

**Ainsley's Angels of America**

Financial Report

December 31, 2020

PRELIMINARY DRAFT SUBJECT TO CHANGE

**Ainsley's Angels of America**

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PRELIMINARY DRAFT - SUBJECT TO CHANGE

Ainsley's Angels of America

Statement of Financial Position

|   | <u>December 31,</u><br><u>2020</u> |
|---|------------------------------------|
| <b>Assets</b>                           |                                    |
| <b>Current assets</b>                   |                                    |
| Cash                                    | \$ 657,052                         |
| Accounts receivables                    | 27,187                             |
| Prepaid expenses                        | 15,907                             |
| Inventory                               | <u>177,615</u>                     |
| Total current assets                    | <u>877,761</u>                     |
| <b>Certificates of deposit</b>          | <u>711,000</u>                     |
| <b>Property and equipment</b>           |                                    |
| Equipment and vehicles                  | 320,991                            |
| Less accumulated depreciation           | <u>(241,326)</u>                   |
| Property and equipment, net             | <u>79,665</u>                      |
| <b>Annuity contracts</b>                | <u>402,191</u>                     |
| <b>Total assets</b>                     | <u><u>\$ 2,070,617</u></u>         |
| <b>Liabilities and Net Assets</b>       |                                    |
| <b>Current liabilities</b>              |                                    |
| Accounts payable                        | \$ 1,286                           |
| Accrued expenses                        | 10,103                             |
| Deferred income                         | <u>3,852</u>                       |
| Total current liabilities               | <u>15,241</u>                      |
| <b>Deferred annuity income</b>          | <u>2,191</u>                       |
| <b>Total liabilities</b>                | <u>17,432</u>                      |
| <b>Net assets</b>                       |                                    |
| Without donor restrictions              | 2,053,185                          |
| With donor restrictions                 | <u>-</u>                           |
| <b>Total net assets</b>                 | <u>2,053,185</u>                   |
| <b>Total liabilities and net assets</b> | <u><u>\$ 2,070,617</u></u>         |

Ainsley's Angels of America

Statement of Activities

|  | Year Ended December 31,       |                            |                     |
|--|-------------------------------|----------------------------|---------------------|
|  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total<br>2020       |
| <b>Operating revenue and support</b>                     |                               |                            |                     |
| Contributions  | \$ 542,328                    | \$ -                       | \$ 542,328          |
| Ragnar and Race series revenue                           | 122,362                       | -                          | 122,362             |
| Merchandise sales, net<br>COGS of \$26,147               | 40,994                        | -                          | 40,994              |
| Net assets released from restrictions                    | -                             | -                          | -                   |
| Gain / (loss) on disposal of assets                      | (822)                         | -                          | (822)               |
| Total support, revenue and other gains                   | <u>704,862</u>                | <u>-</u>                   | <u>704,862</u>      |
| <b>Operating expenses</b>                                |                               |                            |                     |
| Program services:  |                               |                            |                     |
| Ambassadors  | 454,259                       | -                          | 454,259             |
| Ragnar and Race Series                                   | 38,228                        | -                          | 38,228              |
| Supporting services:                                     |                               |                            |                     |
| Management and general                                   | 39,118                        | -                          | 39,118              |
| Fundraising  | 25,949                        | -                          | 25,949              |
| Total expenses   | <u>557,554</u>                | <u>-</u>                   | <u>557,554</u>      |
| <b>Change in net assets from operating activities</b>    | <u>147,308</u>                | <u>-</u>                   | <u>147,308</u>      |
| <b>Nonoperating activities</b>                           |                               |                            |                     |
| Interest income  | 27,282                        | -                          | 27,282              |
| <b>Change in net assets from nonoperating activities</b> | <u>27,282</u>                 | <u>-</u>                   | <u>27,282</u>       |
| <b>Change in net assets</b>                              | 174,590                       | -                          | 174,590             |
| <b>Net assets, beginning of year</b>                     | <u>1,878,595</u>              | <u>-</u>                   | <u>1,878,595</u>    |
| <b>Net assets, end of year</b>                           | <u>\$ 2,053,185</u>           | <u>\$ -</u>                | <u>\$ 2,053,185</u> |

