



FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018



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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 America's Fallen (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, 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.

Auditor'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 America's Fallen as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BiggsKofford, P.C.

Colorado Springs, Colorado
May 12, 2020

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ANGELS OF AMERICA'S FALLEN
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018



	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
Cash and equivalents	\$ 242,337	\$ 115,280
Pledges receivable	58,000	37,004
Other assets	860	5,417
Property and equipment, net	5,135	9,766
Total assets	<u>\$ 306,332</u>	<u>\$ 167,467</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable	\$ 4,704	\$ 21,154
Deferred revenues	68,375	56,000
Total liabilities	<u>73,079</u>	<u>77,154</u>
Net assets:		
Without donor restrictions:		
Net equity in property and equipment	5,135	9,766
Operating	153,638	20,021
Total net assets without donor restrictions	158,773	29,787
With donor restrictions	74,480	60,526
Total net assets	<u>233,253</u>	<u>90,313</u>
Total liabilities and net assets	<u>\$ 306,332</u>	<u>\$ 167,467</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, 2019



	<u>With Donor Restrictions</u>	<u>Without Donor Restrictions</u>	<u>Total</u>
<u>SUPPORT AND REVENUE</u>			
Contributions	\$ 315,244	\$ 106,801	\$ 422,045
In-kind contributions	51,759	-	51,759
Other income	206,595	-	206,595
Total support and revenues	<u>573,598</u>	<u>106,801</u>	<u>680,399</u>
<u>RECLASSIFICATIONS</u>			
Satisfaction of program restrictions	<u>92,847</u>	<u>(92,847)</u>	<u>-</u>
<u>EXPENSES</u>			
Program	475,698	-	475,698
General and administrative	23,827	-	23,827
Fundraising	37,934	-	37,934
Total expenses	<u>537,459</u>	<u>-</u>	<u>537,459</u>
Change in net assets	128,986	13,954	142,940
Net assets, beginning of year	<u>29,787</u>	<u>60,526</u>	<u>90,313</u>
Net assets, end of year	<u>\$ 158,773</u>	<u>\$ 74,480</u>	<u>\$ 233,253</u>

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ANGELS OF AMERICA'S FALLEN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018



	<u>With Donor Restrictions</u>	<u>Without Donor Restrictions</u>	<u>Total</u>
<u>SUPPORT AND REVENUE</u>			
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>
<u>RECLASSIFICATIONS</u>			
Satisfaction of program restrictions	<u>41,723</u>	<u>(41,723)</u>	<u>-</u>
<u>EXPENSES</u>			
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	8,120	44,745	52,865
Net assets, end of year	<u>\$ 29,787</u>	<u>\$ 60,526</u>	<u>\$ 90,313</u>

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ANGELS OF AMERICA'S FALLEN
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018



	<u>2019</u>	<u>2018</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 142,940	\$ 37,448
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	3,698	10,708
Loss on disposition of assets	933	636
Recognition of pledges receivable	(58,000)	(37,004)
Decrease (increase) in operating assets:		
Other assets	4,557	(3,836)
Decrease in operating liabilities:		
Accounts payable	(16,450)	(11,069)
Deferred revenues	12,375	38,000
Net cash provided by operating activities	<u>90,053</u>	<u>34,883</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Collection of pledges receivable	<u>37,004</u>	<u>12,068</u>
Net cash provided by financing activities	<u>37,004</u>	<u>12,068</u>
Net increase in cash and equivalents	127,057	46,951
Cash and equivalents, beginning of year	<u>115,280</u>	<u>68,329</u>
Cash and equivalents, end of year	<u>\$ 242,337</u>	<u>\$ 115,280</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, 2019



	<u>Program</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total</u>
Advertising and promotion	\$ 19,597	\$ -	\$ 4,899	\$ 24,496
Auto expenses	1,787	105	210	2,102
Business expenses	13,447	1,528	1,536	16,511
Community partnerships	182,774	-	-	182,774
Contract services	23,636	16,379	2,390	42,405
Depreciation expense	3,143	185	370	3,698
Event registration fees	72,445	-	18,111	90,556
Information technology	10,636	628	1,292	12,556
Other expenses	14,909	1,043	828	16,780
Payroll expenses	124,370	3,959	6,059	134,388
Travel expenses	8,954	-	2,239	11,193
Total expenses	<u>\$ 475,698</u>	<u>\$ 23,827</u>	<u>\$ 37,934</u>	<u>\$ 537,459</u>
Percentage of total expenses	<u>88.51%</u>	<u>4.43%</u>	<u>7.06%</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
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018



