

Cal's All-Star Angel Foundation, Inc.

Audited Financial Statements

For the Years Ended December 31, 2016 and 2015

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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. (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets—modified cash basis as of December 31, 2016 and 2015, and the related statements of support, revenue, and expenses—modified cash basis and statements of functional expenses—modified cash basis 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 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, 2016 and 2015, 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.

Tight, Hurd & O.P.C.

Elgin, Illinois
August 22, 2017

Cal's All-Star Angel Foundation, Inc.
Statements of Assets, Liabilities and Net Assets - Modified Cash Basis
December 31, 2016 and 2015

Assets		
	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Current Assets:		
Cash and cash equivalents	\$ 865,076	\$ 520,938
Prepaid expenses	<u>28,836</u>	<u>14,498</u>
Total Current Assets	<u>893,912</u>	<u>535,436</u>
Property and Equipment		
Equipment	6,083	6,083
Less: accumulated depreciation	<u>(3,388)</u>	<u>(2,248)</u>
Total Property and Equipment, net	<u>2,695</u>	<u>3,835</u>
Total Assets	\$ <u>896,607</u>	\$ <u>539,271</u>
 Liabilities and Net Assets		
Current Liabilities:		
Credit cards	\$ 108,359	\$ -
Payroll taxes payable	<u>-</u>	<u>11,442</u>
Total Current Liabilities	<u>108,359</u>	<u>11,442</u>
Net Assets:		
Unrestricted	788,248	527,829
Temporarily restricted	-	-
Permanently restricted	<u>-</u>	<u>-</u>
Total Liabilities and Net Assets	\$ <u>896,607</u>	\$ <u>539,271</u>

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, 2016 and 2015

	December 31, 2016				December 31, 2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public support and revenue received:								
Events (Net expenses of \$228,638 and \$199,218, respectively)	\$ 942,235	\$ -	\$ -	\$ 942,235	\$ 664,737	\$ -	\$ -	\$ 664,737
Grants	37,940	-	-	37,940	4,367	-	-	4,367
Contributions	301,271	-	-	301,271	131,776	-	-	131,776
Program events	50,965	-	-	50,965	49,432	-	-	49,432
Interest and dividends	-	-	-	-	146	-	-	146
Other income	40	-	-	40	361	-	-	361
Total public support and revenue received	<u>1,332,451</u>	<u>-</u>	<u>-</u>	<u>1,332,451</u>	<u>850,819</u>	<u>-</u>	<u>-</u>	<u>850,819</u>
Net assets released from restrictions - satisfaction of program restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenses:								
Program services	905,855	-	-	905,855	529,934	-	-	529,934
Management and general	138,187	-	-	138,187	48,443	-	-	48,443
Fundraising	27,990	-	-	27,990	34,346	-	-	34,346
Total expenses	<u>1,072,032</u>	<u>-</u>	<u>-</u>	<u>1,072,032</u>	<u>612,723</u>	<u>-</u>	<u>-</u>	<u>612,723</u>
Changes in net assets	<u>260,419</u>	<u>-</u>	<u>-</u>	<u>260,419</u>	<u>238,096</u>	<u>-</u>	<u>-</u>	<u>238,096</u>
Net assets, beginning of year	<u>527,829</u>	<u>-</u>	<u>-</u>	<u>527,829</u>	<u>289,733</u>	<u>-</u>	<u>-</u>	<u>289,733</u>
Net assets, end of year	<u>\$ 788,248</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 788,248</u>	<u>\$ 527,829</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 527,829</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, 2016 and 2015

Expenses:	December 31, 2016				December 31, 2015			
	----Supporting Services----				----Supporting Services----			
	Program Expenses	Administration Expenses	Fundraising Expenses	Total	Program Expenses	Administration Expenses	Fundraising Expenses	Total
Grants and assistance	\$ 574,153	\$ -	\$ -	\$ 574,153	\$ 359,217	\$ -	\$ -	\$ 359,217
Wages	255,449	38,811	-	294,260	91,484	26,138	13,069	130,691
Payroll taxes	12,676	10,353	-	23,029	13,717	2,743	1,829	18,289
Insurance	-	7,148	-	7,148	3,990	831	-	4,821
Supplies	-	37,418	-	37,418	8,928	5,682	1,623	16,233
Telephone	-	3,376	-	3,376	1,208	302	-	1,510
Meals and entertainment	-	2,207	2,177	4,384	2,191	1,447	3,666	7,304
Education and training	-	804	-	804	-	697	-	697
Dues and subscriptions	-	119	-	119	-	287	-	287
Advertising	36,806	-	18,996	55,802	18,441	-	4,610	23,051
Professional fees	-	28,665	-	28,665	13,131	3,151	1,226	17,508
Website	-	-	4,166	4,166	2,421	-	1,980	4,401
Printing	-	-	-	-	2,988	-	2,445	5,433
Service charges	-	1,699	-	1,699	-	1,211	-	1,211
Postage	919	-	27	946	529	26	407	962
Meeting and travel	1,852	-	1,570	3,422	1,189	-	727	1,916
Fundraising activities	-	-	467	467	-	-	1,674	1,674
Rent	24,000	-	-	24,000	9,000	2,400	600	12,000
Depreciation	-	1,140	-	1,140	-	1,013	-	1,013
Miscellaneous	-	6,447	587	7,034	1,500	2,515	490	4,505
Total Expenses	\$ 905,855	\$ 138,187	\$ 27,990	\$ 1,072,032	\$ 529,934	\$ 48,443	\$ 34,346	\$ 612,723

