

**Donate Life America**  
**Financial Statements**  
**September 30, 2020**

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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, 2020, 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, 2020, 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 15, 2021

# Statement of Financial Position

## Donate Life America

September 30, 2020

### Assets

#### Current Assets

Cash and cash equivalents	\$	1,824,920
Accounts receivable		40,175
Campaign materials		42,820
Prepaid expenses		27,791
Security deposit		<u>3,900</u>

Total Current Assets 1,939,606

Investments, available for sale		518,157
Property and equipment, net		<u>10,544</u>

Total Assets \$ 2,468,307

### Liabilities and Net Assets

#### Current Liabilities

Current portion of long-term debt	\$	35,711
Accounts payable		57,761
Deferred revenue		62,025
Accrued vacation		<u>92,910</u>

Total Current Liabilities 248,407

Long-term Debt		<u>142,189</u>
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Total Liabilities 390,596

#### Net Assets

Without donor restrictions		2,036,010
With donor restrictions		<u>41,701</u>

Total Net Assets 2,077,711

Total Liabilities and Net Assets \$ 2,468,307

See Independent Auditor's Report and Notes to Financial Statements

## Statement of Activities

### Donate Life America

#### Year Ended September 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Activities</b>			
Contributions	\$ 1,775,458	\$ 50,250	\$ 1,825,708
Fees and other revenue	414,147		414,147
Campaign materials and brochures	109,347		109,347
Interest and dividends	12,349		12,349
	<u>2,311,301</u>	<u>50,250</u>	<u>2,361,551</u>
<b>Expenses and Losses</b>			
Program activities	1,836,302	8,549	1,844,851
Management and general	131,397		131,397
Fundraising	87,882		87,882
	<u>2,055,581</u>	<u>8,549</u>	<u>2,064,130</u>
Change in Net Assets from Operating Activities	255,720	41,701	297,421
<b>Nonoperating Activities</b>			
Investment return, net	(4,992)		(4,992)
Change in Net Assets	250,728	41,701	292,429
Net Assets at Beginning of Year	<u>1,785,282</u>		<u>1,785,282</u>
Net Assets at End of Year	<u>\$ 2,036,010</u>	<u>\$ 41,701</u>	<u>\$ 2,077,711</u>

See Independent Auditor's Report and Notes to Financial Statements

## Statement of Functional Expenses

### Donate Life America

### Year Ended September 30, 2020

	Program Activities	Supporting Activities			Total
		Management and General	Fundraising	Supporting Subtotal	
Wages and benefits	\$ 1,025,448	\$ 96,513	\$ 84,449	\$ 180,962	\$ 1,206,410
Meetings and travel	243,311	12,806		12,806	256,117
Website maintenance	185,280				185,280
Campaign production expense	160,253				160,253
Rent	58,091	3,056		3,056	61,147
Campaign materials expense	56,007				56,007
Postage	27,468	3,433	3,433	6,866	34,334
Other	29,114				29,114
Office supplies	24,183	2,687		2,687	26,870
Contract services	13,300	700		700	14,000
Telephone	12,119	638		638	12,757
Depreciation		11,564		11,564	11,564
Donor restricted expenses	8,549				8,549
Exhibiting	1,728				1,728
Total Expenses	<u>\$ 1,844,851</u>	<u>\$ 131,397</u>	<u>\$ 87,882</u>	<u>\$ 219,279</u>	<u>\$ 2,064,130</u>

See Independent Auditor's Report and Notes to Financial Statements

## Statement of Cash Flows

### Donate Life America

#### Year Ended September 30, 2020

##### Cash Flows from Operating Activities

Contributions and support	\$ 2,258,363
Payments to employees and vendors	(1,930,098)
Interest and dividends	<u>12,349</u>

Net Cash Provided by Operating Activities 340,614

##### Cash Flows from Investing Activities

Purchase of investments	(322,700)
Sale of investments	<u>349,729</u>

Net Cash Provided by Investing Activities 27,029

##### Cash Flows from Financing Activities

Proceeds from long-term debt	177,900
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Cash and Cash Equivalents at Beginning of Year 1,279,377

Cash and Cash Equivalents at End of Year \$ 1,824,920

See Independent Auditor's Report and Notes to Financial Statements

## Notes to Financial Statements

### Donate Life America

September 30, 2020

#### Note A - Nature of Organization

##### 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’s program service 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.

