

ANGEL FOUNDATION
AUDITED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

PREPARED BY:
BWK ROGERS PC
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

TABLE OF CONTENTS

Independent Auditor's Report..... 1-2

Financial Statements

Statements of Financial Position.....3

Statement of Activities.....4

Statement of Functional Expenses.....5

Statements of Cash Flows.....6

Notes to the Financial Statements..... 7-20



BWK Rogers PC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Minneapolis, Minnesota

*O. Barry Rogers, CPA
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Angel Foundation

We have audited the accompanying financial statements of Angel Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year 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 accounting principles generally accepted in the United States of America; this includes 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 of 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 financial position of Angel Foundation as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Angel Foundation's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 16, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Erik Rogers PC". The signature is written in a cursive, somewhat stylized font.

June 16, 2021

ANGEL FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 971,659	\$ 759,734
Receivables	14,423	94,558
Inventory	1,194	1,903
Prepaid expenses	<u>44,710</u>	<u>57,760</u>
Total Current Assets	1,031,986	913,955
Investments	2,885,677	2,665,161
Security deposit	3,259	3,259
Fixed assets, net of accumulated depreciation of \$126,626 and \$114,282 in 2020 and 2019, respectively	<u>22,084</u>	<u>25,037</u>
Total Assets	<u><u>\$ 3,943,006</u></u>	<u><u>\$ 3,607,412</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 34,464	\$ 13,638
Grants payable	42,093	59,959
Accrued expenses	93,858	80,142
Deferred revenue	<u>130,000</u>	<u>250,084</u>
Total Current Liabilities	300,415	403,823
Net Assets		
Without donor restrictions		
Undesignated	1,195,235	801,699
Board designated	<u>1,639,860</u>	<u>1,508,156</u>
Total Net Assets Without Donor Restrictions	2,835,095	2,309,855
With donor restrictions		
Purpose restrictions	201,285	347,691
Perpetual in nature	<u>606,211</u>	<u>546,043</u>
Total Net Assets With Donor Restrictions	<u>807,496</u>	<u>893,734</u>
Total Net Assets	<u>3,642,591</u>	<u>3,203,589</u>
Total Liabilities and Net Assets	<u><u>\$ 3,943,006</u></u>	<u><u>\$ 3,607,412</u></u>

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

**ANGEL FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH COMPARATIVE TOTALS FOR 2019**

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	Total <u>2020</u>	Total <u>2019</u>
SUPPORT AND REVENUE				
Support				
Contributions	\$ 1,674,435	\$ 242,936	\$ 1,917,371	\$ 1,482,434
Special events revenue, net	499,327	-	499,327	664,810
In-kind donations	225,834	-	225,834	179,834
Total support	<u>2,399,596</u>	<u>242,936</u>	<u>2,642,532</u>	<u>2,327,078</u>
Investment income				
Interest and dividend income	53,759	10,794	64,553	86,222
Investment fees	(8,062)	(2,589)	(10,651)	(10,452)
Net gain on sale of investments	54,938	14,288	69,226	64,862
Unrealized gain on investments	70,196	37,389	107,585	208,072
Total investment income	<u>170,831</u>	<u>59,882</u>	<u>230,713</u>	<u>348,704</u>
Net assets released from restrictions	<u>389,056</u>	<u>(389,056)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	2,959,483	(86,238)	2,873,245	2,675,782
EXPENSES				
Program activities:				
Emergency Financial Assistance (EFA)	1,267,723	-	1,267,723	1,234,124
Facing Cancer Together (FCT)	414,060	-	414,060	531,487
Financial Cancer Care (FCC)	269,303	-	269,303	-
Total program activities	<u>1,951,086</u>	<u>-</u>	<u>1,951,086</u>	<u>1,765,611</u>
Supporting activities:				
Management and general	287,909	-	287,909	316,352
Fundraising	195,248	-	195,248	211,617
Total supporting activities	<u>483,157</u>	<u>-</u>	<u>483,157</u>	<u>527,969</u>
Total Expenses	2,434,243	-	2,434,243	2,293,580
Change in net assets	525,240	(86,238)	439,002	382,202
Net assets, beginning of year	<u>2,309,855</u>	<u>893,734</u>	<u>3,203,589</u>	<u>2,821,387</u>
Net assets, end of year	<u>\$ 2,835,095</u>	<u>\$ 807,496</u>	<u>\$ 3,642,591</u>	<u>\$ 3,203,589</u>

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

ANGEL FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH COMPARATIVE TOTALS FOR 2019

