

**DON'T EVER GIVE UP, INC.**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED**  
**SEPTEMBER 30, 2022 AND 2021**



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## **INDEPENDENT AUDITOR'S REPORT**

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

### ***Opinion***

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, 2022 and 2021, and the related statements of activities and changes in net assets, cash flows, and functional expenses 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 Don't Ever Give Up, Inc., as of September 30, 2022 and 2021, 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.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Don't Ever Give Up, Inc., 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 these 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 Don't Ever Give Up, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**BLACKMAN & SLOOP, CPAS, P.A.**

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***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 generally accepted auditing standards 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 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 generally accepted auditing standards, 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 Don't Ever Give Up, Inc.'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 Don't Ever Give Up, Inc.'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.

*Blackman & Sloop*

Chapel Hill, North Carolina  
February 13, 2023

## DON'T EVER GIVE UP, INC.

## STATEMENTS OF FINANCIAL POSITION

## EXHIBIT A

September 30, 2022 and 2021

	<u>ASSETS</u>	
	<u>2022</u>	<u>2021</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 10,543,383	\$ 8,231,384
Contributions and gifts receivable, net	3,784,870	2,178,446
Special events receivable, net	403,516	165,228
Accounts receivable - The V Foundation	742,465	618,852
Prepaid expenses	284,347	315,524
<b>TOTAL CURRENT ASSETS</b>	<u>15,758,581</u>	<u>11,509,434</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	<u>37,632</u>	<u>11,507</u>
<b>OTHER ASSETS:</b>		
Security deposit	4,900	4,900
<b>TOTAL ASSETS</b>	<u>\$ 15,801,113</u>	<u>\$ 11,525,841</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 450,543	\$ 228,234
Accounts payable - The V Foundation	286,128	177,912
Accrued payroll and related liabilities	97,105	18,286
Deferred revenue	236,000	400,240
Deferred rent, current portion	5,760	1,992
<b>TOTAL CURRENT LIABILITIES</b>	<u>1,075,536</u>	<u>826,664</u>
<b>LONG-TERM LIABILITIES:</b>		
Deferred rent	5,186	8,954
<b>TOTAL LIABILITIES</b>	<u>1,080,722</u>	<u>835,618</u>
<b>NET ASSETS:</b>		
Without donor restrictions	7,269,846	4,578,608
With donor restrictions	7,450,545	6,111,615
<b>TOTAL NET ASSETS</b>	<u>14,720,391</u>	<u>10,690,223</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 15,801,113</u>	<u>\$ 11,525,841</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, 2022 and 2021

Page 1 of 2

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Totals	Totals
<b>SUPPORT AND REVENUE:</b>				
Contributions and gifts	\$ 9,904,657	\$ 14,988,805	\$ 24,893,462	\$ 18,537,746
Contribution of nonfinancial assets	565,750	-	565,750	348,627
Special events income	2,322,502	-	2,322,502	1,513,049
Interest	111	-	111	152
	12,793,020	14,988,805	27,781,825	20,399,574
Net assets released from restrictions	13,649,875	(13,649,875)	-	-
<b>TOTAL SUPPORT AND REVENUE</b>	<b>26,442,895</b>	<b>1,338,930</b>	<b>27,781,825</b>	<b>20,399,574</b>
<b>EXPENSES:</b>				
Program services	12,061,553	-	12,061,553	9,050,000
Management and general	3,532,010	-	3,532,010	2,675,386
Fundraising expenses:				
Direct benefits to donors	6,434,397	-	6,434,397	3,285,278
Other fundraising expenses	1,647,383	-	1,647,383	1,393,360
Total fundraising expenses	8,081,780	-	8,081,780	4,678,638
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>23,675,343</b>	<b>-</b>	<b>23,675,343</b>	<b>16,404,024</b>
Loss from bad debts	76,314	-	76,314	30,811
<b>TOTAL EXPENSES</b>	<b>23,751,657</b>	<b>-</b>	<b>23,751,657</b>	<b>16,434,835</b>
<b>CHANGES IN NET ASSETS</b>	<b>2,691,238</b>	<b>1,338,930</b>	<b>4,030,168</b>	<b>3,964,739</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>4,578,608</b>	<b>6,111,615</b>	<b>10,690,223</b>	<b>6,725,484</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 7,269,846</b>	<b>\$ 7,450,545</b>	<b>\$ 14,720,391</b>	<b>\$ 10,690,223</b>

