	
	2020	2019
<b>Assets:</b>		
Cash and cash equivalents	\$ 226,243	\$ 98,623
Accounts receivable	22,230	36,309
Inventory	7,920	9,470
Prepaid expenses	3,188	12,749
	259,581	157,151
Total Current Assets	259,581	157,151
Property and Equipment, net	-	-
Total Assets	\$ 259,581	\$ 157,151

**LIABILITIES AND NET ASSETS**

<b>Liabilities:</b>		
Line of credit	\$ -	\$ 35,000
Accounts payable, trade	221,776	113,662
Accounts payable, benefactors	-	41,650
Deferred revenue	8,000	38,017
	229,776	228,329
Total Current Liabilities	229,776	228,329
Long-term debt	213,208	-
Total Liabilities	442,984	228,329
<b>Net Assets:</b>		
Without Donor Restrictions	(295,595)	(171,178)
With Donor Restrictions	112,192	100,000
	(183,403)	(71,178)
Total Net Assets	(183,403)	(71,178)
Total Liabilities and Net Assets	\$ 259,581	\$ 157,151

See accompanying notes

**THE DONNA FOUNDATION, INC.**  
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**STATEMENTS OF ACTIVITIES**

	<b>Year Ended June 30</b>	
	<b>2020</b>	<b>2019</b>
<b>Changes in Net Assets Without Donor Restrictions:</b>		
Support and Revenue:		
Contributions, gifts and grants	\$ 1,334,608	\$ 1,740,863
Foundation events	17,946	45,975
Books and merchandise sales, net of cost of goods sold of \$18,294 and \$16,777, respectively	11,684	(3,650)
In-kind contributions	176,040	225,394
Total Support and Revenue Without Donor Restrictions	1,540,278	2,008,582
Net Assets Released from Restrictions:		
Restrictions satisfied by payments	133,797	-
Total Support and Revenue Without Donor Restrictions and Net Assets Released from Restrictions	1,674,075	2,008,582
Operating Expenses:		
Program Services	1,521,809	1,551,076
Supporting Services:		
Fund raising	92,646	170,942
General operations	184,037	175,958
Total Operating Expenses	1,798,492	1,897,976
Change in Net Assets Without Donor Restrictions	(124,417)	110,606
<b>Change in Net Assets With Donor Restrictions:</b>		
Contributions	145,989	100,000
Net assets released from restrictions	(133,797)	-
Change in Net Assets With Donor Restrictions	12,192	100,000
Change in Net Assets	(112,225)	210,606
Net Assets, Beginning of Year	(71,178)	(281,784)
Net Assets, End of Year	\$ (183,403)	\$ (71,178)

See accompanying notes

**THE DONNA FOUNDATION, INC.**  
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**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended June 30, 2020**

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Fund Raising</u>	<u>General Operations</u>	
Communications	\$ 275,936	\$ -	\$ -	\$ 275,936
Bank and merchant fees	-	-	13,089	13,089
CareLine and financial aid platform	193,797	-	-	193,797
Conferences and meetings	-	-	590	590
Education outreach	93,971	-	-	93,971
Employee benefits	9,433	2,634	3,301	15,369
Survivorship operations	746,515	-	-	746,515
Insurance	-	-	12,897	12,897
Licenses and permits	-	-	411	411
Other expenses	-	-	704	704
Printing and publications	3,437	-	-	3,437
Professional and contract services	-	34,520	16,284	50,804
Facilities	-	-	49,161	49,161
Repairs and maintenance	-	-	6,892	6,892
Salaries	185,662	51,845	64,972	302,479
Payroll taxes	13,058	3,646	4,570	21,274
Telephone	-	-	11,166	11,166
	<hr/>	<hr/>	<hr/>	<hr/>
Total Operating Expenses	<u>\$ 1,521,809</u>	<u>\$ 92,646</u>	<u>\$ 184,037</u>	<u>\$ 1,798,492</u>

See accompanying notes

**THE DONNA FOUNDATION, INC.**  
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**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
CareLine and financial aid platform	100,000	-	-	100,000
Conferences and meetings	-	-	2,195	2,195
Education outreach	110,267	-	-	110,267
Employee benefits	15,235	8,821	6,112	30,168
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
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.**  
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**STATEMENTS OF CASH FLOWS**