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

Cal's All-Star Angel Foundation, Inc.
Notes to Financial Statements
December 31, 2016 and 2015

Note 1 – Summary of Significant Accounting Policies

Nature of Activities:

The mission of the Cal's All-Star Angel Foundation, Inc. (the "Organization") is to grant wishes to all children fighting cancer and financially assisting their families. Cal's All-Star Angel Foundation, Inc. is mainly supported through 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 Codification (ASC) 958-210. Under FASB ASC 958-210, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Temporarily restricted net assets represent net assets subject to donor imposed restrictions which will either be met by the Organization's actions or the passage of time. Temporarily restricted net assets are reclassified to unrestricted net assets 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. Cal's All-Star Angel Foundation, Inc. is holding no temporarily restricted net assets for the years ending December 31, 2016 and 2015.

Permanently restricted net assets represent funds subject to the restrictions of gift instruments requiring the principal to be maintained intact. Investment income may be used for operational purposes and therefore is recorded as unrestricted revenue. Cal's All-Star Angel Foundation, Inc. is holding no permanently restricted net assets for the years ending December 31, 2016 and 2015.

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.

Cal's All-Star Angel Foundation, Inc.
Notes to Financial Statements
December 31, 2016 and 2015

Note 1 – Summary of Significant Accounting Policies (Continued)

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.

Functional Expenses:

The costs of providing Cal's All-Star Angel Foundation, Inc.'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. Cal's All-Star Angel Foundation capitalizes all fixed assets with a cost greater than or equal to \$1,000 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. Depreciation expense for the years ended December 31, 2016 and 2015 was \$1,140 and \$1,013, respectively.

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. Prepaid expenses for the years ended December 31, 2016 and 2015 were \$28,836 and \$14,498, respectively.

Cal's All-Star Angel Foundation, Inc.
Notes to Financial Statements
December 31, 2016 and 2015

Note 1 – Summary of Significant Accounting Policies (Continued)

Contributions:

Cal's All-Star Angel Foundation, Inc. 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 unrestricted, temporarily restricted, or permanently restricted support and revenue, 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.

Income Taxes:

The Cal's All-Star Angel Foundation, Inc. is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. Accordingly, a provision for income taxes has not been made on the financial statements.

The Organization adopted the implementation of FASB ASC 740. Under FASB ASC 740, management must evaluate the positions it has taken on tax returns. Management has determined that there are no tax positions that would result in a more likely than not (50% chance) of being sustained under a potential audit or examination. Cal's All-Star Angel Foundation, Inc.'s federal Exempt Organization Income Tax Returns (Form 990) for 2013, 2014 and 2015 are subject to examination by the IRS, generally for three years after they were filed.

Concentrations of Credit Risk:

The Cal's All-Star Angel Foundation, Inc. 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 Association has balances in excess of the federally insured deposit limits. The Organization 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, 2016 and 2015 were \$55,803 and \$23,051, respectively.

Cal's All-Star Angel Foundation, Inc.
Notes to Financial Statements
December 31, 2016 and 2015

Note 2 – Property and Equipment

Property and Equipment at December 31, 2016 consist of the following:

	<u>12/31/2015</u>	<u>Additions</u>	<u>12/31/2016</u>
Equipment	\$ 6,083	\$ -	\$ 6,083
Accumulated Depreciation	<u>(2,248)</u>	<u>(1,140)</u>	<u>(3,388)</u>
Net Property and Equipment	<u>\$ 3,835</u>	<u>(1,140)</u>	<u>2,695</u>

Depreciation expense for the years ended December 31, 2016 and 2015 was \$1,140 and \$1,013, respectively.

Note 3 – Related Party Transaction

Cal's All-Star Angel Foundation, Inc. leases office space on a month-to-month basis from an officer of the Organization. Rent expense for the years ended December 31, 2016 and 2015 amounted to \$24,000 and \$12,000, respectively.

Note 4 – 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.

Note 5 – Date of Management's Review

Subsequent events have been evaluated through the date of this report, other than noted in Note 4, it was concluded that there are no subsequent events required to be disclosed.