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, 2022 and 2021

Page 2 of 2

	2021		
	Without Donor Restrictions	With Donor Restrictions	Totals
<b>SUPPORT AND REVENUE:</b>			
Contributions and gifts	\$ 9,662,679	\$ 8,875,067	\$ 18,537,746
Contribution of nonfinancial assets	348,627	-	348,627
Special events income	1,513,049	-	1,513,049
Interest	152	-	152
	<u>11,524,507</u>	<u>8,875,067</u>	<u>20,399,574</u>
Net assets released from restrictions	9,552,820	(9,552,820)	-
	<u>21,077,327</u>	<u>(677,753)</u>	<u>20,399,574</u>
<b>TOTAL SUPPORT AND REVENUE</b>			
<b>EXPENSES:</b>			
Program services	9,050,000	-	9,050,000
Management and general	2,675,386	-	2,675,386
Fundraising expenses:			
Direct benefits to donors	3,285,278	-	3,285,278
Other fundraising expenses	1,393,360	-	1,393,360
Total fundraising expenses	<u>4,678,638</u>	<u>-</u>	<u>4,678,638</u>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u>16,404,024</u>	<u>-</u>	<u>16,404,024</u>
Loss from bad debts	<u>30,811</u>	<u>-</u>	<u>30,811</u>
<b>TOTAL EXPENSES</b>	<u>16,434,835</u>	<u>-</u>	<u>16,434,835</u>
<b>CHANGES IN NET ASSETS</b>	4,642,492	(677,753)	3,964,739
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>(63,884)</u>	<u>6,789,368</u>	<u>6,725,484</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 4,578,608</u>	<u>\$ 6,111,615</u>	<u>\$ 10,690,223</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, 2022 and 2021

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	<b>2022</b>	<b>2021</b>
Changes in net assets	\$ 4,030,168	\$ 3,964,739
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	2,816	2,816
Changes in assets and liabilities:		
Contributions and gifts receivable, net	(1,606,424)	1,148,369
Special events receivable, net	(238,288)	(136,321)
Accounts receivable - The V Foundation	(123,613)	(2,417)
Prepaid expenses	31,177	(118,741)
Accounts payable	222,309	156,917
Accounts payable - The V Foundation	108,216	100,238
Accrued payroll and related liabilities	78,819	(30,572)
Deferred revenue	(164,240)	108,532
Deferred rent	-	1,862
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>2,340,940</b>	<b>5,195,422</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(28,941)	-
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>2,311,999</b>	<b>5,195,422</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>8,231,384</b>	<b>3,035,962</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 10,543,383</b>	<b>\$ 8,231,384</b>
<b>SUPPLEMENTAL DISCLOSURE:</b>		
Noncash contribution:		
Donated securities	\$ 425,333	\$ 369,007
Donated goods and facilities	\$ 565,750	\$ 348,627

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

## DON'T EVER GIVE UP, INC.

## STATEMENTS OF FUNCTIONAL EXPENSES

## EXHIBIT D

For the Years Ended September 30, 2022 and 2021

Page 1 of 2

	2022				2021
	Program Services	Management and General	Fundraising	Totals	Totals
Grant to The V Foundation	\$ 12,000,000	\$ -	\$ -	\$ 12,000,000	\$ 9,000,000
Direct benefit to donors	-	-	6,434,397	6,434,397	3,285,278
Salaries	-	1,655,666	784,479	2,440,145	2,033,673
Employee benefits	-	340,143	182,916	523,059	478,814
Outreach and public relations	-	164,749	311,435	476,184	359,237
Bank service charges	-	461,534	-	461,534	346,484
Professional fees	-	252,686	44,833	297,519	131,191
Travel related expenses	-	151,094	135,255	286,349	100,982
Payroll taxes	-	110,384	57,779	168,163	141,896
Technology	-	161,118	-	161,118	147,522
Occupancy expenses	-	132,321	-	132,321	128,050
Printing and copying	-	10,343	83,828	94,171	66,730
Postage and shipping	-	21,056	46,858	67,914	54,509
Other grants	61,553	-	-	61,553	50,000
Office supplies	-	24,040	-	24,040	20,799
Miscellaneous	-	21,731	-	21,731	14,494
Insurance	-	15,718	-	15,718	26,446
Forums and meetings	-	6,611	-	6,611	15,103
Depreciation	-	2,816	-	2,816	2,816
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>12,061,553</b>	<b>3,532,010</b>	<b>8,081,780</b>	<b>23,675,343</b>	<b>16,404,024</b>
Loss from bad debts	-	76,314	-	76,314	30,811
<b>TOTAL EXPENSES</b>	<b>\$ 12,061,553</b>	<b>\$ 3,608,324</b>	<b>\$ 8,081,780</b>	<b>\$ 23,751,657</b>	<b>\$ 16,434,835</b>

