

**ANGEL FOUNDATION**  
**AUDITED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**

**PREPARED BY:**

**BWK ROGERS PC**

**REPORT OF CERTIFIED PUBLIC ACCOUNTANTS**

**TABLE OF CONTENTS**

Independent Auditor’s Report.....1

**Financial Statements**

Statements of Financial Position.....2

Statement of Activities.....3

Statement of Functional Expenses .....4

Statements of Cash Flows .....5

Notes to the Financial Statements..... 6-14



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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, 2015, 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, 2015, 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 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 16, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

June 21, 2016

**ANGEL FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2015 AND 2014**

	<u>Total</u> <u>2015</u>	<u>Total</u> <u>2014</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 597,084	\$ 737,202
Receivables	26,687	25,000
Inventory	5,263	13,616
Prepaid expenses	<u>28,871</u>	<u>32,739</u>
<b>Total Current Assets</b>	657,905	808,557
Investments	2,177,584	2,143,209
Security deposit	3,259	-
Fixed assets, net of accumulated depreciation of \$56,600 and \$76,694 in 2015 and 2014, respectively	<u>56,047</u>	<u>12,602</u>
<b>Total Assets</b>	<u>\$ 2,894,795</u>	<u>\$ 2,964,368</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 57,535	\$ 48,047
Deferred revenue	<u>157,825</u>	<u>152,369</u>
<b>Total Liabilities</b>	215,360	200,416
<b>Net Assets</b>		
Unrestricted	1,285,389	1,409,928
Board designated	<u>973,295</u>	<u>973,295</u>
Total Unrestricted Net Assets	2,258,684	2,383,223
Temporarily restricted	120,357	130,335
Permanently restricted	<u>300,394</u>	<u>250,394</u>
<b>Total Net Assets</b>	<u>2,679,435</u>	<u>2,763,952</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 2,894,795</u>	<u>\$ 2,964,368</u>

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

**ANGEL FOUNDATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2015  
WITH COMPARATIVE TOTALS FOR 2014**

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total 2015</u>	<u>Total 2014</u>
<b>SUPPORT AND REVENUE</b>					
Support					
Contributions	\$ 1,488,436	\$ 12,500	\$ 50,000	\$ 1,550,936	\$ 1,504,704
Special events revenue, net	453,534	-	-	453,534	450,707
In-kind	<u>133,353</u>	<u>-</u>	<u>-</u>	<u>133,353</u>	<u>198,357</u>
Total support	2,075,323	12,500	50,000	2,137,823	2,153,768
Investment income (loss)					
Interest and dividend income	47,180	-	-	47,180	52,612
Net gain (loss) on sale of investments	117,562	-	-	117,562	120,270
Unrealized gain (loss) on investments	<u>(195,921)</u>	<u>-</u>	<u>-</u>	<u>(195,921)</u>	<u>(65,949)</u>
Total investment income (loss)	(31,179)	-	-	(31,179)	106,933
Net assets released from restrictions	<u>22,478</u>	<u>(22,478)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Support and Revenue</b>	2,066,622	(9,978)	50,000	2,106,644	2,260,701
<b>EXPENSES</b>					
Program activities:					
EFA	1,251,501	-	-	1,251,501	1,175,107
FCT	<u>368,521</u>	<u>-</u>	<u>-</u>	<u>368,521</u>	<u>342,254</u>
Total program activities	1,620,022	-	-	1,620,022	1,517,361
Support activities:					
Management and general	292,289	-	-	292,289	342,157
Fundraising	<u>278,850</u>	<u>-</u>	<u>-</u>	<u>278,850</u>	<u>211,045</u>
Total support activities	<u>571,139</u>	<u>-</u>	<u>-</u>	<u>571,139</u>	<u>553,202</u>
<b>Total Expenses</b>	<u>2,191,161</u>	<u>-</u>	<u>-</u>	<u>2,191,161</u>	<u>2,070,563</u>
Change in net assets	(124,539)	(9,978)	50,000	(84,517)	190,138
Net assets, beginning of year	<u>2,383,223</u>	<u>130,335</u>	<u>250,394</u>	<u>2,763,952</u>	<u>2,573,814</u>
Net assets, end of year	<u>\$ 2,258,684</u>	<u>\$ 120,357</u>	<u>\$ 300,394</u>	<u>\$ 2,679,435</u>	<u>\$ 2,763,952</u>

