

**Cal's All-Star Angel Foundation, Inc.**

**Audited Financial Statements**

**For the Years Ended December 31, 2017 and 2016**

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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, 2017 and 2016, 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, 2017 and 2016, 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.

*Tighe, Kress & Orr, P.C.*

Elgin, Illinois  
May 14, 2018

**Cal's All-Star Angel Foundation, Inc.**  
**Statements of Assets, Liabilities and Net Assets - Modified Cash Basis**  
**December 31, 2017 and 2016**

<b>Assets</b>		
	2017	2016
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 1,037,092	\$ 865,076
Prepaid expenses	28,538	28,836
Total Current Assets	1,065,630	893,912
Property and Equipment, net	49,182	2,695
Total Assets	\$ 1,114,812	\$ 896,607
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Credit cards	\$ 122,398	\$ 108,359
Payroll taxes payable	83	-
Deferred revenue	31,513	-
Current portion of long-term debt	7,070	-
Total Current Liabilities	161,064	108,359
Long-term debt	27,395	-
Total Liabilities	188,459	108,359
<b>Net Assets:</b>		
Unrestricted	926,353	788,248
Temporarily restricted	-	-
Permanently restricted	-	-
Total Net Assets	926,353	788,248
Total Liabilities and Net Assets	\$ 1,114,812	\$ 896,607

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, 2017 and 2016**

	2017				2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, Gains and Other Support:								
Events (Net expenses of \$331,852 and \$228,638, respectively)	\$ 841,320	\$ -	\$ -	\$ 841,320	\$ 942,235	\$ -	\$ -	\$ 942,235
Contributions	321,914	-	-	321,914	339,211	-	-	339,211
Program events	142,628	-	-	142,628	50,965	-	-	50,965
Interest and dividends	2,197	-	-	2,197	-	-	-	-
Other income	-	-	-	-	40	-	-	40
Total Revenue, Gains and Other Support	<u>1,308,059</u>	<u>-</u>	<u>-</u>	<u>1,308,059</u>	<u>1,332,451</u>	<u>-</u>	<u>-</u>	<u>1,332,451</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	942,969	-	-	942,969	905,855	-	-	905,855
Management and general	141,029	-	-	141,029	138,187	-	-	138,187
Fundraising	85,956	-	-	85,956	27,990	-	-	27,990
Total Expenses	<u>1,169,954</u>	<u>-</u>	<u>-</u>	<u>1,169,954</u>	<u>1,072,032</u>	<u>-</u>	<u>-</u>	<u>1,072,032</u>
Changes in net assets	<u>138,105</u>	<u>-</u>	<u>-</u>	<u>138,105</u>	<u>260,419</u>	<u>-</u>	<u>-</u>	<u>260,419</u>
Net assets, beginning 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>
Net assets, end of year	<u>\$ 926,353</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 926,353</u>	<u>\$ 788,248</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 788,248</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, 2017 and 2016**

