

August 17, 2020

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

Attn: Stacey Wahlberg

Dear Ms. Wahlberg:

Enclosed please find one copy of the audited financial statements for Cal's All-Star Angel Foundation, Inc. for the years ended December 31, 2019 and 2018.

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, 2019 and 2018

Table of Contents

	<u>Page</u>
Independent Auditor's Report.....	1-2
<u>Financial Statements</u>	
Statements of Assets, Liabilities and Net Assets – Modified Cash Basis.....	3
Statements of Support, Revenue and Expenses – Modified Cash Basis.....	4
Statements of Functional Expenses – Modified Cash Basis	5
Notes to Financial Statements.....	6-11

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, 2019 and 2018, 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, 2019 and 2018, 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, PC

Elgin, Illinois
August 14, 2020

Cal's All-Star Angel Foundation, Inc.
Statements of Assets, Liabilities and Net Assets - Modified Cash Basis
December 31, 2019 and 2018

Assets		
	2019	2018
Current Assets:		
Cash and cash equivalents	\$ 1,048,052	\$ 1,167,582
Prepaid expenses	39,499	60,271
Employee advance	-	504
Total Current Assets	1,087,551	1,228,357
Property and Equipment, net	64,464	46,564
Total Assets	\$ 1,152,015	\$ 1,274,921
Liabilities and Net Assets		
Current Liabilities:		
Credit cards	\$ 15,478	\$ 52,101
Payroll taxes payable	10,139	1,595
Deferred revenue	174,809	204,846
Current portion of long-term debt	7,914	7,480
Total Current Liabilities	208,340	266,022
Long-term debt, non-current portion	12,001	19,915
Total Liabilities	220,341	285,937
Net Assets:		
Without donor restrictions	225,381	861,684
With donor restrictions	706,293	127,300
Total Net Assets	931,674	988,984
Total Liabilities and Net Assets	\$ 1,152,015	\$ 1,274,921

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, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains and Other Support:						
Events (Net expenses of \$350,583 and \$1,567,231, respectively)	\$ 715,466	\$ 665,912	\$ 1,381,378	\$ 803,078	\$ 102,300	\$ 905,378
Contributions	428,136	-	428,136	343,055	25,000	368,055
Program events	92,108	-	92,108	140,408	-	140,408
Interest and dividends	2,571	-	2,571	2,503	-	2,503
In-Kind donations	351,000	-	351,000	-	-	-
Other income	250	-	250	-	-	-
Total Revenue, Gains and Other Support	<u>1,589,531</u>	<u>665,912</u>	<u>2,255,443</u>	<u>1,289,044</u>	<u>127,300</u>	<u>1,416,344</u>
Net assets released from restrictions - satisfaction of program restrictions	<u>86,919</u>	<u>(86,919)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenses:						
Program services	1,934,800	-	1,934,800	1,075,365	-	1,075,365
Management and general	251,288	-	251,288	182,609	-	182,609
Fundraising	126,665	-	126,665	95,739	-	95,739
Total Expenses	<u>2,312,753</u>	<u>-</u>	<u>2,312,753</u>	<u>1,353,713</u>	<u>-</u>	<u>1,353,713</u>
Changes in Net Assets	<u>(636,303)</u>	<u>578,993</u>	<u>(57,310)</u>	<u>(64,669)</u>	<u>127,300</u>	<u>62,631</u>
Net Assets, Beginning of Year	<u>861,684</u>	<u>127,300</u>	<u>988,984</u>	<u>926,353</u>	<u>-</u>	<u>926,353</u>
Net Assets, End of Year	<u>\$ 225,381</u>	<u>\$ 706,293</u>	<u>\$ 931,674</u>	<u>\$ 861,684</u>	<u>\$ 127,300</u>	<u>\$ 988,984</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, 2019 and 2018

Expenses:	2019				2018			
	Program Expenses	----Supporting Services----		Total	Program Expenses	----Supporting Services----		Total
		Administration Expenses	Fundraising Expenses			Administration Expenses	Fundraising Expenses	
Grants and assistance	\$ 554,973	\$ -	\$ -	\$ 554,973	\$ 464,907	\$ -	\$ -	\$ 464,907
Research	387,600	-	-	387,600	131,150	-	-	131,150
In-Kind donations	351,000	-	-	351,000	-	-	-	-
Wages	514,980	110,353	110,353	735,686	342,355	75,558	75,558	493,471
Payroll taxes	37,526	8,042	8,041	53,609	26,842	5,667	5,667	38,176
Employee benefits	9,037	24,057	-	33,094	2,059	12,946	-	15,005
Insurance	-	26,165	-	26,165	-	25,345	-	25,345
Supplies	-	25,885	-	25,885	-	16,187	-	16,187
Utilities	-	2,359	-	2,359	-	2,989	-	2,989
Meals and entertainment	-	8,020	113	8,133	-	4,764	-	4,764
Education and training	-	3,709	-	3,709	-	2,534	-	2,534
Dues and subscriptions	-	144	-	144	-	15	-	15
Advertising	53,236	-	4,490	57,726	81,512	-	10,756	92,268
Professional fees	-	22,064	-	22,064	-	15,955	-	15,955
Website	-	-	-	-	-	-	667	667
Service charges	-	506	-	506	-	884	-	884
Postage	3,608	2,367	-	5,975	3,474	-	-	3,474
Meeting and travel	3,640	-	1,250	4,890	3,866	-	2,907	6,773
Fundraising activities	-	-	-	-	-	-	184	184
Rent	19,200	-	-	19,200	19,200	-	-	19,200
Depreciation	-	13,665	-	13,665	-	11,051	-	11,051
Interest	-	1,356	-	1,356	-	3,747	-	3,747
Miscellaneous	-	2,596	2,418	5,014	-	4,967	-	4,967
Total Expenses	\$ 1,934,800	\$ 251,288	\$ 126,665	\$ 2,312,753	\$ 1,075,365	\$ 182,609	\$ 95,739	\$ 1,353,713

