

July 1, 2019

Cal's All-Star Angel Foundation, Inc.
2422 W. Main Street Unit 3B
St. Charles, IL 60175

Attn: Stacey Sutter

Dear Ms. Sutter:

Enclosed please find one copy of the audited financial statements for Cal's All-Star Angel Foundation, Inc. for the years ended December 31, 2018 and 2017.

If you have any questions or comments, please contact our office.

Very truly yours,

Tighe, Kress & Orr, PC
Certified Public Accountants

Cal's All-Star Angel Foundation, Inc.

Audited Financial Statements

For the Years Ended December 31, 2018 and 2017

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Independent Auditor's Report

To the Board of Directors of
Cal's All-Star Angel Foundation, Inc.

We have audited the accompanying financial statements of Cal's All-Star Angel Foundation, Inc. (the "Organization") (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets—modified cash basis as of December 31, 2018 and 2017, and the related statements of support, revenue, and expenses—modified cash basis and functional expenses—modified cash basis for the years then ended, and the related notes to the financial statements (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 the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 assets, liabilities, and net assets of Cal's All-Star Angel Foundation as of December 31, 2018 and 2017, and its support, revenue, and expenses for the years then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2018, the Organization adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Tighe, Kress & Orr, PC

Elgin, Illinois
July 1, 2019

Cal's All-Star Angel Foundation, Inc.
Statements of Assets, Liabilities and Net Assets - Modified Cash Basis
December 31, 2018 and 2017

Assets		
	2018	2017
Current Assets:		
Cash and cash equivalents	\$ 1,167,582	\$ 1,037,092
Prepaid expenses	60,271	28,538
Employee advance	504	-
Total Current Assets	1,228,357	1,065,630
Property and Equipment, net	46,564	49,182
Total Assets	\$ 1,274,921	\$ 1,114,812
Liabilities and Net Assets		
Current Liabilities:		
Credit cards	\$ 52,101	\$ 122,398
Payroll taxes payable	1,595	83
Deferred revenue	204,846	31,513
Current portion of long-term debt	7,480	7,070
Total Current Liabilities	266,022	161,064
Long-term debt	19,915	27,395
Total Liabilities	285,937	188,459
Net Assets:		
Without donor restrictions	861,684	926,353
With donor restrictions	127,300	-
Total Net Assets	988,984	926,353
Total Liabilities and Net Assets	\$ 1,274,921	\$ 1,114,812

The accompanying notes are an integral part of the financial statements.

Cal's All-Star Angel Foundation, Inc.
Statements of Support, Revenue and Expenses - Modified Cash Basis
For the Years Ended December 31, 2018 and 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains and Other Support:						
Events (Net expenses of \$1,567,231 and \$331,852, respectively)	\$ 803,078	\$ 102,300	\$ 905,378	\$ 841,320	\$ -	\$ 841,320
Contributions	343,055	25,000	368,055	321,914	-	321,914
Program events	140,408	-	140,408	142,628	-	142,628
Interest and dividends	2,503	-	2,503	2,197	-	2,197
Other income	-	-	-	-	-	-
Total Revenue, Gains and Other Support	<u>1,289,044</u>	<u>127,300</u>	<u>1,416,344</u>	<u>1,308,059</u>	<u>-</u>	<u>1,308,059</u>
Net assets released from restrictions - satisfaction of program restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenses:						
Program services	1,075,365	-	1,075,365	942,969	-	942,969
Management and general	182,609	-	182,609	141,029	-	141,029
Fundraising	95,739	-	95,739	85,956	-	85,956
Total Expenses	<u>1,353,713</u>	<u>-</u>	<u>1,353,713</u>	<u>1,169,954</u>	<u>-</u>	<u>1,169,954</u>
Changes in net assets	<u>(64,669)</u>	<u>127,300</u>	<u>62,631</u>	<u>138,105</u>	<u>-</u>	<u>138,105</u>
Net assets, beginning of year	<u>926,353</u>	<u>-</u>	<u>926,353</u>	<u>788,248</u>	<u>-</u>	<u>788,248</u>
Net assets, end of year	<u>\$ 861,684</u>	<u>\$ 127,300</u>	<u>\$ 988,984</u>	<u>\$ 926,353</u>	<u>\$ -</u>	<u>\$ 926,353</u>

The accompanying notes are an integral part of the financial statements.

