

ANGEL FOUNDATION
AUDITED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

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 Expenses5

Statements of Cash Flows.....6

Notes to the Financial Statements..... 7-16



O. Barry Rogers, CPA
Wylie R. Klawitter, CPA

BWK Rogers PC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Minneapolis, Minnesota

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, 2016, 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, 2016, 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 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 21, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, 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 "B. K. Rogers PC". The signature is written in a cursive, flowing style.

June 27, 2017

ANGEL FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 454,999	\$ 597,084
Receivables	14,870	26,687
Inventory	5,553	5,263
Prepaid expenses	<u>34,846</u>	<u>28,871</u>
Total Current Assets	510,268	657,905
Investments	2,249,772	2,177,584
Security deposit	3,259	3,259
Fixed assets, net of accumulated depreciation of \$75,195 and \$56,600 in 2016 and 2015, respectively	<u>37,452</u>	<u>56,047</u>
Total Assets	<u>\$ 2,800,751</u>	<u>\$ 2,894,795</u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 89,856	\$ 57,535
Deferred revenue	<u>298,438</u>	<u>157,825</u>
Total Liabilities	388,294	215,360
Net Assets		
Unrestricted	1,027,704	1,285,389
Board designated	<u>973,295</u>	<u>973,295</u>
Total Unrestricted Net Assets	2,000,999	2,258,684
Temporarily restricted	111,064	120,357
Permanently restricted	<u>300,394</u>	<u>300,394</u>
Total Net Assets	<u>2,412,457</u>	<u>2,679,435</u>
Total Liabilities and Net Assets	<u>\$ 2,800,751</u>	<u>\$ 2,894,795</u>

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

**ANGEL FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016
WITH COMPARATIVE TOTALS FOR 2015**

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	Total <u>2016</u>	Total <u>2015</u>
SUPPORT AND REVENUE					
Support					
Contributions	\$ 1,211,705	\$ 15,000	\$ -	\$ 1,226,705	\$ 1,550,936
Special events revenue, net	502,930	-	-	502,930	453,534
In-kind	<u>167,158</u>	<u>-</u>	<u>-</u>	<u>167,158</u>	<u>133,353</u>
Total support	1,881,793	15,000	-	1,896,793	2,137,823
Investment income (loss)					
Interest and dividend income	44,854	-	-	44,854	47,180
Net gain on sale of investments	6,171	-	-	6,171	117,562
Unrealized gain (loss) on investments	<u>80,658</u>	<u>-</u>	<u>-</u>	<u>80,658</u>	<u>(195,921)</u>
Total investment income (loss)	131,683	-	-	131,683	(31,179)
Net assets released from restrictions	<u>24,293</u>	<u>(24,293)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	2,037,769	(9,293)	-	2,028,476	2,106,644
EXPENSES					
Program activities:					
EFA	1,312,657	-	-	1,312,657	1,251,501
FCT	<u>414,420</u>	<u>-</u>	<u>-</u>	<u>414,420</u>	<u>368,521</u>
Total program activities	1,727,077	-	-	1,727,077	1,620,022
Support activities:					
Management and general	365,423	-	-	365,423	292,289
Fundraising	<u>202,954</u>	<u>-</u>	<u>-</u>	<u>202,954</u>	<u>278,850</u>
Total support activities	568,377	-	-	568,377	571,139
Total Expenses	<u>2,295,454</u>	<u>-</u>	<u>-</u>	<u>2,295,454</u>	<u>2,191,161</u>
Change in net assets	(257,685)	(9,293)	-	(266,978)	(84,517)
Net assets, beginning 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>
Net assets, end of year	<u>\$ 2,000,999</u>	<u>\$ 111,064</u>	<u>\$ 300,394</u>	<u>\$ 2,412,457</u>	<u>\$ 2,679,435</u>

