

**THE DONORS FUND INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2019**

THE DONORS FUND INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
THE DONORS FUND INC.
Lakewood, New Jersey

We have audited the accompanying financial statements of The Donors Fund Inc., (a nonprofit organization) which comprise the statement of financial position as of December 31, 2019, 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.

Auditors' 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 auditors' 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.

MEMBER AICPA, NYSSCPA

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 The Donors Fund Inc. as of December 31, 2019, 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.

Bernath + Rosenberg P.C.
BERNATH & ROSENBERG, P.C.
Certified Public Accountants

New York, NY
November 10, 2020

**THE DONORS FUND INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019**

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 5,077,442
Marketable Securities	532,303
Interest Receivable	<u>10,645</u>
Total Current Assets	<u>5,620,390</u>
TOTAL ASSETS	<u><u>\$ 5,620,390</u></u>

LIABILITIES AND NET ASSETS

Liabilities:

Current Liabilities:

Accounts Payable	<u>\$ 16,331</u>
Total Current Liabilities	16,331

Net Assets:

Without Donor Restrictions	<u>5,604,059</u>
Total Net Assets	<u>5,604,059</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 5,620,390</u></u>

See Independent Auditors' Report and Accompanying Notes to the Financial Statements.

**THE DONORS FUND INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019**

Revenues:

Contribution Income	\$ 26,893,726
Investment Income	96,540
Interest Income	10,645
Total Revenues	27,000,911

Expenses:

Program Services	24,623,665
General and Administrative	230,546
Fundraising	112,753
Total Expenses	24,966,964

Change in Net Assets 2,033,947

Net Assets (Without Donor Restrictions) - Beginning of Year 3,570,112

Net Assets (Without Donor Restrictions) - End of Year \$ 5,604,059

See Independent Auditors' Report and Accompanying Notes to the Financial Statements.

THE DONORS FUND INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Grants to Charitable Organizations	\$ 24,366,570	\$ -	\$ -	\$ 24,366,570
Salaries	166,064	78,147	-	244,211
Payroll Taxes	15,103	7,107	-	22,210
Advertising	-	-	112,753	112,753
Automobile	-	703	-	703
Bank and Credit Card Fees	-	7,821	-	7,821
Computer Expenses	46,035	-	-	46,035
Insurance	-	876	-	876
Miscellaneous	-	3,894	-	3,894
Office Expenses	-	36,375	-	36,375
Postage and Shipping	18,062	-	-	18,062
Printing	11,831	-	-	11,831
Professional Fees	-	45,267	-	45,267
Rent	-	13,889	-	13,889
Repairs and Maintenance	-	18,356	-	18,356
Telephone and Internet	-	5,747	-	5,747
Travel	-	8,442	-	8,442
Utilities	-	3,922	-	3,922
Total Functional Expenses	<u>\$ 24,623,665</u>	<u>\$ 230,546</u>	<u>\$ 112,753</u>	<u>\$ 24,966,964</u>

See Independent Auditors' Report and Accompanying Notes to the Financial Statements.

THE DONORS FUND INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

Cash Flows from Operating Activities:

Change in Net Assets	\$ 2,033,947
Adjustments to Reconcile Change in Net Assets to	
Net Cash Provided by Operating Activities:	
Unrealized Gains on Marketable Securities	(49,929)
Contributions of Marketable Securities Held at Year-End	(60,000)
Changes in Assets and Liabilities:	
Interest Receivable	(10,645)
Accounts Payable	3,890
Total Adjustments	(116,684)
Net Cash Provided by Operating Activities	1,917,263
Cash Flows from Investing Activities:	
Purchases of Marketable Securities	(390,124)
Net Cash Used in Investing Activities	(390,124)
Net Increase In Cash and Cash Equivalents	1,527,139
Cash and Cash Equivalents - Beginning of Year	3,550,303
Cash and Cash Equivalents - End of Year	\$ 5,077,442

See Independent Auditors' Report and Accompanying Notes to the Financial Statements.

THE DONORS FUND INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 – NATURE OF ORGANIZATION

The Donors Fund Inc. (the “Fund”) was formed in August 2015 in the State of New Jersey as a Non-Profit Corporation. The Fund is a public charity and donor advised fund which solicits charitable donations, and makes donor recommended distributions to organizations that qualify as exempt organizations under section 501(c)(3) of the Internal Revenue Code.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to use judgment in the application of accounting policies including making estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses during a reporting period. Application of these assumptions requires the exercise of judgment as to future uncertainties and, as a result, actual results could differ from these estimates.

