

# **THE PINK FUND**

AUDITED FINANCIAL STATEMENTS

Years ended June 30, 2019 and 2018

# THE PINK FUND

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
The Pink Fund  
Bloomfield Hills, MI 48303

We have audited the accompanying financial statements of The Pink Fund (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, 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.

To the Board of Directors  
The Pink Fund  
Bloomfield Hills, Michigan  
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### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Pink Fund as of June 30, 2019 and 2018 and the results of operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*UHY LLP*

Farmington Hills, Michigan  
April 21, 2020

**THE PINK FUND**  
**STATEMENTS OF FINANCIAL POSITION**

	<b>June 30,</b>	
	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 390,437	\$ 464,416
Prepaid expenses	340	-
Pledges receivable, net	879,320	-
Investments	255,747	-
Property and equipment, net	<u>7,078</u>	<u>6,645</u>
Total assets	<u><u>\$ 1,532,922</u></u>	<u><u>\$ 471,061</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 4,660	\$ 10,479
Accrued awards	55,730	40,656
Accrued payroll and related	<u>6,218</u>	<u>-</u>
Total liabilities	<u>66,608</u>	<u>51,135</u>
<b>NET ASSETS</b>		
Without donor restrictions	398,630	329,574
With donor restrictions	<u>1,067,684</u>	<u>90,352</u>
Total net assets	<u>1,466,314</u>	<u>419,926</u>
Total liabilities and net assets	<u><u>\$ 1,532,922</u></u>	<u><u>\$ 471,061</u></u>

**THE PINK FUND**  
**STATEMENTS OF ACTIVITIES**

	Year ended June 30, 2019			Year ended June 30, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND OTHER SUPPORT</b>						
Corporate contributions	\$ 516,764	\$ 183,482	\$ 700,246	\$ 580,709	\$ -	\$ 580,709
Individual contributions	439,207	801,802	1,241,009	485,746	41,985	527,731
Foundation contributions	204,812	-	204,812	61,509	-	61,509
Special events	70,176	-	70,176	108,882	-	108,882
Donated assets	1,566	-	1,566	-	-	-
Realized/ unrealized gain	5,463	-	5,463	-	-	-
Investment income	6,366	-	6,366	501	-	501
Total revenues and other support	<u>1,244,354</u>	<u>985,284</u>	<u>2,229,638</u>	<u>1,237,347</u>	<u>41,985</u>	<u>1,279,332</u>
Net assets released from restrictions	<u>7,952</u>	<u>(7,952)</u>	<u>-</u>	<u>124,947</u>	<u>(124,947)</u>	<u>-</u>
<b>EXPENSES</b>						
Program services	975,586	-	975,586	729,288	-	729,288
Management and general	50,272	-	50,272	42,860	-	42,860
Fundraising	157,392	-	157,392	202,457	-	202,457
Total functional expenses	<u>1,183,250</u>	<u>-</u>	<u>1,183,250</u>	<u>974,605</u>	<u>-</u>	<u>974,605</u>
<b>CHANGE IN NET ASSETS</b>	<b>69,056</b>	<b>977,332</b>	<b>1,046,388</b>	<b>387,689</b>	<b>(82,962)</b>	<b>304,727</b>
<b>NET ASSETS - Beginning of year</b>	<u>329,574</u>	<u>90,352</u>	<u>419,926</u>	<u>(58,115)</u>	<u>173,314</u>	<u>115,199</u>
<b>NET ASSETS - End of year</b>	<u>\$ 398,630</u>	<u>\$ 1,067,684</u>	<u>\$ 1,466,314</u>	<u>\$ 329,574</u>	<u>\$ 90,352</u>	<u>\$ 419,926</u>

