

**DIABETES FOUNDATION OF MISSISSIPPI, INC.
(A NONPROFIT ORGANIZATION)**

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2018
WITH
INDEPENDENT AUDITORS' REPORT**

DIABETES FOUNDATION OF MISSISSIPPI, INC.
(A NONPROFIT ORGANIZATION)
FOR THE YEAR ENDED JUNE 30, 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Diabetes Foundation of Mississippi, Inc.

We have audited the accompanying financial statements of Diabetes Foundation of Mississippi, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities 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.

Auditor's 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Diabetes Foundation of Mississippi, Inc., as of June 30, 2018, 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.

Summers, Green & LeRoux, LLP
Summers, Green & LeRoux, LLP

Ridgeland, Mississippi
February 14, 2019

DIABETES FOUNDATION OF MISSISSIPPI, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
ASSETS:				
Cash and cash equivalents	\$ 358,730	\$ -	\$ -	\$ 358,730
Certificates of deposit	749,527	-	-	749,527
Investment in marketable securities	1,409,475	-	-	1,409,475
Inventory	985	-	-	985
TOTAL CURRENT ASSETS	<u>2,518,717</u>	<u>-</u>	<u>-</u>	<u>2,518,717</u>
Furniture and Equipment, net of \$71,977 accumulated depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 2,518,717</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,518,717</u>
LIABILITIES:				
Accounts payable and accrued liabilities	\$ 8,146	\$ -	\$ -	\$ 8,146
Deferred Revenues	23,800	-	-	23,800
TOTAL CURRENT LIABILITIES	<u>31,946</u>	<u>-</u>	<u>-</u>	<u>31,946</u>
NET ASSETS:				
Restricted	-	-	-	-
Unrestricted	2,486,771	-	-	2,486,771
Total Net Assets	<u>2,486,771</u>	<u>-</u>	<u>-</u>	<u>2,486,771</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,518,717</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,518,717</u>

See accompanying notes to the financial statements.

DIABETES FOUNDATION OF MISSISSIPPI, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES				
CONTRIBUTIONS- DIRECT				
Donations	\$ 272,991	\$ -	\$ -	\$ 272,991
Special events	885,609			885,609
Less: Cost of direct benefits to donors	<u>(330,616)</u>			<u>(330,616)</u>
	827,984	-	-	827,984
CONTRIBUTIONS- INDIRECT				
Combined Federal Campaign/United Way	<u>1,445</u>			<u>1,445</u>
TOTAL CONTRIBUTIONS	<u>829,429</u>	<u>-</u>	<u>-</u>	<u>829,429</u>
FEEs FROM EXCHANGE TRANSACTIONS				
Membership dues	1,775			1,775
Registration Fees	22,195			22,195
Investment income, net	<u>77,648</u>			<u>77,648</u>
TOTAL FEES FROM EXCHANGE TRANSACTIONS	<u>101,618</u>	<u>-</u>	<u>-</u>	<u>101,618</u>
TOTAL REVENUES	<u>931,047</u>	<u>-</u>	<u>-</u>	<u>931,047</u>
EXPENSES				
PROGRAM ACTIVITIES				
Research, education and awareness	336,692			336,692
Information and patient services	<u>331,479</u>			<u>331,479</u>
TOTAL PROGRAM ACTIVITIES	<u>668,171</u>	<u>-</u>	<u>-</u>	<u>668,171</u>
SUPPORTING SERVICES				
Management	67,864			67,864
Fund Raising	<u>97,436</u>			<u>97,436</u>
TOTAL SUPPORTING SERVICES	<u>165,300</u>	<u>-</u>	<u>-</u>	<u>165,300</u>
TOTAL EXPENSES	<u>833,471</u>	<u>-</u>	<u>-</u>	<u>833,471</u>
CHANGES IN NET ASSETS	97,576	-	-	97,576
NET ASSETS - BEGINNING OF YEAR	<u>2,389,195</u>	<u>-</u>	<u>-</u>	<u>2,389,195</u>
NET ASSETS - END OF YEAR	<u>\$ 2,486,771</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,486,771</u>

See accompanying notes to the financial statements.

DIABETES FOUNDATION OF MISSISSIPPI, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	JUNE 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 97,576
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	-
Increase (Decrease) in:	
Accounts payable and accrued expenses	(6,064)
Deferred Revenue	1,200
	92,712
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of investment securities	(52,963)
Unrealized (gain) loss from investment securities	(6,037)
Investment in certificates of deposit	(749,527)
Maturities of certificates of deposit	636,949
	(171,578)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(78,866)
CASH AND CASH EQUIVALENTS- BEGINNING OF YEAR	437,596
CASH AND CASH EQUIVALENTS -END OF YEAR	\$ 358,730
NON -CASH INVESTING AND FINANCING ACTIVITIES	
Donated goods and services used in programs and activities	\$ 486,568