	Program Activities				Supporting Activities			Total 2020	Total 2019
	<u>EFA</u>	<u>FCT</u>	<u>FCC</u>	<u>Total</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>		
Salaries	\$ 284,523	\$ 254,068	\$ 122,298	\$ 660,889	\$ 135,372	\$ 109,329	\$ 244,701	\$ 905,590	\$ 852,744
Payroll taxes	20,386	18,216	9,063	47,665	9,383	7,932	17,315	64,980	66,662
Employee benefits	17,996	14,830	6,590	39,416	7,229	5,964	13,193	52,609	48,266
Total personnel costs	322,905	287,114	137,951	747,970	151,984	123,225	275,209	1,023,179	967,672
Consultants/professional fees	800	4,204	25,000	30,004	54,620	24,537	79,157	109,161	100,780
Training/education	900	900	900	2,700	1,833	-	1,833	4,533	5,145
IT/communication services	12,190	9,771	13,484	35,445	11,746	19,906	31,652	67,097	43,397
Supplies	6,568	20,070	905	27,543	866	714	1,580	29,123	95,207
Insurance	2,162	1,781	788	4,731	865	712	1,577	6,308	5,507
Occupancy costs	27,300	22,382	9,957	59,639	11,140	8,993	20,133	79,772	96,809
Miscellaneous	72	-	201	273	2,326	730	3,056	3,329	3,167
Printing	3,979	3,178	1,689	8,846	1,544	6,862	8,406	17,252	21,077
Postage	2,439	2,041	889	5,369	1,030	2,443	3,473	8,842	8,692
Marketing/advertising	51,727	58,483	53,810	164,020	39,279	4,916	44,195	208,215	73,895
Travel/entertainment	-	652	86	738	1,002	253	1,255	1,993	10,493
Banking & investment fees	-	-	-	-	18,633	563	19,196	19,196	20,632
Financial assistance	832,450	-	22,100	854,550	-	-	-	854,550	842,241
Cost of direct benefits to donors	-	-	-	-	-	349,456	349,456	349,456	420,030
Depreciation	4,231	3,484	1,543	9,258	1,692	1,394	3,086	12,344	9,318
Total expenses by function	1,267,723	414,060	269,303	1,951,086	298,560	544,704	843,264	2,794,350	2,724,062
Less expenses included with revenues on the statement of activities									
Investment fees	-	-	-	-	(10,651)	-	(10,651)	(10,651)	(10,452)
Cost of direct benefits to donors	-	-	-	-	-	(349,456)	(349,456)	(349,456)	(420,030)
Total expenses included in the expense section on the statement of activities	<u>\$ 1,267,723</u>	<u>\$ 414,060</u>	<u>\$ 269,303</u>	<u>\$ 1,951,086</u>	<u>\$ 287,909</u>	<u>\$ 195,248</u>	<u>\$ 483,157</u>	<u>\$ 2,434,243</u>	<u>\$ 2,293,580</u>

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

ANGEL FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 439,002	\$ 382,202
Adjustments:		
Realized and unrealized (gain) on investments	(176,811)	(272,934)
PPP loan forgiveness	(160,000)	-
Depreciation	12,344	9,318
Decrease in inventory	709	742
Decrease (increase) in receivables	80,135	(45,032)
Decrease (increase) in prepaid expenses	13,050	(33,287)
Increase (decrease) in accounts payable	20,826	(17,749)
(Decrease) in grants payable	(17,866)	(22,991)
Increase in accrued expenses	13,716	41,473
(Decrease) increase in deferred revenue	<u>(120,084)</u>	<u>81,769</u>
Net cash provided by operating activities	105,021	123,511
Cash Flows from Investing Activities		
Securities purchased	(1,132,014)	(1,317,269)
Securities sold	1,176,317	1,339,833
Investment income reinvested	(88,008)	(93,776)
Purchase of fixed assets	<u>(9,391)</u>	<u>(20,754)</u>
Net cash (used) by investing activities	(53,096)	(91,966)
Cash Flows from Financing Activities		
Proceeds from PPP loan	<u>160,000</u>	-
Net cash provided by financing activities	<u>160,000</u>	-
Net increase in cash and cash equivalents	211,925	31,545
Cash and cash equivalents, beginning of year	<u>759,734</u>	<u>728,189</u>
Cash and cash equivalents, end of year	<u>\$ 971,659</u>	<u>\$ 759,734</u>

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

**ANGEL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 1. SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Organization

The Angel Foundation (the Foundation), formerly Minnesota Oncology Hematology Foundation, was founded in 2001 as a Minnesota non-profit corporation and is headquartered at 1155 Centre Pointe Drive, Suite 7, Mendota Heights, Minnesota 55120, to help when cancer strikes. Through an innovative and integrated approach of emergency financial assistance, education, and support, Angel Foundation helps adults with cancer and their families so that they may live life well with stability, strength, and resilience.

