

**ANGELS OF AMERICA'S FALLEN**

**FINANCIAL STATEMENTS**

**For Years Ended December 31, 2021 and 2020 (restated)**

# ANGELS OF AMERICA'S FALLEN

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## **INDEPENDENT AUDITOR'S REPORT**

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

### **Opinion**

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, 2021, and the related statements of activities, changes in net assets, 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 Angels of America's Fallen as of December 31, 2021, and the activities and 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 of 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 Angels of America's Fallen 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 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 Angels of America's Fallen'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, 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.

**INDEPENDENT AUDITOR'S REPORT (Continued)**

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 Angels of America's Fallen'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 Angels of America's Fallen'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.

**Other Matter**

As part of our audit of the 2021 financial statements, we also audited the adjustments described in Note B that were applied to restate the 2020 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2020 financial statements of the Organization other than with respect to the adjustments, and, accordingly, we do not express an opinion or any other form of assurance on the 2020 financial statements as a whole.

The financial statements for the year ended December 31, 2020 were audited by other auditors. Their opinion was dated March 26, 2021 and was unmodified.

*Wells, CPA*

Wells CPA, LLC  
Columbus, Ohio  
May 31, 2022

**ANGELS OF AMERICA'S FALLEN  
STATEMENTS OF FINANCIAL POSITION  
As of December 31, 2021 and 2020 (restated)**

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 679,096	\$ 279,342
Cash Restricted by Donors (Note E)	82,815	208,238
Pledges Receivable	75,000	151,000
Prepaid Expenses	13,939	15,161
<b>TOTAL CURRENT ASSETS</b>	<b>850,850</b>	<b>653,741</b>
 Property and Equipment		
Equipment	13,246	13,246
Vehicle	33,700	33,700
Less: Accumulated Depreciation	(46,946)	(46,786)
Net Property and Equipment	-	160
 <b>TOTAL ASSETS</b>	<b>850,850</b>	<b>653,901</b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	5,872	8,675
Refundable Advance	57,340	151,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>63,212</b>	<b>159,675</b>
 <b>Net Assets</b>		
Without Donor Restrictions	704,823	285,988
With Donor Restrictions	82,815	208,238
Total Net Assets	787,638	494,226
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 850,850</b>	<b>\$ 653,901</b>

The accompanying notes are an integral part of the financial statements

**ANGELS OF AMERICA'S FALLEN  
STATEMENTS OF ACTIVITIES  
For the Years Ended December 31, 2021 and 2020 (restated)**

	<b>2021</b>			<b>2020</b>		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support</b>						
Contributions	\$ 410,838	\$ 166,796	\$ 577,634	\$ 238,022	\$ 429,810	\$ 667,832
In-kind contributions (Note F)	43,324	-	43,324	46,876	-	46,876
PPP Loan Forgiveness	43,526	-	43,526	-	-	-
Other income	6,654	-	6,654	40,271	-	40,271
Fundraising events, net (Note F)	286,890	-	286,890	179,975	-	179,975
Releases of restrictions	292,219	(292,219)	-	145,052	(145,052)	-
<b>Total Revenue and Support</b>	<u>1,083,451</u>	<u>(125,423)</u>	<u>958,028</u>	<u>650,196</u>	<u>284,758</u>	<u>934,954</u>
<b>Expenses</b>						
<b>Program Services</b>						
Program	581,205	-	581,205	433,117	-	433,117
Administrative and General	48,249	-	48,249	29,950	-	29,950
Fundraising and Development	35,162	-	35,162	59,914	-	59,914
Total Expenses	<u>664,616</u>	<u>-</u>	<u>664,616</u>	<u>522,981</u>	<u>-</u>	<u>522,981</u>
Change in Net Assets	418,835	(125,423)	293,412	127,215	284,758	411,973
<b>Net Assets</b>						
Beginning Net Assets	285,988	208,238	494,226	158,773	74,480	233,253
Restatement due to Lumsden Foundation refundable advance (See Note B)	-	-	-	-	(151,000)	(151,000)
<b>Ending Net Assets</b>	<u>\$ 704,823</u>	<u>\$ 82,815</u>	<u>\$ 787,638</u>	<u>\$ 285,988</u>	<u>\$ 208,238</u>	<u>\$ 494,226</u>

The accompanying notes are an integral part of the financial statements

**ANGELS OF AMERICA'S FALLEN  
STATEMENTS OF CASH FLOWS**  
For the Years Ended December 31, 2021 and 2020 (restated)

	<b>2021</b>	<b>2020</b>
<b>Cash Flows From Operating Activities</b>		
Change in Net Assets	\$ 293,412	\$ 411,973
<b>Adjustments to Reconcile (Decrease) Increase in Net Assets to Net Cash (Used In) Provided by Operating Activities</b>		
Depreciation	160	4,975
Change In Assets and Liabilities		
Receivables	76,000	(93,000)
Other Assets	1,222	(14,301)
Accounts Payable	(2,803)	3,971
Deferred Revenue	-	(68,375)
Refundable Advance	(93,660)	-
<b>Net Cash Provided by Operating Activities</b>	274,331	245,243
<b>Cash Flows From Investing Activities</b>		
<b>Net Cash Used In Investing Activities</b>	-	-
<b>Cash Flows From Financing Activities</b>		
<b>Net Cash Provided by Financing Activities</b>	-	-
Net Increase In Cash	274,331	245,243
Cash and Cash Restricted by Donors at Beginning of Year	487,580	242,337
<b>Cash and Cash Restricted by Donors at End of Year</b>	\$ 761,911	\$ 487,580