See accompanying notes to the financial statements

**DIABETES FOUNDATION OF MISSISSIPPI, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018**

	PROGRAM ACTIVITIES			SUPPORTING SERVICES			Total
	Research Education, & Awareness	Information & Patient Services	Subtotal	General and Management	Fund Raising	Subtotal	
Compensation of officers, directors	27,787	27,786	55,573	11,114	12,702	23,816	79,389
Other salaries	96,657	96,656	193,313	8,291	18,871	27,162	220,475
Pension plan contributions	22,311	22,310	44,621	2,926	4,703	7,629	52,250
Employee insurance & other benefits	6,349	6,348	12,697	833	1,337	2,170	14,867
Payroll taxes	9,460	9,460	18,920	1,241	1,991.77	3,233	22,153
TOTAL EMPLOYEE COSTS	<u>162,564</u>	<u>162,560</u>	<u>325,124</u>	<u>24,405</u>	<u>39,605</u>	<u>64,010</u>	<u>389,134</u>
Accounting and auditing fees	4,692	4,301	8,993	293	489	782	9,775
Independent contractors	777	712	1,489	49	80	129	1,618
Office supplies and expenses	2,013	1,845	3,858	126	210	336	4,194
Supplies, patient	-	11,701	11,701	-	-	-	11,701
Telephone	1,700	1,558	3,258	106	177	283	3,541
Occupancy	22,793	20,893	43,686	1,425	2,374	3,799	47,485
Conferences, conventions, and meetings	18,516	17,438	35,954	-	-	-	35,954
Program materials and expenses	163,284	146,955	310,239	9,797	6,531	16,328	326,567
Depreciation	-	-	-	-	-	-	-
Bank charges	1,221	1,119	2,340	76	127	203	2,543
Dues and subscriptions	480	479	959	-	-	-	959
TOTAL FUNCTIONAL EXPENSES	<u>\$ 378,040</u>	<u>\$ 369,561</u>	<u>\$ 747,601</u>	<u>\$ 36,277</u>	<u>\$ 49,594</u>	<u>\$ 85,870</u>	<u>\$ 833,471</u>

See accompanying notes to the financial statements

DIABETES FOUNDATION OF MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Activities and Objectives

Diabetes Foundation of Mississippi, Inc. (the Organization) is a nonprofit organization exempt under Internal Revenue Code Section 501(c)(3), established to further the general welfare, and undertake in the public interest, such activities as to improve the well-being of persons having diabetes mellitus.

The Organization is authorized to encourage the formation of subsidiary groups which, when designated as acceptable by the Board of Directors, will participate actively in the fulfillment of its programs.

The Organization operates programs in Mississippi for education, information, research, and patient assistance. Revenues are derived from contributions and special events.

Basis of Presentation

The financial statements have been prepared using the accrual basis of accounting and in conformity with accounting principles generally accepted in the United States of America. Under this basis, revenues are recorded as earned and expenses are recorded as incurred.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification (the Codification). As required by the Non-Profit Entities topic of the Codification, *Financial Statements of Not-for-Profit Organizations*, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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 disclosures 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.

Cash Equivalents

For statement of financial purposes, the Organization considers all short-term investments with original maturities of three months or less to be cash equivalents.

**DIABETES FOUNDATION OF MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Equipment and Furniture

Equipment and furniture are recorded at cost if purchased and fair value if contributed. Depreciation is provided on the straight-line method over the estimated useful lives of the assets. Expenditures for repairs and maintenance are charged to expense as incurred. Expenditures for major renewals and betterments which significantly extend the useful lives of existing property and equipment are capitalized and depreciated. Upon retirement or disposition property and equipment, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in income.

Donated Materials and Services

The Organization records the value of donated goods or services when there is an objective basis available to measure their value. Donated materials and prizes are reflected as contributions - special events and donations - in the accompanying statements at their estimated value at the date of receipt. Donated services are reflected as contributions - special events and donations - in the accompanying statements at their estimated value.

Investments

Investments in marketable securities are initially recorded at cost if purchased and at fair value if contributed. All investments in equity securities with readily determinable fair value are subsequently reported as fair value. Unrealized gains and losses are included in investment income.

Public Support and Revenue Recognition

Contributions, including pledges from the general public, are recognized as public support when received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Contributions restricted by the donor for future periods or for specific purposes are reported as temporarily or permanently restricted contributions based on the nature of the restrictions. 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 statement of activities as net assets released from restrictions. Bequests are recognized at the time an unassailable right to the gift has been established and proceeds are measurable.

DIABETES FOUNDATION OF MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Unconditional promises to give that are expected to be collected within one year are recorded at their realizable values. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. Amounts receivable from bequests are based on estimates of net assets to be distributed from estates.

Major Programs

The Organization operates various programs and provides services to individuals diagnosed with or at risk for diabetes to fulfill its objectives. Primary programs and services include the following:

- Screenings for diabetes
- Medical assistance for indigent and uninsured patients, including providing and medical supplies
- School-based educational and informational programs
- Diabetes on Call information and referral programs
- Camps for youths with diabetes
- Educational classes and symposiums for health care professionals and patients
- Publication and distribution of educational information including warning signs, risks and diabetes management
- Research grants and awards
- Promotion of education and increased awareness through participation in health fairs and through conducting programs for various organizations in the public and private sector

Sources of Revenue

Revenues are derived from contributions received directly from the general public and from participants in special events. The Organization operates solely in Mississippi, and revenues are generally derived from individuals and entities in Mississippi.