The Foundation pursues its mission in the following ways:

Emergency Financial Assistance

Emergency Financial Assistance (EFA) is provided to adults in active treatment for cancer to meet critical non-medical needs such as mortgage or rent payments, food, utilities, and transportation costs. Participants must live or be treated in the seven-county metro area of the Twin Cities.

Facing Cancer Together

Facing Cancer Together (FCT) is a free education and support program for families facing the challenge of parental cancer while parenting school-aged children. The purpose of the Facing Cancer Together program is to strengthen families as they face the challenge of a parent's cancer diagnosis through increased communication, reduction of stress, and implementing coping techniques.

Financial Cancer Care

Financial Cancer Care (FCC) is a financial empowerment program provided to adult cancer patients in the seven-county metro area of the Twin Cities. The program's purpose is to help patients manage cancer-related financial toxicity and the long-term effects of a cancer diagnosis by providing financial education and support.

Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables and other liabilities.

**ANGEL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 1. SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Comparative Financial Information

The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the Foundation's audited financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Cash and Cash Equivalents

The Foundation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. At times, cash and cash equivalents may be in the excess of FDIC limits. The Foundation has not experienced any losses in such accounts.

Promises to Give

The Foundation records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumption market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. The Foundation determines the allowance for uncollectible promises to give based on historical experience, as assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. No allowance for doubtful accounts has been provided, as management believes all receivables are collectible.

Inventory

Inventory consists of Hope pins and journals that are stated at the lower of cost or market, with cost determined on the first-in, first-out basis.

Investments

Investments are generally recorded at fair value based upon quoted market prices, when available, or estimates of fair value. Donated assets are recorded at fair value at the date of donation, or, if sold immediately after receipt, at the amount of sales proceeds received (which are considered a fair measure of the value at the date of donation). Those investments for which fair value is not readily determinable are carried at cost or, if donated, at fair value at the date of donation, or if no value can be estimated, at a nominal value. Unrealized gains and losses are included in the statement of activities. The investments may involve investment risks, including possible loss of principal invested.

ANGEL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 1. SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fixed Assets

Furniture, equipment, and leasehold improvements are recorded at cost, or in the case of contributed property, at the fair market value at the date of contribution. Items that cost \$500 or greater and a useful life of more than one year are capitalized. Depreciation is computed using the straight-line method over the following estimated useful lives:

Computers	3 years
Furniture and Equipment	3-5 years
Leasehold Improvements	Life of the Lease

When assets are retired, or otherwise disposed of, the cost and related accumulated depreciation is removed from the accounts, and any resulting gain or loss is reflected in income for the period. The cost of maintenance and repairs is charged to expense as incurred.

Deferred Revenue

Deferred revenue consists of support or sponsorship payments received prior to year end for events to be held subsequent to year-end. These amounts will be reflected as support in the period in which the event takes place.

Classification of Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. The Foundation reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

ANGEL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 1. SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Support and Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Donated Material and Services

Volunteers contribute significant amount of time to the Foundation's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria described by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Foundation records donated professional services at the respective fair value of the services received.

In-Kind Donations

The Foundation records various types of in-kind support during 2020 and 2019. GAAP requires recognition of professional services received if those services (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. In 2020 and 2019, the Foundation recognized \$225,834 and \$179,834 of in-kind donations.

Recorded in-kind contributions for the years ending December 31 were as follows:

	<u>2020</u>			<u>2019</u>		
	<u>Program</u>	<u>Admin</u>	<u>Fundraising</u>	<u>Program</u>	<u>Admin</u>	<u>Fundraising</u>
Financial Assistance	\$ 125	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Marketing/Advertising	156,416	675	4,560	20,654	12,158	---
Travel & Entertainment	---	---	---	---	175	---
Occupancy Costs	---	220	---	6,002	---	---
Postage	---	55	---	---	---	---
IT/Communication						
Services	---	---	---	---	52	---
Supplies	5,352	---	---	32,473	---	2,805
Consultants/Professional						
Fees	---	225	---	2,075	400	---
Special Event Direct						
Expenses	---	---	58,206	---	---	103,040
Total	<u>\$161,893</u>	<u>\$1,175</u>	<u>\$62,766</u>	<u>\$61,204</u>	<u>\$12,785</u>	<u>\$105,845</u>

