

Ainsley's Angels of America

Financial Report

December 31, 2023

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, 2023, 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, 2023, 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. Zandry, PC

March 21, 2024

Ainsley's Angels of America

Statement of Financial Position

	<u>December 31, 2023</u>
Assets	
Current assets	
Cash	\$ 711,136
Accounts receivables	28,486
Prepaid expenses	17,688
Certificates of deposit	240,097
Inventory	259,440
Total current assets	<u>1,256,847</u>
Certificates of deposit	<u>1,063,357</u>
Property and equipment	
Equipment and vehicles	252,358
Less accumulated depreciation	<u>(220,657)</u>
Property and equipment, net	<u>31,701</u>
Annuity contracts	<u>531,668</u>
Total assets	<u><u>\$ 2,883,573</u></u>
Liabilities and Net Assets	
Current liabilities	
Accounts payable	\$ 16,047
Accrued expenses	56
Deferred income	-
Total current liabilities	<u>16,103</u>
Deferred annuity income	<u>31,668</u>
Total liabilities	<u>47,771</u>
Net assets	
Without donor restrictions	2,835,802
With donor restrictions	-
Total net assets	<u>2,835,802</u>
Total liabilities and net assets	<u><u>\$ 2,883,573</u></u>

Ainsley's Angels of America

Statement of Activities

	Year Ended December 31,		
	Without Donor Restrictions	With Donor Restrictions	Total 2023
Operating revenue and support			
Contributions	\$ 793,865	\$ -	\$ 793,865
Ragnar and Race series revenue	200,268	-	200,268
Merchandise sales, net			
COGS of \$35,214	46,289	-	46,289
Net assets released from restrictions	-	-	-
Miscellaneous revenue	800	-	800
Miscellaneous noncash revenue	385	-	385
Gain / (loss) on disposal of assets	-	-	-
Total support, revenue and other gains	<u>1,041,607</u>	<u>-</u>	<u>1,041,607</u>
Operating expenses			
Program services:			
Ambassadors	748,473	-	748,473
Ragnar and Race Series	128,427	-	128,427
Supporting services:			
Management and general	33,398	-	33,398
Fundraising	12,082	-	12,082
Total expenses	<u>922,380</u>	<u>-</u>	<u>922,380</u>
Change in net assets from operating activities	<u>119,227</u>	<u>-</u>	<u>119,227</u>
Nonoperating activities			
Interest income	77,628	-	77,628
Change in net assets from nonoperating activities	<u>77,628</u>	<u>-</u>	<u>77,628</u>
Change in net assets	196,855	-	196,855
Net assets, beginning of year	<u>2,638,947</u>	<u>-</u>	<u>2,638,947</u>
Net assets, end of year	<u>\$ 2,835,802</u>	<u>\$ -</u>	<u>\$ 2,835,802</u>

Ainsley's Angels of America

Statement of Cash Flows

	Year Ended December 31, 2023
Cash flows from operating activities	
Change in net assets	\$ 196,855
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	24,821
Noncash income	(385)
(Increase) decrease in receivables	(16,226)
(Increase) decrease in prepaid expenses	(10,621)
(Increase) decrease in inventory	23,143
(Increase) decrease in annuity contracts	7,418
Increase (decrease) in accounts payable	1,694
Increase (decrease) in accrued expenses	(16,972)
Increase (decrease) in deferred income	-
Increase (decrease) in deferred annuity income	(7,418)
(Gain) / loss on disposal of assets	-
Other	-
Net cash provided by operating activities	202,309
Cash flows from investing activities	
Proceeds from surrender of annuity contracts	400,000
Proceeds from redemption of certificates of deposit	640,000
Purchase of property and equipment	(10,650)
Purchase of certificates of deposit	(892,058)
Net cash provided by investing activities	137,292
Cash flows from financing activities	
Net cash provided by financing activities	-
Increase (decrease) in cash and cash equivalents	339,601
Cash and cash equivalents:	
Beginning of year	371,535
End of year	\$ 711,136
Supplemental disclosure of cash flow information	
Cash paid during year for interest	\$ -

Ainsley's Angels of America

Statement of Functional Expenses

Year Ended December 31, 2023

	Program Activities			Supporting Activities		
	Ambassadors	Ragnar & Race Series	Total Programs	Management & General	Fundraising	Total Expenses
Salaries & wages	201,233	8,333	209,566	18,668	10,217	238,451
Payroll Taxes	16,097	638	16,735	822	782	18,339
Advertising	-	-	-	-	-	-
Bank Charges	255	-	255	1,031	-	1,286
Cost of goods sold	35,214	-	35,214	-	-	35,214
Depreciation and Amortization	24,821	-	24,821	-	-	24,821
Grants and allocations to others	118,033	12,870	130,903	-	-	130,903
Information Technology	12,960	-	12,960	-	-	12,960
Insurance	5,024	-	5,024	905	-	5,929
Marine Corps Marathon	35,379	-	35,379	-	-	35,379
Miscellaneous Expense	-	3,871	3,871	-	1,073	4,944
Postage and Shipping	22,112	-	22,112	-	-	22,112
Professional Fees	-	-	-	9,771	-	9,771
Promotional Materials	45,546	-	45,546	-	-	45,546
Registrations	21,902	-	21,902	-	-	21,902
Repairs and Maintenance	5,940	-	5,940	-	-	5,940
Rider Travel	57,454	-	57,454	-	-	57,454
Small Equipment Purchases	93,165	-	93,165	-	-	93,165
Supplies	37,406	92,597	130,003	502	-	130,505
Taxes & Licenses	1,724	-	1,724	1,699	10	3,433
Travel	49,422	10,118	59,540	-	-	59,540
Totals	783,687	128,427	912,114	33,398	12,082	957,594
Less expenses included with revenues on the statement of activities						
Cost of goods sold	(35,214)	-	(35,214)	-	-	(35,214)
Total expenses included in the expense section on the statement of activities	748,473	128,427	876,900	33,398	12,082	922,380

Ainsley's Angels of America
Notes to Financial Statements
December 31, 2023

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).

Ainsley's Angels of America
Notes to Financial Statements
December 31, 2023

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 2020 through 2023 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 2023 was \$-0-.

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 21, 2024, the date the financial statements were available to be issued.

Ainsley's Angels of America
Notes to Financial Statements
December 31, 2023

Note 3 - Property and equipment

A summary of property and equipment at December 31, 2023:

	<u>2023</u>
Equipment	\$ 9,478
Vehicles	242,880
	<u>252,358</u>
Less accumulated depreciation	(220,657)
	<u>\$ 31,701</u>

Depreciation expense totaled \$24,821 for the year ended December 31, 2023.

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, 2023, AAA's collected balances at the banks did exceed Federal Deposit Insurance Corporation coverage. FDIC exceeded by \$288,627 at 12/31/2023.

Note 5 - Certificates of deposit

Certificates of deposit vary in original maturity from 1 years to 5 years at rates ranging from 2.80% to 5.50%.

Note 6 - Annuity contracts

Annuities have a guaranteed rate maturity period of 3 years at rates ranging from 2.1% 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 \$711,136 of financial assets available within 1 year of the balance sheet to meet cash needs for general expenditure consisting of cash of \$711,136. Additionally, AAA has financial assets consisting of certificates of deposit of \$1,303,454 with variable maturities up to 5 years that are available to meet normal operating expenses. AAA has a total of \$2,014,590 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 \$150,000.