**THE PINK FUND**  
**STATEMENTS OF FUNCTIONAL EXPENSES**

	Year ended June 30, 2019				Year ended June 30, 2018			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 171,470	\$ 15,514	\$ 81,828	\$ 268,812	\$ 80,214	\$ 15,150	\$ 113,987	\$ 209,351
Payroll taxes	12,920	1,187	6,260	20,367	5,967	1,159	8,843	15,969
Awards and grants	688,133	-	-	688,133	568,349	-	-	568,349
Education and training	1,861	150	2,010	4,021	-	-	125	125
Fundraising expense	-	-	17,737	17,737	-	-	11,660	11,660
Marketing and PR	73,546	2,306	24,293	100,145	42,201	-	48,502	90,703
Travel and entertainment	12,119	1,339	5,264	18,722	7,464	755	6,043	14,262
Occupancy	3,600	492	720	4,812	3,600	492	720	4,812
Dues and subscriptions	100	60	1,754	1,914	176	211	3,250	3,637
Professional fees	63	13,123	63	13,249	1,994	7,601	54	9,649
Insurance	662	1,084	662	2,408	786	1,265	785	2,836
Bank fees	-	366	-	366	-	889	1,363	2,252
Office expense	3,544	12,562	8,735	24,841	2,461	12,760	1,975	17,196
Telephone	1,753	453	1,814	4,020	1,741	78	1,124	2,943
Other expense	3,924	1,617	5,829	11,370	13,893	2,500	3,840	20,233
Depreciation	1,891	19	423	2,333	442	-	186	628
Total expenses	<u>\$ 975,586</u>	<u>\$ 50,272</u>	<u>\$ 157,392</u>	<u>\$ 1,183,250</u>	<u>\$ 729,288</u>	<u>\$ 42,860</u>	<u>\$ 202,457</u>	<u>\$ 974,605</u>

**THE PINK FUND**  
**STATEMENTS OF CASH FLOWS**

	<u>Year ended June 30,</u>	
	<u>2019</u>	<u>2018</u>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,046,388	\$ 304,727
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	2,333	628
Net realized and unrealized gain on investments	(5,463)	-
Donated assets	(4,612)	-
Changes in assets and liabilities:		
Pledges receivable	(879,320)	-
Prepaid expenses	(340)	-
Accounts payable	(5,819)	1,016
Accrued expenses	21,292	(949)
	<u>174,459</u>	<u>305,422</u>
<b>Net cash provided by operating activities</b>		
	<u>174,459</u>	<u>305,422</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of investments	(252,143)	-
Sale of investments	4,905	-
Purchase of property and equipment	(1,200)	(2,985)
	<u>(248,438)</u>	<u>(2,985)</u>
<b>Net cash (used in) investing activities</b>		
	<u>(248,438)</u>	<u>(2,985)</u>
<b>NET CHANGE IN CASH</b>	<b>(73,979)</b>	<b>302,437</b>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<b>464,416</b>	<b>161,979</b>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b>\$ 390,437</b>	<b>\$ 464,416</b>
<b>NON-CASH INVESTING ACTIVITY:</b>		
Donation of stock	\$ 3,046	\$ -
<b>NON-CASH FINANCING ACTIVITY:</b>		
Donated assets	\$ 1,566	\$ -

**THE PINK FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019 and 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of certain accounting policies followed in the preparation of these financial statements. The policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

**Organization and Nature of Activities**

The Pink Fund (the "Organization"), a nonprofit organization founded in Michigan, is dedicated to providing short-term financial aid to women and men who are in treatment and recovering from breast cancer. Financial aid awards are to cover necessary living expenses such as mortgage or rent payments, utilities, insurance, and auto loans.

**Basis of Presentation**

The Organization follows accounting standards set by the Financial Accounting Standards Board (FASB). The FASB sets generally accepted accounting principles (GAAP) that the Organization follows to ensure they consistently report their financial condition, results of operations and cash flows. References to GAAP issued by the FASB in the following footnotes are the *FASB Accounting Standards Codification (ASC)*.

