

FINANCIAL STATEMENTS

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

YEARS ENDED JUNE 30, 2022 AND 2021



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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2022 and 2021, and 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 financial statements referred to above present fairly, in all material respects, the financial position of The Donna Foundation, Inc. as of June 30, 2022 and 2021, 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Donna Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Donna Foundation, Inc.'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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or

the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Donna foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Donna Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

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

October 24, 2022

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

STATEMENTS OF FINANCIAL POSITION

ASSETS

	June 30	
	2022	2021
Assets:		
Cash and cash equivalents	\$ 261,378	\$ 404,569
Accounts receivable	1,200	29,073
Inventory	4,950	3,450
Prepaid expenses	3,188	3,188
Total Current Assets	270,716	440,280
Property and Equipment, net	-	-
Total Assets	\$ 270,716	\$ 440,280

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable, trade	\$ 61,281	\$ 46,275
Deferred revenue	500	-
Paycheck Protection Program loan	-	63,207
Long-term debt, current portion	22,045	17,953
Total Current Liabilities	83,826	127,435
Long-Term Debt (net of current portion)		
EIDL loan	146,728	149,731
VyStar Credit Union loan	45,111	82,316
Total Long-term Debt	191,839	232,047
Total Liabilities	275,665	359,482

Net Assets:

Without Donor Restrictions:		
Undesignated	(89,949)	(19,202)
Board designated - research	25,000	-
	(64,949)	(19,202)
With Donor Restrictions	60,000	100,000
Total Net Assets	(4,949)	80,798
Total Liabilities and Net Assets	\$ 270,716	\$ 440,280

See accompanying notes

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

STATEMENTS OF ACTIVITIES

	Year Ended June 30	
	2022	2021
Changes in Net Assets Without Donor Restrictions:		
Support and Revenue:		
Contributions, gifts and grants	\$ 1,178,194	\$ 886,007
Foundation events	14,550	-
Books and merchandise sales, net of cost of goods sold of \$8,261 and \$2,044 respectively	6,711	4,950
Cares loan forgiveness and employee retention credit	80,263	86,958
In-kind contributions	251,222	206,838
	1,530,940	1,184,753
Net Assets Released from Restrictions:		
Restrictions satisfied by payments	100,000	112,192
	1,630,940	1,296,945
Total Support and Revenue Without Donor Restrictions and Net Assets Released from Restrictions		
	1,630,940	1,296,945
Operating Expenses:		
Program Services	1,384,198	760,562
Supporting Services:		
Fund raising	112,276	95,852
General operations	180,213	164,138
	1,676,687	1,020,552
Total Operating Expenses		
	1,676,687	1,020,552
Change in Net Assets Without Donor Restrictions	(45,747)	276,393
Change in Net Assets With Donor Restrictions:		
Contributions	60,000	100,000
Net assets released from restrictions	(100,000)	(112,192)
	(40,000)	(12,192)
Change in Net Assets With Donor Restrictions		
	(40,000)	(12,192)
Change in Net Assets	(85,747)	264,201
Net Assets, Beginning of Year	80,798	(183,403)
Net Assets, End of Year	\$ (4,949)	\$ 80,798

See accompanying notes

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

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2022

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Fund Raising</u>	<u>General Operations</u>	
Communications	\$ 331,301	\$ -	\$ -	\$ 331,301
Bank and merchant fees	-	-	12,758	12,758
CareLine and financial aid platform	215,000	-	-	215,000
Employee benefits	10,819	3,539	3,454	17,812
Survivorship education and awareness	615,521	-	-	615,521
Insurance	-	-	15,867	15,867
Licenses and permits	-	-	481	481
Other expenses	1,126	-	2,669	3,795
Professional and contract services	-	39,898	16,978	56,876
Facilities	-	-	50,879	50,879
Repairs and maintenance	-	-	4,990	4,990
Salaries	195,631	63,997	62,451	322,080
Payroll taxes	14,800	4,842	4,725	24,366
Telephone	-	-	4,961	4,961
Total Operating Expenses	<u>\$ 1,384,198</u>	<u>\$ 112,276</u>	<u>\$ 180,213</u>	<u>\$ 1,676,687</u>

See accompanying notes

THE DONNA FOUNDATION, INC.
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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
Employee benefits	8,519	2,937	3,784	15,240
Survivorship education and awareness	129,525	-	-	129,525
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	5,271	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.
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STATEMENTS OF CASH FLOWS