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

**ANGEL FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**WITH COMPARATIVE TOTALS FOR 2014**

	Program Activities			Supporting Activities			Total 2015	Total 2014
	FCT	EFA	Total	Management and General	Fundraising	Total		
Salaries	\$ 198,511	\$ 142,943	\$ 341,454	\$ 124,501	\$ 183,197	\$ 307,698	\$ 649,152	\$ 594,259
Payroll taxes	15,631	11,866	27,497	9,403	16,274	25,677	53,174	52,758
Employee benefits	<u>7,538</u>	<u>2,683</u>	<u>10,221</u>	<u>7,094</u>	<u>10,709</u>	<u>17,803</u>	<u>28,024</u>	<u>32,012</u>
Total personnel costs	221,680	157,492	379,172	140,998	210,180	351,178	730,350	679,029
Consultants/professional fees	32,612	8,815	41,427	40,302	7,284	47,586	89,013	64,884
Training/education	1,021	666	1,687	1,140	546	1,686	3,373	3,573
IT/communication services	6,182	4,172	10,354	3,712	2,743	6,455	16,809	22,034
Supplies	31,845	7,004	38,849	30,447	12,514	42,961	81,810	46,753
Insurance	2,416	1,726	4,142	1,381	1,380	2,761	6,903	7,206
Rent	19,530	13,906	33,436	12,761	11,125	23,886	57,322	63,991
Miscellaneous	21	-	21	1,086	-	1,086	1,107	-
Printing	7,032	2,438	9,470	5,970	6,367	12,337	21,807	21,834
Postage	4,577	2,400	6,977	1,960	6,662	8,622	15,599	14,378
Marketing/advertising	425	425	850	26,193	483	26,676	27,526	77,552
Travel/entertainment	35,417	1,611	37,028	10,709	14,717	25,426	62,454	52,617
Banking fees	217	-	217	14,298	1,202	15,500	15,717	14,739
Financial assistance	-	1,048,692	1,048,692	-	-	-	1,048,692	985,510
Depreciation	<u>5,546</u>	<u>2,154</u>	<u>7,700</u>	<u>1,332</u>	<u>3,647</u>	<u>4,979</u>	<u>12,679</u>	<u>16,463</u>
Total expenses	<u>\$ 368,521</u>	<u>\$ 1,251,501</u>	<u>\$ 1,620,022</u>	<u>\$ 292,289</u>	<u>\$ 278,850</u>	<u>\$ 571,139</u>	<u>\$ 2,191,161</u>	<u>\$ 2,070,563</u>

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

**ANGEL FOUNDATION  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (84,517)	\$ 190,138
Adjustments:		
Net unrealized loss on investments	195,921	65,949
Depreciation	12,679	16,463
Decrease in inventory	8,353	3,711
(Increase) in receivables	(1,687)	(25,000)
Decrease (increase) in prepaid expenses	3,868	(805)
(Increase) in security deposit	(3,259)	-
Increase in accounts payable	9,488	3,202
Increase in deferred revenue	<u>5,456</u>	<u>14,379</u>
Net cash provided by operating activities	146,302	268,037
Cash Flows from Investing Activities		
Net investments	(230,296)	(188,935)
Purchase of fixed assets	<u>(56,124)</u>	<u>(3,691)</u>
Net cash (used) by investing activities	<u>(286,420)</u>	<u>(192,626)</u>
Net (decrease) increase in cash and cash equivalents	(140,118)	75,411
Cash and cash equivalents, beginning of year	<u>737,202</u>	<u>661,791</u>
Cash and cash equivalents, end of year	<u>\$ 597,084</u>	<u>\$ 737,202</u>

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

**ANGEL FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 1. ORGANIZATION**

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.

Description of programs

The Foundation pursues its mission in the following ways:

**Emergency Financial Assistance**

Emergency financial assistance (EFA) is provided to adult cancer patients in the seven-county metro area of the Twin Cities to meet critical non-medical needs such as mortgage or rent payments, food, utilities, and transportation costs.

**Educational Programs**

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.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Financial statement presentation

The Foundation is required to report information regarding its financial position and activities according to three classes of net assets:

**Unrestricted Net Assets**

Resources over which the Board of Directors has discretionary control.