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**THE PINK FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019 and 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Cash and Cash Equivalents and Concentration of Credit Risk**

The Organization considers short-term highly liquid investments to be cash equivalents provided that they are both readily convertible to cash and had an original maturity of three months or less when purchased.

The Organization maintains, in certain financial institutions and with certain brokers throughout the year, cash balances which at times may exceed federally insured amounts. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

**Investments**

The Organization records its investments in marketable securities and bond funds in accordance with ASC topic *Not for-Profit Entities Investments*. Investments are stated at fair values based upon quoted market prices using prevailing financial market information. Any related gains and losses are included in the Statement of Activities.

**Pledges Receivable**

Pledges receivable consist of unconditional promises to give that are recognized as contributions when the promise is received. Pledges receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using the present value technique applied to anticipated cash flows.

**Property, Equipment and Depreciation**

Property and equipment is stated at cost. Expenditures for maintenance and repairs are charged to operating expenses. Adjustments of the asset and the related accumulated depreciation accounts are made for property and equipment retirements and disposals, with the resulting gain or loss included in the Statement of Activities. Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of assets at acquisition.

**Accrued Awards**

Accrued awards represent commitments for grant awards to provide financial aid. Grants are typically awarded for a three-month period.

**THE PINK FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019 and 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenue Recognition**

*Contributions*

Unconditional contributions are recognized when pledged and are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support.

*Donated Goods and Services*

A substantial number of volunteers have donated significant amounts of their time in the Organization's program services and its fundraising campaigns. Donated services were not recognized in the financial statement since they did not meet the criteria for recognition under ASC topic *Contributions*. For the years ended June 30, 2019 and 2018, the Organization recorded donated assets of \$1,566 and \$-0-, respectively. Donated assets are donated physical goods recorded at fair market value on the date received.

**Special Events**

Special event revenues are reported net of direct expenses. For the years ended June 30, 2019 and 2018, direct expense was \$82,182 and \$50,069, respectively.

**Income Taxes**

The Pink Fund is a non-profit organization exempt under Section 501(c) (3) of the Internal Revenue Code and therefore, is not subject to tax under Federal or state income tax laws. ASC guidance regarding accounting for uncertainty in income taxes clarifies the accounting for income taxes by prescribing the minimum recognition threshold an income tax position is required to meet before being recognized in the financial statements and applies to all income tax positions. Each income tax position is assessed using a two-step process. A determination is first made as to whether it is more likely than not that the income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the income tax position is expected to meet the more likely than not criteria, the benefit recorded in the financial statements equals the largest amount that is greater than 50% likely to be realized upon its ultimate settlement. At June 30, 2019 and 2018, there were no uncertain tax positions that require accrual.

**THE PINK FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019 and 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Functional Expenses**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel, occupancy, and general operating expenses on the basis of estimates of time and effort. All other expenses are allocated based on direct identification and utilization.

**Reclassifications**

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

**NOTE 2 - LIQUIDITY AND AVAILABILITY**

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

Financial assets	
Cash	\$ 390,437
Receivables	879,320
Investments	<u>255,747</u>
Total financial assets	<u>1,525,504</u>
Amounts not available for general use	
Receivables to be collected in more than one year	(539,587)
Donor restricted funds	<u>(267,684)</u>
Total amounts not available for general use	<u>(807,271)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 718,233</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**THE PINK FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019 and 2018**

**NOTE 3 – INVESTMENTS**

Fair values and unrealized gains are summarized as follows:

	June 30, 2019		
	Cost	Fair Value	Unrealized Gain
Exchange traded funds	224,206	229,296	5,090
Mutual funds	25,964	26,451	487
Total investments	<u>\$ 250,170</u>	<u>\$ 255,747</u>	<u>\$ 5,577</u>

There were no investments at June 30, 2018.