The accompanying notes are an integral part of the financial statements

**ANGELS OF AMERICA'S FALLEN**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2021**

	<u>Program</u>	<u>Administrative and General</u>	<u>Fundraising and Development</u>	<u>Total</u>
<b>Expenses</b>				
Advertising and Promotion	\$ 11,296	\$ -	\$ 2,824	\$ 14,120
Business Expenses	10,544	7,789	1,149	19,482
Community Partnerships	278,552	-	-	278,552
Contract Services	20,911	21,089	2,308	44,308
Depreciation	-	160	-	160
Information Technology	7,176	459	868	8,503
Other	1,578	14,393	88	16,059
Payroll related costs	241,007	4,030	26,129	271,166
Travel	10,141	329	1,796	12,266
<b>Totals</b>	<u>\$ 581,205</u>	<u>\$ 48,249</u>	<u>\$ 35,162</u>	<u>\$ 664,616</u>

The accompanying notes are an integral part of the financial statements



**ANGELS OF AMERICA'S FALLEN**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2020 (restated)**

<b>Expenses</b>	<b>Program</b>	<b>Administrative and General</b>	<b>Fundraising and Development</b>	<b>Total</b>
Advertising and Promotion	\$ 24,993	\$ -	\$ 6,248	\$ 31,241
Business Expenses	14,917	2,176	1,837	18,930.00
Community Partnerships	178,206	-	-	178,206.00
Contract Services	27,543	19,961	1,380	48,884.00
Depreciation	4,228	249	498	4,975.00
Information Technology	6,121	380	727	7,228.00
Interest	-	26	-	26.00
Other	1,454	2,228	-	3,682.00
Payroll related costs	173,509	4,855	48,855	227,219.00
Travel	2,146	75	369	2,590.00
<b>Totals</b>	<b>\$ 433,117</b>	<b>\$ 29,950</b>	<b>\$ 59,914</b>	<b>\$ 522,981</b>

The accompanying notes are an integral part of the financial statements

**ANGELS OF AMERICA’S FALLEN  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2021 and 2020 (restated)**

**NOTE A – ORGANIZATION AND PURPOSE**

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 2021, the Organization supported over 436 children and their 280 parents/guardians nationwide with the children participating in 22,426 activity sessions. The Organization experienced program growth and moved 131 children off the waiting list, made 182 Peer Support Interactions, 3,029 Case Management interactions, and 5,501 Family Outreach interactions.

In 2020, the Organization supported 389 children nationwide in 14,646 activity sessions, an increase of 11% more sessions than the previous year, and doubled the number of children moved off the waiting list. Because of COVID-19 lockdowns and changes, the Organization pivoted to virtual activities, calling activity providers and asking them to provide virtual sessions for the children and creating opportunities for the children to engage at home. The Organization provided virtual art lessons and paid for art supplies, and even had one of the supporting organizations provide virtual hula dance lessons.

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.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of significant accounting policies followed in the preparation of these financial statements. These policies conform to accounting principles generally accepted in the United States of America and have been applied on a consistent basis.

Method of Accounting

The accompanying financial statements have been prepared using the accrual basis.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

**Net Assets without Donor Restrictions** – Net assets that are not subject to donor-imposed restrictions and available to finance the general operations of Angels of America’s Fallen. The only limits on use of net assets without donor restriction are the broad limits resulting from the

**ANGELS OF AMERICA'S FALLEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended December 31, 2021 and 2020 (restated)**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

nature of Angels of America's Fallen, the environment in which it operates, and the purposes specified in its articles of incorporation.

**Net Assets with Donor Restrictions** - Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities and changes in net assets. See Note D for discussion of the donor restrictions.

Cash and Cash 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.

Concentration of Credit Risk

The Organization maintains its cash and equivalents in financial institutions that at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation ("FDIC") and the National Credit Union Administration ("NCUA") up to \$250,000. The amounts more than the insured limits were \$349,093 and \$141,000 on December 31, 2021 and 2020, respectively.

Promises to Give and Receivables

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. Pledges are written off once management considers the balance to be uncollectible. As of December 31, 2021 and 2020, management considers all balances to be fully collectible; accordingly, no allowance for uncollectible pledges has been recorded. Of the total pledges receivable as of December 31, 2021, \$75,000 is expected to be collected in 2022. Management has determined that any present value discount of future collections is not material to the financial statements.

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.

Depreciation expense of \$160 and \$4,975 was recorded for the years ended December 31, 2021 and 2020, respectively.

Revenue and Revenue Recognition

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 the

**ANGELS OF AMERICA'S FALLEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended December 31, 2021 and 2020 (restated)**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Organization. Conditional promises to give – that is, those with measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. 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.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Angels of America's Fallen has adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* as management believes the standard improves the usefulness and understandability of the Organization's financial reporting.

