



**FINANCIAL STATEMENTS**

**DECEMBER 31, 2018 AND 2017**

---





## TABLE OF CONTENTS

---

<b>Independent auditor's report</b>	1
<b><u>Financial statements</u></b>	
Statements of financial position	4
Statements of activities	5
Statements of cash flows	8
Statements of functional expenses	9
Notes to financial statements	11



---

## 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, 2018 and 2017, and the related statements of activities, cash flows and functional expenses 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, 2018 and 2017, and the changes in its net assets, cash flows and functional expenses for the years then ended in conformity with accounting principals generally accepted in the United States of America.

*BiggsKofford, P.C.*

Colorado Springs, Colorado  
May 7, 2019

**THIS PAGE INTENTIONALLY BLANK**



**ANGELS OF AMERICA'S FALLEN**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31,**



	<u>2018</u>	<u>2017</u>
<b><u>ASSETS</u></b>		
Cash and equivalents	\$ 115,280	\$ 68,329
Pledges receivable	37,004	12,068
Other assets	5,417	1,504
Property and equipment, net	9,766	21,187
<b>Total assets</b>	<b>\$ 167,467</b>	<b>\$ 103,088</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Accounts payable	\$ 21,154	\$ 32,223
Deferred revenues	56,000	18,000
<b>Total liabilities</b>	<b>77,154</b>	<b>50,223</b>
Net assets:		
Without donor restrictions:		
Net equity in property and equipment	9,766	21,187
Operating	20,021	(13,067)
<b>Total net assets without donor restrictions</b>	<b>29,787</b>	<b>8,120</b>
<b>With donor restrictions</b>	<b>60,526</b>	<b>44,745</b>
<b>Total net assets</b>	<b>90,313</b>	<b>52,865</b>
<b>Total liabilities and net assets</b>	<b>\$ 167,467</b>	<b>\$ 103,088</b>

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, 2018**

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
<b><u>SUPPORT AND REVENUE</u></b>			
Contributions	\$ 464,907	\$ 57,504	\$ 522,411
In-kind contributions	148,964	-	148,964
Other income	12,257	-	12,257
Total support and revenues	<u>626,128</u>	<u>57,504</u>	<u>683,632</u>
<b><u>RECLASSIFICATIONS</u></b>			
Satisfaction of program restrictions	<u>41,723</u>	<u>(41,723)</u>	<u>-</u>
<b><u>EXPENSES</u></b>			
Program	555,086	-	555,086
General and administrative	30,526	-	30,526
Fundraising	60,572	-	60,572
Total expenses	<u>646,184</u>	<u>-</u>	<u>646,184</u>
Change in net assets	21,667	15,781	37,448
Net assets, beginning of year	<u>8,120</u>	<u>44,745</u>	<u>52,865</u>
Net assets, end of year	<u>\$ 29,787</u>	<u>\$ 60,526</u>	<u>\$ 90,313</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>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
<b><u>SUPPORT AND REVENUE</u></b>			
Contributions	\$ 308,885	\$ 60,186	\$ 369,071
In-kind contributions	125,143	-	125,143
Other income	8,407	-	8,407
Total support and revenues	<u>442,435</u>	<u>60,186</u>	<u>502,621</u>
<b><u>RECLASSIFICATIONS</u></b>			
Satisfaction of program restrictions	<u>36,321</u>	<u>(36,321)</u>	<u>-</u>
<b><u>EXPENSES</u></b>			
Program	578,439	-	578,439
General and administrative	36,819	-	36,819
Fundraising	45,253	-	45,253
Total expenses	<u>660,511</u>	<u>-</u>	<u>660,511</u>
Change in net assets	(181,755)	23,865	(157,890)
Net assets, beginning of year	<u>189,875</u>	<u>20,880</u>	<u>210,755</u>
Net assets, end of year	<u>\$ 8,120</u>	<u>\$ 44,745</u>	<u>\$ 52,865</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>2018</u>	<u>2017</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Change in net assets	\$ 37,448	\$ (157,890)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	10,708	10,739
Loss on disposition of assets	636	-
Decrease (increase) in operating assets:		
Pledges receivable	(37,004)	(12,068)
Other assets	(3,836)	575
Decrease in operating liabilities:		
Accounts payable and accrued expenses	(11,069)	25,988
Deferred revenues	38,000	11,950
Net cash provided by (used in) operating activities	<u>34,883</u>	<u>(120,706)</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Collection of pledges receivable	<u>12,068</u>	<u>-</u>
Net cash provided by financing activities	<u>12,068</u>	<u>-</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Purchases of property and equipment	<u>-</u>	<u>(1,400)</u>
Net cash used in investing activities	<u>-</u>	<u>(1,400)</u>
Net increase (decrease) in cash and equivalents	46,951	(122,106)
Cash and equivalents, beginning of year	<u>68,329</u>	<u>190,435</u>
Cash and equivalents, end of year	<u>\$ 115,280</u>	<u>\$ 68,329</u>

