
THE DONORS FUND INC.
(A NON PROFIT ORGANIZATION)

FINANCIAL STATEMENTS

DECEMBER 31, 2020

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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, 2020, 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, 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.

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

New York, NY
November 10, 2021

**THE DONORS FUND INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020**

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 12,521,426
Investments	5,179,814
Security Deposit	11,804
Interest Receivable	10,645
Total Current Assets	17,723,689

Property, Plant and Equipment:

Construction in Progress	16,000
Property, Plant and Equipment - Net	16,000

TOTAL ASSETS	\$ 17,739,689
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LIABILITIES AND NET ASSETS

Liabilities:

Current Liabilities:

Accounts Payable and Accrued Expenses	\$ 53,434
PPP Loan	43,337
Total Current Liabilities	96,771

Net Assets:

Without Donor Restrictions	17,642,918
Total Net Assets	17,642,918

TOTAL LIABILITIES AND NET ASSETS	\$ 17,739,689
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See Independent Auditors' Report and Accompanying Notes to the Financial Statements.

**THE DONORS FUND INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

Revenues:

Contribution Income	\$ 47,788,254
Investment Income	1,479,500
Interest Income	32,899
Total Revenues	49,300,653

Expenses:

Program Services	36,732,861
General and Administrative	335,402
Fundraising	193,531
Total Expenses	37,261,794

Change in Net Assets

	12,038,859
Net Assets (Without Donor Restrictions) - Beginning of Year	5,604,059
Net Assets (Without Donor Restrictions) - End of Year	\$ 17,642,918

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, 2020

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Grants to Charitable Organizations	\$ 36,400,672	\$ -	\$ -	\$ 36,400,672
Salaries	245,820	115,680	-	361,500
Payroll Taxes	21,379	10,060	-	31,439
Advertising	-	-	193,531	193,531
Automobile	-	1,799	-	1,799
Bank and Credit Card Fees	-	9,256	-	9,256
Computer Expenses	37,920	3,750	-	41,670
Insurance	-	9,309	-	9,309
Investment Fees	-	705	-	705
Miscellaneous	-	13,039	-	13,039
Office Expenses	-	66,240	-	66,240
Postage and Shipping	20,169	-	-	20,169
Printing	6,901	-	-	6,901
Professional Fees	-	49,944	-	49,944
Rent	-	14,462	-	14,462
Repairs and Maintenance	-	7,088	-	7,088
Telephone and Internet	-	4,687	-	4,687
Travel	-	22,383	-	22,383
Utilities	-	7,000	-	7,000
Total Functional Expenses	<u>\$ 36,732,861</u>	<u>\$ 335,402</u>	<u>\$ 193,531</u>	<u>\$ 37,261,794</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, 2020

Cash Flows from Operating Activities:

Change in Net Assets	\$ 12,038,859
Adjustments to Reconcile Change in Net Assets to	
Net Cash Provided by Operating Activities:	
Net Realized and Unrealized Gains on Investments	1,454,657
Donated Investments Held at Year-End	(617,337)
Changes in Assets and Liabilities:	
Security Deposit	(11,804)
Accounts Payable and Accrued Expenses	37,103
Total Adjustments	862,619
Net Cash Provided by Operating Activities	12,901,478
Cash Flows from Investing Activities:	
Purchases of Investments	(15,651,834)
Proceeds from Sale of Investments	10,167,003
Construction in Progress	(16,000)
Total	(5,500,831)
Net Cash Used in Investing Activities	(5,500,831)
Cash Flows from Financing Activities:	
PPP Loan	43,337
Total	43,337
Net Cash Provided by Financing Activities	43,337
Net Increase In Cash and Cash Equivalents	7,443,984
Cash and Cash Equivalents - Beginning of Year	5,077,442
Cash and Cash Equivalents - End of Year	\$ 12,521,426

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

THE DONORS FUND INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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”).

Recently Adopted Accounting Pronouncement

In June 2018, the FASB issued ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. ASU 2018-08 clarifies the determination of whether a grant or contract is a contribution or an exchange transaction subject to other guidance. ASU 2018-08 was adopted by the Organization effective January 1, 2020 and was applied on a modified prospective basis. There was no effect from the change in accounting principle on the financial position or changes in net assets for the year ended December 31, 2020.