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

## DON'T EVER GIVE UP, INC.

## STATEMENTS OF FUNCTIONAL EXPENSES

## EXHIBIT D

For the Years Ended September 30, 2022 and 2021

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	2021			
	Program Services	Management and General	Fundraising	Totals
Grant to The V Foundation	\$ 9,000,000	\$ -	\$ -	\$ 9,000,000
Direct benefit to donors	-	-	3,285,278	3,285,278
Salaries	-	1,406,819	626,854	2,033,673
Employee benefits	-	316,335	162,479	478,814
Outreach and public relations	-	11,500	347,737	359,237
Bank service charges	-	346,484	-	346,484
Professional fees	-	76,608	54,583	131,191
Travel related expenses	-	54,227	46,755	100,982
Payroll taxes	-	94,307	47,589	141,896
Technology	-	147,522	-	147,522
Occupancy expenses	-	128,050	-	128,050
Printing and copying	-	4,675	62,055	66,730
Postage and shipping	-	9,201	45,308	54,509
Other grants	50,000	-	-	50,000
Office supplies	-	20,799	-	20,799
Miscellaneous	-	14,494	-	14,494
Insurance	-	26,446	-	26,446
Forums and meetings	-	15,103	-	15,103
Depreciation	-	2,816	-	2,816
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>9,050,000</b>	<b>2,675,386</b>	<b>4,678,638</b>	<b>16,404,024</b>
Loss from bad debts	-	30,811	-	30,811
<b>TOTAL EXPENSES</b>	<b>\$ 9,050,000</b>	<b>\$ 2,706,197</b>	<b>\$ 4,678,638</b>	<b>\$ 16,434,835</b>

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

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

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**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"), which requires the use of certain estimates made by the Organization's management. 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 support with donor restrictions 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

**B. Cash and Cash Equivalents.**

Cash and cash equivalents consist 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 \$134,641 and \$72,221, as of September 30, 2022 and 2021, respectively. No discount is considered necessary as the contributions, gifts, and special events receivables are to be collected in less than one year.

**D. Property and Equipment.**

Property and equipment are stated at cost for purchased assets and at fair value on the date of the 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 5 to 7 years.

## DON'T EVER GIVE UP, INC.

## NOTES TO FINANCIAL STATEMENTS

Page 2 of 8

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

## D. Property and Equipment (Continued).

When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statements of activities and changes in net assets. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization reports gifts of land, buildings, and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions.

## E. Grant Expenses.

Grant expenses and the corresponding grant payable 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 \$476,184 and \$359,237, for the years ended September 30, 2022 and 2021, respectively.

## G. Net Assets.

Net assets and support and revenue are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

## DON'T EVER GIVE UP, INC.

## NOTES TO FINANCIAL STATEMENTS

Page 3 of 8

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

## H. Revenue and Revenue Recognition

The Organization is primarily funded by individual and non-governmental organizational grants and contributions. These grants and contributions are recognized when cash, securities or other assets, an unconditional promise to give, a grant award letter, or notification of a beneficial interest is received.

Conditional contributions, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been substantially met. There are no conditional grants at September 30, 2022 and 2021.

Revenue from contracts which are deemed to be exchange transactions are recognized as revenue without donor restrictions as performance obligations are completed either over time or at a point in time. Deferred revenue from exchange transactions results when cash receipts exceed revenue recognized.

## I. 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. The entity is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. The Organization is exempt from North Carolina income and franchise taxes under the North Carolina Non-Profit Corporation Act. If applicable, the Organization reports interest and penalties related to unrecognized tax positions as interest expense under management and general expenses.

## J. 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.

## K. Consideration of Future Accounting Principle Changes.

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. This standard will be effective for the year ending September 30, 2023. The Organization is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

## DON'T EVER GIVE UP, INC.

## NOTES TO FINANCIAL STATEMENTS

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

## L. New Accounting Pronouncement.

In September 2020, FASB issued ASU 2020-07, Presentation and Disclosures by *Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard increases the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure of the amount of contributed nonfinancial assets recognized, as well as the amount of those contributions used in the entity's programs and other activities. The Organization has implemented this ASU as of September 30, 2022, on the retrospective basis. This has no impact on ending net assets.

**LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following:

Current liquid financial assets at September 30:

	2022	2021
Cash and cash equivalents	\$ 10,543,383	\$ 8,231,384
Contributions and gifts receivable, net	3,784,870	2,178,446
Special events receivable, net	403,516	165,228
Accounts receivable - The V Foundation	742,465	618,852
	<u>15,474,234</u>	<u>11,193,910</u>
Less amounts unavailable for general expenditures within one year, due to:		
Restrictions by donor for purpose	<u>(4,275,134)</u>	<u>(4,511,740)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 11,199,100</u>	<u>\$ 6,682,170</u>

As part of the Organization's liquidity management plan, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization's purpose is to support the Foundation, and the funds granted to the Foundation will be adjusted depending on the level of funding received. Management believes the financial assets available are sufficient to meet cash needs for general expenditures within one year. In addition to having financial assets available to meet general expenditures over the next twelve months, the Organization operates within a balanced budget and anticipates collecting sufficient revenue during the year to cover general expenditures.

Management notes that the Organization has net assets with donor restrictions for time totaling \$3,175,411 and \$1,599,875, at September 30, 2022 and 2021, respectively. As these net assets are to be received over the next 12 months, management included them in financial assets available to meet cash needs for general expenditures within one year.

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

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**PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at September 30:

	2022	2021
Office furniture	\$ 16,602	\$ 16,602
Office equipment	2,221	2,221
Software	28,941	-
Accumulated depreciation	<u>(10,132)</u>	<u>(7,316)</u>
Net property and equipment	<u>\$ 37,632</u>	<u>\$ 11,507</u>

**CONCENTRATIONS**

At September 30, 2022, approximately 48% of gross special events receivable is from two donors and 42% of gross contributions and gifts receivable is from three donors. Three special events provided 90% of the Organization's total gross special events income for the year ended September 30, 2022.

At September 30, 2021, approximately 67% of gross special events receivable is from three donors and 47% of gross contributions and gifts receivable is from three donors. Three special events provided 100% of the Organization's total gross special events income for the year ended September 30, 2021.

**OPERATING LEASES**

In February 2019, the Foundation entered into a non-cancelable operating lease agreement for office space in Napa, California, and subleased the space to the Organization. The lease expires in April 2024, and requires monthly payments totaling \$4,900 in year one, and increases annually over the life of the lease.

Rent expense for office space in California totaled \$66,700 for the years ended September 30, 2022 and 2021. Future minimum lease payments under the lease are as follows:

<u>Year Ending September 30,</u>	
2023	\$ 72,460
2024	<u>37,938</u>
Total minimum lease payments	<u>\$ 110,398</u>

The Organization also shares office space with the Foundation in Cary, North Carolina. 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, 2022 and 2021, is allocated from the Foundation.

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

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**RELATED PARTY TRANSACTIONS**

The Organization granted \$12,000,000 and \$9,000,000, to the Foundation for the years ended September 30, 2022 and 2021, respectively. The Organization reimbursed the Foundation for shared costs including facilities, personnel, and administrative expenses totaling \$1,961,544 and \$1,587,993, for the years ended September 30, 2022 and 2021, respectively. The Organization owed the Foundation \$286,128 and \$177,912, at September 30, 2022 and 2021, respectively, for grants and shared costs. Additionally, the Foundation owed the Organization \$742,465 and \$618,852, as of September 30, 2022 and 2021, respectively.

Members of the Board of Directors of the Organization make contributions to special events. The Organization received contributions from related parties totaling \$1,461,061 and \$1,618,856, for the years ended September 30, 2022 and 2021, respectively.

**RETIREMENT PLAN**

The Foundation sponsors a 401(k) plan whereby employees of the Organization are eligible for coverage after 90 days of service. Employees are vested immediately in their contributions plus actual earnings thereon. 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. As these are safe harbor contributions, employees are vested immediately in these contributions plus actual earnings thereon. The retirement expense totaled \$93,495 and \$60,574, for the years ended September 30, 2022 and 2021, respectively. Additionally, the Organization can make other matching contributions to employees. Vesting in the Organization's other matching contributions 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 Organization did not make other matching contributions for the years ended September 30, 2022 and 2021.

On January 1, 2018, the Foundation established a non-qualified deferred compensation plan covering key employees of the Foundation and the Organization, which provides for payments upon termination of service, retirement, death, or disability. Participants 100% vest at the later of 5 years of service or termination of employment. The amount in the plan totaled \$85,529 and \$190,796, at September 30, 2022 and 2021, respectively. No contribution was made for the year ending September 30, 2022.

