



FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016



TABLE OF CONTENTS

<u>Independent auditor's report</u>	1
<u>Financial statements</u>	
Statements of financial position	4
Statements of activities	5
Statements of cash flows	8
Notes to financial statements	9
<u>Supplemental information</u>	
Statements of functional expenses	15



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Angels of America's Fallen
Colorado Springs, Colorado

We have audited the accompanying financial statements of Angels of Americas Fallen (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016 and the related statements of activities, 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.

Accountant'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 audits to obtain reasonable assurance about whether the financial statements are free from 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 Angels of Americas Fallen as of December 31, 2017 and 2016, and the changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of functional expenses is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

BiggsKofford, P.C.

Colorado Springs, Colorado
February 13, 2018

THIS PAGE INTENTIONALLY BLANK



Angels of America's Fallen
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,



	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
Cash and equivalents	\$ 68,329	\$ 190,435
Pledges receivable	12,068	-
Other assets	1,504	2,079
Property and equipment, net	21,187	30,526
Total assets	<u>\$ 103,088</u>	<u>\$ 223,040</u>
<u>LIABILITIES AND NET ASSETS</u>		
Accounts payable	\$ 32,223	\$ 6,235
Deferred revenues	18,000	6,050
Total liabilities	<u>50,223</u>	<u>12,285</u>
Net assets:		
Unrestricted:		
Equity in property and equipment	21,187	30,526
Unrestricted	(13,067)	159,349
Total unrestricted	8,120	189,875
Temporarily restricted	44,745	20,880
Total net assets	<u>52,865</u>	<u>210,755</u>
Total liabilities and net assets	<u>\$ 103,088</u>	<u>\$ 223,040</u>

The accompanying notes and independent auditor's report
should be read with these financial statements.



ANGELS OF AMERICA'S FALLEN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017



	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>SUPPORT AND REVENUE</u>			
Contributions	\$ 308,885	\$ 60,186	\$ 369,071
In-kind contributions	125,143	-	125,143
Other income	8,407	-	8,407
Total support and revenues	442,435	60,186	502,621
<u>RECLASSIFICATIONS</u>			
Satisfaction of program restrictions	36,321	(36,321)	-
<u>EXPENSES</u>			
Program	578,439	-	578,439
General and administrative	36,819	-	36,819
Fundraising	45,253	-	45,253
Total expenses	660,511	-	660,511
Change in net assets	(181,755)	23,865	(157,890)
Net assets, beginning of year	189,875	20,880	210,755
Net assets, end of year	<u>\$ 8,120</u>	<u>\$ 44,745</u>	<u>\$ 52,865</u>

The accompanying notes and independent auditor's report
should be read with these financial statements.



Angels of America's Fallen
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016



	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>SUPPORT AND REVENUE</u>			
Contributions	\$ 417,469	\$ 20,880	\$ 438,349
In kind contributions	129,239	-	129,239
Other income	409	-	409
Total Revenues, Gains and Other Support	<u>547,117</u>	<u>20,880</u>	<u>567,997</u>
<u>RECLASSIFICATIONS</u>			
Satisfaction of program restrictions	<u>52,964</u>	<u>(52,964)</u>	<u>-</u>
<u>EXPENSES</u>			
Program	520,479	-	520,479
General and administrative	34,116	-	34,116
Fundraising	44,787	-	44,787
Total expenses	<u>599,382</u>	<u>-</u>	<u>599,382</u>
Change in net assets	699	(32,084)	(31,385)
Net assets, beginning of year	<u>189,176</u>	<u>52,964</u>	<u>242,140</u>
Net assets, end of year	<u>\$ 189,875</u>	<u>\$ 20,880</u>	<u>\$ 210,755</u>

The accompanying notes and independent accountant's review report
should be read with these financial statements.