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

Cal's All-Star Angel Foundation, Inc.
Notes to Financial Statements
December 31, 2019 and 2018

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, 2019 and 2018

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, 2019 and 2018

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 restrictions.

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, 2019 and 2018, 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.

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 money market 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. The Organization has \$1,087,551 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures, consisting of cash of \$1,048,052 and prepaid expenses of \$39,499. 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.

Cal's All-Star Angel Foundation, Inc.
Notes to Financial Statements
December 31, 2019 and 2018

Note 1 – Summary of Significant Accounting Policies (continued)

Pending Accounting Changes:

In February 2016, the FASB issued ASU No. 2016-02, Leases, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-to-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the Statements of Revenue and Expenses. Currently, leases are classified as either capital or operating, with only capital leases recognized on the Statement of Assets, Liabilities and Net Assets. The reporting of lease expenses in the Statements of Revenue and Expenses will be generally consistent with the current guidance. The new lease guidance will be effective for the Organization's year ending after December 31, 2019 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The new lease standard is expected to have an impact on the financial statements due to the current lease the Organization has for their office space.

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The ASU clarifies and improves guidance for contributions received and contributions made and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities. The new guidance will be effective for the Association's year ending after December 31, 2019 and will be applied using a full retrospective method to the beginning of the earliest period presented. The standard is expected to have no impact on the financial statements.

On August 28, 2018, the FASB issued ASU 2018-13, Fair Value Measurement (Topic 820) Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement. The ASU modifies the disclosure requirements on fair value measurements found within ASC Topic 820 Fair Value Measurements. The guidance will be effective for the Organization's year ending after December 31, 2019 and is expected to have no impact on the financial statements.

Note 2 – Property and Equipment

Property and Equipment consists of the following:

	<u>2019</u>	<u>2018</u>
Furniture and equipment	\$ 67,961	\$ 67,963
Leasehold improvements	31,566	-
Accumulated Depreciation	<u>(35,063)</u>	<u>(21,399)</u>
Property and Equipment, net	<u>\$ 64,464</u>	<u>\$ 46,564</u>

Cal's All-Star Angel Foundation, Inc.
Notes to Financial Statements
December 31, 2019 and 2018

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 expired April 30, 2019. During the year, the Organization extended the lease and began leasing an adjacent unit. They will begin paying for the adjacent unit in March of 2020. The agreement is for five years and expires March 31, 2024. Rent expense for the years ended December 31, 2019 and 2018 amounted to \$19,200, respectively.

At December 31, 2019, future minimum lease payments are as follows:

2020	\$	34,871
2021		40,095
2022		40,095
2023		40,095
2024		10,024
Total	\$	<u>165,180</u>

Note 4 – Related Party Transaction

The Organization purchases insurance from a company where a board member works. Accordingly, \$26,165 and \$25,345 of insurance expense is a related party transaction for the years ending December 31, 2019 and 2018, respectively.

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, 2019, the balance is \$19,915. Interest expense was \$2,596 and \$4,967 for the years ended December 31, 2019 and December 31, 2018, respectively.

Maturities of the long-term debt are as follows:

2020	\$	7,914
2021		8,373
2022		3,628
Total	\$	<u>19,915</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, 2019, \$525,000 has been given toward the pledge.

During the year, the Organization committed to donating an additional \$475,000 over three years to Lurie Children's Hospital for the purchase of a research robot. As of December 31, 2019, \$125,000 had been given toward the pledge.

Cal's All-Star Angel Foundation, Inc.
Notes to Financial Statements
December 31, 2019 and 2018

Note 7 – Concentrations of Revenue Sources

During the years ended December 31, 2019 and 2018, the Organization received 77% and 82% of its revenue from fundraising, respectively. The Got Hope Gala provided approximately 40% and 28% of revenue for the years ended December 31, 2019 and 2018, respectively.

Note 8 – Simple IRA Plan

The Organization entered into a Simple-IRA retirement plan covering all employees who meet the eligibility requirements. Employees can contribute 3% of their salary, and the Organization will contribute a match of up to 3%. Contributions to the plan were \$12,910 and \$15,446 for the years ended December 31, 2019 and December 31, 2018, respectively.

Note 9 – Subsequent Event

The Organization evaluated its December 31, 2019 financial statements for subsequent events through the date the financial statements were issued. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact revenue. Other financial impact could occur though such potential impact is unknown at this time.

Note 10 – Date of Management's Review

Subsequent events have been evaluated through the date of this report, which is the date the financial statements were available to be issued. It was concluded that, other than as disclosed in Note 9, there are no subsequent events required to be disclosed.