

**G. FRED DIBONA, JR. MEMORIAL
FOUNDATION
T/A FRED'S FOOTSTEPS**

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

DECEMBER 31, 2019 AND 2018

TOGETHER WITH

INDEPENDENT AUDITOR'S REPORT

G. FRED DIBONA, JR. MEMORIAL FOUNDATION

T/A FRED'S FOOTSTEPS

DECEMBER 31, 2019 AND 2018

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Independent Auditor's Report

To: The Trustees
G. Fred DiBona, Jr. Memorial Foundation
t/a Fred's Footsteps
Bryn Mawr, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of **G. Fred DiBona, Jr. Memorial Foundation, t/a Fred's Footsteps** (a Pennsylvania non-profit organization), which comprise the statements of financial position as of December 31, 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 of 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 **G. Fred DiBona, Jr. Memorial Foundation, t/a Fred's Footsteps**, as of December 31, 2019 and 2018, 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.

A handwritten signature in black ink that reads "Kenji, Bernicki, Arroyo & Co". The signature is written in a cursive, flowing style.

Cherry Hill, NJ
October 6, 2020

G. FRED DIBONA, JR. MEMORIAL FOUNDATION
T/A FRED'S FOOTSTEPS
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
Current assets		
Cash and cash equivalents	\$ 275,537	\$ 172,504
Pledges receivable, net	118,899	81,150
Investment income receivable	5,408	6,693
Prepaid expenses and other	<u>8,220</u>	<u>4,220</u>
Total current assets	<u>408,064</u>	<u>264,567</u>
Investments, at market	<u>4,582,096</u>	<u>4,071,799</u>
Property and equipment, net	<u>23,013</u>	<u>21,644</u>
Total assets	<u>\$ 5,013,173</u>	<u>\$ 4,358,010</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current liabilities		
Accounts payable and accrued expenses	<u>\$ 21,819</u>	<u>\$ 14,877</u>
Total current liabilities	<u>21,819</u>	<u>14,877</u>
Net assets		
Without donor restrictions	<u>4,991,354</u>	<u>4,343,133</u>
Total liabilities and net assets	<u>\$ 5,013,173</u>	<u>\$ 4,358,010</u>

The accompanying notes are an integral part of this statement.

G. FRED DIBONA, JR. MEMORIAL FOUNDATION
T/A FRED'S FOOTSTEPS
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31,

<u>REVENUE AND SUPPORT</u>	<u>2019</u>	<u>2018</u>
Special events		
Golf outing	\$ 650,668	\$ 524,787
Party in the Yard	409,570	335,777
Other events	4,165	15,916
	<hr/>	<hr/>
Total special event revenue	1,064,403	876,480
Less: direct benefits to donors	<u>(312,804)</u>	<u>(274,930)</u>
Special event revenue, net	751,599	601,550
Contributions	450,676	297,353
In-kind contributions	1,500	5,500
Other income	4,996	487
Dividend and interest income	<u>84,097</u>	<u>65,244</u>
Total revenue and support	<u>1,292,868</u>	<u>970,134</u>
 <u>EXPENSES</u>		
Program services		
Specific assistance to individuals and other program expense	<u>873,096</u>	<u>800,936</u>
Support services		
Management and general	127,281	110,626
Fundraising	<u>69,306</u>	<u>74,757</u>
Total support services	<u>196,587</u>	<u>185,383</u>
Total expenses	<u>1,069,683</u>	<u>986,319</u>
Changes in operating net assets	223,185	(16,185)
 <u>NONOPERATING ACTIVITIES</u>		
Realized/unrealized gains (losses) on investments	<u>425,036</u>	<u>(93,564)</u>
Changes in net assets	648,221	(109,749)
Net assets, beginning of year	<u>4,343,133</u>	<u>4,452,882</u>
Net assets, end of year	<u>\$ 4,991,354</u>	<u>\$ 4,343,133</u>

The accompanying notes are an integral part of this statement.

