

**Donate Life America**  
**Financial Statements**  
**September 30, 2018**

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**Financial Statements**

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## **Independent Auditor's Report**

Board of Directors  
Donate Life America  
Richmond, Virginia

We have audited the accompanying financial statements of Donate Life America (a nonprofit organization), which comprise the statement of financial position as of September 30, 2018, and the related statement 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, 2018, 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.

*Alabama, Jenkins & Cheatham*

Richmond, Virginia  
January 17, 2019

## Statement of Financial Position

### Donate Life America

September 30, 2018

#### Assets

##### Current Assets

Cash and cash equivalents	\$	1,362,855
Accounts receivable		41,672
Campaign materials		114,715
Prepaid expenses		38,483
Security deposits		<u>3,900</u>

Total Current Assets 1,561,625

##### Property and Equipment

Furniture and equipment		135,624
Leasehold improvements		72,010
Less accumulated depreciation		<u>(173,207)</u>

Net Property and Equipment 34,427

Total Assets \$ 1,596,052

#### Liabilities and Net Assets

##### Current Liabilities

Accounts payable	\$	57,522
Accrued vacation		55,780
Deferred revenue		<u>168,733</u>

Total Liabilities 282,035

##### Net Assets

Unrestricted		<u>1,314,017</u>
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Total Liabilities and Net Assets \$ 1,596,052

See Independent Auditor's Report and Notes to Financial Statements

## Statement of Activities

### Donate Life America

#### Year Ended September 30, 2018

##### Support and Revenues

Contributions	\$ 1,452,383
Fees and other revenue	603,721
Campaign materials and brochures	116,328
Interest income	<u>890</u>
Total Unrestricted Support and Revenue	<u>2,173,322</u>

##### Expenses

National campaigns	1,591,721
Management and general	300,014
Fundraising	<u>33,045</u>
Total Expenses	<u>1,924,780</u>
Change in Net Assets	248,542
Net Assets at Beginning of Year	<u>1,065,475</u>
Net Assets at End of Year	<u>\$ 1,314,017</u>

See Independent Auditor's Report and Notes to Financial Statements

## Statement of Functional Expenses

### Donate Life America

#### Year Ended September 30, 2018

	<u>National Campaigns</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Wages and benefits	\$ 881,202	\$ 187,255	\$ 33,045	\$ 1,101,502
Meetings and travel	257,216	28,580		285,796
Campaign production expense	200,121			200,121
Campaign materials expense	82,146			82,146
Postage	64,038	16,009		80,047
Rent	45,887	11,472		57,359
Other	12,991	30,311		43,302
Depreciation		18,212		18,212
Office supplies	12,825	3,206		16,031
Contract services	11,016	2,754		13,770
Exhibiting	13,181			13,181
Telephone	8,858	2,215		11,073
Website maintenance	2,240			2,240
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Expenses	<u>\$ 1,591,721</u>	<u>\$ 300,014</u>	<u>\$ 33,045</u>	<u>\$ 1,924,780</u>

See Independent Auditor's Report and Notes to Financial Statements

## Statement of Cash Flows

### Donate Life America

#### Year Ended September 30, 2018

##### Cash Flows from Operating Activities

Change in net assets	\$ 248,542
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities	
Depreciation	18,212
(Increase) decrease in:	
Accounts receivable	(21,150)
Campaign materials	(61,833)
Prepaid expenses	(25,225)
Increase (decrease) in:	
Accounts payable	(1,650)
Accrued vacation	(13,663)
Deferred revenue	(6,592)
	<hr/>
Net Cash Provided by Operating Activities	136,641
Cash and Cash Equivalents at Beginning of Year	<hr/>
	1,226,214
Cash and Cash Equivalents at End of Year	<hr/> <hr/>
	\$ 1,362,855

See Independent Auditor's Report and Notes to Financial Statements

## Notes to Financial Statements

### Donate Life America

September 30, 2018

#### Note A - Nature of Organization and 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

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

The Organization reports 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. The net assets classes are summarized as follows:

Unrestricted net assets: net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets: net assets subject to donor-imposed stipulations that may, or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets: net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization to use all or part of the income earned from any related investments for general or specific purposes. The Organization currently does not have any permanently restricted net assets.

As of September 30, 2018, the Organization had no temporarily or permanently restricted net assets.

##### Estimates

The preparation of financial statements in conformity with GAAP 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

For the purposes of the statement of cash flows, the Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash or cash equivalents.