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



**ANGELS OF AMERICA'S FALLEN**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2018**

---

	Program	Management and general	Fundraising	Total
Advertising and promotion	\$ 11,716	\$ 17	\$ 2,955	\$ 14,688
Business expenses	13,056	1,585	1,794	16,435
Community partnerships	294,626	7,965	29,611	332,202
Contract services	26,996	7,881	8,719	43,596
Depreciation expense	9,102	535	1,071	10,708
Event registration fees	1,266	94	443	1,803
Fundraising	-	-	3,150	3,150
Information technology	535	118	535	1,188
Interest expense	699	50	250	999
Loss on disposal of assets	-	876	-	876
Meetings and conferences	508	64	64	636
Other expenses	4,157	245	488	4,890
Payroll expenses	186,098	10,339	10,339	206,776
Travel expenses	6,327	757	1,153	8,237
<b>Total expenses</b>	<b>\$ 555,086</b>	<b>\$ 30,526</b>	<b>\$ 60,572</b>	<b>\$ 646,184</b>
<b>Percentage of total expenses</b>	<b>85.90%</b>	<b>4.72%</b>	<b>9.37%</b>	<b>100.00%</b>

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



**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	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>

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, 2018 AND 2017

---



#### 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 2018 the Organization supported 433 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 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, 2018 AND 2017



#### 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 two classes of net assets: net assets without donor restrictions, which represent the expendable resources that are available for operations at management's discretion and the net investment in property and equipment; net assets with donor restrictions, which represent resources restricted by donors as to purpose or by the passage of time as well as 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

##### 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 net assets without donor restrictions 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 net assets with donor restrictions. When a restriction is met (when a stipulated time restriction ends or purpose restriction is accomplished), 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. Pledges are written off once management considers the balance to be uncollectible. As of December 31, 2018 and 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, 2018 AND 2017

---



#### 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.

##### Deferred revenues

Deferred revenues are related to sponsorship revenues that the Organization receives before year-end. Amounts will be recognized as revenue when the event is held.

##### Classes of net assets

The net assets of the organization are reported in the following classes:

Net assets without donor restrictions are currently available for use in the Organization's operations and those resources invested in property and equipment.

Net assets with donor restrictions include resources restricted by donors primarily for use with certain projects.

##### Contribution revenue

Contributions are recorded when made, which may be when cash and other assets are received or when unconditionally promised, or when ownership of donated assets is transferred to Angels of America's Fallen. Contributions restricted by the donor for specific purposes are recorded as support in the net assets with donor restrictions class of net assets until a stipulated time restriction ends or the purpose restriction has been met. Upon satisfaction of the restriction, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

See independent auditor's report.





# ANGELS OF AMERICA'S FALLEN

## NOTES TO FINANCIAL STATEMENTS

### DECEMBER 31, 2018 AND 2017

---



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

##### Functional allocation of expenses

Expenses are recognized when incurred in accordance with the accrual basis of accounting.

The costs of providing various program services and supporting activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs, such as salaries and benefits and depreciation, have been allocated among the program services and supporting activities benefited.

The financial statements report certain categories of expenses that are attributable to one or more program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

##### 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 2015 and later are subject to examination by the applicable taxing jurisdiction.

##### 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.

See independent auditor's report.



# ANGELS OF AMERICA'S FALLEN

## NOTES TO FINANCIAL STATEMENTS

### DECEMBER 31, 2018 AND 2017



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

##### Accounting pronouncements adopted

In 2018 the Organization adopted ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, and (f) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements.

#### 2. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following on December 31:

	<u>2018</u>	<u>2017</u>
Cash and equivalents	\$ 115,280	\$ 68,329
Pledges receivable	37,004	12,068
	<u>\$ 152,284</u>	<u>\$ 80,397</u>

As part of the organization's liquidity management plan, there is a policy to structure financial assets to be available as general expenditures, liabilities and other obligations come due.

See independent auditor's report.



**ANGELS OF AMERICA'S FALLEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**



**3. PROPERTY AND EQUIPMENT**

Property and equipment consists of the following as of December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Equipment	\$ 19,438	\$ 20,738
Vehicle	<u>33,700</u>	<u>33,700</u>
	53,138	54,438
Accumulated Depreciation	<u>(43,372)</u>	<u>(33,251)</u>
	<u>\$ 9,766</u>	<u>\$ 21,187</u>

Depreciation expense for the years ended December 31, 2018 and 2017 totaled \$10,708 and \$10,739, respectively.

**4. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions represent amounts contributed and pledged to the Organization for support of special projects and general operating expenses. net assets with donor restrictions consist of the following funds at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Holes for Heroes	\$ 12,897	\$ 17,278
L3 Communications	-	2,362
National Swimming Pool Foundation	-	8,320
Robert & Toni Bader	-	4,717
Pledges Receivable	37,004	12,068
USAA	10,000	-
ZZ Giddings Foundation	<u>625</u>	<u>-</u>
	<u>\$ 60,526</u>	<u>\$ 44,745</u>

See independent auditor's report.



**ANGELS OF AMERICA'S FALLEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

---



**5. 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.

**6. COMMITMENTS**

On June 15, 2017, the organization entered into a lease agreement for office space with a monthly lease payment of \$1,700. Rent and lease expense on this lease for the years ended December 31, 2018 and 2017 totaled \$4,890 and \$4,785, respectively. Future commitments under these operating lease is as follows:

<u>Years ending</u> <u>December 31,</u>	
2019	<u>\$ 17,005</u>

\* \* \* \* \*

See independent auditor's report.

