



DON'T EVER GIVE UP, INC.

Cary, North Carolina

AUDITED FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
SEPTEMBER 30, 2018 AND 2017**

CONTENTS

	<u>PAGES</u>
Independent Auditor's Report	2-3
Exhibits:	
"A" Statements of Financial Position	4
"B" Statements of Activities and Changes in Net Assets	5-6
"C" Statements of Cash Flows	7
Notes to Financial Statements	8-11
Additional Information	12
Schedules:	
"1" Schedules of Functional Expenses	13-14

Carla G. Daniel, EA
Andrea W. Eason, CPA, CGMA
Robin H. McDuffie, CPA, CGMA
M. Neely McLaughlin, CPA, MBA, CGMA
Joan C. Pharr, CPA, CGMA
Deetra B. Watson, CPA, CGMA



MEMBERS:
American Institute of
Certified Public Accountants

North Carolina Association of
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Page 1 of 2

Board of Directors
Don't Ever Give Up, Inc.
Cary, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of Don't Ever Give Up, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2018 and 2017, and the related statements of activities and changes in net assets and cash flows for the years 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 audits. We conducted our audits 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.

BLACKMAN & SLOOP, CPAs, P.A.

Phone/919.942.8700 • Fax/919.968.4766 • Toll Free/877.854.7530

The Exchange West at Meadowmont • 1414 Raleigh Road, Suite 300 • Chapel Hill, North Carolina 27517

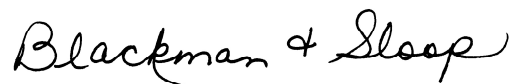
www.b-scpa.com • email:cpa@b-scpa.com

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Don't Ever Give Up, Inc., as of September 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on pages 13-14 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "Blackman & Sloop".

Chapel Hill, North Carolina

February 11, 2019

DON'T EVER GIVE UP, INC.

STATEMENTS OF FINANCIAL POSITION

EXHIBIT A

September 30, 2018 and 2017

	<u>ASSETS</u>	
	<u>2018</u>	<u>2017</u>
CURRENT ASSETS:		
Cash	\$ 322,110	\$ 873,415
Contributions and gifts receivable, net	2,096,018	915,759
Special events receivable, net	137,909	94,860
Due from The V Foundation	133,700	155,755
Prepaid expenses	88,157	72,208
TOTAL CURRENT ASSETS	<u>2,777,894</u>	<u>2,111,997</u>
PROPERTY AND EQUIPMENT, NET	<u>2,147</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 2,780,041</u>	<u>\$ 2,111,997</u>
 <u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 80,273	\$ 169,795
Accounts payable - The V Foundation	40,875	138,291
Accrued payroll and related liabilities	41,990	43,446
Grant payable - The V Foundation	-	1,276,300
TOTAL LIABILITIES	<u>163,138</u>	<u>1,627,832</u>
NET ASSETS:		
Unrestricted	497,075	(431,595)
Temporarily restricted	2,119,828	915,760
TOTAL NET ASSETS	<u>2,616,903</u>	<u>484,165</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,780,041</u>	<u>\$ 2,111,997</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

DON'T EVER GIVE UP, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

EXHIBIT B

For the Years Ended September 30, 2018 and 2017

Page 1 of 2

	2018			2017
	Unrestricted	Temporarily Restricted	Totals	Totals
SUPPORT AND REVENUE:				
Contributions and gifts	\$ 10,877,697	\$ 3,608,456	\$ 14,486,153	\$ 12,475,829
Special events income	1,581,854	-	1,581,854	1,462,334
Interest	844	-	844	572
	<u>12,460,395</u>	<u>3,608,456</u>	<u>16,068,851</u>	<u>13,938,735</u>
Net assets released from restrictions	2,404,388	(2,404,388)	-	-
				<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>14,864,783</u>	<u>1,204,068</u>	<u>16,068,851</u>	<u>13,938,735</u>
EXPENSES:				
Program services	6,174,821	-	6,174,821	6,896,942
Management and general	1,428,242	-	1,428,242	1,575,350
Fundraising expenses:				-
Direct benefits to donors	3,690,947	-	3,690,947	3,873,018
Other fundraising expenses	2,614,341	-	2,614,341	1,327,858
Total fundraising expenses	<u>6,305,288</u>	<u>-</u>	<u>6,305,288</u>	<u>5,200,876</u>
SUBTOTAL EXPENSES	<u>13,908,351</u>	<u>-</u>	<u>13,908,351</u>	<u>13,673,168</u>
Loss from bad debts	27,762	-	27,762	14,815
TOTAL EXPENSES	<u>13,936,113</u>	<u>-</u>	<u>13,936,113</u>	<u>13,687,983</u>
CHANGES IN NET ASSETS	928,670	1,204,068	2,132,738	250,752
NET ASSETS - BEGINNING OF YEAR	<u>(431,595)</u>	<u>915,760</u>	<u>484,165</u>	<u>233,413</u>
NET ASSETS - END OF YEAR	<u>\$ 497,075</u>	<u>\$ 2,119,828</u>	<u>\$ 2,616,903</u>	<u>\$ 484,165</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