Classes of Net Assets

The accompanying financial statements have been prepared in conformity with the disclosure and display requirements of Financial Accounting Standards Board (FASB) ASC 958, Not-For-Profit Entities. ASC 958 requires that resources be classified for reporting purposes into two net asset categories as net assets with donor restrictions and net assets without donor restrictions, according to the existence or absence of donor-imposed restrictions.

Net assets without donor restrictions represent revenues and expenses related to the operations and management of the Fund’s primary programs and supporting services. If funds are raised and set aside by the board for future use, these are considered without donor restrictions. Contributions with donor restrictions that are expended for their restricted purpose in the same reporting period as received are recorded as without donor restrictions.

Net assets with donor restrictions are assets subject to donor imposed stipulations that they be maintained permanently, or temporarily by the Fund. Generally, the donors of these assets permit the Fund to use all or part of the income earned on any investments for general or specific purposes. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. As of December 31, 2019, the Fund had no net assets with donor restrictions.

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Concentration of Credit Risk

The Fund maintains cash demand deposit accounts at major financial institutions and may at times exceed the federally insured limit. The Fund periodically assesses the financial condition of the institutions and considers the risk of loss to be minimal.

Contributions and Grants

Contributions and grants are recognized when the donor makes a promise to give to the Fund that is, in substance, unconditional. Unconditional promises to give are recognized in the period received both as revenues or gains and as assets, decreases of liabilities, or expenses, depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Revenue Recognition

All contributions are subject to acceptance by the Fund. Contributions are recognized as revenue when received or unconditionally promised. In accordance with its policies, donor recommendations of grants are made at the discretion of the Fund. As such, these contributions are classified as unrestricted.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function on the statement of functional expenses. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include; salaries and payroll taxes, which are allocated on the basis of estimated time spent on each function. All other allocated expenses are allocated based on the estimated use of the expenditure for each function.

Income Taxes

The Fund is exempt from income taxes under Section 501(c)(3) for the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements.

Advertising and Marketing

Advertising costs are expensed as incurred. Advertising expense for the year ended December 31, 2019, amounted to \$112,753.

Administrative Fees

The Fund charges an administrative fee to all donor-advised accounts. The fee charged ranges from .5% to 4% of donations made in accordance with the Fund's policies. The fees retained are used to cover the cost of the operations of the Fund as well as for charitable purposes.

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THE DONORS FUND INC.
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Reclassifications

For cash flow statement purposes, certain amounts in the prior year financial statements have been reclassified to conform to the presentation in the current year financial statements.

NOTE 3—CASH AND CASH EQUIVALENTS

For purposes of the statement of financial position and the statement of cash flows, cash and cash equivalents consist of cash and other highly liquid resources, such as investments in certificates of deposit and money market funds, with an original maturity of three months or less when purchased. At December 31, 2019, cash and cash equivalents was comprised of the following:

Cash	\$ 3,569,958
Money Market Funds	<u>1,507,484</u>
Total	<u><u>\$ 5,077,442</u></u>

NOTE 4 – LIQUIDITY AND AVAILABILITY

The Fund regularly monitors the availability of resources required to meet its operating needs and other contractual commitments. At December 31, 2019, the Fund had the following financial assets available within one year of the statement of financial position date for general expenditure including operating expenses and scheduled grant payments:

Cash and Cash Equivalents	\$ 5,077,442
Marketable Securities	<u>532,303</u>
Total	<u><u>\$ 5,609,745</u></u>

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date.

NOTE 5 - FAIR VALUE HIERARCHY

Accounting guidance on fair value measurements for certain financial assets and liabilities requires that assets and liabilities carried at fair value be classified in one of the following three categories:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

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Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuation based on inputs that are unobservable and significant to the overall fair value measurement.

The following table sets forth the Fund’s investment securities, which are carried at fair value, based on quoted prices in active markets (all Level 1 measurements) as of December 31, 2019:

Marketable Securities	<u>Cost</u>	<u>Fair Value</u>
Mutual Funds	\$ 430,395	\$ 482,086
Stocks	31,393	32,576
Exchange Traded Products	<u>19,729</u>	<u>17,641</u>
Total Marketable Securities	<u>\$ 481,517</u>	<u>\$ 532,303</u>

NOTE 6 – SUBSEQUENT EVENTS

Coronavirus Pandemic

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared states of emergency. It is anticipated that these impacts will continue for some time. There has been no impact to the Fund’s operations to date. Future potentials may be a decrease in donations due to economic uncertainty. Changes to the operating environment may increase operating costs. The future effects of these issues are unknown.

Management evaluated the activity of the Fund that occurred after December 31, 2019, through November 10, 2020, the date these financial statements were available to be issued. During this period, aside from the Coronavirus Pandemic, the Fund did not have any material subsequent events.

See Independent Auditors’ Report.