Ainsley's Angels of America

Statement of Cash Flows

|   | Year Ended<br>December 31,<br>2020 |
|---|------------------------------------|
| <b>Cash flows from operating activities</b>   |                                    |
| Change in net assets  | \$ 174,590                         |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |                                    |
| Depreciation and amortization   | 52,296                             |
| (Noncash expenses)  | 463                                |
| (Increase) decrease in receivables  | 23,518                             |
| (Increase) decrease in prepaid expenses   | (923)                              |
| (Increase) decrease in inventory  | (14,852)                           |
| (Increase) decrease in annuity contracts  | (2,191)                            |
| Increase (decrease) in accounts payable   | (2,789)                            |
| Increase (decrease) in accrued expenses   | (2,519)                            |
| Increase (decrease) in deferred income  | 3,852                              |
| Increase (decrease) in deferred annuity income  | 2,191                              |
| (Gain) / loss on disposal of assets   | 822                                |
| <b>Net cash provided by operating activities</b>  | <u>234,458</u>                     |
| <b>Cash flows from investing activities</b>   |                                    |
| Purchase of property and equipment  | (5,250)                            |
| Proceeds from redemption of certificates of deposit   | 625,000                            |
| Purchase of certificates of deposit   | (200,000)                          |
| Purchase of annuity contracts   | (400,000)                          |
| <b>Net cash provided by investing activities</b>  | <u>19,750</u>                      |
| <b>Cash flows from financing activities</b>   |                                    |
| <b>Net cash provided by financing activities</b>  | <u>-</u>                           |
| <b>Increase (decrease) in cash and cash equivalents</b>                                     | 254,208                            |
| <b>Cash and cash equivalents:</b>   |                                    |
| Beginning of year   | <u>402,844</u>                     |
| End of year   | <u>\$ 657,052</u>                  |
| <b>Supplemental disclosure of cash flow information</b>                                     |                                    |
| Cash paid during year for interest  | <u>\$ 0</u>                        |

# Ainsley's Angels of America

## Statement of Functional Expenses

Year Ended December 31, 2020

|  | Program Activities |               |                | Supporting Activities |               |                |
|--|--------------------|---------------|----------------|-----------------------|---------------|----------------|
|  | Ragnar &           |               | Total Programs | Management            |               | Total Expenses |
|  | Ambassadors        | Race Series   |                | & General             | Fundraising   |                |
| Salaries & wages   | 75,100             | -             | 75,100         | 14,000                | 22,800        | 111,900        |
| Payroll Taxes  | 6,398              | -             | 6,398          | 1,204                 | 1,948         | 9,550          |
| Advertising  | 39                 | -             | 39             | -                     | -             | 39             |
| Bank Charges   | 154                | -             | 154            | 3,456                 | -             | 3,610          |
| Cost of goods sold   | 26,147             | -             | 26,147         | -                     | -             | 26,147         |
| Depreciation and Amortization  | 51,512             | -             | 51,512         | 523                   | 261           | 52,296         |
| Grants and allocations to others   | 121,784            | 3,214         | 124,998        | -                     | -             | 124,998        |
| Information Technology   | 1,289              | -             | 1,289          | 1,085                 | 387           | 2,761          |
| Insurance  | 6,909              | -             | 6,909          | 900                   | -             | 7,809          |
| Marine Corps Marathon  | 8,199              | -             | 8,199          | -                     | -             | 8,199          |
| Miscellaneous Expense  | -                  | 2,835         | 2,835          | 188                   | -             | 3,023          |
| Penalties  | -                  | -             | -              | 459                   | -             | 459            |
| Postage and Shipping   | 12,208             | -             | 12,208         | -                     | -             | 12,208         |
| Professional Fees  | -                  | -             | -              | 13,416                | 553           | 13,969         |
| Promotional Materials  | 34,733             | -             | 34,733         | -                     | -             | 34,733         |
| Push Chair Expenses  | -                  | -             | -              | -                     | -             | -              |
| Registrations  | 11,110             | -             | 11,110         | -                     | -             | 11,110         |
| Repairs and Maintenance  | -                  | -             | -              | -                     | -             | -              |
| Rider Travel   | 25,783             | -             | 25,783         | -                     | -             | 25,783         |
| Small Equipment Purchases  | 69,352             | -             | 69,352         | -                     | -             | 69,352         |
| Supplies   | 22,421             | 31,498        | 53,919         | 66                    | -             | 53,985         |
| Taxes & Licenses   | 2,777              | -             | 2,777          | 3,821                 | -             | 6,598          |
| Travel   | 4,491              | 681           | 5,172          | -                     | -             | 5,172          |
| <b>Totals</b>  | <b>480,406</b>     | <b>38,228</b> | <b>518,634</b> | <b>39,118</b>         | <b>25,949</b> | <b>583,701</b> |
| Less expenses included with<br>revenues on the statement of activities                   |                    |               |                |                       |               |                |
| Cost of goods sold   | (26,147)           | -             | (26,147)       | -                     | -             | (26,147)       |
| <b>Total expenses included in the expense<br/>section on the statement of activities</b> | <b>454,259</b>     | <b>38,228</b> | <b>492,487</b> | <b>39,118</b>         | <b>25,949</b> | <b>557,554</b> |