	<u>Program</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total</u>
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
Meetings and conferences	508	64	64	636
Other expenses	4,157	1,121	488	5,766
Payroll expenses	186,098	10,339	10,339	206,776
Travel	6,327	757	1,153	8,237
Total expenses	\$ 555,086	\$ 30,526	\$ 60,572	\$ 646,184
Percentage of total expenses	85.91%	4.72%	9.37%	100.01%

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, 2019 AND 2018



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, 2019 AND 2018



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 statements of activities as net assets released from restrictions. Pledges are written off once management considers the balance to be uncollectible. As of December 31, 2019 and 2018, 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, 2019 AND 2018



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 \$5,000, 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, 2019 AND 2018



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.

Advertising

Advertising costs are expensed when 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*. The Organization discloses material adjustments as a result of income tax examinations. The Organization reports interest and penalties resulting from these adjustments as interest expense and other expenses, as applicable. There were no income tax examinations or adjustments during the years ended December 31, 2019 and 2018.

See independent auditor's report.



ANGELS OF AMERICA'S FALLEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018



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

Accounting pronouncements adopted

In 2019, the Organization adopted ASU No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* ("ASC Topic 958") on a modified prospective basis. This ASU Clarifies how a not-for-profit entity determines whether a resource provider is participating in an exchange transaction or a contribution, helps an entity to evaluate whether contributions are considered conditional or unconditional by stating that a conditional contribution must have (1) a barrier that must be overcome and (2) a right of return or release of obligation, and modifies the simultaneous release option currently in US GAAP, which allows a not-for-profit entity to recognize a restricted contribution directly in net assets without donor restrictions if the restriction is met in the same period that revenue is recognized.

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. 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>2019</u>	<u>2018</u>
Cash and equivalents	\$ 242,337	\$ 115,280
Pledges receivable	<u>58,000</u>	<u>37,004</u>
Total financial assets	300,337	152,284
Less amounts unavailable for general expenditures within one year due to:		
Donor restrictions	<u>(74,480)</u>	<u>(60,526)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 225,857</u>	<u>\$ 91,758</u>

See independent auditor's report.



ANGELS OF AMERICA'S FALLEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018



2. LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

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. In addition to financial assets available to meet general expenditures over the next twelve months in the table above, the Organization also operates in accordance with a board approved budget and anticipates collecting sufficient revenue to cover general expenditures.

3. PROPERTY AND EQUIPMENT

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

	<u>2019</u>	<u>2018</u>
Equipment	\$ 13,889	\$ 19,438
Vehicle	<u>33,700</u>	<u>33,700</u>
	47,589	53,138
Accumulated Depreciation	<u>(42,454)</u>	<u>(43,372)</u>
	<u>\$ 5,135</u>	<u>\$ 9,766</u>

Depreciation expense for the years ended December 31, 2019 and 2018 totaled \$3,698 and \$10,708, respectively.

See independent auditor's report.



ANGELS OF AMERICA'S FALLEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018



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, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Air Power Foundation	\$ 964	\$ -
Holes for Heroes	13,124	12,897
Pledges Receivable	58,000	37,004
USAA	-	10,000
Giddings Foundation	<u>2,392</u>	<u>625</u>
	<u>\$ 74,480</u>	<u>\$ 60,526</u>

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. CONCENTRATIONS

During the years ended December 31, 2019 and 2018, the Organization conducted Gala fund raising events. For the year ended Decmeber 31, 2019, fund raising revenues represented approximately 30% of the Organization's total revenue.

The Organization receives grants and contributions from individuals, foundations and organizations. For the year ended December 31, 2019, approximately 12% of contribution revenue was received from one donor.

See independent auditor's report.



ANGELS OF AMERICA'S FALLEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018



7. SUBSEQUENT EVENT

On March 11, 2020, the World Health Organization characterized an outbreak of novel strain of coronavirus ("COVID-19") as a pandemic and on March 13, 2020, the United States declared a national emergency. As a result, the current economic environment has presented companies and organizations with unprecedented circumstances and challenges. Potential impacts to the Organization include disruptions and restrictions on the ability of employees to work, as well as travel and other restrictions imposed by governments. COVID-19 is also expected to adversely affect economies and financial markets in the United States and throughout the world. The extent of the impact on the Organization's financial position, operating results and cash flows will depend on future developments, including the duration and spread of the outbreak, which are highly uncertain and cannot be predicted.

* * * * *

See independent auditor's report.