G. FRED DIBONA, JR. MEMORIAL FOUNDATION
T/A FRED'S FOOTSTEPS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services	Support Services			Total
		Management and General	Fundraising	Total Support Services	
Bad debt expense	\$ -	\$ 11,362	\$ -	\$ 11,362	\$ 11,362
Bank and credit card fees	-	17,624	-	17,624	17,624
Conferences, meetings and travel	4,960	-	-	-	4,960
Depreciation and amortization expense	4,381	1,460	1,460	2,920	7,301
In-kind services	1,500	-	-	-	1,500
Insurance	-	3,375	-	3,375	3,375
Miscellaneous	-	1,574	-	1,574	1,574
Occupancy - rent and utilities	27,888	8,581	6,436	15,017	42,905
Office expense	3,535	1,139	1,138	2,277	5,812
Postage and shipping	3,208	1,070	1,069	2,139	5,347
Professional fees	9,083	21,194	-	21,194	30,277
Public relations	-	-	13,618	13,618	13,618
Registration fees and taxes	-	535	-	535	535
Salaries and payroll taxes	179,162	55,127	41,345	96,472	275,634
Software and technology	-	2,761	2,761	5,522	5,522
Specific assistance grants	625,809	-	-	-	625,809
Supplies	4,438	1,479	1,479	2,958	7,396
Telephone and internet	9,132	-	-	-	9,132
Total expenses before direct benefits to donors	873,096	127,281	69,306	196,587	1,069,683
Direct benefits to donors	-	-	312,804	312,804	312,804
Total expenses	\$ 873,096	\$ 127,281	\$ 382,110	\$ 509,391	\$ 1,382,487

The accompanying notes are an integral part of this statement.

G. FRED DIBONA, JR. MEMORIAL FOUNDATION
T/A FRED'S FOOTSTEPS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Services	Support Services			Total
		Management and General	Fundraising	Total Support Services	
Bad debt expense	\$ -	\$ 165	\$ -	\$ 165	\$ 165
Bank and credit card fees	-	12,487	-	12,487	12,487
Conferences, meetings and travel	1,709	-	-	-	1,709
Depreciation and amortization expense	4,487	1,497	1,496	2,993	7,480
In-kind services	5,500	-	-	-	5,500
Insurance	-	5,917	-	5,917	5,917
Occupancy - rent and utilities	36,141	11,120	8,340	19,460	55,601
Office expense	1,187	396	395	791	1,978
Postage and shipping	776	258	258	516	1,292
Professional fees	9,472	22,100	-	22,100	31,572
Public relations	-	-	21,402	21,402	21,402
Registration fees and taxes	-	650	-	650	650
Salaries and payroll taxes	171,193	52,675	39,506	92,181	263,374
Software and technology	-	2,320	2,319	4,639	4,639
Specific assistance grants	552,302	-	-	-	552,302
Supplies	3,124	1,041	1,041	2,082	5,206
Temporary help	9,936	-	-	-	9,936
Telephone and internet	5,109	-	-	-	5,109
Total expenses before direct benefits to donors	800,936	110,626	74,757	185,383	986,319
Direct benefits to donors	-	-	274,930	274,930	274,930
Total expenses	\$ 800,936	\$ 110,626	\$ 349,687	\$ 460,313	\$ 1,261,249

The accompanying notes are an integral part of this statement.

G. FRED DIBONA, JR. MEMORIAL FOUNDATION
T/A FRED'S FOOTSTEPS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	<u>2019</u>	<u>2019</u>
Changes in net assets	\$ 648,221	\$ (109,749)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	7,301	7,480
Unrealized (gain) loss on investments, net	(425,036)	93,564
Loss on disposal of assets	335	-
(Increase) decrease in:		
Pledges receivable	(37,749)	49,349
Investment income receivable	1,285	1,439
Prepaid expenses and other	(4,000)	9,855
Increase (decrease) in:		
Accounts payable and accrued expenses	<u>6,942</u>	<u>6,668</u>
Net cash provided by operating activities	<u>197,299</u>	<u>58,606</u>
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of furniture and equipment	(9,005)	(4,980)
Purchase, sales and withdrawals of investments, net	<u>(85,261)</u>	<u>35,036</u>
Net cash (used in) provided by investing activities	<u>(94,266)</u>	<u>30,056</u>
Net increase in cash and cash equivalents	103,033	88,662
Cash and cash equivalents, beginning of year	<u>172,504</u>	<u>83,842</u>
Cash and cash equivalents, end of year	<u><u>\$ 275,537</u></u>	<u><u>\$ 172,504</u></u>

The accompanying notes are an integral part of this statement.

