

Cal's All-Star Angel Foundation, Inc.
Audited Financial Statements
For the Years Ended December 31, 2022 and 2021
(With Independent Auditor's Report Thereon)

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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, misrepresentations, or the override of internal control. Misstatements, including 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.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement 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 the Organization'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Ligke Gross : On, PC

Elgin, Illinois
May 3, 2023

Cal's All-Star Angel Foundation, Inc.
Statements of Assets, Liabilities, and Net Assets - Modified Cash Basis
December 31, 2022 and 2021

Assets		
	2022	Restated 2021
Current Assets:		
Cash and cash equivalents	\$ 3,148,526	\$ 2,080,560
Prepaid expenses	31,185	43,122
Total Current Assets	3,179,711	2,123,682
Long-Term Assets:		
Operating lease right-of-use asset	51,622	-
Property and equipment, net	36,169	58,920
Total Long-Term Assets	87,791	58,920
Total Assets	\$ 3,267,502	\$ 2,182,602
Liabilities and Net Assets		
Current Liabilities:		
Credit cards	\$ 2,599	\$ 13,625
Payroll taxes payable	14,628	24,974
Deferred revenue	153,223	160,380
Current portion of operating lease	38,350	-
Total Current Liabilities	208,800	198,979
Operating Lease, net of current portion	13,272	-
Total Liabilities	222,072	198,979
Net Assets:		
Without donor restrictions	1,947,490	1,572,019
With donor restrictions	1,097,940	411,604
Total Net Assets	3,045,430	1,983,623
Total Liabilities and Net Assets	\$ 3,267,502	\$ 2,182,602

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, 2022 and 2021

	2022			Restated 2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains and Other Support:						
Events (Net expenses of \$426,277 and \$318,852, respectively)	\$ 1,503,091	\$ 791,968	\$ 2,295,059	\$ 1,046,509	\$ 613,308	\$ 1,659,817
Contributions	704,595	-	704,595	683,630	-	683,630
Program events	35,000	-	35,000	35,000	-	35,000
Interest and dividends	1,376	-	1,376	526	-	526
In-Kind donations	641,676	-	641,676	482,000	-	482,000
Government grants	-	-	-	153,210	-	153,210
Other income	-	-	-	123	-	123
Total Revenue, Gains and Other Support	<u>2,885,738</u>	<u>791,968</u>	<u>3,677,706</u>	<u>2,400,998</u>	<u>613,308</u>	<u>3,014,306</u>
Net assets released from restrictions - satisfaction of program restrictions	<u>105,632</u>	<u>(105,632)</u>	<u>-</u>	<u>1,042,100</u>	<u>(1,042,100)</u>	<u>-</u>
Expenses:						
Program services	2,285,610	-	2,285,610	2,010,319	-	2,010,319
Management and general	224,627	-	224,627	222,149	-	222,149
Fundraising	105,662	-	105,662	108,399	-	108,399
Total Expenses	<u>2,615,899</u>	<u>-</u>	<u>2,615,899</u>	<u>2,340,867</u>	<u>-</u>	<u>2,340,867</u>
Changes in Net Assets	<u>375,471</u>	<u>686,336</u>	<u>1,061,807</u>	<u>1,102,231</u>	<u>(428,792)</u>	<u>673,439</u>
Net Assets, Beginning of Year	<u>1,572,019</u>	<u>411,604</u>	<u>1,983,623</u>	<u>469,788</u>	<u>840,396</u>	<u>1,310,184</u>
Net Assets, End of Year	<u>\$ 1,947,490</u>	<u>\$ 1,097,940</u>	<u>\$ 3,045,430</u>	<u>\$ 1,572,019</u>	<u>\$ 411,604</u>	<u>\$ 1,983,623</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, 2022 and 2021