## Notes to Financial Statements

### Donate Life America

September 30, 2018

#### Note A - Nature of Organization and Summary of Significant Accounting Policies - Continued

##### 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 cost or market using a method that approximates the first-in, first-out (“FIFO”) method.

##### 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, 2018, fiscal years 2015 through 2018 remain subject to examination by federal and state taxing authorities.

##### 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.

##### Accounts Receivable

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. Delinquent receivables are written off by management based on an individual customer account analysis considering the unique circumstances of each customer. No allowance for doubtful collections is considered necessary as of September 30, 2018. The difference between the allowance not recorded and that which would be acceptable under GAAP was immaterial.

##### 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.

## **Notes to Financial Statements**

### **Donate Life America**

#### **September 30, 2018**

##### **Note A - Nature of Organization and Summary of Significant Accounting Policies - Continued**

###### Advertising Costs

The Organization expenses advertising costs as incurred.

###### 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.

During the year ended September 30, 2018, the Organization received no material non-cash contributions or donations of materials or tangible assets which would be reflected in the financial statements.

The Organization also receives a significant amount of contributed services from unpaid volunteers who assist the Organization with many projects. No amounts have been recognized in the statement of activities for these services because the criteria for recognition under GAAP have not been satisfied.

###### Deferred Revenue

Deferred revenue consists of annual meeting registration fees and sponsorship fees received in advance of the meeting which was held subsequent to September 30, 2018.

###### 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 programs and supporting services.

##### **Note B - 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 services 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 \$81,419 to the plan for the year ended September 30, 2018.

##### **Note C - Concentrations of Credit Risk and Contributors**

The Organization maintains cash and cash equivalents within a single banking institution. Balances at banks are insured by the Federal Deposit Insurance Corporation up to \$250,000 for each financial institution. Cash balances exceeded the insured amount by approximately \$1,170,000 at September 30, 2018.

For the year ended September 30, 2018, the Organization had one contributor, \$125,000, accounting for approximately 9% of total contributions received.

## Notes to Financial Statements

### Donate Life America

#### September 30, 2018

##### Note D - Lease Commitment

In September 2010, the Organization entered into an operating lease for an office facility. The period of the lease was from November 1, 2010 through September 30, 2017 with one optional five-year renewal period. During the year ended September 30, 2017, the Organization renewed the lease for five years, through September 30, 2022, with an option to cancel after two years. Future non-cancelable minimum lease payments under this office space lease consist of the following at September 30, 2018:

<u>Year Ending September 30,</u>	<u>Amount</u>
2019	\$ 59,066

Rent expense for the year ended September 30, 2018 was \$57,359.

##### Note E - Commitments

As of September 30, 2018, the Organization has contractual commitments for data hosting, information technology and marketing services for approximately \$15,000.

##### Note F - Subsequent Events

Management has evaluated subsequent events through January 17, 2019, the date which the financial statements were available to be issued.

##### Note G - Depreciation

Accumulated depreciation by class of property as of September 30, 2018 was:

Furniture and equipment	\$ 101,197
Leasehold improvements	<u>72,010</u>
	<u>\$ 173,207</u>

Depreciation expense for the year ended September 30, 2018 was \$18,212.

## **Notes to Financial Statements**

### **Donate Life America**

#### **September 30, 2018**

##### **Note H - Accrued Vacation**

Full-time employees are eligible for paid annual leave based on years of experience. The amount of annual leave is prorated during the first year of employment. New employees may begin using and accruing annual leave after three consecutive months of employment. In the first through third years of employment, the employee is granted 14 vacation days. In the fourth through tenth years of employment, the employee is granted 17 vacation days. In the eleventh through fourteenth years of employment, the employee is granted 24 vacation days. Beginning the fifteenth year of employment, the employee gains 1 additional vacation day per year of service up to the twentieth year, for a maximum of 30 days.

Annual leave is not paid in lieu of taking actual time off. Unused annual leave may be carried over from one year to the next, but the maximum amount of time that may carry over is the equivalent of what the employee accrued for two years. Earned but unused annual leave will be paid out upon separation from the organization, to a maximum of two years' accrual; any time the employees may have earned exceeding this amount will be forfeited. As of September 30, 2018, the Organization's accrued compensated vacation balance for all employees is \$55,780. This obligation is accrued in unrestricted net assets and is not charged to any program until the expense is incurred.