**Temporarily Restricted Net Assets**

Resources subject to donor-imposed restrictions that will be satisfied through specific uses of the funds by the Foundation or the passage of time.

**Permanently Restricted Net Assets**

Resources where the original gift was subject to a donor-imposed restriction requiring that the gift be maintained permanently. Income earned from the resources is Board designated for future operations.

Basis of Presentation

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, 2015 AND 2014**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Support and Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as temporarily restricted. When a temporary restriction is satisfied (when a purpose restriction is accomplished or stipulated time restriction ends), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If, however, restricted contributions are received and released from restriction in the same year, the support is recognized as unrestricted in the financial statements. Unconditional promises to give are recognized as revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of benefits received. Intentions to give and conditional contributions are recognized when the conditions on which they depend on are substantially met.

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.

Inventory

Inventory consists of cookbooks, CDs, Hope pins, and notecards 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.

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.

**ANGEL FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 2. SUMMARY OF 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.

In-Kind Donations

The Foundation records various types of in-kind support during 2015 and 2014. 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 2015 and 2014, the Foundation recognized \$133,353 and \$198,357 of in-kind donations.

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

	<u>2015</u>			<u>2014</u>		
	<u>Program</u>	<u>Admin</u>	<u>Fundraising</u>	<u>Program</u>	<u>Admin</u>	<u>Fundraising</u>
Professional/ Consultant Fees	\$ ---	\$19,112	\$43,895	\$ 2,686	\$ 9,500	\$ 33,050
Emergency Financial Assistance	19,000	---	---	16,600	---	---
Marketing/Advertising	---	185	---	7,395	54,862	---
Printing	---	3,968	520	864	---	7,584
Travel & Entertainment	500	7,580	240	2,558	---	45,380
Supplies	50	18,967	19,089	1,564	275	16,039
Capital Asset	---	247	---	---	---	---
<b>Total</b>	<b><u>\$19,550</u></b>	<b><u>\$50,059</u></b>	<b><u>\$63,744</u></b>	<b><u>\$31,667</u></b>	<b><u>\$64,637</u></b>	<b><u>\$102,053</u></b>

**ANGEL FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Expense Allocation

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

Income Tax Status

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation is classified as a non-private foundation and contributions to the Foundation qualify as charitable tax deductions.

Comparative Financial Information

The financial statements include 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

Allowance for Doubtful Accounts

No allowance for doubtful accounts has been provided, as management believes all accounts receivable are collectible.

Temporarily Restricted Net Assets

Temporarily restricted net assets were restricted for the following purposes at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Brain cancer financial assistance	\$ 3,822	\$ 4,900
Other financial assistance	<u>116,535</u>	<u>125,435</u>
Total Temporarily Restricted Net Assets	<u>\$120,357</u>	<u>\$130,335</u>

Net assets were released from restrictions for the following purposes at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Other financial assistance	\$ 8,900	\$10,932
2014 Angelpacks	---	12,600
Brain cancer financial assistance	13,578	---
Breast cancer financial assistance	---	<u>614</u>
Total Net Assets Released from Restrictions	<u>\$22,478</u>	<u>\$24,146</u>

**ANGEL FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 3. INVESTMENTS**

The Foundation's investments are stated at fair value based on quoted prices in active markets (all Level 1 measurements) and consist of the following at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Mutual Funds	<u>\$2,103,290</u>	<u>\$2,124,254</u>

The Foundation's endowment includes 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 permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent 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 permanently restricted net assets is classified as unrestricted net assets. 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, 2015 AND 2014**

**NOTE 3. 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. Therefore, the Foundation expects its endowment assets, over time, to produce an average rate or return of approximately 5.3% greater than the rate of inflation annually. Actual returns in any given year may vary from this amount. 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 nominal average rate of 5.3% greater than the rate of inflation annually, which is 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.

Endowment net asset composition by type of fund as of December 31, 2015 and 2014 is as follows:

	<u>2015</u>			<u>2014</u>		
	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment Net Assets</u>	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment Net Assets</u>
Donor-restricted endowment fund	\$ ---	\$300,394	\$ 300,394	\$ ---	\$250,394	\$ 250,394
Board-designated endowment fund	<u>973,295</u>	<u>---</u>	<u>973,295</u>	<u>973,295</u>	<u>---</u>	<u>973,295</u>
Total funds	<u>\$973,295</u>	<u>\$300,394</u>	<u>\$1,273,689</u>	<u>\$973,295</u>	<u>\$250,394</u>	<u>\$1,223,689</u>

**ANGEL FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 4. 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, 2015 and 2014 are Level 1 assets valued using a market approach. There were no changes in the valuations techniques during the current year.