DON'T EVER GIVE UP, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

EXHIBIT B

For the Years Ended September 30, 2018 and 2017

Page 2 of 2

	2017		
	Unrestricted	Temporarily Restricted	Totals
SUPPORT AND REVENUE:			
Contributions and gifts	\$ 7,078,889	\$ 5,396,940	\$ 12,475,829
Special events income	1,462,334	-	1,462,334
Interest	572	-	572
	<u>8,541,795</u>	<u>5,396,940</u>	<u>13,938,735</u>
Net assets released from restrictions	<u>4,833,338</u>	<u>(4,833,338)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>13,375,133</u>	<u>563,602</u>	<u>13,938,735</u>
EXPENSES:			
Program services	6,896,942	-	6,896,942
Management and general	1,575,350	-	1,575,350
Fundraising expenses:			
Direct benefits to donors	3,873,018	-	3,873,018
Other fundraising expenses	<u>1,327,858</u>	<u>-</u>	<u>1,327,858</u>
Total fundraising expenses	<u>5,200,876</u>	<u>-</u>	<u>5,200,876</u>
SUBTOTAL EXPENSES	<u>13,673,168</u>	<u>-</u>	<u>13,673,168</u>
Loss from bad debts	<u>14,815</u>	<u>-</u>	<u>14,815</u>
TOTAL EXPENSES	<u>13,687,983</u>	<u>-</u>	<u>13,687,983</u>
CHANGES IN NET ASSETS	(312,850)	563,602	250,752
NET ASSETS - BEGINNING OF YEAR	<u>(118,745)</u>	<u>352,158</u>	<u>233,413</u>
NET ASSETS - END OF YEAR	<u>\$ (431,595)</u>	<u>\$ 915,760</u>	<u>\$ 484,165</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

DON'T EVER GIVE UP, INC.

STATEMENTS OF CASH FLOWS

EXHIBIT C

For the Years Ended September 30, 2018 and 2017

CASH FLOWS FROM OPERATING ACTIVITIES:	2018	2017
Changes in net assets	\$ 2,132,738	\$ 250,752
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	74	-
Increase (decrease) in cash arising from changes in assets and liabilities:		
Contributions and gifts receivable	(1,180,259)	(109,829)
Special events receivable, net	(43,049)	4,632
Due from The V Foundation	22,055	(121,628)
Prepaid expenses	(15,949)	(30,561)
Accounts payable	(89,522)	23,837
Accounts payable - The V Foundation	(97,416)	92,243
Accrued payroll and related liabilities	(1,456)	(19,176)
Grant payable - The V Foundation	(1,276,300)	481,114
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(549,084)	571,384
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment	(2,221)	-
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(551,305)	571,384
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	873,415	302,031
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 322,110	\$ 873,415
SUPPLEMENTAL DISCLOSURE:		
Noncash contribution:		
Donated securities	\$ 666,950	\$ 473,654
Donated services and facilities	\$ 414,300	\$ 429,300

The accompanying Notes to Financial Statements are an integral part of these statements.

DON'T EVER GIVE UP, INC.**NOTES TO FINANCIAL STATEMENTS**

Page 1 of 4

NATURE OF ACTIVITIES

Don't Ever Give Up, Inc. (the "Organization") is a nonprofit charitable organization incorporated on September 21, 2015, to support The V Foundation (the "Foundation"), including promoting cancer research and related programs of the Foundation, as well as providing funds directly to the Foundation to further its purposes.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**A. Basis of Accounting.**

The Organization's financial statements are presented on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Accordingly, revenues and support are recognized when earned, and expenses are recognized when the obligation is incurred.

The Organization reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions.

B. Cash.

Cash consists of monies on deposit at financial institutions. At times, the Organization places deposits with high-quality financial institutions that may be in excess of federally insured amounts. The Organization has not experienced any financial loss related to such deposits.

C. Contributions, Gifts, and Special Events Receivable.

Receivables consist of gifts and sponsorships from special events held with the specific purpose of promoting and publicizing the Foundation and are carried at their net realizable value. The Organization provides an allowance for doubtful accounts equal to the estimated losses that are expected to be incurred in their collection. The allowance is based on historical collection experience and a review by management of the current status of the existing receivables. The allowance totaled \$25,377 and \$8,315, as of September 30, 2018 and 2017, respectively.