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.

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THE DONORS FUND INC.
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DECEMBER 31, 2020

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, 2020, the Fund had no net assets with donor restrictions.

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.

Revenue Recognition

All contributions are subject to acceptance by the Fund. Contributions are recognized as revenue when received unconditionally. 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. Conditional contributions are recognized only when the conditions on which they depend are substantially met.

Property, Plant and Equipment

Property, plant, and equipment are carried at cost. Depreciation is provided on the straight-line method over the estimated useful life of the asset. Expenditures for maintenance and repairs are charged to operations as incurred. Significant renovations and replacements in excess of \$5,000, which improve and extend the useful life of the asset greater than one year, are capitalized. Management reviews long-lived assets to determine whether there has been any permanent impairment whenever events or circumstances indicate the carrying amount of an asset may not be recoverable. If the sum of the expected future discounted cash flows is less than the carrying amount of the assets, the Fund recognizes an impairment loss. No impairment losses were recognized for the current year.

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.

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Advertising

Advertising costs are expensed as incurred. Advertising expense for the year ended December 31, 2020, amounted to \$193,531.

Administrative Fees

The Fund charges an administrative fee on 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.

Rent

Rent expense is recorded on a straight-line basis over the life of the lease and deferred rent is recorded when material.

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, 2020, cash and cash equivalents was comprised of the following:

Cash	\$ 8,467,246
Money Market Funds	<u>4,054,180</u>
Total	\$ 12,521,426

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, 2020, 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	\$ 12,521,426
Investments	<u>5,179,814</u>
Total	\$ 17,701,240

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 – PPP LOAN

In May 2020, as part of the Small Business Administration (SBA) under the Coronavirus Aid, Relief and Economic Security Act (CARES Act) Paycheck Protection Program ("PPP"), the Organization received a forgivable PPP loan in the amount of \$43,337.

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The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of their average monthly payroll and certain other expenses. The loans and accrued interest are forgivable after eight to 24 weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities, and meets certain other requirements of the program. The amount of the loan forgiveness can be reduced if the borrower terminates employees or reduces salaries during the covered period. The unforgiven portion of the PPP loan is payable over two years (or up to five years) at an interest rate of 1%, with a deferral of payments for up to 10 months after the end of the covered period. The Fund currently believes that its use of the loan proceeds will meet the conditions for forgiveness and has applied for forgiveness. Any amount of forgiven principal or accrued interest will be recognized on the statement of activities for the period when forgiveness was granted as a gain on extinguishment of debt.

NOTE 6 - 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.

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, 2020:

See Independent Auditors’ Report.

THE DONORS FUND INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

<u>Investments</u>	<u>Fair Market Value</u>
Mutual Funds	\$ 914,522
Bonds	66,146
U.S. Treasury Notes	1,999,860
Stocks	2,172,447
Exchange Traded Products	<u>26,839</u>
Total Investments	<u>\$ 5,179,814</u>

NOTE 7 - LEASE COMMITMENTS

The Fund leases space in New Jersey under a non-cancelable operating lease which expires in August 2021. The lease requires base rent of \$1,404 per month. In August of 2020, the Fund signed a new five-year non-cancelable lease for a new office space which commenced in July 2021. The lease requires base rent of \$5,901 per month for the first year with a 3% yearly increase.

As of December 31, 2020, future minimum base rental payments are as follows:

For the year ending December 31,	
2021	\$ 37,936
2022	71,706
2023	73,857
2024	76,073
2025	<u>78,355</u>
Total	<u>\$ 337,927</u>

NOTE 8 – CORONAVIRUS PANDEMIC

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. It is anticipated that these impacts will continue for some time. The pandemic has not had a material effect on the Fund's operations.

PPP loan – see note 5

NOTE 9 – SUBSEQUENT EVENTS

New Lease - see note 7

Management evaluated the activity of the Fund that occurred after December 31, 2020, through November 10, 2021, the date these financial statements were available to be issued.

See Independent Auditors' Report.