

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

Years Ended June 30, 2021 and 2020



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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, 2021 and 2020, 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, 2021 and 2020 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

March 16, 2022

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

STATEMENTS OF FINANCIAL POSITION

ASSETS

	June 30	
	2021	2020
Assets:		
Cash and cash equivalents	\$ 404,569	\$ 226,243
Accounts receivable	29,073	22,230
Inventory	3,450	7,920
Prepaid expenses	3,188	3,188
	<hr/>	<hr/>
Total Current Assets	440,280	259,581
	<hr/>	<hr/>
Property and Equipment, net	-	-
	<hr/>	<hr/>
Total Assets	\$ 440,280	\$ 259,581

LIABILITIES AND NET ASSETS

Liabilities:		
Line of credit	\$ -	\$ -
Accounts payable, trade	46,275	221,776
Deferred revenue	-	8,000
Paycheck Protection Program loan	63,207	63,208
Long-term debt, current portion	17,953	-
	<hr/>	<hr/>
Total Current Liabilities	127,435	292,984
Long-Term Debt (net of current portion)		
EIDL loan	149,731	150,000
VyStar Credit Union loan	82,316	-
	<hr/>	<hr/>
Total Long-term Debt	232,047	150,000
	<hr/>	<hr/>
Total Liabilities	359,482	442,984
	<hr/>	<hr/>
Net Assets:		
Without Donor Restrictions	(19,202)	(295,595)
With Donor Restrictions	100,000	112,192
	<hr/>	<hr/>
Total Net Assets	80,798	(183,403)
	<hr/>	<hr/>
Total Liabilities and Net Assets	\$ 440,280	\$ 259,581

See accompanying notes

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

STATEMENTS OF ACTIVITIES

	Year Ended June 30	
	2021	2020
Changes in Net Assets Without Donor Restrictions:		
Support and Revenue:		
Contributions, gifts and grants	\$ 886,007	\$ 1,334,608
Foundation events	-	17,946
Books and merchandise sales, net of cost of goods sold of \$2,044 and \$18,294, respectively	4,950	11,684
Cares loan forgiveness and employee retention credit	86,958	-
In-kind contributions	206,838	176,040
Total Support and Revenue Without Donor Restrictions	1,184,753	1,540,278
Net Assets Released from Restrictions:		
Restrictions satisfied by payments	112,192	133,797
Total Support and Revenue Without Donor Restrictions and Net Assets Released from Restrictions	1,296,945	1,674,075
Operating Expenses:		
Program Services	760,562	1,521,809
Supporting Services:		
Fund raising	95,852	92,646
General operations	164,138	184,037
Total Operating Expenses	1,020,552	1,798,492
Change in Net Assets Without Donor Restrictions	276,393	(124,417)
Change in Net Assets With Donor Restrictions:		
Contributions	100,000	145,989
Net assets released from restrictions	(112,192)	(133,797)
Change in Net Assets With Donor Restrictions	(12,192)	12,192
Change in Net Assets	264,201	(112,225)
Net Assets, Beginning of Year	(183,403)	(71,178)
Net Assets, End of Year	\$ 80,798	\$ (183,403)

See accompanying notes

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

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2021

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Fund Raising</u>	<u>General Operations</u>	
Communications	\$ 273,488	\$ -	\$ -	\$ 273,488
Bank and merchant fees	-	-	11,337	11,337
CareLine and financial aid platform	142,500	-	-	142,500
Research	25,000	-	-	25,000
Education outreach	25,818	-	-	25,818
Employee benefits	8,519	2,937	3,784	15,240
Survivorship operations	103,707	-	-	103,707
Insurance	-	-	3,025	3,025
Licenses and permits	-	-	411	411
Other expenses	55	-	717	772
Professional and contract services	-	30,357	10,426	40,783
Facilities	-	-	44,520	44,520
Repairs and maintenance	-	-	4,970	4,970
Salaries	166,182	57,287	73,816	297,285
Payroll taxes	15,293	5,272	6,793	27,357
Telephone	-	-	4,339	4,339
Total Operating Expenses	<u>\$ 760,562</u>	<u>\$ 95,852</u>	<u>\$ 164,138</u>	<u>\$ 1,020,552</u>

See accompanying notes

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

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
Education outreach	93,971	-	-	93,971
Employee benefits	9,433	2,635	3,301	15,369
Survivorship operations	746,515	-	-	746,515
Insurance	-	-	12,897	12,897
Licenses and permits	-	-	411	411
Other expenses	-	-	1,294	1,294
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
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.
(A NOT-FOR-PROFIT CORPORATION)

NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020

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.

New Accounting Pronouncements:

In May 2014, the FASB issued ASU 2014-09, *Revenue From Contracts with Customers (Topic 606)*, which amends the existing accounting standards for revenue recognition and established principles for recognizing revenue upon transfer of promised goods or services to customers based on the expected consideration to be received in exchange for those goods or services. ASU 2014-09, as deferred by ASU 2020-05, is effective for annual reporting periods beginning after December 15, 2019. The Organization adopted ASU 2014-09 effective July 1, 2020, using the full retrospective method. The adoption of ASU 2014-09 did not materially impact the timing and measurement of revenue recognition. As a result, the Organization did not recognize a cumulative effect adjustment to the opening balance of net assets.

In June 2018, the FASB issued ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 provides clarifying guidance on accounting for the grants and contracts of not-for-profit organizations as they relate to the new standard (ASU 2014-09, Revenue from Contracts with Customers). The objective is to minimize diversity in the classification of grants and contracts that exist under current guidance. The Organization adopted this standard July 1, 2019.