G. FRED DIBONA, JR. MEMORIAL FOUNDATION
T/A FRED'S FOOTSTEPS
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019 AND 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

G. Fred DiBona, Jr. Memorial Foundation t/a Fred's Footsteps (the "Foundation"), is a Pennsylvania non-profit corporation dedicated to helping foster human growth and improve the quality of life for people in the community. The Foundation provides direct financial support to families who have found themselves in a financial crisis due to the costs associated with caring for a critically or chronically ill child.

The significant accounting policies followed are described below.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, which require the Foundation 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 Foundation. These net assets may be used at the discretion of the Foundation'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 Foundation or by the passage of time.

The Foundation reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) during the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions on the statement of activities.

Change in Accounting Principle

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Foundation has implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly.

G. FRED DIBONA, JR. MEMORIAL FOUNDATION
T/A FRED'S FOOTSTEPS
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019 AND 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Allocation of Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Cash and Cash Equivalents

Cash held in checking accounts and money market accounts with maturities of less than 90 days are classified as cash and cash equivalents.

Credit and Market Risk

Cash equivalents are held at highly rated financial institutions. Credit exposure is limited to one institution. The Foundation has not incurred any losses on its cash equivalents. The Foundation's investments are held in a diversified portfolio with no concentrations of credit risk.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities. Dividends and interest income are recorded during the period earned.

Pledges Receivable

Contributions are recognized when the donor makes a pledge to the Foundation that is unconditional in substance. Pledges that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the pledges are recognized.

The Foundation uses the allowance method to determine uncollectible pledges. The allowance is based on prior years' experience and management's analysis. At December 31, 2019 and 2018, the allowance for uncollectible accounts was \$0.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is calculated using the straight-line method over the estimated useful life of the asset.

G. FRED DIBONA, JR. MEMORIAL FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019 AND 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Specific Assistance Grants

Unconditional specific assistance grants are recorded as an expense when payment is made. The Foundation's policy is to determine which families and individuals will receive assistance, what types of assistance they are to receive and the maximum amounts of assistance they will receive. The Foundation does not normally promise any specific assistance to individuals and families and reserves the right to make changes for specific awards up to the actual time of payment.

Advertising

The Foundation uses advertising to promote its fundraising activities. Advertising costs are expensed as incurred. During the years ended December 31, 2019 and 2018, no advertising costs were incurred.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. In-kind contributions consisted of donated goods and services valued at \$1,500 and \$5,500 for the years ended December 31, 2019 and 2018, respectively.

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Foundation's ongoing program services and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

G. FRED DIBONA, JR. MEMORIAL FOUNDATION
T/A FRED'S FOOTSTEPS
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019 AND 2018

2. LIQUIDITY AND AVAILABILITY

As of December 31, the Foundation's financial assets available within one year for general expenditure were as follows:

	2019	2018
Cash and cash equivalents	\$ 275,537	\$ 172,504
Investments, at market	4,582,096	4,071,799
Pledges receivable	118,899	81,150
Investment income receivable	5,408	6,693
	4,981,940	4,332,146
Donor-imposed restricted funds	-	-
Financial assets available to meet cash needs for general expenditures within one year	\$ 4,981,940	\$ 4,332,146

The Foundation manages its liquidity by operating within a prudent range of financial soundness and stability and maintaining adequate liquid assets to fund near-term operating needs. During the years ended December 31, 2019 and 2018, the Foundation was able to meet cash needs for general expenditures within each respective year.

3. INVESTMENTS

The valuation techniques required by FASB ASC 820 are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect management's market assumptions. These two types of inputs create the three levels of fair value hierarchy described below.