THIS PAGE INTENTIONALLY BLANK



ANGELS OF AMERICA'S FALLEN
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31,



	<u>2017</u>	<u>2016</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ (157,890)	\$ (31,385)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	10,739	10,316
Decrease (increase) in operating assets:		
Pledges receivable	(12,068)	44,039
Other assets	575	2,000
Decrease in operating liabilities:		
Accounts payable and accrued expenses	25,988	2,137
Deferred revenues	11,950	(4,100)
Net cash provided by (used in) operating activities	<u>(120,706)</u>	<u>23,007</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchases of property and equipment	<u>(1,400)</u>	<u>(4,164)</u>
Net cash used in investing activities	<u>(1,400)</u>	<u>(4,164)</u>
Net increase (decrease) in cash and equivalents	(122,106)	18,843
Cash and equivalents, beginning of year	<u>190,435</u>	<u>171,592</u>
Cash and equivalents, end of year	<u>\$ 68,329</u>	<u>\$ 190,435</u>

The accompanying notes and independent auditor's report
should be read with these financial statements.



ANGELS OF AMERICA'S FALLEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016



1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Angels of America's fallen (the "Organization") is a 501(c)(3) charity founded to support children of our fallen military and first responders. The Organization proactively empowers children who face their most crucial formative years without the guidance and support of their hero. This is done through covering the cost of participation in healthy outlets for their grief like sports, music, and arts. More than just writing a check to pay for activities, the Organization follows up with and engages the children to ensure they are in an activity that is the right fit for them the entire year, every year, without having to reapply all the way through 18 years old.

In 2017 the Organization supported 330 children nationwide, following up with them and sharing in their successes. Outcomes show a positive trend. Compared to a survey before enrollment and another survey after participation, the children were reported to be more outgoing after entering the program. Assessments of the child's happiness increased by 60%, and confidence by 55%. In a separate study, middle school children being supported through

In line with its mission, during 2017, the Organization launched a new program called Lessons From Lylah to partner with swimming and aquatics centers across the nation to get children of our fallen into initial life safety swimming lessons. The program was named after two year old Lylah, who tragically drowned just 13 months after her Air Force father made the ultimate sacrifice. In honor of Lylah, and to help prevent another drowning, the children are enrolled in basic swimming lessons which have been shown to produce an 85% reduction in the likelihood of drowning.

The Organization intends to continue growing to empower and encourage many more children whose parent volunteered to serve and gave all, regardless of the cause of death.

Basis of accounting

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

See independent auditor's report.



ANGELS OF AMERICA'S FALLEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016



1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of presentation

The financial statements present information regarding the financial position and activities according to three classes of net assets: unrestricted net assets, which represent the expendable resources that are available for operations at management's discretion and the net investment in property and equipment; temporarily restricted net assets, which represent resources restricted by donors as to purpose or by the passage of time; and permanently restricted net assets, which represent resources for which use by the Organization is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The Organization has no permanently restricted net assets as of December 31, 2017 and 2016.

Use of estimates

The preparation of financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Cash and equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments of three months or less to be cash and equivalents.

Pledges receivable

Pledges receivable represent amounts pledged to the Organization by donors. Pledges that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions are met in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily restricted net assets. When a restriction is met (when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Pledges are written off once management considers the balance to be uncollectible. As of December 31, 2017, management considers all balances to be fully collectible; accordingly, no allowance for uncollectible pledges has been recorded. The amounts are expected to be collected within one year and are reported at net realizable value.

See independent auditor's report.



ANGELS OF AMERICA'S FALLEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016



1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment

Property and equipment is recorded on the basis of cost, or estimated fair value if donated. The Organization capitalizes purchases in excess of \$500, with lesser amounts expensed in the year purchased. Depreciation is computed on the straight-line basis over estimated useful lives of the related assets over 5 years, and is allocated among program services and supporting activities in the statement of activities.

Contribution revenue

In accordance with US GAAP, contributions and grants received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of donor restrictions, if applicable. Contribution revenue is recognized when cash is received, when unconditional promises are made, or when ownership of contributed assets is transferred to the Organization. Donor-restricted contributions with restrictions that are met in the same reporting period as the contribution is recognized are reported as unrestricted support.

Functional allocation of 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. Expenses are recorded when costs are incurred.

Income taxes

The Organization was incorporated in the state of Colorado in 2012 and received exempt status from the IRS in March of 2012. The Organization is a non-profit organization under Section 501(c)(3) of the Internal Revenue Code (the "Code"). The Organization is not considered to be a private foundation under Section 509(a)(2) of the Code.