Cal's All-Star Angel Foundation, Inc.
Statements of Functional Expenses - Modified Cash Basis
For the Years Ended December 31, 2018 and 2017

Expenses:	2018				2017			
	Program Expenses	----Supporting Services----		Total	Program Expenses	----Supporting Services----		Total
		Administration Expenses	Fundraising Expenses			Administration Expenses	Fundraising Expenses	
Grants and assistance	\$ 464,907	\$ -	\$ -	\$ 464,907	\$ 484,079	\$ -	\$ -	\$ 484,079
Research	131,150	-	-	131,150	131,250	-	-	131,250
Wages	342,355	75,558	75,558	493,471	224,577	74,293	66,448	365,318
Payroll taxes	26,842	5,667	5,667	38,176	16,435	5,437	4,863	26,735
Employee benefits	2,059	12,946	-	15,005	-	-	-	-
Insurance	-	25,345	-	25,345	-	10,336	-	10,336
Supplies	-	16,187	-	16,187	-	17,486	-	17,486
Utilities	-	2,989	-	2,989	-	1,311	-	1,311
Meals and entertainment	-	4,764	-	4,764	-	4,239	186	4,425
Education and training	-	2,534	-	2,534	-	125	-	125
Dues and subscriptions	-	15	-	15	-	262	-	262
Advertising	81,512	-	10,756	92,268	48,522	-	4,878	53,400
Professional fees	-	15,955	-	15,955	-	13,048	-	13,048
Website	-	-	667	667	-	-	1,605	1,605
Printing	-	-	-	-	-	-	2,198	2,198
Service charges	-	884	-	884	-	895	-	895
Postage	3,474	-	-	3,474	9,461	-	112	9,573
Meeting and travel	3,866	-	2,907	6,773	6,245	-	4,491	10,736
Fundraising activities	-	-	184	184	-	-	1,051	1,051
Rent	19,200	-	-	19,200	22,400	-	-	22,400
Depreciation	-	11,051	-	11,051	-	6,960	-	6,960
Interest	-	3,747	-	3,747	-	1,489	-	1,489
Miscellaneous	-	4,967	-	4,967	-	5,148	124	5,272
Total Expenses	\$ 1,075,365	\$ 182,609	\$ 95,739	\$ 1,353,713	\$ 942,969	\$ 141,029	\$ 85,956	\$ 1,169,954

The accompanying notes are an integral part of the financial statements.

Cal's All-Star Angel Foundation, Inc.
Notes to Financial Statements
December 31, 2018 and 2017

Note 1 – Summary of Significant Accounting Policies

Nature of Activities:

The mission of Cal's All-Star Angel Foundation, Inc. (the "Organization") is granting wishes, raising awareness and funding research to help kids fighting cancer. The Organization is mainly supported by donations and hosting events.

Basis of Accounting:

The accounting records are maintained on the modified cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. Under this method, revenues and the related assets are recognized when received rather than when earned, and expenses are recognized when paid rather than when the obligation is incurred, except for cash receipts and expenditures from special events, which are recognized in the year the event occurs. Fixed assets are also capitalized under this modified method.

Basis of Presentation:

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Update ("ASU") 2016-14 *Presentation of Financial Statements of Not-for-Profit Entities*. Under FASB ASU 2016-14, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net assets without donor restrictions include undesignated and board-designated sources with no legal donor imposed restrictions.

Net assets with donor restrictions represent net assets subject to donor-imposed or legal restrictions; which will either be met by the Organization's actions, the passage of time or are perpetual in nature. Net assets with donor restrictions assets are reclassified to net assets without donor restrictions when the restrictions are met or have expired. These reclassifications are reported in the Statement of Support, Revenue and Expenses as net assets released from restrictions.

Cash and Cash Equivalents:

Cash is defined as cash on hand, amounts held at financial institutions, and short-term highly liquid investments that are readily convertible to known amounts of cash. Investments with an original maturity of three months or less are considered short-term for these purposes.

Use of Estimates:

In preparing financial statements in conformity with the modified cash basis of accounting, management makes estimates and assumptions affecting the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cal's All-Star Angel Foundation, Inc.
Notes to Financial Statements
December 31, 2018 and 2017

Note 1 – Summary of Significant Accounting Policies (continued)

Functional Expenses:

The costs of providing the Organization's various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses – modified cash basis. Accordingly, certain costs have been allocated among the programs, fundraising activities, and supporting services benefited.

Property and Equipment:

Expenditures for land, building, and equipment are recorded at cost. Donated assets and capitalized donated leases are recorded at their estimated fair market values at the date of donation. Depreciation expenses are calculated using the straight-line method and the following estimated useful lives:

Buildings and improvements	10-35 years
Furniture and equipment	3-10 years
Vehicles	3-5 years

Repairs and maintenance, which materially add to the value of the property or appreciably prolong its life, are recorded as an increase to the appropriate asset account. The Organization capitalizes all fixed assets with a cost greater than or equal to \$2,500 and a useful life of at least three years, unless otherwise stipulated by a grant. When an asset is purchased through a grant, the grant's capitalization rules apply.

Prepaid expenses:

The Organization prepays for certain expenses related to the Gala event of the following year. These expenses are recognized after the event occurs.

Deferred revenue:

The Organization receives revenue related to fundraising events held in the following year. This support is recognized after the event occurs.