Expenses:	2017				2016			
	----Supporting Services----				----Supporting Services----			
	Program Expenses	Administration Expenses	Fundraising Expenses	Total	Program Expenses	Administration Expenses	Fundraising Expenses	Total
Grants and assistance	\$ 484,079	\$ -	\$ -	\$ 484,079	\$ 574,153	\$ -	\$ -	\$ 574,153
Research	131,250	-	-	131,250	-	-	-	-
Wages	224,577	74,293	66,448	365,318	255,449	38,811	-	294,260
Payroll taxes	16,435	5,437	4,863	26,735	12,676	10,353	-	23,029
Insurance	-	10,336	-	10,336	-	7,148	-	7,148
Supplies	-	17,486	-	17,486	-	37,418	-	37,418
Utilities	-	1,311	-	1,311	-	3,376	-	3,376
Meals and entertainment	-	4,239	186	4,425	-	2,207	2,177	4,384
Education and training	-	125	-	125	-	804	-	804
Dues and subscriptions	-	262	-	262	-	119	-	119
Advertising	48,522	-	4,878	53,400	36,806	-	18,996	55,802
Professional fees	-	13,048	-	13,048	-	28,665	-	28,665
Website	-	-	1,605	1,605	-	-	4,166	4,166
Printing	-	-	2,198	2,198	-	-	-	-
Service charges	-	895	-	895	-	1,699	-	1,699
Postage	9,461	-	112	9,573	919	-	27	946
Meeting and travel	6,245	-	4,491	10,736	1,852	-	1,570	3,422
Fundraising activities	-	-	1,051	1,051	-	-	467	467
Rent	22,400	-	-	22,400	24,000	-	-	24,000
Depreciation	-	6,960	-	6,960	-	1,140	-	1,140
Interest	-	1,489	-	1,489	-	-	-	-
Miscellaneous	-	5,148	124	5,272	-	6,447	587	7,034
<b>Total Expenses</b>	<b>\$ 942,969</b>	<b>\$ 141,029</b>	<b>\$ 85,956</b>	<b>\$ 1,169,954</b>	<b>\$ 905,855</b>	<b>\$ 138,187</b>	<b>\$ 27,990</b>	<b>\$ 1,072,032</b>

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

**Cal's All-Star Angel Foundation, Inc.**  
**Notes to Financial Statements**  
**December 31, 2017 and 2016**

**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 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, temporarily restricted, and permanently restricted.

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. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

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.

**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, 2017 and 2016**

**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 \$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.

**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 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.

**Cal's All-Star Angel Foundation, Inc.**  
**Notes to Financial Statements**  
**December 31, 2017 and 2016**

**Note 1 – Summary of Significant Accounting Policies (Continued)**

**Income Taxes:**

The Organization is a tax-exempt organization as defined in Section 501(c)(3) of the Internal Revenue Code. Accounting principles generally accepted in the United States of America 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, 2017 and 2016, 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, 2017 and 2016 were \$53,400 and \$55,803, respectively.

**Note 2 – Property and Equipment**

Property and Equipment at consists of the following:

	<u>2017</u>	<u>2016</u>
Furniture and equipment	\$ 59,530	\$ 6,083
Accumulated Depreciation	<u>(10,348)</u>	<u>(3,388)</u>
Property and Equipment, net	<u>\$ 49,182</u>	<u>\$ 2,695</u>

**Note 3 – Operating Lease**

The Organization leases its office space in St. Charles, Illinois from a related party as noted in Note 4. The agreement is for two years and expires April 30, 2019. Rent expense for the years ended December 31, 2017 and 2016 amounted to \$22,400 and \$24,000, respectively.

At December 31, 2017, future minimum lease payments are as follows:

**Cal's All-Star Angel Foundation, Inc.**  
**Notes to Financial Statements**  
**December 31, 2017 and 2016**

2018	\$	19,200
2019		<u>6,400</u>
Total	\$	<u>25,600</u>

**Note 4 – Related Party Transaction**

The Organization leases office space from an officer of the Organization, therefore, rental payments are related party transactions. See note 3.

In addition, the Organization purchases insurance from a board member. Accordingly, \$803 of insurance expense is a related party transaction for the years ending December 31, 2017 and 2016.

**Note 5 – Long-term Debt**

In 2017, the Organization took out a loan collateralized by a vehicle, due in monthly installments, plus 5.65% interest, maturing May 2022. At December 31, 2017, the balance is \$34,465. Interest expense was \$1,489 at December 31, 2017.

Maturities of the long-term debt are as follows:

2018	\$	7,070
2019		7,480
2020		7,914
2021		8,373
2022		<u>3,628</u>
Total	\$	<u>34,465</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, 2017, \$131,250 has been given toward the pledge.

**Note 7 – Concentrations of Revenue Sources**

During the years ended December 31, 2017 and 2016, the Organization received 72% and 75% of its revenue from fundraising, respectively. The Got Hope Gala provided approximately 48% and 45% of revenue for the years ended December 31, 2017 and 2016, respectively.

**Note 8 – 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.