The Organization evaluates the effect of uncertain tax positions, if any, and provides for those positions in accordance with the provisions of FASB ASC 450, *Contingencies*. No tax accrual for uncertain tax positions has been recorded as management believes there are no uncertain tax positions for the Organization. Management believes only income tax returns for the years 2013 and later are subject to examination by the applicable taxing jurisdiction.

See independent auditor's report.



ANGELS OF AMERICA'S FALLEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016



1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Subsequent events

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

2. PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Equipment	\$ 20,738	\$ 19,338
Vehicle	<u>33,700</u>	<u>33,700</u>
	54,438	53,038
Accumulated Depreciation	<u>(33,251)</u>	<u>(22,512)</u>
	<u>\$ 21,187</u>	<u>\$ 30,526</u>

Depreciation expense for the years ended December 31, 2017 and 2016 totaled \$10,739 and \$10,316, respectively.

3. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets represent amounts contributed and pledged to the Organization for support of special projects and general operating expenses. Temporarily restricted net assets consist of the following funds at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Northeast Spa & Pool Association	\$ -	\$ 8,500
Holes for Heroes	17,278	-
L3 Communications	2,362	-
National Swimming Pool Foundation	8,320	-
Robert & Toni Bader	4,717	-
Pledges Receivable	12,068	-
Other Programs	<u>-</u>	<u>12,380</u>
	<u>\$ 44,745</u>	<u>\$ 20,880</u>

See independent auditor's report.



ANGELS OF AMERICA'S FALLEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016



4. DONATED SERVICES AND MATERIALS

Donated services and materials are recorded as both a revenue and expenses in the accompanying statements of activities at their estimated values.

5. COMMITMENTS

On June 15, 2017, the organization entered into a lease agreement for office space with a monthly lease payment of \$1,595. Rent and lease expense on this lease for the year ended December 31, 2017 \$4,785. Future commitments under these operating leases is as follows:

<u>Years ending December 31,</u>	
2018	\$ 19,140
2019	<u>14,355</u>
	<u>\$ 33,495</u>

* * * * *

See independent auditor's report.

SUPPLEMENTAL INFORMATION



Angels of America's Fallen
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017



	<u>Program</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total</u>
Advertising and promotion	\$ 7,923	\$ -	\$ 2,018	\$ 9,941
Business expenses	8,334	3,975	1,947	14,256
Contract services	36,680	11,687	12,092	60,459
Depreciation expense	9,343	537	859	10,739
Event registration fees	464	39	115	618
Information technology	660	399	160	1,219
Meetings and conferences	74	4	4	82
Other expenses	5,343	307	491	6,141
Payroll expenses	180,666	18,906	25,916	225,488
Community partnerships	321,917	-	-	321,917
Travel expenses	7,035	965	1,651	9,651
Total expenses	<u>\$ 578,439</u>	<u>\$ 36,819</u>	<u>\$ 45,253</u>	<u>\$ 660,511</u>
Percentage of total expenses	<u>87.57%</u>	<u>5.57%</u>	<u>6.85%</u>	<u>100.00%</u>

See independent auditor's report.



Angels of America's Fallen
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016



	<u>Program</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total</u>
Advertising and promotion	\$ 32,351	\$ -	\$ 10,216	\$ 42,567
Auto expense	451	90	60	601
Business expenses	2,167	900	267	3,334
Contract services	30,501	11,731	4,692	46,924
Depreciation expense	8,511	644	1,161	10,316
Event registration fees	1,255	-	418	1,673
Information technology	14,836	1,273	2,993	19,102
Meetings and conferences	5,834	324	324	6,482
Other types of expenses	20,361	3,461	5,018	28,840
Payroll expenses	162,381	14,629	18,042	195,052
Community partnerships	233,847	-	-	233,847
Registration and license	92	12	18	122
Travel	7,892	1,052	1,578	10,522
Total expenses	<u>\$ 520,479</u>	<u>\$ 34,116</u>	<u>\$ 44,787</u>	<u>\$ 599,382</u>
Percentage of total expenses	<u>86.84%</u>	<u>5.69%</u>	<u>7.47%</u>	<u>100.00%</u>

See independent auditor's report.