**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.

**NOTE 6. 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. Until that time, there is no liability recorded by the Foundation. However, the commitment for approved grant requests as of December 31, 2015 was \$81,854. The commitment as of December 31, 2014 was \$52,005. The internal policy for maximum grant award is \$850 for all types of cancer per individual. Emergency financial assistance payments total \$1,048,692 and \$985,510 for the years ended December 31, 2015 and 2014, respectively.

**ANGEL FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 7. SPECIAL EVENT REVENUE**

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

	<u>2015</u>			<u>2014</u>		
	<u>Revenue</u>	<u>Expenses</u>	<u>Net Revenue</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Net Revenue</u>
Angel Awards	\$535,285	\$241,372	\$293,913	\$508,581	\$245,406	\$263,175
Angels & Divas	36,574	14,461	22,113	41,806	17,937	23,869
Angel's Attic	---	---	---	13,309	702	12,607
Golf	<u>191,230</u>	<u>53,722</u>	<u>137,508</u>	<u>203,477</u>	<u>52,421</u>	<u>151,056</u>
Total	<u>\$763,089</u>	<u>\$309,555</u>	<u>\$453,534</u>	<u>\$767,173</u>	<u>\$316,466</u>	<u>\$450,707</u>

**NOTE 8. FIXED ASSETS**

Fixed assets consist of the following as of December 31:

	<u>2015</u>	<u>2014</u>
Computers & Equipment	\$104,355	\$74,535
Leasehold Improvements	8,292	14,761
Less: Accumulated Depreciation	<u>(56,600)</u>	<u>(76,694)</u>
Net Fixed Assets	<u>\$56,047</u>	<u>\$12,602</u>

Depreciation expense was \$12,679 and \$16,463 for the years ended December 31, 2015 and 2014, respectively.

**NOTE 9. OPERATING LEASE**

The Angel Foundation leases office equipment under an operating lease that started in May 2013 and will expire in April 2017. Rent expense for this office equipment was \$2,267 and \$2,267 for the years ended December 31, 2015 and 2014, respectively.

The Foundation leased office space under a lease that started in June 2011. The Foundation occupied this office space through June 2015. Rent expense for this lease was \$23,980 and \$64,258 for the years ended December 31, 2015 and 2014, respectively.

Beginning on July 1, 2015, the Foundation leases office space under a lease set to expire in November 2020. Rent expense for this lease was \$16,295 for the year ended December 31, 2015.

**ANGEL FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 9. OPERATING LEASE (CONTINUED)**

Future minimum lease payments for these leases are as follows as of December 31, 2015:

	<u>Equipment</u>	<u>Space</u>	<u>Total</u>
2016	\$2,267	\$ 35,849	38,116
2017	756	36,425	37,181
2018	---	37,961	37,961
2019	---	38,152	38,152
2020	<u>---</u>	<u>40,062</u>	<u>40,062</u>
Total	<u>\$3,023</u>	<u>\$188,449</u>	<u>\$191,472</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 10. RETIREMENT PLAN**

The employees of Angel Foundation may contribute to a 401(k) retirement plan. This plan is based strictly on employee participation with no contribution made by the Foundation.

**NOTE 11. SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events through the date the financial statements were issued, June 21, 2016. There are no additional subsequent events required to be disclosed in accordance with accounting standards.

**NOTE 12. INCOME TAX UNCERTAINTIES**

The Foundation follows the guidance in the income tax standard regarding the recognition and measurement of uncertain tax positions. The guidance clarifies the accounting for the uncertainty in income taxes recognized in the entity's financial statements. The guidance further prescribes recognition and measurement of tax provisions taken or expected to be taken on a tax return that are not certain to be realized. The application of this standard has no impact on the Foundation's financial statements.

The Foundation's tax returns are subject to review and examination by federal, state and local authorities. The tax returns for the years 2011 to 2015 are open to examination by federal, state, and local authorities.