

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Audrey's Angels
Phoenix, Arizona 85028

I have reviewed the accompanying financial statements of Audrey's Angels (an Arizona nonprofit corporation), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Managements'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.

Accountant's Responsibility

My responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principals generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

Accountant's Conclusion

Based on my reviews, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Monica J. Stern, CPA, PLLC

June 12, 2017

Audrey's Angels

Statements of Financial Position
As of December 31, 2016 and 2015

	December 31,	
Assets	2016	2015
Cash and cash equivalents	\$ 76,873	\$50,839
Accounts receivable, net	33,075	26,607
Prepaid expenses	1,914	1,694
Furniture and equipment, net	4,818	3,764
	-----	-----
Total assets	\$116,680	\$82,904
	=====	=====
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 16,811	\$13,625
Accrued payroll liabilities	2,191	1,748
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Total liabilities	19,002	15,373
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Net Assets:		
Unrestricted	77,678	67,531
Temporarily restricted	20,000	-
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Total net assets	97,678	67,531
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Total liabilities and net assets	\$116,680	\$82,904
	=====	=====

See independent accountant's review report and accompanying notes.

Audrey's Angels

Statements of Activities
For the years ended December 31, 2016 and 2015

	December 31, 2016			December 31, 2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and Revenue:						
Contributions	\$ 41,370	\$26,000	\$ 67,370	\$ 38,303	\$ 960	\$ 39,263
Program service fees	181,214	-	181,214	155,195	-	155,195
Special event revenue	79,143	-	79,143	89,063	-	89,063
Other income	449	-	449	443	-	443
Loss on sale of assets	(50)	-	(50)	-	-	-
	-----	-----	-----	-----	-----	-----
Total support and revenue	302,126	26,000	328,126	283,004	960	283,964
Net assets released from restrictions- satisfied by payments	6,000	(6,000)	-	960	(960)	-
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	308,126	20,000	328,126	283,964	-	283,964
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Expenses:						
Program services:						
Music and art program	197,509	-	197,509	176,176	-	176,176
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Total program services	197,509	-	197,509	176,176	-	176,176
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Support services:						
Administration	27,507	-	27,507	24,815	-	24,815
Fundraising	35,886	-	35,886	37,366	-	37,366
Direct benefits to donors	37,077	-	37,077	37,668	-	37,668
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Total support services	100,470	-	100,470	99,849	-	99,849
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Total expenses	297,979	-	297,979	276,025	-	276,025
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Increase (decrease) in net assets	10,147	20,000	30,147	7,939	-	7,939
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Net assets - beginning	67,531	-	67,531	59,592	-	59,592
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Net assets - ending	\$ 77,678	\$ 20,000	\$ 97,678	\$ 67,531	\$ -	\$ 67,531
	=====	=====	=====	=====	=====	=====

See independent accountant's review report and accompanying notes.

Audrey's Angels

Statements of Cash Flows
For the years ended December 31, 2016 and 2015

	<u>December 31,</u> <u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Increase in net assets	\$ 30,147	\$ 7,939
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	1,444	1,159
Loss on disposal of equipment	50	-
(Increase) decrease in accounts receivable	(6,468)	(625)
(Increase) decrease in prepaid expenses	(220)	139
Increase (decrease) in accounts payable and accrued expenses	3,186	324
Increase (decrease) in accrued payroll liabilities	443	(411)
Net cash provided by operating activities	<u>28,582</u>	<u>8,525</u>
Cash flows from investing activities:		
Purchases of furniture and equipment	(2,548)	(3,976)
Net cash used by investing activities	<u>(2,548)</u>	<u>(3,976)</u>
Net increase in cash and cash equivalents	26,034	4,549
Cash and cash equivalents - beginning	50,839	46,290
Cash and cash equivalents - ending	<u>\$ 76,873</u> =====	<u>\$ 50,839</u> =====

See independent accountant's review report and accompanying notes.

Audrey's Angels

Notes to Financial Statements
December 31, 2016 and 2015

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

BASIS OF ACCOUNTING - The financial statements of Audrey's Angels have been prepared in accordance with accounting principles generally accepted in the United States of America.

NATURE OF ACTIVITIES - Audrey's Angels ("the Organization") is a nonprofit corporation exempt from income taxes under Internal Revenue Code section 501(c)(3) and applicable Arizona income tax statutes. The Organization's primary purpose is to enrich the lives of the elderly by bringing interactive programs into senior group homes. Audrey's Angels envisions a community where the elderly are an integrated, interactive, connected and validated part of our society and works to serve every small residential adult care home in the Greater Phoenix Area in achieving such a community.