ANGEL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 1. SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising Costs

Advertising costs are expensed as incurred and totaled \$208,215 and \$73,896 during the years ended December 31, 2020 and 2019, respectively.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of the expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Tax Exempt Status

The Foundation's activities are generally exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Since the Foundation is exempt from federal and state income tax liability, no provision is made for current or deferred income tax expense. The Foundation is not a private foundation. Management has determined that the Foundation is not subject to unrelated business income tax. Management is not aware of any transactions that would impact the Foundation's tax-exempt status.

The Foundation follows the guidance of the Accounting Standard Codification (ASC) 740, *Accounting for Income Taxes*, related to uncertainties in income taxes, which prescribes a threshold of more than likely than not for recognition and derecognition of positions taken or expected to be taken in a tax return. For the years ended December 31, 2020 and 2019, management of the Foundation is not aware of any material uncertain tax positions.

All tax-exempt entities are subject to review and audit by federal, state and other applicable agencies. Such agencies may review the taxability of unrelated business income, or the qualification of the tax-exempt entity under the Internal Revenue Code and applicable state statutes. For federal tax purposes, the tax returns remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

ANGEL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 1. SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments and Credit Risk

The Foundation manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Foundation has not experienced losses in any of these accounts. Credit risk associated with promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from individuals and foundations supportive of our mission. Investments are made by diversified investment managers whose performance is monitored by the Foundation and the investments committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Foundation and the Board believe that the investment policies and guidelines are prudent for the long-term welfare of the Foundation.

Subsequent Events

The Foundation has evaluated subsequent events through the date the financial statements were issued, June 16, 2021. There are no subsequent events required to be disclosed in accordance with accounting standards.

NOTE 2. LIQUIDITY AND AVAILABILITY

	<u>2020</u>	<u>2019</u>
Total financial assets	\$3,871,759	\$3,519,453
Donor-imposed restrictions:		
Restricted Funds	(201,285)	(347,691)
Endowments	<u>(606,211)</u>	<u>(546,043)</u>
Net financial assets after donor-imposed restrictions	3,064,263	2,625,719
Internal designations:		
Board Designated Funds	<u>(1,639,860)</u>	<u>(1,508,156)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$1,424,403</u>	<u>\$1,117,563</u>

ANGEL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 2. LIQUIDITY AND AVAILABILITY (CONTINUED)

The Foundation receives significant contributions and promises to give restricted by donors and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Foundation manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Foundation has a liquidity policy to maintain current financial assets less current liabilities at a minimum of 30 days operating expenses. The Foundation has a policy to target a year-end balance of reserves of undesignated net assets to meet 15 to 30 days of expected expenditures. To achieve these targets, the entity forecasts its future cash flows and monitors its liquidity quarterly and its reserves annually. During the years ended December 31, 2020 and 2019, the level of liquidity and reserves was managed within the policy requirements.

NOTE 3. FAIR VALUE

Angel Foundation adopted Financial Accounting Standards Board Accounting Standards Codification Topic 820, Fair Value Measurements and Disclosures (“ASC 820”). In accordance with ASC 820, “fair value” is defined as the price that an organization would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. Various inputs are used in determining the value of investments. ASC 820 established a three-tier hierarchy of inputs to establish a classification of fair value measurements for disclosure purposes. The three-tier hierarchy of inputs is summarized in these three broad levels:

- Level 1 – Quoted prices in active markets for identical investments.
- Level 2 – Other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – Significant unobservable inputs.

The Mutual Funds held by Angel Foundation at December 31, 2020 and 2019 are Level 1 assets valued using a market approach, and the Non-Traded REITs are Level 2 assets valued using a market approach. There were no changes in the valuation techniques during the current year.

