

Ainsley's Angels of America

Financial Report

December 31, 2024

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, 2024, 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, 2024, 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 31, 2025

Ainsley's Angels of America

Statement of Financial Position

	<u>December 31, 2024</u>
Assets	
Current assets	
Cash	\$ 253,804
Accounts receivables	34,395
Prepaid expenses	20,390
Certificates of deposit	700,007
Inventory	618,297
Total current assets	<u>1,626,893</u>
Certificates of deposit	<u>1,573,039</u>
Property and equipment	
Equipment and vehicles	252,358
Less accumulated depreciation	<u>(234,139)</u>
Property and equipment, net	<u>18,219</u>
Annuity contract	<u>165,832</u>
Total assets	<u><u>\$ 3,383,983</u></u>
Liabilities and Net Assets	
Current liabilities	
Accounts payable	\$ 186,872
Accrued expenses	65
Total current liabilities	<u>186,937</u>
Deferred annuity income	<u>15,832</u>
Total liabilities	<u>202,769</u>
Net assets	
Without donor restrictions	3,181,214
With donor restrictions	-
Total net assets	<u>3,181,214</u>
Total liabilities and net assets	<u><u>\$ 3,383,983</u></u>

Ainsley's Angels of America

Statement of Activities

	Year Ended December 31,		
	Without Donor Restrictions	With Donor Restrictions	Total 2024
Operating revenue and support			
Contributions	\$ 960,016	\$ -	\$ 960,016
Ragnar and Race series revenue	298,995	-	298,995
Merchandise sales, net			
COGS of \$47,469	42,346	-	42,346
Net assets released from restrictions	-	-	-
Miscellaneous revenue	577	-	577
Gain / (loss) on disposal of assets	-	-	-
Total support, revenue and other gains	1,301,934	-	1,301,934
Operating expenses			
Program activities	1,012,973	-	1,012,973
Supporting activities:			
Management and general	46,587	-	46,587
Fundraising	15,965	-	15,965
Total expenses	1,075,525	-	1,075,525
Change in net assets from operating activities	226,409	-	226,409
Nonoperating activities			
Interest income	119,003	-	119,003
Change in net assets from nonoperating activities	119,003	-	119,003
Change in net assets	345,412	-	345,412
Net assets, beginning of year	2,835,802	-	2,835,802
Net assets, end of year	\$ 3,181,214	\$ -	\$ 3,181,214

Ainsley's Angels of America

Statement of Cash Flows

	Year Ended December 31, 2024
Cash flows from operating activities	
Change in net assets	\$ 345,412
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	13,481
(Increase) decrease in receivables	(5,909)
(Increase) decrease in prepaid expenses	(2,702)
(Increase) decrease in inventory	(358,857)
(Increase) decrease in annuity contracts	15,836
Increase (decrease) in accounts payable	170,825
Increase (decrease) in accrued expenses	9
Increase (decrease) in deferred annuity income	(15,836)
Net cash provided by operating activities	162,259
Cash flows from investing activities	
Proceeds from surrender of annuity contracts	350,000
Proceeds from redemption of certificates of deposit	843,469
Purchase of certificates of deposit	(1,813,060)
Net cash used by investing activities	(619,591)
Cash flows from financing activities	
Net cash provided by financing activities	-
Increase (decrease) in cash and cash equivalents	(457,332)
Cash and cash equivalents:	
Beginning of year	711,136
End of year	\$ 253,804
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, 2024

	Year Ended December 31, 2024			
	Program Activities	Supporting Activities		
	Total Programs	Management & General	Fundraising	Total Expenses
Salaries & wages	\$ 267,610	\$ 23,210	\$ 14,830	\$ 305,650
Payroll Taxes	21,807	1,776	1,135	24,718
Bank Charges	4,305	654	-	4,959
Cost of goods sold	47,469	-	-	47,469
Depreciation and Amortization	13,481	-	-	13,481
Grants and allocations to others	177,682	-	-	177,682
Information Technology	17,055	-	-	17,055
Insurance	8,764	958	-	9,722
Penalties	-	150	-	150
Postage and Shipping	25,124	-	-	25,124
Professional Fees	1,890	17,040	-	18,930
Promotional Materials	83,472	-	-	83,472
Registrations	21,800	-	-	21,800
Repairs and Maintenance	4,334	-	-	4,334
Rider Travel	87,255	-	-	87,255
Small Equipment Purchases	103,122	-	-	103,122
Supplies	140,170	-	-	140,170
Taxes & Licenses	2,729	2,799	-	5,528
Travel	32,373	-	-	32,373
Totals	1,060,442	46,587	15,965	1,122,994
Less expenses included with revenues on the statement of activities				
Cost of goods sold	(47,469)	-	-	(47,469)
Total expenses included in the expense section on the statement of activities	\$ 1,012,973	\$ 46,587	\$ 15,965	\$ 1,075,525

Ainsley's Angels of America
Notes to Financial Statements
December 31, 2024

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, 2024

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 2021 through 2024 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 2024 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 31, 2025, the date the financial statements were available to be issued.

Ainsley's Angels of America
Notes to Financial Statements
December 31, 2024

Note 3 - Property and equipment

A summary of property and equipment at December 31, 2024:

	<u>2024</u>
Equipment	\$ 9,478
Vehicles	<u>242,880</u>
	252,358
Less accumulated depreciation	<u>(234,139)</u>
	<u>\$ 18,219</u>

Depreciation expense totaled \$13,481 for the year ended December 31, 2024.

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, 2024, AAA's collected balances at the banks did not exceed Federal Deposit Insurance Corporation coverage at 12/31/2024.

Note 5 - Certificates of deposit

Certificates of deposit vary in original maturity from 1 years to 5 years at rates ranging from 3.40% to 5.15%.

Note 6 - Annuity contract

Annuity has a guaranteed rate maturity period of 3 years at a rate of 3.0%. The annuity has a "surrender value" of 12.5% if redeemed prior to the guaranteed rate maturity period.

Note 7 - Liquidity

AAA has \$253,804 of financial assets available within 1 year of the balance sheet to meet cash needs for general expenditure consisting of cash of \$253,804. Additionally, AAA has financial assets consisting of certificates of deposit of \$2,273,046 with variable maturities up to 5 years that are available to meet normal operating expenses. AAA has a total of \$2,526,850 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 \$176,000.