**Ainsley's Angels of America**  
**Notes to Financial Statements**  
**December 31, 2020**

**Note 1 - Organization and nature of business**

Ainsley's Angels of America (AAA), is a Louisiana not-for-profit corporation whose exempt purpose is to build awareness about America's special needs community through inclusion in all aspects of life. AAA was formed for exclusively charitable and educational purposes. AAA promotes and conducts education and awareness in public schools, participating as active members in local communities, building self-confidence in special needs individuals.

**Note 2 - Summary of significant accounting policies**

*Method of accounting* - The financial statements of AAA have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

*Basis of presentation* - AAA is required to report information regarding its financial position and activities according to net assets without donor restrictions and net assets with donor restrictions.

*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 AAA. AAA's board may designate assets without restrictions for specific operational purposes from time to time.

*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 Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

*Cash and cash equivalents* - For purposes of the statement of cash flows, AAA considers all short-term investments and debt securities purchased with maturity of three months or less to be cash equivalents.

*Certificates of deposit* - AAA purchases Certificates of Deposit (CDs) in a brokerage account covered by FDIC. These CDs are considered held-to-maturity in accordance with AAA's policy. The CDs will be redeemed at face-value and no gain or loss will be recognized from the redemption.

*Property and equipment* - AAA capitalizes all expenditures for property and equipment in excess of \$5,000. Purchased property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method. Equipment and vehicles are depreciated over their estimated useful lives of 5 years.

*Inventory* - Our inventory is comprised of program-related merchandise held for sale, and is stated at the lower of cost or market.

*Annuity contracts* - AAA purchases Individual Single Premium Deferred Fixed Annuity contracts through various Life Insurance Companies. These annuities are considered held-to-maturity in accordance with AAA's policy. The annuities will be redeemed at face-value plus a guaranteed accumulation value at maturity. The increase in the accumulation will be accrued as an asset and deferred income to recognize at redemption. Any "surrender value" will not be recognized since there is no intention to redeem before the guaranteed rate maturity period.

*Income taxes* - AAA is a not-for-profit organization that is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, AAA qualifies for the charitable contribution deduction and has been classified as a private foundation. The IRS has notified AAA that it will be treated as a public charity described in section 509(a)(2) of the Code for an advance ruling period of 60 months beginning February 1, 2015. On March 7, 2020, AAA applied for reclassification to become a Public Charity under 170(b)(1)(A)(vi). Beginning January 4, 2021, AAA qualifies for the charitable contribution deduction and has been classified as an organization other than a private foundation.