#### Note B - Summary of Significant Accounting Policies

##### Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America (GAAP) for not-for-profit organizations. Under the provisions of this guidance, the Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors; net assets without donor restrictions and net assets with donor restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization’s board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

As of September 30, 2020, the Organization had net assets with donor restrictions totaling \$41,701.

##### 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.

## Notes to Financial Statements

### Donate Life America

September 30, 2020

#### Note B - Summary of Significant Accounting Policies - Continued

##### 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.

##### 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, 2020, fiscal years 2016 through 2019 remain subject to examination by federal and state taxing authorities. Management annually reviews its tax positions and has determined that there are no material uncertain tax positions that require recognition in the financial statements.

##### Contributions

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, 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. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without donor restriction upon acquisition of the assets and the assets are placed in service.

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.

##### Advertising Costs

The Organization expenses advertising costs as incurred. For the year ended September 30, 2020, the Organization had no material advertising expense.

## Notes to Financial Statements

### Donate Life America

September 30, 2020

#### Note B - Summary of Significant Accounting Policies - Continued

##### 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, 2020. 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.

##### 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, 2020, 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, 2020.

##### 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.

## Notes to Financial Statements

### Donate Life America

September 30, 2020

#### Note B - Summary of Significant Accounting Policies - Continued

##### Investments

Investments are stated at fair value. Net appreciation (depreciation) in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments, is presented in the statement of activities in accordance with donor restrictions as investment return. Investment return is presented net of investment fees. The specific identification method is used to determine the basis for computing realized gains or losses.

Investment income classified as operating revenue consists of interest and dividend income on investments and spending approved for use in operations. All other realized and unrealized gains or losses are classified as nonoperating activities and are available to support operations in future years to offset potential market declines.

##### Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature.

##### Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program activities and supporting activities benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Wages and benefits	Time and effort
Meetings and travel	Full time equivalent
Rent	Square footage
Postage	Full time equivalent
Other	Full time equivalent
Office supplies	Full time equivalent
Contract services	Full time equivalent
Telephone	Full time equivalent

## Notes to Financial Statements

### Donate Life America

#### September 30, 2020

##### Note C - 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 \$35,886 to the plan for the year ended September 30, 2020.

##### Note D - 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 \$1,435,000 at September 30, 2020.

##### Note E - 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, 2020:

<u>Year Ending September 30,</u>	<u>Amount</u>
2021	\$ 62,967
2022	65,014

Rent expense for the year ended September 30, 2020 was \$61,147.

##### Note F - Subsequent Events

Management has evaluated subsequent events through January 15, 2021, the date which the financial statements were available to be issued.

## Notes to Financial Statements

### Donate Life America

#### September 30, 2020

##### Note G - Property and Equipment

Property and equipment by class of property as of September 30, 2020 was:

Furniture and equipment	\$ 135,624
Leasehold improvements	<u>72,010</u>
	207,634
Accumulated depreciation	<u>(197,090)</u>
	<u>\$ 10,544</u>

Depreciation expense for the year ended September 30, 2020 was \$11,564.

##### 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 years one through three of employment, the employee is granted 14 vacation days. In years four through ten of employment, the employee is granted 17 vacation days. In years eleven through fourteen 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, 2020, the Organization's accrued compensated vacation balance for all employees is \$92,910. This obligation is accrued in net assets without donor restrictions and is not charged to any program until the expense is incurred.

##### Note I - Liquidity

The Organization's financial assets available within one year of the balance sheet date for general expenditure are as follows:

Cash and cash equivalents	\$ 1,824,920
Accounts receivable	40,175
Campaign materials	42,820
Prepaid expenses	27,791
Security deposit	<u>3,900</u>
	<u>\$ 1,939,606</u>

## Notes to Financial Statements

### Donate Life America

#### September 30, 2020

##### Note I - Liquidity - Continued

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in various investments.