BASIS OF PRESENTATION - The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

CASH AND CASH EQUIVALENTS - The Organization considers all bank deposits and unrestricted highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

ACCOUNTS RECEIVABLE - Accounts receivable are carried at cost, less an allowance for credit losses. The Organization has adopted the reserve method of accounting for uncollectible receivables. The Organization determines the allowance based upon an analysis of specific customers, taking into consideration the age of past due accounts and assessment of the customer's ability to pay. Receivables are charged off when the account cannot be collected. Interest is not charged on unpaid balances. Invoices are due within 10 days of presentation and are considered delinquent once they are 90 days past due.

RESTRICTED AND UNRESTRICTED REVENUE AND SUPPORT - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions.

Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those assets must be maintained, the Organization reports expirations of donor restrictions when the assets are placed in service. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

See independent accountant's review report.

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

CONTRIBUTIONS IN-KIND - Contributed marketable securities and other noncash contributions, including materials, are recorded as support at their estimated fair values at the date of contribution. Contributions of equipment are recorded as support at the estimated fair value at the date of contribution. Such contributions are reported as unrestricted support unless the donor has restricted the asset to a specific purpose.

No amounts have been reflected in the financial statements for services donated by individuals who volunteer their time and perform a variety of tasks that assist the Organization with specific programs and administrative assignments. No estimated value has been placed on these services by the Organization.

USE OF ESTIMATES - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

EXPENSE ALLOCATIONS - The costs of providing 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 program and support services benefitted.

FIXED ASSETS AND DEPRECIATION - The Organization capitalizes equipment with an estimated useful life of one year or more. Capitalized assets are recorded at historical cost, if purchased, or at fair value, if contributed. Maintenance and repairs are charged to expense as incurred.

Depreciation is recorded based on the estimated useful life of the asset using the straight-line method.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of cash and cash equivalents, accounts receivable, accounts payable, and accrued liabilities approximate fair value because of the short maturity of those instruments.

FAIR VALUE MEASUREMENTS

Fair values are measured, if applicable, using the following three levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 - Observable inputs other than the quoted prices included in Level 1 for similar assets or liabilities in active or non-active markets.

Level 3 - Unobservable inputs (not actively traded or not available) that reflect the Organization's own assumptions about the assumptions that market participants would use in pricing the asset, based on the best information available in the circumstances.

ADVERTISING - The Organization expenses advertising costs, if any, as incurred.

See independent accountant's review report.

Audrey's Angels

 Notes to Financial Statements
 December 31, 2016 and 2015

(2) **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of the following:

	December 31,	
	2016	2015
Cash in checking account	\$56,861	\$50,839
Cash in savings account	20,012	-
	\$76,873	\$50,839
	=====	=====

(3) **ACCOUNTS RECEIVABLE, NET**

Accounts receivable are stated net of an allowance for credit losses of \$1,750 as of December 31, 2016 and \$6,000 as of December 31, 2015 and consist of program service fees receivable.

As of December 31, 2016, \$1,765 in receivables were greater than 90 days old.

(4) **FURNITURE AND EQUIPMENT, NET**

Furniture and equipment, net, consists of the following:

	December 31,	
	2016	2015
Furniture and equipment	\$10,525	\$ 8,075
Less: accumulated depreciation	(5,707)	(4,311)
	\$ 4,818	\$ 3,764
	=====	=====

Depreciation expense totaled \$1,444 for the year ended December 31, 2016 and \$1,159 for the year ended December 31, 2015.

(5) **DEDUCTIBLE GIFTS AND INCOME TAX EXEMPTION**

The Organization is a tax exempt organization under Internal Revenue Code Section 501(c)(3) and, therefore, donors may deduct contributions for income tax purposes. Bequests, legacies, devises, transfers, and gifts to the Organization are deductible for Federal estate and gift tax purposes. The Organization is not classified as a private foundation by the Internal Revenue Service.

(6) **UNCERTAIN TAX POSITIONS**

As of December 31, 2016, the Organization had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Organization will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred. The Organization believes it has had no unrelated business income and therefore, has not filed unrelated business income tax returns.

(7) **SUBSEQUENT EVENTS**

In January 2017, the organization signed a \$20,400 contract with a marketing company for the twelve months from February 2017 to January 2018.

Subsequent events were evaluated by management through June 12, 2017, which is the date the financial statements were available to be issued.

See independent accountant's review report.