**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. Therefore, some expenses require allocation on a reasonable basis that is consistently applied. Accordingly, certain costs have been allocated between the programs and supporting services benefited based on management's estimates.

Salaries, employee benefits, payroll taxes, and travel related expenses are allocated on the basis of estimates of time and effort. Contract services, which are classified as professional fees on the statements of functional expenses, are allocated evenly between fundraising and management and general. Expenses in other categories are directly coded as costs are incurred.

## DON'T EVER GIVE UP, INC.

## NOTES TO FINANCIAL STATEMENTS

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**NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following at September 30:

	<u>2022</u>	<u>2021</u>
Purpose restriction:		
Pediatric Research	\$ 4,125,134	\$ 4,511,740
Wine Celebration Consulting	<u>150,000</u>	<u>-</u>
	4,275,134	4,511,740
Time restriction:		
General	<u>3,175,411</u>	<u>1,599,875</u>
Total net assets with donor restrictions	<u><u>\$ 7,450,545</u></u>	<u><u>\$ 6,111,615</u></u>

**NET ASSETS RELEASED FROM RESTRICTION**

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 \$13,649,875 and \$9,552,820, for the years ended September 30, 2022 and 2021, respectively.

**CONTRIBUTION OF NONFINANCIAL ASSETS**

The Organization recognizes contributed services if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would otherwise be purchased by the Organization. The Organization received donated catering services and facility rental for fundraising events. These contributed services and facilities have been recognized in the accompanying financial statements as a contribution of nonfinancial assets, and direct benefit to donors at their estimated value. The value was determined by an estimated retail value that would have been incurred had services and facilities rentals not been donated. All contributed nonfinancial assets were utilized during the year they were received to carryout the Organization's special events, and there were no donor- imposed restrictions associated with the contributed nonfinancial assets.

For the years ended September 30, 2022 and 2021, the contributed nonfinancial assets were as follows:

	<u>2022</u>	<u>2021</u>
Catering	\$ 263,250	\$ 156,127
Facilities rentals	<u>302,500</u>	<u>192,500</u>
Total contributed nonfinancial assets	<u><u>\$ 565,750</u></u>	<u><u>\$ 348,627</u></u>

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

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**CONTRIBUTION OF NONFINANCIAL ASSETS (CONTINUED)**

Donated auction items totaling \$4,210,117 and \$4,681,383, at September 30, 2022 and 2021, respectively, were valued at the sale price received during the auction on the day of the event.

In addition, volunteers have donated a significant amount of time and effort to the Organization's fundraising events, and the Organization's officers and board of directors serve without compensation. The financial statements do not reflect the value of these services donated by volunteers, as they do not meet recognition criteria prescribed by U.S. GAAP.

**REVENUE FROM CONTRACTS WITH CUSTOMERS***Performance Obligations*

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in the revenue standard. The contract transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The Organization's contracts have obligations that are fulfilled at a point in time.

*Performance Obligations Satisfied at a Point in Time*

The Organization receives revenue from special event related activities, such as event tickets, meals, sponsorships, and auction purchases for which the revenue is earned at the point in time of the event, or similar circumstances. At that point in time, the Organization has fulfilled their performance obligation.

The Organization believes recognition at that point in time is appropriate for this type of revenue. However, if any funds are received prior to the Organization fulfilling the performance obligation, it would be deferred until the future period in which it is earned.

Total revenue recognized for performance obligations completed at a point in time at September 30, 2022 and 2021, totaled \$2,322,502 and \$1,513,049, respectively. Receivables relating to performance obligations completed at a point in time at September 30, 2022 and 2021, totaled \$397,512 and \$170,320, respectively. There was deferred revenue related to these contracts at September 30, 2022 and 2021, of \$236,000 and \$400,240, respectively. Deferred revenue from the prior year of \$284,240 was recognized as current year revenue when obligations were fulfilled. The remaining \$116,000 was returned to the customer as these performance obligations were not fulfilled.

*General*

Revenue earned will vary depending on the economy. Revenue from special events will vary depending on how many attend and participate in events such as auctions. Additionally, some of the Organization's events rely on in-person attendance, and operation is dependent on the availability of space.

**SUBSEQUENT EVENTS**

Management has evaluated subsequent events for recognition or disclosure through February 13, 2023, the date the financial statements were available to be issued. Management did not identify any other events that occurred subsequent to year-end that require disclosure in the financial statements.