**ANGEL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 4. INVESTMENTS

The Foundation's investments are stated at fair value based on quoted prices in active markets (all Level 1 and Level 2 measurements) and consist of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Mutual Funds (Level 1)	\$2,843,309	\$2,621,816
Non-Traded REITs (Level 2)	<u>42,368</u>	<u>43,345</u>
Total Investments	<u>\$2,885,677</u>	<u>\$2,665,161</u>

The Foundation's investments include both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions is classified as net assets without donor restrictions. In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment fund: (1) the duration and preservation of the fund, (2) the purposes of the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

**ANGEL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 4. INVESTMENTS (CONTINUED)

Investment Return Objectives, Risk Parameters and Strategies

The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes mutual funds, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution, while growing the funds if possible. In general, the Foundation would like the endowment to earn a targeted return that meets or exceeds a 40% equity / 60% fixed benchmark, measured by the Morningstar Moderately Conservative Target Risk Index. Actual performance (net of fees) shall be measured on a calendar year basis, as well as compared to the benchmark on rolling 1, 3, 5, and 10-year timeframes. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy

Distributions from the fund will be determined by the fund's spending policy, as defined from time to time by the Board. The Board will consider preservation of principal, protection from long-term effects of inflation, expected total return on investments over a long-term period, and other relevant general economic conditions when establishing or modifying such spending policy. In establishing this policy, the Foundation considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor restrictions, and the possible effects of inflation. The Foundation expects the current spending policy to allow its endowment funds to grow at a rate consistent with the Foundation's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

**ANGEL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 4. INVESTMENTS (CONTINUED)

Endowment net asset composition by type of fund as of December 31, 2020 and 2019 is as follows:

	<u>2020</u>			<u>2019</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Endowment Net Assets</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Endowment Net Assets</u>
Donor-restricted endowment fund	\$ ---	\$606,211	\$ 606,211	\$ ---	\$546,043	\$ 546,043
Board-designated endowment fund	<u>1,639,860</u>	<u>---</u>	<u>1,639,860</u>	<u>1,508,156</u>	<u>---</u>	<u>1,508,156</u>
Total funds	<u>\$1,639,860</u>	<u>\$606,211</u>	<u>\$2,246,071</u>	<u>\$1,508,156</u>	<u>\$546,043</u>	<u>\$2,054,199</u>

Changes in endowment net assets as of December 31, 2020 and 2019 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Endowment Assets</u>
Endowment net assets, January 1, 2019	\$1,309,388	\$456,306	\$1,765,694
Contributions received	---	383	383
Released from designation	(13,000)	---	(13,000)
Investment return, net	<u>211,768</u>	<u>89,354</u>	<u>301,122</u>
Endowment net assets, December 31, 2019	1,508,156	546,043	2,054,199
Contributions received	---	286	286
Investment return, net	<u>131,704</u>	<u>59,882</u>	<u>191,586</u>
Endowment net assets, December 31, 2020	<u>\$1,639,860</u>	<u>\$606,211</u>	<u>\$2,246,071</u>

NOTE 5. CONTINGENCIES

Substantially all support is received in the form of grants and contributions from various, individuals, corporations and foundations. Therefore, the continuation of programs of the Foundation is dependent upon future funding.

Grants require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of funds to grantors. Although that is a possibility, management deems the contingency remote, since by accepting the gifts and their terms, it has accommodated the objectives of the Foundation to the provisions of the gift.

**ANGEL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 6. FIXED ASSETS

Fixed assets consist of the following as of December 31:

	<u>2020</u>	<u>2019</u>
Computers & Equipment	\$140,418	\$131,027
Leasehold Improvements	8,292	8,292
Less: Accumulated Depreciation	<u>(126,626)</u>	<u>(114,282)</u>
Net Fixed Assets	<u>\$ 22,084</u>	<u>\$ 25,037</u>

Depreciation expense was \$12,344 and \$9,318 for the years ended December 31, 2020 and 2019, respectively.

NOTE 7. EMERGENCY FINANCIAL ASSISTANCE

The Foundation provides emergency financial assistance in the form of grants for basic non-medical needs and necessities such as helping with housing payments, utilities, food and other essential living expenses to individuals diagnosed with cancer. Patient grant requests must be made by a health care professional. The Foundation requires the patient to submit a copy of the bill or other documentation that an expense was incurred. At that time, the Foundation will submit a check to the vendor for expenses incurred. The commitment for approved grant requests as of December 31, 2020 and 2019 was \$42,093 and \$59,959, respectively, as reported on the Statement of Financial Position. The internal policy for maximum grant award ranges from \$500 for a household of one person to \$850 for a household of five or more people. Emergency financial assistance expenses total \$854,550 and \$842,241 for the years ended December 31, 2020 and 2019, respectively.

NOTE 8. LEASES

The Angel Foundation leases office equipment under an operating lease that started in May 2013, was renewed in July 2015, and expired in June 2020. Rent expense for this office equipment was \$1,155 and \$5,580 for the years ended December 31, 2020 and 2019, respectively.

