

Donate Life America
Financial Statements
December 31, 2022

Contents

Financial Statements

| | | |
|--|------|--------|
| Independent Auditor’s Report..... | Page | 1 - 2 |
| Statement of Financial Position..... | | 3 |
| Statement of Activities..... | | 4 |
| Statement of Functional Expenses | | 5 |
| Statement of Cash Flows..... | | 6 |
| Notes to Financial Statements | | 7 - 14 |



Independent Auditor's Report

Board of Directors
Donate Life America
Richmond, Virginia

Opinion

We have audited the accompanying financial statements of Donate Life America (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flow 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 Donate Life America as of December 31, 2022 and the changes in its net assets and its cash flows for the years ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Donate Life America'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 Responsibility 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 GAAS 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, including omissions, 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 GAAS 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 Donate Life America'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 Donate Life America'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.

Richmond, Virginia
March 13, 2023

Alama, Jenkins & Cheatham

Statement of Financial Position

Donate Life America

December 31, 2022

Assets

Current Assets

| | | |
|---------------------------|----|--------------|
| Cash and cash equivalents | \$ | 871,198 |
| Due from related party | | 426,079 |
| Accounts receivable | | 18,268 |
| Prepaid expenses | | 44,415 |
| Campaign materials | | 20,988 |
| Security deposit | | <u>7,239</u> |

Total Current Assets 1,388,187

| | | |
|---------------------------------|--|---------------|
| Investments, available for sale | | 1,084,881 |
| Property and equipment, net | | <u>12,567</u> |

Total Assets \$ 2,485,635

Liabilities and Net Assets

Current Liabilities

| | | |
|------------------|----|----------------|
| Accounts payable | \$ | 11,024 |
| Accrued vacation | | <u>138,227</u> |

Total Liabilities 149,251

Net Assets

| | | |
|----------------------------|--|---------------|
| Without donor restrictions | | 2,325,949 |
| With donor restrictions | | <u>10,435</u> |

Total Net Assets 2,336,384

Total Liabilities and Net Assets \$ 2,485,635

See Independent Auditor's Report and Notes to Financial Statements

Statement of Activities

Donate Life America

Year Ended December 31, 2022

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|-------------------------------|----------------------------|---------------------|
| Operating Activities | | | |
| Contributions | \$ 1,868,439 | \$ | \$ 1,868,439 |
| Fees and other revenue | 263,204 | | 263,204 |
| Campaign materials and brochures | 9,850 | | 9,850 |
| Interest and dividends | 32,315 | | 32,315 |
| Total Support and Revenue | <u>2,173,808</u> | | <u>2,173,808</u> |
| Expenses and Losses | | | |
| Program activities | 2,144,676 | 19,644 | 2,164,320 |
| Management and general | 146,178 | | 146,178 |
| Fundraising | 102,929 | | 102,929 |
| Total Expenses and Losses | <u>2,393,783</u> | <u>19,644</u> | <u>2,413,427</u> |
| Change in Net Assets from Operating Activities | (219,975) | (19,644) | (239,619) |
| Non-Operating Activities | | | |
| Investment return, net | <u>(151,347)</u> | | <u>(151,347)</u> |
| Change in Net Assets | (371,322) | (19,644) | (390,966) |
| Net Assets at Beginning of Period | <u>2,697,271</u> | <u>30,079</u> | <u>2,727,350</u> |
| Net Assets at End of Period | <u>\$ 2,325,949</u> | <u>\$ 10,435</u> | <u>\$ 2,336,384</u> |