**Ainsley's Angels of America**  
**Notes to Financial Statements**  
**December 31, 2020**

**Note 2 - Summary of significant accounting policies (continued)**

AAA accounts for the effect of any uncertain tax positions based on a more likely than not threshold to the recognition of the tax positions being sustained based on the technical merits of the position under examination by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a cumulative probability assessment that aggregates the estimated tax liability for all uncertain tax positions. Tax positions for AAA include, but are not limited to, the tax-exempt status and determination of whether income is subject to unrelated business income tax; however, AAA has determined that such tax positions do not result in an uncertainty requiring recognition.

AAA's tax years 2017 through 2020 remain open for examination by the Internal Revenue Service and the Louisiana Department of Revenue.

*Contributions* - Contributions are recognized as revenues in the period received or unconditionally pledged as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions.

*Support, revenues, sales, and pledges receivable* - Contributions are considered to be available for any purpose in performing the primary objectives of AAA unless specifically restricted by the donor or designated by the Board of Directors. Donated marketable securities and other noncash donations are recorded at the estimated fair value at the date of contribution. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by AAA. AAA receives volunteer services, which are not specialized, and therefore, have been excluded from the financial statements. Merchandise sales are recognized as income in the period earned.

*Recognition of donor restrictions* - Donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, 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. However, donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support.

*Measure of operations* - The statements of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to AAA's ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature.

*Advertising* - Advertising costs, which are principally related to program services, are expensed as incurred. Advertising expense for 2020 was \$39.

*Functional allocation of expenses* - The costs of program and supporting services 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. Such allocations are determined by management on an equitable basis using time studies.

The expenses that are allocated are based on time and effort determined by management.

*Estimates* - AAA uses estimates in preparing the financial statements in accordance with generally accepted accounting principles. Those estimates affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

*Subsequent events* - In preparing these financial statements, AAA has evaluated events and transactions for potential recognition or disclosure through February \_\_, 2021, the date the financial statements were available to be issued.



**Ainsley's Angels of America**  
**Notes to Financial Statements**  
**December 31, 2020**

**Note 3 - Property and equipment**

A summary of property and equipment at December 31, 2020:

|                               | 2020             |
|-------------------------------|------------------|
| Equipment                     | \$ 53,650        |
| Vehicles                      | 267,341          |
|                               | <u>320,991</u>   |
| Less accumulated depreciation | <u>(241,326)</u> |
|                               | <u>\$ 79,665</u> |

Depreciation expense totaled \$52,297 for the year ended December 31, 2020.

**Note 4 - Concentration of credit risk**

Financial instruments that potentially subject AAA to concentration of credit risk consist of cash and cash equivalents. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. AAA maintains its cash in bank deposit accounts at high credit, quality financial institutions. At December 31, 2020, AAA's collected balances at the banks did not exceed Federal Deposit Insurance Corporation coverage.

**Note 5 - Certificates of deposit**

Certificates of deposit vary in maturity from 1 years to 5 years at rates ranging from 1.80% to 3.35%.

**Note 6 - Annuity contracts**

Annuities have a guaranteed rate maturity period of 3 years at rates ranging from 2.0% to 2.4%. The annuities have a "surrender value" of 12.5% if redeemed prior to the guaranteed rate maturity period.

**Note 7 - Liquidity**

AAA has \$657,052 of financial assets available within 1 year of the balance sheet to meet cash needs for general expenditure consisting of cash of \$657,052. Additionally, AAA has financial assets consisting of certificates of deposit of \$711,000 with variable maturities up to 5 years that are available to meet normal operating expenses. AAA has a total of \$1,368,052 in financial assets available. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. AAA has a goal to maintain financial assets, which consist of cash and certificates of deposit, on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$85,000.

**Note 8 - COVID-19**

As of the date through which AAA has evaluated past and subsequent events, AAA is evaluating the recent introduction of the COVID-19 virus and its impact on the nonprofit sector. Management has concluded that while it is reasonably possible that the virus could have an adverse effect on the Organization's future revenues and expenses, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.