In accordance with the ASU, Angels of America's Fallen has determined that a previously unrecognized contributions in the amount of \$77,060 should be reported in the statement of financial position and the statement of activities as an increase in net assets with donor restrictions as of December 31, 2020.

The adoption of ASU 2018-08 resulted in a decrease of deferred revenue and an increase of restricted contributions for the period ended December 31, 2020 of \$77,060. The financial statements have been restated to reflect this change.

In accordance with the ASU, Angels of America's Fallen has determined that a previously recognized contributions in the amount of \$151,000 should be reported in the statement of financial position as an increase in refundable advance as of December 31, 2020.

The adoption of ASU 2018-08 resulted in a decrease of net assets with donor restrictions and an increase of refundable advance for the period ended December 31, 2020 of \$151,000. The financial statements have been restated to reflect this change.

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.

**ANGELS OF AMERICA'S FALLEN  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2021 and 2020 (restated)**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

In-kind Donations

The Organization received donated professional services and other services of \$48,378 and \$46,876 for the years ended December 31, 2021 and 2020, respectively. Such amounts, which are based upon information provided by the Organization, are recorded at their estimated fair value determined on the date of contribution and are reported as contributions in-kind and fundraising events, net on the accompanying statements of activities and statement of functional expenses.

Several volunteers have made significant contributions of their time to furtherance of the Organization's mission. These services were not reflected in the accompanying statements of activities because they do not meet the necessary criteria for recognition under U.S. GAAP.

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.

Functional Expenses

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

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 payroll related costs, contract services, information technology, and other which are allocated on the basis of estimates of time and effort.

Subsequent Events

Management has evaluated subsequent events through May 31, 2022, the date on which the financial statements were available to be issued.

**NOTE C – CASH AND RESTRICTED CASH**

Assets reserved for specific purposes on the statement of financial position include restricted cash received with restrictions imposed by donors (but not yet spent). The following table provides a reconciliation of cash and restricted cash reported within the statements of financial position that sum to the totals of the same such amounts in the statement of cash flows.

	<u>2021</u>	<u>2020</u>
Cash	\$ 679,096	\$ 279,342
Donor Restricted cash	82,815	208,238
Total Cash	\$ 761,911	\$ 487,580

**ANGELS OF AMERICA'S FALLEN  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2021 and 2020 (restated)**

<b>NOTE D – NET ASSETS</b>
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Net assets with donor restrictions on December 31:

	<u>2021</u>	<u>2020</u>
Specific Purpose		
Angel Gala	\$ 47,750	\$ 77,060
Gary Sinise	-	56,894
Lumsden Foundation	-	36,191
USAA	11,667	16,068
El Paso County	-	16,000
Larry H Miller	10,000	-
Alabama Power Foundation	9,362	-
Other	4,036	6,025
<b>Total Net Assets With Donor Restrictions</b>	<u><u>\$ 82,815</u></u>	<u><u>\$ 208,238</u></u>

The net assets released from restriction during the years ended December 31, 2021 and 2020 were \$292,219 and \$145,052, respectively.

<b>NOTE E – AVAILABILITY AND LIQUIDITY</b>
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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>2021</u>	<u>2020</u>
Financial Assets at year-end:		
Cash and Cash restricted by Donors	\$ 761,911	\$ 487,580
Pledges receivable	<u>75,000</u>	<u>151,000</u>
<b>Total financial assets</b>	<u><u>836,911</u></u>	<u><u>638,580</u></u>
 Less amounts unavailable for general expenditures within one year:		
Net Assets with donor restrictions	<u>(82,815)</u>	<u>(208,238)</u>
 Financial assets available to meet cash general expenditures within one year	<u><u>\$ 754,096</u></u>	<u><u>\$ 430,342</u></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 as they 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.

**ANGELS OF AMERICA'S FALLEN  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2021 and 2020 (restated)**

**NOTE F – FUNDRAISING**

Fundraising consists of annual gala, golf tournament and other small events during the year and consisted of the following for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Gross revenue from fundraising events	\$ 480,285	\$ 325,180
Direct cost of fundraising events	(150,071)	(98,329)
In-Kind Expenses	(43,324)	(46,876)
Fundraising events, net	<u>\$ 286,890</u>	<u>\$ 179,975</u>

**NOTE G – CONCENTRATIONS**

The Organization receives grants and contributions from individuals, foundations and organizations. For the year ended December 31, 2020, approximately 51% of contribution revenue was received from two donors.

**NOTE H – PAYCHECK PROTECTION PROGRAM LOAN**

The Organization applied for and received a \$43,526 forgivable loan from the Small Business Administration (SBA) as part of the Paycheck Protection Program (PPP), which is part of the federal government's Coronavirus Aid, Relief, and Economic Security (CARES) Act. This loan was forgiven during the year ended December 31, 2021 and, accordingly, this amount has been included in income in the accompanying financial statements.

**NOTE I – CONTINGENCY**

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact the Organization's net change in net assets. Other financial impact could occur though such potential impact is unknown at this time.