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

**ANGEL FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016
WITH COMPARATIVE TOTALS FOR 2015**

	Program Activities			Supporting Activities			Total 2016	Total 2015
	FCT	EFA	Total	Management and General	Fundraising	Total		
Salaries	\$ 236,561	\$ 184,131	\$ 420,692	\$ 94,385	\$ 114,444	\$ 208,829	\$ 629,521	\$ 649,152
Payroll taxes	19,069	13,210	32,279	10,939	9,535	20,474	52,753	53,174
Employee benefits	8,708	5,613	14,321	17,881	4,579	22,460	36,781	28,024
Total personnel costs	264,338	202,954	467,292	123,205	128,558	251,763	719,055	730,350
Consultants/professional fees	245	175	420	115,017	896	115,913	116,333	72,526
Training/education	703	-	703	9,028	2,527	11,555	12,258	3,373
IT/communication services	10,149	7,553	17,702	14,149	7,292	21,441	39,143	16,809
Supplies	34,936	3,916	38,852	3,417	6,042	9,459	48,311	65,060
Camp Angel	35,063	-	35,063	-	-	-	35,063	45,206
AngelPacks	23,926	-	23,926	-	-	-	23,926	9,253
Insurance	1,236	883	2,119	2,599	706	3,305	5,424	6,903
Occupancy costs	24,152	17,234	41,386	13,788	13,788	27,576	68,962	57,322
Miscellaneous	-	-	-	-	-	-	-	1,107
Printing	3,655	3,084	6,739	2,354	8,495	10,849	17,588	21,374
Postage	2,311	1,651	3,962	1,610	1,851	3,461	7,423	15,599
Marketing/advertising	3,755	1,969	5,724	56,344	4,032	60,376	66,100	27,526
Travel/entertainment	1,225	521	1,746	4,792	20,457	25,249	26,995	41,882
Banking & investment fees	651	5	656	16,266	4,069	20,335	20,991	15,500
Financial assistance	-	1,069,287	1,069,287	-	-	-	1,069,287	1,048,692
Depreciation	8,075	3,425	11,500	2,854	4,241	7,095	18,595	12,679
Total expenses	\$ 414,420	\$ 1,312,657	\$ 1,727,077	\$ 365,423	\$ 202,954	\$ 568,377	\$ 2,295,454	\$ 2,191,161

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

ANGEL FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (266,978)	\$ (84,517)
Adjustments:		
Net unrealized (gain) loss on investments	(80,658)	195,921
Depreciation	18,595	12,679
(Increase) decrease in inventory	(290)	8,353
Decrease (increase) in receivables	11,817	(1,687)
(Increase) decrease in prepaid expenses	(5,975)	3,868
(Increase) in security deposit	-	(3,259)
Increase in accounts payable	32,321	9,488
Increase in deferred revenue	<u>140,613</u>	<u>5,456</u>
Net cash (used) provided by operating activities	(150,555)	146,302
Cash Flows from Investing Activities		
Net investments	8,470	(230,296)
Purchase of fixed assets	<u>-</u>	<u>(56,124)</u>
Net cash provided (used) by investing activities	<u>8,470</u>	<u>(286,420)</u>
Net (decrease) in cash and cash equivalents	(142,085)	(140,118)
Cash and cash equivalents, beginning of year	<u>597,084</u>	<u>737,202</u>
Cash and cash equivalents, end of year	<u>\$ 454,999</u>	<u>\$ 597,084</u>

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

ANGEL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

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.

ANGEL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

ANGEL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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.

ANGEL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In-Kind Donations

The Foundation records various types of in-kind support during 2016 and 2015. 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 2016 and 2015, the Foundation recognized \$167,158 and \$133,353 of in-kind donations.

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

	<u>2016</u>			<u>2015</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
Training/Education	---	7,340	---	---	---	---
IT/Communication						
Services	---	30	---	---	---	---
Emergency Financial						
Assistance	8,435	---	---	19,000	---	---
Marketing/Advertising	594	52,329	---	---	185	---
Printing	---	---	---	---	3,968	520
Travel &						
Entertainment	---	---	5,000	500	7,580	240
Supplies	19,412	---	---	50	18,967	19,089
Special Event Direct						
Expenses	---	---	74,018	---	---	---
Capital Asset	---	---	---	---	247	---
Total	<u>\$28,441</u>	<u>\$59,699</u>	<u>\$79,018</u>	<u>\$19,550</u>	<u>\$50,059</u>	<u>\$63,744</u>

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, 2015, from which the summarized information was derived.