	<b>Year Ended June 30</b>	
	<b>2020</b>	<b>2019</b>
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ (124,417)	\$ 110,606
Change in assets and liabilities:		
Accounts receivable	14,079	14,536
Inventory	1,550	4,324
Prepaid expenses	9,561	(9,563)
Accounts payable and accrued expenses	66,464	(147,858)
Deferred revenue	(30,017)	(43,856)
	(62,780)	(71,811)
<b>Net Cash Flows from Operating Activities</b>		
<b>Cash Flows from Financing Activities:</b>		
Borrowings (payments) under line of credit	(35,000)	35,000
Borrowing on long-term debt	213,208	-
	178,208	35,000
<b>Net Cash Flows from Financing Activities</b>		
<b>Net Change in Cash and Cash Equivalents</b>	115,428	(36,811)
<b>Cash and Cash Equivalents, Beginning of Year</b>	(1,377)	35,434
<b>Cash and Cash Equivalents, End of Year</b>	\$ 114,051	\$ (1,377)

See accompanying notes

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**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended June 30, 2020 and 2019**

**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

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board's Accounting Standard Codification for Financial Statements of Not-for-Profit Organizations (ASC 958). In August 2016, the FASB issued ASU 2016-14, "Presentation of Financial Statements of Not-for-Profit entities" (Topic 958). The ASU amended the prior 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.

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, 2020 and 2019.

Allowance for Doubtful Accounts:

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

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**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended June 30, 2020 and 2019**  
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**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.

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**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended June 30, 2020 and 2019**  
**(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 \$275,936 and \$243,769 for the periods ended June 30, 2020 and 2019, respectively.

**B. Inventories:**

The components of inventories at June 30, 2020 and 2019 are as follows:

	<b>2020</b>	<b>2019</b>
Clothing	\$ 6,679	\$ 6,246
Hats, visors and other	1,241	3,224
	\$ 7,920	\$ 9,470

**C. Property and Equipment:**

	<b>2020</b>	<b>2019</b>
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
	\$ -	\$ -

No depreciation expense was recognized for the years ending June 30, 2020 and June 30, 2019 as all assets were fully depreciated.

**D. Line of Credit:**

The Organization opened a \$50,000 line of credit with IBERIABANK on May 23, 2019. The line matured on May 22, 2020 and was renewed for an additional year. The loan 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, 2020 was 8.11%. The outstanding balance on the line was \$-0- and \$35,000 at June 30, 2020 and 2019, respectively.

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**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended June 30, 2020 and 2019**  
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**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, 2020 and 2019, respectively, are as follows:

	2020	2019
<u>Support and Revenue</u>		
In-Kind contributions	\$ 176,040	\$ 225,394
 <u>Expenses</u>		
Communications	\$ 135,042	\$ 159,824
Other	40,998	65,570
Total	\$ 176,040	\$ 225,394

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, 2020 and 2019, the Organization received an estimated 7,834 and 8,076 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, 2020, 24% of the Organization's contributions, gifts and grants revenue was donated by five (5) donors. During the year ended June 30, 2019, 21% of the Organization's contributions, gifts and grants revenue was donated by five (5) 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, 2020 and 2019 was \$46,780 and \$43,840, respectively. Future lease commitments are as follows:

Year Ended	
June 30	
2021	\$ 47,310
2022	49,110
2023	12,390
	\$ 108,810

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**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended June 30, 2020 and 2019**  
**(continued)**

**H. Long-Term Debt and Covid-19:**

In the first quarter of 2020 the economy was stricken by the global Covid-19 pandemic. As a means of offering financial relief, the United States Government created loan programs to help qualifying organizations with liquidity needs. The Organization participated in these loan programs and secured a \$150,000 Economic Injury and Disaster Loan (EIDL) and a \$63,208 Paycheck Protection Program (PPP) loan. The PPP loan is eligible for full forgiveness if the Organization adheres to certain guidelines, which the Organization believes it will meet, while the EIDL will have to be repaid over a long-term period beginning at a date after the issuance of these financial statements. Both loans are classified as long-term as the PPP loan forgiveness process had not taken place at the date of issuance of these financial statements and the EIDL is long-term in nature.

**I. 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:

	<b>June 30</b>	
	<b>2020</b>	<b>2019</b>
Cash	\$ 226,243	\$ 98,623
Accounts receivable	22,230	36,309
Financial assets at year-end	248,473	134,932
Less funds with donor restrictions	112,192	100,000
Financial assets available to meet cash needs for general expenditure within one year	\$ 136,281	\$ 34,932

**J. Subsequent Events:**

Subsequent events have been evaluated through the date of these financial statements, 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.

**K. Prior Period Reclassifications:**

Certain amounts in the 2019 financial statements have been reclassified to conform with the 2020 presentation. These reclassifications had no effect on the total change in net assets as previously reported but the major reclassification did have an effect on the components of that change by reclassifying \$100,000 into donor restricted funds which were previously reported as funds without donor restrictions.