In March 2020, the Foundation signed a new operating lease for office equipment that will expire in February 2025. Rent expense for this office equipment was \$5,346 and \$0 for the years ended December 31, 2020 and 2019, respectively.

Beginning on July 1, 2015, the Foundation leases office space under an operating lease that was to expire in November 2020. On February 11, 2020, the Foundation renewed this lease, so it now has an expiration date of November 30, 2025. This renewal will be recorded in 2021 using the provisions of Accounting Standards Update (ASU) 2016-02, Leases. Rent expense for this lease was \$69,676 and \$63,347 for the years ended December 31, 2020 and 2019, respectively.

**ANGEL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 8. LEASES (CONTINUED)

Future minimum lease payments for these leases are as follows as of December 31, 2020:

	<u>Equipment</u>	<u>Space</u>	<u>Total</u>
2021	\$ 3,346	\$ 45,316	\$ 48,662
2022	3,346	46,659	50,005
2023	3,346	47,995	51,341
2024	3,346	49,379	52,725
2025	<u>558</u>	<u>46,464</u>	<u>47,022</u>
Totals	<u>\$13,942</u>	<u>\$235,813</u>	<u>\$249,755</u>

The future minimum lease payments for space do not include the additional rent amounts for property taxes and operating expenses as required by the office space leases because the additional rent amounts are not yet known.

NOTE 9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods at December 31:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose:		
Breast cancer financial assistance	\$ ---	\$ 7,606
Brain cancer financial assistance	16,600	10,700
Financial assistance for Fridley residents	---	4,600
Other financial assistance	55,500	100,785
Emotional support	24,000	---
Angel Packs	8,000	---
Camp Snow Angel	5,000	20,000
Translation project	6,246	---
Financial Cancer Care program	<u>85,939</u>	<u>204,000</u>
	201,285	347,691
Endowments:		
Subject to endowment spending policy and appropriation:		
General operating expenses	<u>606,211</u>	<u>546,043</u>
Total Net Assets with Donor Restrictions	<u>\$807,496</u>	<u>\$893,734</u>

**ANGEL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 9. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows for the years ended December 31:

	<u>2020</u>	<u>2019</u>
Satisfaction of purpose restrictions		
Breast cancer financial assistance	\$ 7,606	\$ 2,100
Brain cancer financial assistance	11,100	1,300
Financial assistance for Fridley residents	4,600	8,300
Other financial assistance	100,785	4,400
Camp Snow Angel	15,000	---
Translation project	1,904	---
Financial Cancer Care program	<u>248,061</u>	<u>---</u>
Total Net Assets Released from Restrictions	<u>\$389,056</u>	<u>\$16,100</u>

NOTE 10. SPECIAL EVENTS REVENUE

Special events revenue is calculated net of revenue and expenses. Gross revenues and expenses for each event are as follows:

	<u>2020</u>			<u>2019</u>		
	<u>Revenue</u>	<u>Expenses</u>	<u>Net Revenue</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Net Revenue</u>
Gala	\$649,851	\$301,306	\$348,545	\$ 609,308	\$307,051	\$302,257
Golf	158,325	33,106	125,219	195,362	43,503	151,859
After Hours	45	4	41	21,828	3,487	18,341
Camp Luncheon	---	9	(9)	112,189	25,562	86,627
Swing Back	9,585	2,884	6,701	25,344	8,470	16,874
Tri 4	24,525	9,149	15,376	33,623	12,229	21,394
Hope in Motion	<u>6,452</u>	<u>2,998</u>	<u>3,454</u>	<u>87,186</u>	<u>19,728</u>	<u>67,458</u>
Total	<u>\$848,783</u>	<u>\$349,456</u>	<u>\$499,327</u>	<u>\$1,084,840</u>	<u>\$420,030</u>	<u>\$664,810</u>

NOTE 11. FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or support function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated included salaries, payroll taxes, employee benefits, IT/communication services, supplies, insurance, occupancy costs, printing, postage, and depreciation, which are allocated on the basis of estimates of time and effort.

**ANGEL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 12. RETIREMENT PLAN

The employees of Angel Foundation may contribute to a 401(k) retirement plan. The Foundation matches up to 4% of gross wages. The Foundation suspended the match in May 2020 due to the uncertainty that the pandemic created with possible budget shortfalls. The suspension was lifted in February 2021. Contributions to the plan for the years ended December 31, 2020 and 2019, were \$11,485 and \$17,956, respectively.