D. Property and Equipment.

Property and equipment are stated at cost for purchased assets and at market value on the date of gift for donated assets. Property and equipment are capitalized if the life is expected to be greater than one year and if the cost exceeds \$1,000. Depreciation is calculated using the straight-line method over estimated useful lives of the assets of 5 years. Depreciation expense totaled \$74 for the year ended September 30, 2018. There was no depreciation expense for the year ended September 30, 2017.

DON'T EVER GIVE UP, INC.

NOTES TO FINANCIAL STATEMENTS

Page 2 of 4

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Grant Expenses.

Grant expenses and the corresponding grant payable to the Foundation are recognized in the period the grant is approved, provided the grant is not subject to significant future conditions. Conditional grants are recognized as grant expense and as a grant payable in the period in which the grantee meets the terms of the conditions. Grants payable that are expected to be paid in future years are recorded at the present value of expected future payments.

F. Outreach and Public Relations.

The Organization expenses outreach and public relations costs as incurred. Outreach and public relations expense totaled \$127,695 and \$161,660, for the years ended September 30, 2018 and 2017, respectively.

G. Net Assets.

Unrestricted - Resources of the Organization that are not restricted by donors or grantors as to use or purpose. These resources include amounts generated from operations, and undesignated gifts.

Temporarily Restricted - Resources that carry a donor-imposed restriction that permits the Organization to use or expend the donated assets for a specific purpose. The restrictions can be satisfied by the passage of time or by actions of the Organization.

Permanently Restricted - Resources that carry a donor-imposed restriction that stipulates donated assets be maintained in perpetuity, but may permit the Organization to use or expend part or all of the income derived from the donated assets. The Organization did not have any permanently restricted net assets as of September 30, 2018 and 2017.

H. Income Taxes.

The Organization is an exempt organization under Section 501(c)(3) of the Internal Revenue Code, and is classified as other than a private foundation. It is also exempt from North Carolina income and franchise taxes under the North Carolina Non-Profit Corporation Act. If applicable, penalties and interest assessed by income taxing authorities related to uncertain tax positions are included as management and general expenses in the statements of activities and changes in net assets.

I. Estimates.

The preparation of financial statements in conformity with U.S. 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 revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

DON'T EVER GIVE UP, INC.**NOTES TO FINANCIAL STATEMENTS**

Page 3 of 4

PROPERTY AND EQUIPMENT

Property and equipment consist of the following at September 30:

	2018	2017
Office equipment	\$ 2,221	\$ -
Accumulated depreciation	(74)	-
Net property and equipment	<u>\$ 2,147</u>	<u>\$ -</u>

CONCENTRATIONS

At September 30, 2018, approximately 62% of special events receivable is from five donors and 33% of contributions and gifts receivable is from two donors. Four special events provided approximately 92% of the Organization's total gross special events income for the year ended September 30, 2018.

At September 30, 2017, approximately 38% of special events receivable is from one donor and 31% of contributions and gifts receivable is from two donors. Four special events provided approximately 98% of the Organization's total gross special events income for the year ended September 30, 2017.

OPERATING LEASES

The Organization has a non-cancelable operating lease agreement for the office space in St. Helena, California, which expired December 31, 2017. Under the agreement, monthly payments totaled \$2,175 at September 30, 2017; and increased to \$2,400 commencing January 1, 2018, on a month-to-month basis. Rent expense totaled \$28,125 and \$25,815, for the years ended September 30, 2018 and 2017, respectively. The Organization continues to maintain the office space on a month-to-month basis.

Additionally, the Organization shares office space in Cary, North Carolina with the Foundation. Rent expense is allocated based on the employee ratio of the Organization's personnel to total personnel of both the Organization and the Foundation. Rent expense totaling \$24,000 for the years ended September 30, 2018 and 2017 is allocated from the Foundation.

RELATED PARTY TRANSACTIONS

The Organization granted \$6,000,000 and \$6,676,300, to the Foundation for the years ended September 30, 2018 and 2017, respectively. The Organization reimbursed the Foundation for shared costs including facilities, personnel, and administrative expenses totaling \$589,403 and \$653,132, for the years ended September 30, 2018 and 2017, respectively. The Organization owed the Foundation \$40,875 and \$1,414,591, at September 30, 2018 and 2017, respectively, for grants and shared costs. Additionally, the Foundation owed the Organization \$133,700 and \$155,755, as of September 30, 2018 and 2017, respectively.

Members of the Board of Directors of the Organization make contributions to special events. The Organization received contributions from related parties totaling \$287,093 and \$38,400, for the years ended September 30, 2018 and 2017, respectively.