See Independent Auditor's Report and Notes to Financial Statements

Statement of Functional Expenses

Donate Life America

Year Ended December 31, 2022

| | Program Activities | Supporting Activities | | | Total |
|-----------------------------|-----------------------|---------------------------|-------------------|------------------------|---------------------|
| | | Management and General | Fundraising | Supporting Subtotal | |
| Wages and benefits | \$ 1,219,234 | \$ 114,751 | \$ 100,408 | \$ 215,159 | \$ 1,434,393 |
| Meetings and travel | 318,024 | 16,738 | | 16,738 | 334,762 |
| Website maintenance | 187,521 | | | | 187,521 |
| Campaign production expense | 169,439 | | | | 169,439 |
| Rent | 57,192 | 3,010 | | 3,010 | 60,202 |
| Campaign materials expense | 53,286 | | | | 53,286 |
| Office supplies | 39,308 | 4,368 | | 4,368 | 43,676 |
| Contract services | 28,535 | 1,502 | | 1,502 | 30,037 |
| Other | 27,144 | | | | 27,144 |
| Postage and printing | 20,165 | 2,521 | 2,521 | 5,042 | 25,207 |
| Donor restricted expenses | 19,644 | | | | 19,644 |
| Exhibiting | 16,715 | | | | 16,715 |
| Telephone | 8,113 | 427 | | 427 | 8,540 |
| Depreciation | | 2,861 | | 2,861 | 2,861 |
| Total Expenses | <u>\$ 2,164,320</u> | <u>\$ 146,178</u> | <u>\$ 102,929</u> | <u>\$ 249,107</u> | <u>\$ 2,413,427</u> |

See Independent Auditor's Report and Notes to Financial Statements

Statement of Cash Flows

Donate Life America

Year Ended December 31, 2022

Cash Flows from Operating Activities

| | |
|--|-----------|
| Decrease in net assets | (390,966) |
| Adjustments to reconcile decrease in net assets with cash used by operating activities: | |
| Depreciation | 2,861 |
| Unrealized loss on investments | 138,750 |
| (Increase) decrease in: | |
| Accounts receivable | 41,835 |
| Due from related party | (426,079) |
| Campaign materials | 14,259 |
| Prepaid expenses | (40,028) |
| Security deposit | (3,339) |
| Increase (decrease) in: | |
| Accounts payable | (42,195) |
| Accrued vacation | 22,618 |

Net Cash Used by Operating Activities (682,284)

Cash Flows from Investing Activities

| | |
|--------------------------|----------|
| Purchase of investments | (87,961) |
| Sale of investments | 71,435 |
| Purchase of fixed assets | (13,336) |

Net Cash Used by Investing Activities (29,862)

Cash and Cash Equivalents at Beginning of Period 1,583,344

Cash and Cash Equivalents at End of Period \$ 871,198

Supplemental Disclosure

The Organization paid no income taxes in the year ended December 31, 2022.

Notes to Financial Statements

Donate Life America

December 31, 2022

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 December 31, 2022, the Organization had net assets with donor restrictions totaling \$10,435.

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

December 31, 2022

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 December 31, 2022, years 2018 through 2021 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.

Revenue Recognition

Revenue is reported as an increase in net assets without donor restrictions unless use of the related asset is limited by donor-imposed time or purpose restrictions. Expirations of donor-imposed restrictions on net assets that are subject to the passage of time (that is, the stipulated time period has elapsed, or the cash has been collected) are reported as net assets released from restrictions.

Unconditional contributions are recognized when pledged in accordance with FASB ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606) 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 in accordance with ASU Topic 606. 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.

Grants and program service fees are recognized as costs are incurred in accordance with ASU Topic 606 on the basis of direct costs plus allowable indirect expenses.

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 at a point in time when the items are shipped to the various local coalitions. Other revenues are recognized at a point in time when earned.

Notes to Financial Statements

Donate Life America

December 31, 2022

Note B - Summary of Significant Accounting Policies - Continued

Advertising Costs

The Organization expenses advertising costs as incurred. For the year ended December 31, 2022, the Organization had no material advertising expense.

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 December 31, 2022. 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 December 31, 2022, 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.

Recently Issued Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02 *Leases (Topic 842)*. ASU 2016-02 replaced most existing lease guidance in U.S. GAAP when it became effective. ASU 2016-02 requires an entity to recognize most leases, including operating leases, on the balance sheet of the lessee. The guidance became effective for annual reporting periods beginning after December 15, 2021. The Organization implemented ASU 2016-02 with no material effect on the financial statements.