The Organization's adoption of these standards did not result in significant changes to the Organization's accounting policies or impact its financial position, change in net assets, or cash flows. As such, there was no cumulative effect adjustment upon adoption.

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

NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020
(continued)

A. Summary of Significant Accounting Policies (continued):

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 \$54,044 cash in excess of insured limits at June 30, 2021 and no excess at June 30, 2020.

Allowance for Doubtful Accounts:

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

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.

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

NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020
(continued)

A. Summary of Significant Accounting Policies (continued):

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 event related expenses, fundraising, and compensation and benefits, which are allocated on the basis of estimates of time and effort to the program or function benefitted.

Advertising:

The Organization expenses advertising costs in the periods in which they are incurred. Advertising expense was \$273,488 and \$275,936 for the periods ended June 30, 2021 and 2020, respectively.

B. Inventories:

The components of inventories at June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Clothing	\$ 3,450	\$ 6,679
Hats, visors and other	-	1,241
	<u>\$ 3,450</u>	<u>\$ 7,920</u>

THE DONNA FOUNDATION, INC.
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NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020
(continued)

C. Property and Equipment:

	2021	2020
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, 2021 and June 30, 2020 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 has been renewed annually with a current renewal occurring on April 28, 2021 and extending the line of credit to May 22, 2022. The loan bears interest at the rate of interest as published in the money rate section of the Wall Street Journal plus 2.5%. There was no outstanding balance on the line of credit at June 30, 2021 or June 30, 2020.

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, 2021 and 2020, respectively, are as follows:

	2021	2020
<u>Support and Revenue</u>		
In-Kind contributions	\$ 206,838	\$ 176,040
<u>Expenses</u>		
Communications	\$ 202,537	\$ 135,042
Other	4,301	40,998
	\$ 206,838	\$ 176,040

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, 2021 and 2020, the Organization received an estimated -0- and 7,834 volunteer hours related to various activities, respectively.

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

NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020
(continued)

F. Concentration of Credit Risk:

The Organization's major source of support is through fund raising activities. During the year ended June 30, 2021, 29% of the Organization's contributions, gifts and grants revenue was donated by five (5) donors. During the year ended June 30, 2020, 24% 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, 2021 and 2020 was \$46,780 and \$46,780, respectively. Future lease commitments are as follows:

Year Ended	
<u>June 30</u>	
2022	\$ 49,110
2023	<u>12,390</u>
	<u>\$ 61,500</u>

H. Paycheck Protection Program (PPP) Loan:

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 (through the Small Business Administration) created a Paycheck Protection Program loan program to help qualifying organizations with liquidity needs. The Organization participated in this program and secured a \$63,208 loan. The PPP loan was eligible for full forgiveness if the Organization adhered to certain guidelines, which the Organization met and had the loan forgiven in 2021. The forgiveness of this loan has been reported as income in the 2021 Statement of Activities. Subsequent to the initial round of loans offered through the PPP program, a second round of loans was offered of which the Organization participated and received another PPP loan of \$63,207 in fiscal year ended June 30, 2021. The Organization believes it will once again meet the requirements for full forgiveness in the upcoming fiscal year and has therefore classified the loan as current.

I. EIDL Loan:

In addition to the PPP loan program, the United States Government also created an Economic Injury Disaster Loan (EIDL) program (administered through the Small Business Administration) to help businesses with liquidity needs. Through this program, the Organization borrowed \$150,000 in fiscal year end 2020. Under the terms of the loan, repayment of the loan will be deferred for two years and then will be required to be repaid over a 30 year period at an interest rate of 2.75%. The following represents the required principle payments over the term of the loan:

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

**NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020
(continued)**

I. EIDL Loan (continued):

<u>Year Ended June 30</u>		
2022	\$	269
2023		3,272
2024		3,363
2025		3,457
2026		3,552
Thereafter		<u>136,087</u>
	\$	<u>150,000</u>

J. VyStar Credit Union Loan:

The City of Jacksonville, in conjunction with VyStar Credit Union, created a loan program to assist businesses affected by the COVID-19 virus. Under this program, the Organization borrowed \$100,000 from VyStar Credit Union. The interest on the loan is at 5.99% and is to be paid monthly for the first year and then monthly thereafter along with principle for a term of 5 years. As long as the Organization adheres to certain employment levels, the City of Jacksonville will pay off 10% of the existing outstanding loan balance on the first anniversary of the loan (July 25, 2021) and annually thereafter. The Organizations legally obligated repayment terms under the loan, without factoring in the City of Jacksonville's participation is as follows.

<u>Year Ended June 30</u>		
2022	\$	17,684
2023		18,773
2024		19,929
2025		21,156
2026		<u>22,458</u>
	\$	<u>100,000</u>

THE DONNA FOUNDATION, INC.
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NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020
(continued)

K. 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:

	<u>June 30</u>	
	<u>2021</u>	<u>2020</u>
Cash	\$ 404,569	\$ 226,243
Accounts receivable	5,323	22,230
Financial assets at year-end	<u>409,892</u>	<u>248,473</u>
Less funds with donor restrictions	<u>100,000</u>	<u>112,192</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 309,892</u>	<u>\$ 136,281</u>

L. 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.

M. Prior Period Reclassifications:

Certain amounts in the 2020 financial statements have been reclassified to conform with the 2021 presentation. These reclassifications had no effect on the total change in net assets as previously reported.