Expenses:	2022				2021			
	Program services	----Supporting Services----			Program services	----Supporting Services----		
		Management and general	Fundraising	Total		Management and general	Fundraising	Total
Grants and assistance	\$ 653,403	\$ -	\$ -	\$ 653,403	\$ 691,684	\$ -	\$ -	\$ 691,684
Research	400,000	-	-	400,000	250,000	-	-	250,000
In-Kind donations	641,676	-	-	641,676	482,000	-	-	482,000
Wages	390,676	83,499	83,499	557,674	397,780	85,239	85,239	568,258
Payroll taxes	29,972	6,423	6,423	42,818	32,536	6,972	6,972	46,480
Employee benefits	4,387	6,854	-	11,241	7,707	12,662	-	20,369
Insurance	-	24,537	-	24,537	-	34,065	-	34,065
Supplies	-	19,686	-	19,686	-	10,016	-	10,016
Utilities	-	5,169	-	5,169	-	3,182	-	3,182
Meals and entertainment	-	9,017	-	9,017	-	12,941	-	12,941
Education and training	-	368	-	368	-	458	-	458
Dues and subscriptions	-	450	-	450	-	-	-	-
Advertising	109,627	-	13,273	122,900	96,797	-	11,430	108,227
Professional fees	-	39,264	-	39,264	-	30,932	-	30,932
Website	-	-	1,397	1,397	-	-	296	296
Service charges	-	676	-	676	-	453	-	453
Printing	-	-	171	171	-	-	1,174	1,174
Postage	10,700	5,788	-	16,488	8,550	318	1,219	10,087
Meeting and travel	5,074	-	427	5,501	3,170	-	1,019	4,189
Fundraising activities	-	-	472	472	-	-	346	346
Rent	40,095	-	-	40,095	40,095	-	-	40,095
Depreciation	-	22,751	-	22,751	-	22,313	-	22,313
Interest	-	-	-	-	-	343	-	343
Miscellaneous	-	145	-	145	-	2,255	704	2,959
Total Expenses	\$ 2,285,610	\$ 224,627	\$ 105,662	\$ 2,615,899	\$ 2,010,319	\$ 222,149	\$ 108,399	\$ 2,340,867

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

Cal's All-Star Angel Foundation, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

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 - Modified Cash Basis 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, 2022 and 2021

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:

As a modification to the cash basis of accounting, 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. As a modification to the cash basis of accounting, 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, 2022 and 2021

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 - Modified Cash Basis as net assets released from restrictions.

Donated Property and Services:

Donations received in property and services other than cash are recorded at their fair market value on the date of the gift. Donations in property and services whose fair market values are not objectively determinable are omitted from the financial statement in accordance with generally accepted accounting standards.

On January 1, 2022, the Organization elected to adopt Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the Statement of Support, Revenue, and Expenses – Modified Cash Basis, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. Adoption of this standard did not have a significant impact of the financial statements, with the exception of increased disclosure.

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, 2022 and 2021, 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.

Cal's All-Star Angel Foundation, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

Note 1 – Summary of Significant Accounting Policies (continued)

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 has \$3,148,526 of financial assets available within one year of the Statement of Assets, Liabilities, and Net Assets - Modified Cash Basis date to meet cash needs for general expenditures, consisting of cash of \$3,148,526. Other than restricted net assets of \$2,030,855, none of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the Statement of Assets, Liabilities, and Net Assets - Modified Cash. 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 \$1,300,000.

Leases:

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. 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 are classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of income. The Organization adopted this update in the year ending December 31, 2022, using a modified retrospective transition method with January 1, 2022 as the date of initial adoption. The Organization elected the package of practical expedients permitted under the transition guidance with the new standard, which, among other things, allowed the Organization to carry forward the historical lease classification. Adoption of the standard resulted in an increase in operating lease right-of-use asset and operating lease liability of \$51,622, respectively.

Note 2 – Property and Equipment

Property and equipment consists of the following:

	<u>2022</u>	<u>2021</u>
Furniture and equipment	\$ 67,962	\$ 67,962
Leasehold improvements	36,790	36,790
Computer and software	29,500	29,500
Accumulated depreciation	(83,824)	(71,235)
Accumulated amortization	<u>(14,259)</u>	<u>(4,097)</u>
Property and Equipment, net	<u>\$ 36,169</u>	<u>\$ 58,920</u>

Depreciation and amortization expense for the years ended December 31, 2022 and 2021 was \$22,751 and \$22,313, respectively.