Subsequent Events

Management has evaluated subsequent events through February 14, 2019, the date the financial statements were available to be issued.

**DIABETES FOUNDATION OF MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE B: DONATED MATERIALS AND SERVICES

The values of donated materials and services included in the financial statements and the corresponding expenditures, on a functional basis, for the year ended June 30, 2018, are as follows:

	<u>JUNE 30, 2018</u>
REVENUES (CONTRIBUTIONS):	
Special events	\$ 273,983
Medical supplies	138,078
Educational materials	1,650
Camp supplies/gifts	69,857
Professional services	3,000
	<u>\$ 486,568</u>
EXPENSES:	
Cost of direct benefits to donors	\$ 243,845
Program activities:	
Research, education, and awareness	73,007
Information and patient services	169,716
Support services:	
Fund raising	-
	<u>\$ 486,568</u>

NOTE C: CONCENTRATIONS OF CREDIT RISK

During the year ended June 30, 2018, the Organization had funds on deposit with federally insured banks in excess of Federal Deposit Insurance Corporation coverage limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash or cash equivalents.

NOTE D: FAIR VALUES OF FINANCIAL INSTRUMENTS

The Organization applies fair value accounting for all financial assets and liabilities that are recognized at fair value in the financial statements. In determining the fair value of investments the Organization utilizes valuation techniques that maximize the use of observable inputs to the extent possible. The Organization determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are characterized in one of the following levels:

**DIABETES FOUNDATION OF MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE D: FAIR VALUES OF FINANCIAL INSTRUMENTS-CONTINUED

Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date

Level 2 Inputs: Valuations based on observable inputs (other than Level 1 prices) such as quoted prices for similar assets at the measurement date; quoted prices in markets that are not active; or other inputs that are observable, either directly or indirectly

Level 3 Inputs: Valuations based on inputs that are unobservable and significant to the overall fair value measurement and involve management judgement

**Fair Value Measurement at
June 30, 2018 Using**

Description	Total	Quoted Prices		
		in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual Funds	\$ 1,409,475	\$ 1,409,475	\$ -	\$ -
Total	\$ 1,409,475	\$ 1,409,475	\$ -	\$ -

At June 30, 2018 the Organization had \$749,527 in certificates of deposit all maturing by June 30, 2019. The Organization also had investments in equity securities (mutual funds) with total market value of \$1,409,475 and total cost basis of \$1,190,044.

DIABETES FOUNDATION OF MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

NOTE D: FAIR VALUES OF FINANCIAL INSTRUMENTS-CONTINUED

During the fiscal year ending June 30, 2018, the Organization had investment income as follows:

	<u>JUNE 30,</u> <u>2018</u>
Interest	\$ 17,908
Dividends	56,676
Gain on sale of investments	(2,973)
Unrealized holding gains (losses) on investment securities	6,037
	<u>\$ 77,648</u>

NOTE E: TEMPORARILY RESTRICTED NET ASSETS

As of June 30, 2018, there were no temporarily restricted or permanently restricted net assets.

NOTE F: NET ASSETS RELEASED FROM RESTRICTIONS

As of June 30, 2018, all net assets had been released from donor restrictions or Board of Director restrictions.

NOTE G: OPERATING LEASES AND OTHER RENTAL COMMITMENTS

The Organization leases office space in Ridgeland, Mississippi for \$2,500 per month under an operating lease expiring December 31, 2019.

Total expenses for office rental amounted to \$30,000 for the year ended June 30, 2018.

NOTE H: EMPLOYEE BENEFIT PLAN

The Organization maintains a defined contribution plan under which it contributes 6 % of salaries for eligible employees. Employees become eligible after three years of service. Total expenses related to the plan for the fiscal year ended June 30, 2018, totaled \$52,250.

DIABETES FOUNDATION OF MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

NOTE I: JOINT COSTS

The Organization has incurred joint costs in certain activities, including the Bacchus Ball, walks, raffles, and other special events. Costs allocated for these events are as follows:

	June 30, 2018			
	Fundraising	Management & General	Research Education & Awareness	Information and Patient Services
Bacchus Ball	\$ 6,495	\$ -	\$ -	\$ -
Walks	7,641	740	5,861	4,739
Other Events	9,078	191	1,707	1,420
Total	\$ 23,214	\$ 931	\$ 7,568	\$ 6,159

NOTE J: SPECIAL EVENTS

The Organization holds various special events from which it derives revenues. For the years ending June 30, 2018, gross revenues from special events were as follows:

	2018
Bacchus Ball	\$ 195,707
Walks	321,721
Fashion Shows	69,523
Golf Tournaments	100,281
Raffle	51,832
Other	146,544
	\$ 885,608

NOTE K: CONCENTRATIONS

During the year ended June 30, 2018, the Organization received \$210,809 in contributions from 17 persons or entities, 8 of which contributed between \$10,000 and \$33,000 each through various sponsorships and activities.