On January 1, 2009, the Foundation adopted the provisions of ASC No. 820 "Fair Value Measurements and Disclosures" for financial statement elements currently required to be measured at fair value. ASC No. 820 clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosures about the use of fair value measurements. The three levels of the fair value hierarchy under ASC No. 820 are as follows:

- Level 1 - quoted prices in active markets for identical securities
- Level 2 - other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 - significant unobservable inputs (including the Foundation's own assumptions in determining the fair value of investments)

G. FRED DIBONA, JR. MEMORIAL FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019 AND 2018

3. INVESTMENTS (CONT'D)

The financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to fair value measurement. The inputs methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The summary of inputs used to value the Foundation's investments is as follows at December 31, 2019:

	<u>Total</u>	<u>Level 1 Quoted Prices</u>	<u>Level 2 Other Significant Observable Inputs</u>	<u>Level 3 Significant Unobservable Inputs</u>
Cash and cash equivalents	\$ 353,927	\$ 353,927	\$ -	\$ -
Equity and bond funds	3,670,008	3,670,008	-	-
Fixed income securities	<u>558,161</u>	<u>558,161</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,582,096</u>	<u>\$ 4,582,096</u>	<u>\$ -</u>	<u>\$ -</u>

The summary of inputs used to value the Foundation's investments is as follows at December 31, 2018:

	<u>Total</u>	<u>Level 1 Quoted Prices</u>	<u>Level 2 Other Significant Observable Inputs</u>	<u>Level 3 Significant Unobservable Inputs</u>
Cash and cash equivalents	\$ 287,003	\$ 287,003	\$ -	\$ -
Equity and bond funds	3,037,916	3,037,916	-	-
Fixed income securities	<u>746,880</u>	<u>746,880</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,071,799</u>	<u>\$ 4,071,799</u>	<u>\$ -</u>	<u>\$ -</u>

G. FRED DIBONA, JR. MEMORIAL FOUNDATION
T/A FRED'S FOOTSTEPS
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019 AND 2018

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	<u>2019</u>	<u>2018</u>
Website development	\$ 52,847	\$ 47,787
Leasehold improvements	3,945	6,603
Furniture and equipment	<u>7,815</u>	<u>15,222</u>
	64,607	69,612
Less: accumulated depreciation and amortization	<u>(41,594)</u>	<u>(47,968)</u>
Total property and equipment, net	<u>\$ 23,013</u>	<u>\$ 21,644</u>

Depreciation and amortization expense for the years ended December 31, 2019 and 2018 was \$7,301 and \$7,480, respectively.

5. INCOME TAX STATUS

The Foundation is a non-profit organization that is exempt from income taxes under the provisions of Internal Revenue Code Section 501(c)(3), and is exempt from state income taxes under the provisions of the Pennsylvania Department of Revenue.

The Foundation has adopted current accounting principles for uncertain income tax positions that require evaluation of tax positions taken on its income tax returns and recognizing a tax asset or liability if the position would not be sustained under audit. The Foundation's policy is to record interest and penalties from tax examinations as income taxes. For federal income tax purposes, the returns remain open for possible examination three years after they are filed.

G. FRED DIBONA, JR. MEMORIAL FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019 AND 2018

6. COMMITMENTS

In October 2019 the Foundation entered into a five-year and two months lease for office space, commencing January 2020. The terms of the lease include future minimum annual payments for the years ended December 31, as follows:

2020	\$ 30,051
2021	30,952
2023	34,779
2024	35,822
2025	36,897
2026	<u>6,330</u>
Total	<u>\$ 174,831</u>

Rent expense was \$42,905 and \$55,601 for the years ended December 31, 2019 and 2018, respectively.

7. SUBSEQUENT EVENTS

In preparing these financial statements, management of the Foundation has evaluated events and transactions for potential recognition or disclosure through October 6, 2020, the date the financial statements were available to be issued. Through the CARES Act, the Foundation applied for and received \$53,500 of funding through the Paycheck Protection Program with the intention of having that loan forgiven.

The novel coronavirus and the subsequent closures it caused could have a material adverse effect on the Foundation's financial position, results of operations, and cash flows. There is significant uncertainty surrounding the current situation and the financial impact cannot be estimated at this time.

The Foundation had no other significant or material subsequent events through October 6, 2020.