Investment return for the years ended June 30, are summarized as follows:

	2019	2018
Investment income, net	\$ 6,366	\$ -
Unrealized gains	5,577	-
Net realized (losses)	<u>(114)</u>	<u>-</u>
	<u>\$ 11,829</u>	<u>\$ -</u>

**NOTE 4 – FAIR VALUE MEASUREMENTS**

ASC topic *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under ASC topic *Fair Value Measurements* are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the abilities to access.

**THE PINK FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019 and 2018**

**NOTE 4 – FAIR VALUE MEASUREMENTS (Continued)**

- Level 2 Inputs to the valuation methodology include:
- quoted prices for similar assets or liabilities in active markets;
  - quoted prices for identical or similar assets or liabilities in inactive markets;
  - inputs other than quoted prices that are observable for the asset or liability;
  - inputs that are derived principally from or corroborated by observable market data by correlation or other means;
  - If the asset or liability has a specific (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

*Mutual Funds, Money Market Funds and Exchange-Traded Funds:* Valued at the net asset value of shares held by the Organization at year end.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value or certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value:

	June 30, 2019			
	Level 1	Level 2	Level 3	Total
Exchange traded funds	229,296	-	-	229,296
Mutual funds	26,451	-	-	26,451
Total investments	<u>\$ 255,747</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 255,747</u>

There were no investments at June 30, 2018.

**THE PINK FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019 and 2018**

**NOTE 5 – PLEDGES RECEIVABLE**

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using a rate of 5.50% as of June 30, 2019.

Pledges receivable consist of the following:

	June 30,	
	<u>2019</u>	<u>2018</u>
Amounts due in:		
Less than one year	\$ 339,733	\$ -
One to five years	<u>600,000</u>	<u>-</u>
Total pledges receivable	\$ 939,733	\$ -
Less: Present value discount	<u>(60,413)</u>	<u>-</u>
Net pledges receivable	<u><u>\$ 879,320</u></u>	<u><u>\$ -</u></u>

**NOTE 6 – PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:

	June 30,	
	<u>2019</u>	<u>2018</u>
Computer hardware and software	\$ 13,020	\$ 11,820
Furniture and fixtures	<u>2,366</u>	<u>800</u>
	15,386	12,620
Less accumulated depreciation	<u>8,308</u>	<u>5,975</u>
	<u><u>\$ 7,078</u></u>	<u><u>\$ 6,645</u></u>

There was \$2,333 and \$628 of depreciation expense for the years ended June 30, 2019 and 2018, respectively.

**THE PINK FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019 and 2018**

**NOTE 7 –NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions were comprised of the following:

	June 30,	
	2019	2018
Mary Herczog Fund	\$ 28,648	\$ 32,614
Time restricted	800,000	-
Transportation	183,482	-
Designated for grant awards by locale	55,554	57,738
	<u>\$ 1,067,684</u>	<u>\$ 90,352</u>

**NOTE 8 – OPERATING LEASE**

The Organization leases office space on a month to month basis with monthly payments for \$401. Total rent expense for both the years ended June 30, 2019 and 2018 was \$4,812.

**NOTE 9 – RETIREMENT PLAN**

During the year ended June 30, 2019, the Organization started a Simple IRA plan (the “Plan”) for its employees. The Plan is subject to a discretionary 3% employer match. Matching contributions to the plan were \$2,699 for the year ended June 30, 2019.

**NOTE 10 – SUBSEQUENT EVENTS**

The Organization has performed a review of events subsequent to the statement of financial position through April 21, 2020, the date the financials were available to be issued.

Towards the end of December 2019, and outbreak of a novel strain of coronavirus (COVID-19) emerged globally. The COVID-19 pandemic has had a significant impact on global markets yielding unfavorable investment returns, job loss and financial hardships on various corporations. Given the very evolving nature of this global emergency, long term impact is not yet known. During this crisis, Management expects that in the near-term donation revenue will likely decline due to delays in events and donors redirecting support funds. Management is carefully monitoring the situation and identifying the current and future needs of those they serve and employ. No adjustments to the 2019 financial statements are appropriate at this time of uncertainty.