Notes to Financial Statements

Donate Life America

December 31, 2022

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 non-operating 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 |
| Office supplies | Full time equivalent |
| Contract services | Full time equivalent |
| Telephone | Full time equivalent |

Notes to Financial Statements

Donate Life America

December 31, 2022

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 \$43,932 to the plan for the year ended December 31, 2022.

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 \$680,000 at December 31, 2022.

Note E - Lease Commitment

The Organization had a lease commitment that ended December 31, 2022. Rent expense for the year ended December 31, 2022 was \$60,202. As of December 31, 2022, the Organization did not have any active leases. The Organization subsequent to year end entered a lease agreement effective January 1, 2023 through December 31, 2027, which will be recorded in the financial statements according to ASU 2016-02 upon commencement in 2023.

Note F - Subsequent Events

Management has evaluated subsequent events through March 13, 2023, the date which the financial statements were available to be issued.

Note G - Property and Equipment

Property and equipment by class of property as of December 31, 2022 was:

| | |
|--------------------------|------------------|
| Furniture and equipment | \$ 148,960 |
| Leasehold improvements | 72,010 |
| | <u>220,970</u> |
| Accumulated depreciation | <u>(208,403)</u> |
| | <u>\$ 12,567</u> |

Depreciation expense for the year ended December 31, 2022 was \$2,861.

Notes to Financial Statements

Donate Life America

December 31, 2022

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 December 31, 2022, the Organization's accrued compensated vacation balance for all employees is \$138,227. 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 | \$ 871,198 |
| Due from related party | 426,079 |
| Accounts receivable | 18,268 |
| Prepaid expenses | 44,415 |
| Campaign materials | 20,988 |
| Security deposit | <u>7,239</u> |
| | <u>\$ 1,388,187</u> |

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.

Notes to Financial Statements

Donate Life America

December 31, 2022

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 prices 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 December 31, 2022:

| Investments | Carrying Value | Fair Value Measurements | | |
|---------------|---------------------|-------------------------|-----------|-----------|
| | | Level 1 | Level 2 | Level 3 |
| Equities | \$ 521,916 | \$ 521,916 | \$ | \$ |
| Mutual Funds | 562,947 | 562,947 | | |
| Highly Liquid | 18 | 18 | | |
| | <u>\$ 1,084,881</u> | <u>\$ 1,084,881</u> | <u>\$</u> | <u>\$</u> |

During the year ended December 31, 2022, 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

December 31, 2022

Note K - Investments

As of December 31, 2022, 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 | \$ 558,866 | \$ 5,961 | \$ (42,911) | \$ 521,916 |
| Mutual Funds | 617,235 | 2,548 | (56,836) | 562,947 |
| Highly Liquid | 18 | | | 18 |
| | <u>\$ 1,176,119</u> | <u>\$ 8,509</u> | <u>\$ (99,747)</u> | <u>\$ 1,084,881</u> |

A summary of interest and dividends and investment return as shown on the Statement of Activities consists of the following for the year ended December 31, 2022:

| | |
|------------------------|---------------------|
| Interest and Dividends | <u>\$ 32,315</u> |
| Investment Return | |
| Net Unrealized Loss | \$ (138,750) |
| Net Realized Loss | (4,311) |
| Advisory Fees | (8,286) |
| | <u>\$ (151,347)</u> |
| | <u>\$ (119,032)</u> |

Net realized gain, captioned above, consists of gross short-term gains and losses of \$926 and \$(1,007), respectively and long-term gains and losses of \$831 and \$(5,061), respectively.

Note L - Related Party Transactions

As of and for the year ended December 31, 2022, the Organization had purchases from the related party of \$15,651, and receivables to the related party of \$426,079.

Note M - COVID-19

The COVID-19 pandemic is having widespread, rapidly evolving, and unpredictable impacts on global society, economies, financial markets, and business practices. The substantial uncertainty and the nature and degree of the pandemic and resulting effects over time could result in disruption or restriction on the Organization's ability to operate normally. The Organization's clients are also affected by the outbreak, which could delay their contributions and payments. The Organization may also experience difficulties with suppliers or with vendors in their supply chain, which could have negative effects on operations. Overall, the future impact of the pandemic with respect to the Organization is difficult to predict and could adversely impact its overall operations in the future.