

Ainsley's Angels of America

Financial Report

December 31, 2022

Ainsley's Angels of America

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The Board of Directors
Ainsley's Angels of America
Virginia Beach, VA

Report of Independent Auditors

Opinion

We have audited the accompanying financial statements of Ainsley's Angels of America ("AAA", a nonprofit organization), which comprise the statement of financial position as of as of December 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ainsley's Angels of America as of December 31, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ainsley's Angels of America and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Ainsley's Angels of America 's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of AAA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about AAA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Roger L. Handy, PC

March 14, 2023

Ainsley's Angels of America

Statement of Financial Position

	December 31, 2022
Assets	
Current assets	
Cash	\$ 371,535
Accounts receivables	12,260
Prepaid expenses	7,067
Certificates of deposit	240,097
Inventory	282,583
Total current assets	913,542
Certificates of deposit	810,914
Property and equipment	
Equipment and vehicles	241,708
Less accumulated depreciation	(195,836)
Property and equipment, net	45,872
Annuity contracts	939,086
Total assets	\$ 2,709,414
Liabilities and Net Assets	
Current liabilities	
Accounts payable	\$ 14,353
Accrued expenses	17,028
Deferred income	-
Total current liabilities	31,381
Deferred annuity income	39,086
Total liabilities	70,467
Net assets	
Without donor restrictions	2,638,947
With donor restrictions	-
Total net assets	2,638,947
Total liabilities and net assets	\$ 2,709,414

Ainsley's Angels of America

Statement of Activities

	Year Ended December 31,		
	Without Donor Restrictions	With Donor Restrictions	Total 2022
Operating revenue and support			
Contributions	\$ 808,659	\$ -	\$ 808,659
Ragnar and Race series revenue	325,247	-	325,247
Merchandise sales, net			
COGS of \$38,782	35,050	-	35,050
Net assets released from restrictions	-	-	-
Miscellaneous revenue	39	-	39
Gain / (loss) on disposal of assets	51,761	-	51,761
Total support, revenue and other gains	<u>1,220,756</u>	<u>-</u>	<u>1,220,756</u>
Operating expenses			
Program services:			
Ambassadors	733,245	-	733,245
Ragnar and Race Series	112,334	-	112,334
Supporting services:			
Management and general	49,345	-	49,345
Fundraising	8,125	-	8,125
Total expenses	<u>903,049</u>	<u>-</u>	<u>903,049</u>
Change in net assets from operating activities	<u>317,707</u>	<u>-</u>	<u>317,707</u>
Nonoperating activities			
Interest income	<u>22,356</u>	<u>-</u>	<u>22,356</u>
Change in net assets from nonoperating activities	<u>22,356</u>	<u>-</u>	<u>22,356</u>
Change in net assets	<u>340,063</u>	<u>-</u>	<u>340,063</u>
Net assets, beginning of year	<u>2,298,884</u>	<u>-</u>	<u>2,298,884</u>
Net assets, end of year	<u>\$ 2,638,947</u>	<u>\$ -</u>	<u>\$ 2,638,947</u>

Ainsley's Angels of America

Statement of Cash Flows

	Year Ended December 31, 2022
Cash flows from operating activities	
Change in net assets	\$ 340,063
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	29,359
Noncash expenses	-
(Increase) decrease in receivables	5,498
(Increase) decrease in prepaid expenses	362
(Increase) decrease in inventory	194,666
(Increase) decrease in annuity contracts	(21,120)
Increase (decrease) in accounts payable	6,788
Increase (decrease) in accrued expenses	6,966
Increase (decrease) in deferred income	-
Increase (decrease) in deferred annuity income	21,120
(Gain) / loss on disposal of assets	(51,761)
Other	(1)
Net cash provided by operating activities	531,940
Cash flows from investing activities	
Net Proceeds from sale of fixed assets	51,761
Proceeds from redemption of certificates of deposit	100,000
Purchase of certificates of deposit	(540,011)
Net cash used by investing activities	(388,250)
Cash flows from financing activities	
Net cash provided by financing activities	-
Increase (decrease) in cash and cash equivalents	143,690
Cash and cash equivalents:	
Beginning of year	227,845
End of year	\$ 371,535
Supplemental disclosure of cash flow information	
Cash paid during year for interest	\$ -

See notes to financial statements.

