

DONATE LIFE AMERICA

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2016

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L.P. MARTIN & COMPANY

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Independent Auditor's Report

To the Board of Directors
Donate Life America

Report on Financial Statements

We have audited the accompanying financial statements of Donate Life America, which comprise the statement of financial position as of September 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 Donate Life America as of September 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

L. P. Martin & Company, P.C.

Glen Allen, Virginia
December 12, 2016

DONATE LIFE AMERICA
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2016

ASSETS

Cash and Cash Equivalents		\$ 1,437,147
Accounts Receivable		42,715
Campaign Materials		54,261
Prepaid Expenses		39,700
Security Deposits		3,900
 <u>PROPERTY AND EQUIPMENT:</u>		
Furniture and Equipment	\$ 122,637	
Leasehold Improvements	<u>72,010</u>	
	194,647	
Accumulated Depreciation	<u>(133,012)</u>	
NET PROPERTY AND EQUIPMENT		<u>61,635</u>
 TOTAL ASSETS		 <u>\$ 1,639,358</u>

LIABILITIES AND NET ASSETS

<u>LIABILITIES:</u>		
Accounts Payable		\$ 48,448
Accrued Vacation		54,411
Accrued Rent		213
Deferred Revenue		<u>182,028</u>
 TOTAL LIABILITIES		 285,100
 <u>NET ASSETS:</u>		
Unrestricted		<u>1,354,258</u>
 TOTAL LIABILITIES AND NET ASSETS		 <u>\$ 1,639,358</u>

The accompanying notes are an integral part of this statement.

DONATE LIFE AMERICA
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2016

UNRESTRICTED NET ASSETS:SUPPORT AND REVENUE:

Campaign Materials and Brochures	\$ 332,193
Contributions	1,437,293
Fees and Other Revenue	363,117
Donated Third Party Services	160,000
Interest Income	<u>1,090</u>

TOTAL UNRESTRICTED SUPPORT AND REVENUE 2,293,693

EXPENSES:

Direct National Campaigns	1,913,489
Management and General	329,321
Fundraising	<u>37,204</u>

TOTAL EXPENSES 2,280,014

CHANGE IN NET ASSETS 13,679

NET ASSETS, BEGINNING OF YEAR 1,340,579

NET ASSETS, END OF YEAR \$ 1,354,258

The accompanying notes are an integral part of this statement.

DONATE LIFE AMERICA

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2016

	<u>National Campaigns</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Wages and Benefits	\$ 850,383	\$ 175,392	\$ 37,204	\$ 1,062,979
Meetings and Travel	289,480	32,970	-	322,450
Contract Services	45,170	11,292	-	56,462
Rent	40,385	10,096	-	50,481
Exhibiting	10,863	-	-	10,863
Postage	44,763	11,191	-	55,954
Telephone	12,777	3,194	-	15,971
Office Supplies	9,902	2,475	-	12,377
Website Maintenance	3,230	-	-	3,230
Donated Third Party Services	160,000	-	-	160,000
Campaign Production Expense	222,944	-	-	222,944
Campaign Materials Expense	197,257	-	-	197,257
Depreciation	-	23,213	-	23,213
Other	26,335	59,498	-	85,833
	<u>26,335</u>	<u>59,498</u>	<u>-</u>	<u>85,833</u>
 TOTAL EXPENSES	 <u>\$ 1,913,489</u>	 <u>\$ 329,321</u>	 <u>\$ 37,204</u>	 <u>\$ 2,280,014</u>

The accompanying notes are an integral part of this statement.

DONATE LIFE AMERICA
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2016

<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
Increase in Net Assets	\$ 13,679
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	23,213
Decrease in Accounts Receivable	11,664
Decrease in Campaign Materials	13,483
Increase in Prepaid Expenses	(32,852)
Decrease in Accounts Payable	(45,598)
Increase in Accrued Vacation	22,506
Decrease in Accrued Rent	(7,724)
Increase in Deferred Revenue	<u>21,798</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	20,169
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>	
Purchase of Property and Equipment	<u>(9,392)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	10,777
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,426,370</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,437,147</u>

The accompanying notes are an integral part of this statement.

DONATE LIFE AMERICANOTES TO THE FINANCIAL STATEMENTSYEAR ENDED SEPTEMBER 30, 2016NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization - Donate Life America (the "Organization"), a Virginia nonstock, not-for-profit corporation, is made up of national partnering organizations and state teams throughout the United States whose principal purpose is to increase organ, eye and tissue donation. To achieve this mission, the Organization has various educational campaigns that use national print, broadcast media, social media, internet, and community-based programs to educate the public about the virtues and benefits to society of registering to be an organ, eye and tissue donor.