Cal's All-Star Angel Foundation, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

Note 3 – Operating Lease

The Organization leases its office space in St. Charles, Illinois from an unrelated party. The agreement was for two years and expired April 30, 2019. During the ended year December 31, 2019, the Organization extended the lease and began leasing an adjacent unit. They began paying for the adjacent unit in March 2020. The agreement is for five years and expires March 31, 2024.

At December 31, 2022 the Organization has an operating lease right-of-use asset and liability on the Statement of Assets, Liabilities, and Net Assets – Modified Cash Basis in the amount of \$51,622 respectively, for this lease. The remaining lease term is 15 months as of December 31, 2022 and the discount rate used is 5.65%. Rent expense for the years ended December 31, 2022 and 2021 amounted to \$40,095 and \$40,095, respectively. At December 31, 2022, future minimum lease commitments are as follows:

For the year ending December 31,	
2023	\$ 40,095
2024	13,365
Total lease payments	<u>53,460</u>
Less: interest	<u>(1,838)</u>
Present value of lease liabilities	<u><u>\$ 51,622</u></u>

Note 4 – Related Party Transaction

The Organization purchases insurance from a company where a board member works. Accordingly, \$24,537 and \$34,065 of insurance expense is a related party transaction for the years ending December 31, 2022 and 2021, 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, 2021, the loan had been paid off in its entirety. Interest expense was \$0 and \$343 for the years ended December 31, 2022 and 2021, respectively.

Note 6 – Commitments

During the year ended December 31, 2019, the Organization committed to donating \$475,000 over three years to Lurie Children's Hospital for the purchase of a research robot. During the years ended December 31, 2022 and 2021, \$100,000 and \$250,000 were given towards the pledge, respectively. As of December 31, 2022, the Organization had met the commitment in its entirety.

During the year ended December 31, 2022, the Organization committed to donating \$500,000 over three years to University of Michigan's C.S. Mott Children's Hospital for research on high-risk neuroblastomas. During the year ended December 31, 2022, \$175,000 was given towards the pledge.

Cal's All-Star Angel Foundation, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

Note 7 – Concentrations of Revenue Sources

During the years ended December 31, 2022 and 2021, the Organization received 66% and 69% of its revenue from fundraising, respectively. The Got Hope Gala provided approximately 33% and 35% of revenue for the years ended December 31, 2022 and 2021, 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 \$12,181 and \$22,020 for the years ended December 31, 2022 and 2021, respectively.

Note 9 – Paycheck Protection Program Grant Revenue

On March 1, 2021, the Organization received a PPP Round 2 grant in the aggregate amount of \$153,210, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020. Under the terms of the PPP, as modified by the Paycheck Protection Program Flexibility Act (PPPFA), the Organization had used the entire grant amount through December 31, 2021 (“spending window”), for qualifying expenses, which include payroll costs, group health care benefit costs, rent, and utilities, as described in the CARES Act. The grant is shown on the Statement of Support, Revenue, and Expenses - Modified Cash Basis as Government Grants.

Note 10 – Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following components as of December 31, 2022 and 2021:

	2022	2021
Purpose-restricted	\$ 1,097,940	\$ 411,604
Time-restricted	-	-
Total nets assets with donor restrictions	<u>\$ 1,097,940</u>	<u>\$ 411,604</u>

Cal's All-Star Angel Foundation, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

Note 11 – Restatement

The Company has restated the 2021 financial statements for the expenses released from restrictions. The restatement has no effect on the current year's operations. The effect of the restatement on the 2021 financial statements is as follows:

	<u>As previously reported</u>	<u>Restated</u>
Statements of Assets, Liabilities, and Net Assets - Modified Cash Basis		
Net Assets, End of Year - Without Donor Restrictions	\$ 668,373	\$ 1,572,019
Net Assets, End of Year - With Donor Restrictions	\$ 1,315,520	\$ 411,604
Statements of Support, Revenue, and Expenses - Modified Cash Basis		
Net assets released from restrictions - satisfaction of program restrictions	\$ (138,454)	\$ (1,042,100)
Net Assets, End of Year - Without Donor Restrictions	668,373	1,572,019
Net Assets, End of Year - With Donor Restrictions	\$ 1,315,520	\$ 411,604

Note 12 – Date of Management's Review

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