Ainsley's Angels of America

Statement of Functional Expenses

Year Ended December 31, 2022

	Program Activities			Supporting Activities		
	Ragnar &		Total Programs	Management		Total Expenses
	Ambassadors	Race Series		& General	Fundraising	
Salaries & wages	162,688	10,833	173,521	16,085	5,918	195,524
Payroll Taxes	12,890	829	13,719	1,239	468	15,426
Advertising	442	-	442	-	-	442
Bank Charges	1,052	-	1,052	1,968	-	3,020
Cost of goods sold	38,782	-	38,782	-	-	38,782
Depreciation and Amortization	28,918	-	28,918	294	147	29,359
Grants and allocations to others	81,045	12,943	93,988	-	-	93,988
Information Technology	5,192	-	5,192	3,634	1,558	10,384
Insurance	5,940	-	5,940	865	-	6,805
Marine Corps Marathon	19,826	-	19,826	-	-	19,826
Miscellaneous Expense	1,334	5,500	6,834	-	-	6,834
Postage and Shipping	20,111	-	20,111	-	-	20,111
Professional Fees	-	-	-	22,445	-	22,445
Promotional Materials	88,995	-	88,995	-	-	88,995
Registrations	19,430	-	19,430	-	-	19,430
Repairs and Maintenance	103	-	103	-	-	103
Rider Travel	64,759	-	64,759	-	-	64,759
Small Equipment Purchases	123,254	-	123,254	-	-	123,254
Supplies	35,635	79,151	114,786	75	34	114,895
Taxes & Licenses	2,884	-	2,884	2,740	-	5,624
Travel	58,747	3,078	61,825	-	-	61,825
Totals	772,027	112,334	884,361	49,345	8,125	941,831
Less expenses included with revenues on the statement of activities						
Cost of goods sold	(38,782)	-	(38,782)	-	-	(38,782)
Total expenses included in the expense section on the statement of activities	733,245	112,334	845,579	49,345	8,125	903,049

Ainsley's Angels of America
Notes to Financial Statements
December 31, 2022

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 an organization other than a private foundation. AAA is a public charity under 170(b)(1)(A)(vi) and is classified as an organization exempt from federal income tax under IRC Section 501(c)(3).

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Notes to Financial Statements
December 31, 2022

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 2019 through 2022 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 2022 was \$442.

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 March 14, 2023, the date the financial statements were available to be issued.

Ainsley's Angels of America
Notes to Financial Statements
December 31, 2022

Note 3 - Property and equipment

A summary of property and equipment at December 31, 2022:

	2022
Equipment	\$ 9,478
Vehicles	232,230
	241,708
Less accumulated depreciation	(195,836)
	\$ 45,872

Depreciation expense totaled \$29,359 for the year ended December 31, 2022.

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, 2022, AAA's collected balances at the banks did exceed Federal Deposit Insurance Corporation coverage. FDIC exceeded by \$13,323 at 12/31/2022.

Note 5 - Certificates of deposit

Certificates of deposit vary in maturity from 1 years to 5 years at rates ranging from 1.00% to 4.60%.

Note 6 - Annuity contracts

Annuities have a guaranteed rate maturity period of 3 years at rates ranging from 2.0% to 3.0%. The annuities have a "surrender value" ranging from 10.0% to 12.5% if redeemed prior to the guaranteed rate maturity period.

Note 7 - Liquidity

AAA has \$371,535 of financial assets available within 1 year of the balance sheet to meet cash needs for general expenditure consisting of cash of \$371,535. Additionally, AAA has financial assets consisting of certificates of deposit of \$1,051,011 with variable maturities up to 5 years that are available to meet normal operating expenses. AAA has a total of \$1,422,547 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 \$144,000.

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.