Basis of Presentation - Revenues and support are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purposes have been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

Cash and Cash Equivalents - The Organization's definition of cash and cash equivalents includes items such as short-term, highly liquid investments with maturities of three months or less at date of purchase.

Tax Status - The Organization is exempt from income tax under Section 501(c) (3) of the Internal Revenue Code and will be taxed only to the extent it has taxable trade or business income unrelated to its exempt purpose. At September 30, 2016, fiscal years 2013, 2014, 2015 and 2016 remained open to examination by federal and state taxing authorities.

Campaign Materials - Campaign materials, which includes various educational materials related to organ, eye and tissue donations, are sold to Organization members for use in local campaigns. Campaign materials are valued at the lower of cost or market using a method that approximates the first-in, first-out ("FIFO") method.

Property and Equipment - Property and equipment are stated at cost. The Organization follows the practice of capitalizing all material expenditures for property and equipment. Expenditures for repairs, maintenance and minor renewals are expensed in the period incurred. Depreciation is provided on a straight-line basis over estimated useful lives of five to ten years.

(Continued)

DONATE LIFE AMERICANOTES TO THE FINANCIAL STATEMENTSYEAR ENDED SEPTEMBER 30, 2016NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Revenue Recognition - Revenues from contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Those contributions received with donor restrictions limiting their use are reported as restricted when received. When donor restrictions expire or are met, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions.

The Organization bills its members a voluntary assessment for the support of Organization activities. These billings are considered by management of the Organization to be voluntary assessments. Since the assessments are voluntary in nature, revenue is not recognized until funds are received by the Organization.

Campaign materials revenue is recognized when the items are shipped to the various local coalitions. Other revenues are recognized when earned. The Organization provides credit, in the normal course of operations, to its coalition members. Accounts receivable are recorded at the invoiced amount and do not bear interest. The Organization does not have any off-balance-sheet credit exposure related to its members. The Organization provides an allowance for doubtful collections that is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. No allowance for doubtful collections is considered necessary as of September 30, 2016. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

Contributed Materials and Services - The value of contributed materials and the value of contributed services that either (a) created or enhanced a nonfinancial asset or (b) required specialized skills, was provided by individuals possessing those skills, and would have been purchased if not contributed, are recorded at their fair values in the period received.

Deferred Revenue - Deferred revenue consists of annual meeting registrative fees and sponsorship fees received in advance of the meeting which was held post September 30, 2016.

Functional Allocation of Expenses - The costs of providing the organ, eye and tissue donation educational programs have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program and supporting services.

(Continued)

DONATE LIFE AMERICANOTES TO THE FINANCIAL STATEMENTSYEAR ENDED SEPTEMBER 30, 2016NOTE 2 - EMPLOYEE BENEFITS

The Organization adopted a 401(k) profit sharing retirement plan effective January 1, 2013. Eligible participants are full time employees age 21 or older who have worked a minimum of 1,000 hours of service within a consecutive 12-month period. Salary deferrals are limited to specific dollar amounts determined by the Internal Revenue Service. The Organization will contribute up to 10% of the employee eligible compensation. The Organization contributed \$68,621 to the plan for the year ended September 30, 2016.

NOTE 3 - CONCENTRATION OF CREDIT RISK

Financial instruments which potentially subject the Organization to concentrations of credit risk consist primarily of cash. As of September 30, 2016, the Organization has \$1,200,670 of cash deposits in excess of federally insured limits being held by a federally insured financial depository institution.

NOTE 4 - LEASE COMMITMENT

In September, 2010, the Organization entered into an operating lease for a new office facility. The period of the lease is from November 1, 2010 through September 30, 2017 with one optional five year renewal period. Future minimum lease payments under this office space lease consist of the following at September 30, 2016:

<u>Year Ending September 30,</u>	<u>Amount</u>
2017	\$ 55,405

Rent expense for all operating leases for the year ended September 31, 2016, amounted to \$50,481.

NOTE 5 - COMMITMENTS

As of September 30, 2015, the Organization has contractual commitments for data hosting, information technology and marketing services in the approximate amount of \$15,000.

NOTE 6 - SUBSEQUENT EVENTS

The preparation of the financial statements includes an evaluation of subsequent events through December 12, 2016, which is the date the financial statements were available to be issued.