##### Note J - Fair Value

The Organization determines the fair value of its financial instruments based on the fair value hierarchy established in accounting standards which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Accounting standards define fair value as the exchange price that would be received for an asset or liability in the most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Accounting standards define 3 levels of inputs that may be used to measure fair value:

Level 1 - Inputs are based on quoted market within active markets. Level 1 assets include debt and equity investments that are traded in an active exchange market.

Level 2 - Inputs are based primarily on quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity that are significant to the fair value of the assets or liabilities.

The Organization's investments are reported at fair value in the accompanying financial statements as of September 30, 2020:

Investments	Carrying Value	Fair Value Measurements		
		Level 1	Level 2	Level 3
Equities	\$ 384,149	\$ 384,149	\$	\$
Mutual Funds	133,781	133,781		
Highly Liquid	227	227		
	<u>\$ 518,157</u>	<u>\$ 518,157</u>	<u>\$</u>	<u>\$</u>

During the year ended September 30, 2020, the Organization did not have any significant transfers between Level 1, 2, or 3. The Organization's policy is to recognize all transfers in and out of all levels at the end of the period. The level in the fair value hierarchy within which measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

## Notes to Financial Statements

### Donate Life America

#### September 30, 2020

##### Note K - Investments

As of September 30, 2020, the Organization's investments consisted of the following:

<u>Investments</u>	<u>Cost</u>	<u>Gross Unrealized Gain</u>	<u>Gross Unrealized Loss</u>	<u>Fair Market Value</u>
Equities	\$ 358,834	\$ 26,989	\$ (1,674)	\$ 384,149
Mutual Funds	131,574	2,207		133,781
Highly Liquid	227			227
	<u>\$ 490,635</u>	<u>\$ 29,196</u>	<u>\$ (1,674)</u>	<u>\$ 518,157</u>

A summary of investment return as shown on the Statement of Activities consists of the following for the year ended September 30, 2020:

Interest and Dividends	\$ 12,349
Net Unrealized Gain	394
Net Realized Loss	(1,025)
Advisory Fees	<u>(4,361)</u>
	<u>(4,992)</u>
	<u>\$ 7,357</u>

Net realized loss, captioned above, consists of gross short-term gains and losses of \$12,869 and \$(9,798), respectively and long-term gains and losses of \$1,214 and \$(5,310), respectively.

##### Note L - Long-Term Debt

Long-term debt consisted of the following:

Note payable to Village Bank, Paycheck Protection Program loan bearing interest at 1% annually, matures in April 2025 The loan is subject to forgiveness under the program if certain criteria are met.	<u>\$ 177,900</u>
Less current portion	<u>35,711</u>
	<u>\$ 142,189</u>

## Notes to Financial Statements

### Donate Life America

September 30, 2020

#### Note L - Long-Term Debt - Continued

The approximate future maturities of long-term debt are summarized as follows:

<u>Year Ending September 30,</u>	
2021	\$ 35,711
2022	39,170
2023	39,563
2024	39,961
2025	23,495
	<u>\$ 177,900</u>

#### Note M - Net Assets with Donor Restrictions

The John Brockingham Foundation contributed \$50,250 during fiscal year 2020. This amount can only be utilized for the WoMen Encouraging Living Donation (WELD) initiative and has no time restrictions.

#### Note N - Other

In early March 2020, the Governor of Virginia declared a state of emergency as COVID-19 spread throughout the Commonwealth. Subsequently, he ordered statewide closures of non-essential businesses. The Organization is considered essential and as such continues to operate. As of the date of the financial statements, any material effect on the Organization related to COVID-19 is unknown.

#### Note O - FASB ASC 606 New Accounting Guidance

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU replaced most existing revenue recognition guidance in U.S. GAAP. In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606) - Deferral of the Effective Date*, which deferred the effective date of ASU 2014-09 to January 1, 2019. At its May 20, 2020 meeting, the FASB further deferred the effective date of ASU 2014-09 to January 1, 2020. The FASB has subsequently further deferred the effective date of ASU 2014-09 to fiscal years beginning after December 15, 2021. Management is still in the process of determining the financial statement effects of this new standard.