Reclassifications

Certain reclassifications have been made to the 2015 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

**ANGEL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Brain cancer financial assistance	\$ 1,529	\$ 3,822
Other financial assistance	<u>109,535</u>	<u>116,535</u>
Total Temporarily Restricted Net Assets	<u>\$111,064</u>	<u>\$120,357</u>

Net assets were released from restrictions for the following purposes at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Other financial assistance	\$ 7,000	\$ 8,900
Brain cancer financial assistance	<u>17,293</u>	<u>13,578</u>
Total Net Assets Released from Restrictions	<u>\$24,293</u>	<u>\$22,478</u>

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, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Mutual Funds	<u>\$2,073,818</u>	<u>\$2,103,290</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.

ANGEL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 3. INVESTMENTS (CONTINUED)

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.

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 Organization 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, 2016 AND 2015**

NOTE 3. INVESTMENTS (CONTINUED)

Endowment net asset composition by type of fund as of December 31, 2016 and 2015 is as follows:

	<u>2016</u>			<u>2015</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	\$ ---	\$300,394	\$ 300,394
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>\$300,394</u>	<u>\$1,273,689</u>

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, 2016 and 2015 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.

**ANGEL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

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, 2016 was \$101,267. The commitment as of December 31, 2015 was \$81,854. The internal policy for maximum grant award is \$850 for all types of cancer per individual. Effective January 1, 2017, the policy has been revised, so the 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 payments total \$1,069,287 and \$1,048,692 for the years ended December 31, 2016 and 2015, respectively.

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>2016</u>			<u>2015</u>		
	<u>Revenue</u>	<u>Expenses</u>	<u>Net Revenue</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Net Revenue</u>
Angel Awards	\$516,116	\$233,797	\$282,319	\$535,285	\$241,372	\$293,913
Angels & Divas	---	---	---	36,574	14,461	22,113
Golf	207,402	46,860	160,542	191,230	53,722	137,508
Angel After Hours	20,585	---	20,585	---	---	---
Camp Angel Luncheon	51,597	12,113	39,484	---	---	---
Total	<u>\$795,700</u>	<u>\$292,770</u>	<u>\$502,930</u>	<u>\$763,089</u>	<u>\$309,555</u>	<u>\$453,534</u>

**ANGEL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 8. FIXED ASSETS

Fixed assets consist of the following as of December 31:

	<u>2016</u>	<u>2015</u>
Computers & Equipment	\$104,355	\$104,355
Leasehold Improvements	8,292	8,292
Less: Accumulated Depreciation	<u>(75,195)</u>	<u>(56,600)</u>
Net Fixed Assets	<u>\$ 37,452</u>	<u>\$ 56,047</u>

Depreciation expense was \$18,595 and \$12,679 for the years ended December 31, 2016 and 2015, respectively.

NOTE 9. OPERATING LEASE

The Angel Foundation leases office equipment under an operating lease that started in May 2013, was renewed in July 2015, and will expire in June 2020. Rent expense for this office equipment was \$2,408 and \$2,337 for the years ended December 31, 2016 and 2015, 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 for the year ended December 31, 2015.

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 \$60,079 and \$27,786 for the years ended December 31, 2016 and 2015, respectively.

Future minimum lease payments for these leases are as follows as of December 31, 2016:

	<u>Equipment</u>	<u>Space</u>	<u>Total</u>
2017	\$2,408	\$36,425	\$ 38,833
2018	2,408	37,961	40,369
2019	2,408	38,152	40,560
2020	<u>1,204</u>	<u>40,062</u>	<u>41,266</u>
Total	<u>\$8,428</u>	<u>\$152,600</u>	<u>\$161,028</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.

ANGEL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 10. RETIREMENT PLAN

The employees of Angel Foundation may contribute to a 401(k) retirement plan. Until February 2016, this plan was based strictly on employee participation with no contribution made by the Foundation. Beginning in February 2016, the Foundation matches up to 4% of gross wages. Contributions to the plan for the year ended December 31, 2016, were \$16,650.

NOTE 11. SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through the date the financial statements were issued, June 27, 2017. There are no 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 2012 to 2016 are open to examination by federal, state, and local authorities.