Contributions:

The Organization accounts for contributions in accordance with the recommendations in FASB ASC 958-225. In accordance with FASB ASC 958-225, contributions and grants received are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Since the Organization prepares its financial statements on the modified cash basis of accounting, contributions receivable are not reported in the accompanying financial statements.

All contributions are considered to be available for unrestricted use unless specifically restricted by donors. Unrestricted contributions are recognized when received and when promised.

Cal's All-Star Angel Foundation, Inc.
Notes to Financial Statements
December 31, 2018 and 2017

Note 1 – Summary of Significant Accounting Policies (continued)

Contributions (continued):

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support, if any, is reported as an increase in net assets with donor restrictions. When a donor restriction expires, such as 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 Support, Revenue, and Expenses as net assets released from rest.

Income Taxes:

The Organization is a tax-exempt organization as defined in Section 501(c)(3) of the Internal Revenue Code. The modified cash basis of accounting requires management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service or other applicable taxing authorities.

Management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2018 and 2017, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization is subject to routine audits by taxing authorities; however, there are currently no audits for any tax periods in progress.

Concentrations of Credit Risk:

The Organization maintains its cash balance in several bank accounts at institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At year end, the Organization has balances in excess of the federally insured deposit limits, however, Management does not consider these balances to be exposed to any significant credit risk.

Advertising:

Advertising expenses are charged as incurred. Advertising expenses for the years ended December 31, 2018 and 2017 were \$92,268 and \$53,400, respectively.

Liquidity Policy:

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due. To assist in managing unanticipated liquidity needs, the Organization has an unrestricted investment account that could be accessed for short-term liquidity needs if necessary. The Organization also receives financial assets with donor restrictions for specific spending. These assets are not available for general operations and are tracked and accounted for separately.

Cal's All-Star Angel Foundation, Inc.
Notes to Financial Statements
December 31, 2018 and 2017

Note 1 – Summary of Significant Accounting Policies (continued)

Liquidity Policy (continued):

The Organization has \$1,228,357 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures, consisting of cash of \$1,167,582, prepaid expenses of \$60,271, and employee advances of \$504. The Organization has a goal to maintain financial assets, which consist of cash and cash equivalents, on hand to meet six months of normal operating expenses, which are, on average, approximately \$1,250,000.

New Accounting Pronouncement:

During the year, the Organization adopted FASB ASU 2016-14 *Presentation of Financial Statements of Not-for-Profit Entities*. This pronouncement improves not-for-profit financial statements to provide more useful information to donors, grantors, creditors, and other financial statement users.

Note 2 – Property and Equipment

Property and Equipment consists of the following:

	2018	2017
Furniture and equipment	\$ 67,963	\$ 59,530
Accumulated Depreciation	(21,399)	(10,348)
Property and Equipment, net	\$ 46,564	\$ 49,182

Note 3 – Operating Lease

The Organization leases its office space in St. Charles, Illinois from an unrelated party. The agreement is for two years and expires April 30, 2019. Rent expense for the years ended December 31, 2018 and 2017 amounted to \$19,200 and \$22,400, respectively.

At December 31, 2018, future minimum lease payments are as follows:

2019	\$	6,400
Total	\$	6,400

Note 4 – Related Party Transaction

In addition, the Organization purchases insurance from a company where a board member works. Accordingly, \$25,345 of insurance expense is a related party transaction for each of the years ending December 31, 2018 and 2017.

Cal's All-Star Angel Foundation, Inc.
Notes to Financial Statements
December 31, 2018 and 2017

Note 5 – Long-term Debt

In 2017, the Organization entered into a loan for a vehicle, due in monthly installments, plus 5.65% interest, maturing May 2022. The loan is collateralized by the vehicle. At December 31, 2018, the balance is \$27,395. Interest expense was \$1,766 at December 31, 2018.

Maturities of the long-term debt are as follows:

2019	\$	7,480
2020		7,914
2021		8,373
2022		3,628
Total	\$	<u>27,395</u>

Note 6 – Commitments

In early 2017, with consent of the Board of Directors, management committed \$525,000 (\$175,000 per year over three years) to clinical trials at Lurie Children's Hospital. As of December 31, 2018, \$218,650 has been given toward the pledge.

Note 7 – Concentrations of Revenue Sources

During the years ended December 31, 2018 and 2017, the Organization received 82% and 72% of its revenue from fundraising, respectively. The Got Hope Gala provided approximately 28% and 48% of revenue for the years ended December 31, 2018 and 2017, respectively.

Note 8 – Reclassification

Certain reclassifications have been made to the 2017 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

Note 9 – Simple IRA Plan

During the year, the Foundation entered into a Simple-IRA retirement plan covering all employees who meet the eligibility requirements. Employees can contribute 3% of their salary, and the Foundation will contribute a match of up to 3%. Contributions to the plan were \$15,446 for the year ended December 31, 2018.

Note 10 – Date of Management's Review

Subsequent events have been evaluated through the date of this report, the date the report was available to be issued. It was concluded that there are no subsequent events required to be disclosed.