	Year Ended June 30	
	2022	2021
Cash Flows from Operating Activities:		
Change in net assets	\$ (85,747)	\$ 264,201
Paycheck Protection Program loan forgiveness	(63,207)	(63,208)
Forgiveness of VyStar loan	(17,623)	-
Change in assets and liabilities:		
Accounts receivable	27,873	(6,843)
Inventory	(1,500)	4,470
Prepaid expenses	-	-
Accounts payable and accrued expenses	15,006	(175,501)
Deferred revenue	500	(8,000)
Net Cash Flows from Operating Activities	(124,698)	15,119
Cash Flows from Financing Activities:		
Proceeds from Paycheck Protection Program loan	-	63,207
Payments on long-term debt	(18,493)	-
Borrowing on long-term debt	-	100,000
Net Cash Flows from Financing Activities	(18,493)	163,207
Net Change in Cash and Cash Equivalents	(143,191)	178,326
Cash and Cash Equivalents, Beginning of Year	404,569	226,243
Cash and Cash Equivalents, End of Year	\$ 261,378	\$ 404,569

See accompanying notes

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

NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2022 and 2021

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.
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NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2022 and 2021
(continued)

A. Summary of Significant Accounting Policies (continued):

New Accounting Pronouncements (continued):

In February 2016, the FASB issued ASU 2016-02, Leases, which establishes a comprehensive lease standard under generally accepted accounting principles for virtually all industries. The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase of the leased asset by the lessee. This classification will determine whether the lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. A lessee is also required to record a right of use asset and a lease liability on the balance sheets for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales type leases, direct financing leases and operating leases. The new standard will apply for annual periods beginning after December 15, 2021. Management is in the process of evaluating the effects the adoption of this update may have on the financial statements.

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, 2022.

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

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NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2022 and 2021
(continued)

A. Summary of Significant Accounting Policies (continued):

Contributions and Support Without and With Donor Restrictions (continued):

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 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 \$331,301 and \$273,488 for the periods ended June 30, 2022 and 2021, respectively.

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NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2022 and 2021
(continued)

B. Inventories:

The components of inventories at June 30, 2022 and 2021 consisted of clothing and hats.

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, 2022 and June 30, 2021 as all assets were fully depreciated.

D. Line of Credit:

The Organization opened a \$50,000 line of credit (LOC) with IBERIABANK on May 23, 2019. The line is an annual line with renewals occurring annually. The current LOC was to mature on May 22, 2022 but was renewed on May 18, 2022 to extend to August 20, 2022 by First Horizon Bank who succeeded IBERIABANK. 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 LOC at June 30, 2022 or June 30, 2021.

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, 2022 and 2021, respectively, are as follows:

	2022	2021
<u>Support and Revenue</u>		
In-Kind contributions	\$ 251,222	\$ 206,838
<u>Expenses</u>		
Communications	\$ 229,125	\$ 202,537
Survivorship operations	22,097	4,301
	\$ 251,222	\$ 206,838

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

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NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2022 and 2021
(continued)

E. Donated Materials, Services and Facilities (continued):

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, 2022 and 2021, the Organization received an estimated 4,614 and -0- 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, 2022, 24% of the Organization's contributions, gifts and grants revenue was donated by five (5) donors. During the year ended June 30, 2021, 29% 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, 2022 and 2021 was \$49,335 and \$43,085, respectively. Future lease commitments are as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Amount</u>
2023	<u>\$ 12,390</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. 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 adhered to the guidelines necessary and had this loan forgiven in fiscal year ending June 30, 2022.

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NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2022 and 2021
(continued)

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 (subsequently extended to 30 months) 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:

<u>Year Ended June 30</u>	
2023	\$ 4,287
2024	3,317
2025	3,409
2026	3,504
2027	3,602
Thereafter	<u>131,881</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>	
2023	\$ 18,773
2024	19,929
2025	21,156
2026	<u>4,026</u>
	\$ <u>63,884</u>

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NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2022 and 2021
(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:

	June 30	
	2022	2021
Cash	\$ 261,378	\$ 404,569
Accounts receivable	1,200	29,073
Financial assets at year-end	262,578	433,642
Less funds with donor restrictions	60,000	100,000
Financial assets available to meet cash needs for general expenditures within one year	\$ 202,578	\$ 333,642

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. The following subsequent events were determined to have occurred that require disclosure.

On September 27, 2022 the Organization renewed its line of credit with First Horizon Bank in the amount of \$50,000. Advances on the line bear interest at the prime rate of interest as indicated in the market rate section of the Wall Street Journal plus 2.5%. Interest is payable monthly beginning October 27, 2022 and all unpaid principal and interest will be due September 24, 2024.

The Organization's facility lease expired September 30, 2022. The Organization arranged with the existing landlord to remain in the location through October 31, 2022 at which time the Organization will relocate to a new facility.