DON'T EVER GIVE UP, INC.**NOTES TO FINANCIAL STATEMENTS**

Page 4 of 4

RETIREMENT PLAN

The Organization previously offered a simple IRA plan for its eligible employees. During the current fiscal year, the Organization moved to a 401(k) plan. Employees of the Organization are eligible for coverage under this plan after 90 days of service. The Organization matches 100% of employee contributions up to 3% of each participating employee's compensation, and 50% of the next 2% of each participating employee's compensation. Employees are vested immediately in their contributions plus actual earnings thereon. Vesting in the Organization's contribution portion of their accounts plus actual earnings thereon is based on years of continuous service. A participant is 20% vested after two years of credited service, and vests an additional 20% per year thereafter. After six years of credited service, participants are vested 100% in employer contributions. The expense was \$49,421 and \$27,332, for the years ended September 30, 2018 and 2017, respectively.

TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets totaled \$2,119,828 and \$915,760, at September 30, 2018 and 2017, respectively.

NET ASSETS RELEASED FROM RESTRICTION

Temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. Net assets released from restrictions totaled \$2,404,388 and \$4,833,338, for the years ended September 30, 2018 and 2017, respectively.

DONATED SERVICES AND FACILITIES

The Organization recognizes donated services that create or enhance non-financial assets or that require specialized skills, and would typically need to be purchased if not provided by donation. The Organization recognized \$234,300 of donated services for fundraising events and \$180,000 of donated facility rentals for the year ended September 30, 2018. The Organization recognized \$249,300 of donated services for fundraising events and \$180,000 of donated facility rentals for the year ended September 30, 2017.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain indirect costs have been allocated between the programs and supporting services benefited based on management's estimates.

SUBSEQUENT EVENTS

Management has evaluated subsequent events for recognition or disclosure through February 11, 2019, the date the financial statements were available to be issued. Management did not identify any events that occurred subsequent to year-end that require disclosure in the financial statements.

ADDITIONAL INFORMATION

DON'T EVER GIVE UP, INC.

SCHEDULES OF FUNCTIONAL EXPENSES

SCHEDULE 1

For the Years Ended September 30, 2018 and 2017

Page 1 of 2

	2018				2017
	Program Services	Management and General	Fundraising	Totals	Totals
Grant expense	\$ 6,000,000	\$ -	\$ -	\$ 6,000,000	\$ 6,676,300
Direct benefit to donors	-	-	3,690,947	3,690,947	3,873,018
Professional fees	2,451	56,824	1,383,574	1,442,849	154,679
Salaries	92,941	677,693	644,778	1,415,412	1,450,582
Employee benefits	19,486	186,090	135,181	340,757	327,650
Travel related expenses	22,954	91,072	159,244	273,270	237,849
Bank service charges	-	179,290	-	179,290	184,373
Outreach and public relations	-	-	127,695	127,695	161,660
Payroll taxes	6,730	49,594	46,688	103,012	98,427
Printing and copying	-	298	85,138	85,436	105,126
Occupancy expenses	-	76,336	-	76,336	75,946
Technology	-	71,008	-	71,008	182,922
Postage and shipping	-	5,112	32,043	37,155	28,382
Other grants	27,000	-	-	27,000	65,000
Office supplies	-	19,380	-	19,380	29,477
Miscellaneous	-	7,753	-	7,753	8,673
Insurance	-	6,375	-	6,375	6,618
Forums and meetings	3,259	1,343	-	4,602	6,486
Depreciation	-	74	-	74	-
	<u>\$ 6,174,821</u>	<u>\$ 1,428,242</u>	<u>\$ 6,305,288</u>	<u>\$ 13,908,351</u>	<u>\$ 13,673,168</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

DON'T EVER GIVE UP, INC.

SCHEDULES OF FUNCTIONAL EXPENSES

SCHEDULE 1

For the Years Ended September 30, 2018 and 2017

Page 2 of 2

	2017			
	Program Services	Management and General	Fundraising	Totals
Grant expense	\$ 6,676,300	\$ -	\$ -	\$ 6,676,300
Direct benefit to donors	-	-	3,873,018	3,873,018
Professional fees	2,416	92,308	59,955	154,679
Salaries	100,060	692,603	657,919	1,450,582
Employee benefits	20,014	176,037	131,599	327,650
Travel related expenses	21,501	74,972	141,376	237,849
Bank service charges	-	184,373	-	184,373
Outreach and public relations	-	-	161,660	161,660
Payroll taxes	7,276	43,307	47,844	98,427
Printing and copying	-	8	105,118	105,126
Occupancy expenses	-	75,946	-	75,946
Technology	-	182,922	-	182,922
Postage and shipping	-	5,995	22,387	28,382
Other grants	65,000	-	-	65,000
Office supplies	-	29,477	-	29,477
Miscellaneous	-	8,673	-	8,673
Insurance	-	6,618	-	6,618
Forums and meetings	4,375	2,111	-	6,486
	<u>\$ 6,896,942</u>	<u>\$ 1,575,350</u>	<u>\$ 5,200,876</u>	<u>\$ 13,673,168</u>

The accompanying Notes to Financial Statements are an integral part of these statements.