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**INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

To the Board of Directors and Linda Alderson  
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, 2021 and 2020, and the related statements of activities and cash flows for the years then ended, and the related statement of functional expenses for the year ended December 31, 2021 with summarized comparative totals for the year ended December 31, 2020, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity 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.

**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.

**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.

I am required to be independent of Audrey's Angels and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to my review.

**Emphasis of Matter**

As discussed in Note 17 COVID-19 Pandemic, on March 12, 2020, the Organization temporarily suspended all services to seniors in care homes and disabled adults in day centers. Services continued to be suspended until the fall of 2020 when outdoor patio performances began on a limited basis. In April 2021, all restrictions were lifted but many care homes have continued to limit visitors. The duration and outcome of the reduced and suspended activities cannot be determined.

## INDEPENDENT ACCOUNTANT'S REVIEW REPORT (continued)

### 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.

### Summarized Comparative Information

I previously reviewed Audrey's Angels December 31, 2020 financial statements and in my conclusion dated May 10, 2021, stated that based on my review, I was not aware of any material modifications that should be made to the December 31, 2020 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. I am not aware of any material modifications that should be made to the statement of functional expenses summarized comparative information presented herein for the year ended December 31, 2020, for it to be consistent with the reviewed financial statement from which it has been derived.

*Monica J. Stern, CPA, PLLC*

September 21, 2022

Audrey's Angels  
Statements of Financial Position  
As of December 31, 2021 and 2020

	December 31,	
	2021	2020 (restated)
<b><u>Assets</u></b>		
Cash and cash equivalents	\$ 83,875	\$107,137
Accounts receivable, net	18,636	1,887
Accounts receivable - related party, net	-	444
Promises to give receivable	3,000	-
ERC refund receivable	41,570	10,000
Prepaid expenses	2,226	2,012
Furniture and equipment, net	-	129
Cash held for endowment	37,837	37,490
	-----	-----
Total assets	\$187,144	\$159,099
	=====	=====
 <b><u>Liabilities and Net Assets</u></b>		
Accounts payable and accrued expenses	\$ 10,085	\$ 2,756
	-----	-----
Total liabilities	10,085	2,756
	-----	-----
 Net Assets:		
Without donor restrictions:		
Designated - endowment	6,668	6,660
Undesignated	131,397	115,453
	-----	-----
Total without donor restrictions	138,065	122,113
 With donor restrictions	38,994	34,230
	-----	-----
Total net assets	177,059	156,343
	-----	-----
Total liabilities and net assets	\$187,144	\$159,099
	=====	=====

See independent accountant's review report and accompanying notes.

Audrey's Angels  
Statements of Activities  
For the years ended December 31, 2021 and 2020

	December 31, 2021			December 31, 2020 (restated)		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
Contributions of cash and other financial assets	\$ 39,135	\$ 6,300	\$ 45,435	\$ 70,017	\$ 7,873	\$ 77,890
Contributions of non- financial assets	4,433	-	4,433	7,806	-	7,806
Program service fees	81,918	-	81,918	50,245	-	50,245
Special event revenue	36,291	-	36,291	35,824	-	35,824
PPP/ERC grant income	50,550	-	50,550	25,404	-	25,404
Other income	371	39	410	591	182	773
	-----	-----	-----	-----	-----	-----
Total support and revenue	212,698	6,339	219,037	189,887	8,055	197,942
Net assets released from restrictions - satisfied by payments	1,575	(1,575)	-	6,323	(6,323)	-
	-----	-----	-----	-----	-----	-----
	214,273	4,764	219,037	196,210	1,732	197,942
	-----	-----	-----	-----	-----	-----
Expenses:						
Program services:						
Music and art program	125,111	-	125,111	118,430	-	118,430
	-----	-----	-----	-----	-----	-----
Total program services	125,111	-	125,111	118,430	-	118,430
	-----	-----	-----	-----	-----	-----
Support services:						
Administration	33,066	-	33,066	33,902	-	33,902
Fundraising	30,450	-	30,450	46,612	-	46,612
Direct benefits to donors	9,694	-	9,694	7,837	-	7,837
	-----	-----	-----	-----	-----	-----
Total support services	73,210	-	73,210	88,351	-	88,351
	-----	-----	-----	-----	-----	-----
Total expenses	198,321	-	198,321	206,781	-	206,781
	-----	-----	-----	-----	-----	-----
Change in net assets	15,952	4,764	20,716	(10,571)	1,732	(8,839)
	-----	-----	-----	-----	-----	-----
Net assets - beginning	122,113	34,230	156,343	132,684	32,498	165,182
	-----	-----	-----	-----	-----	-----
Net assets - ending	\$138,065	\$38,994	\$177,059	\$122,113	\$34,230	\$156,343
	=====	=====	=====	=====	=====	=====

See independent accountant's review report and accompanying notes.

Audrey's Angels  
Statement of Functional Expenses  
For the year ended December 31, 2021  
(with summarized comparative totals for the year ended December 31, 2020)

	Program Services	Support Services				Totals	
	Music and Art Program	Admin- istration	Fund- raising	Direct Benefits to Donors	Total	2021	2020
Salaries and wages	\$ 61,955	\$ 5,390	\$24,255	\$ -	\$29,645	\$ 91,600	\$ 90,600
Payroll taxes	4,747	413	1,858	-	2,271	7,018	6,981
	-----	-----	-----	-----	-----	-----	-----
TOTAL EMPLOYEE RELATED EXPENSES	66,702	5,803	26,113	-	31,916	98,618	97,581
Accounting	-	22,236	-	-	22,236	22,236	24,821
Other professional fees	-	-	-	-	-	-	16,000
Advertising and promotion	-	-	445	-	445	445	908
Office expenses	2,510	3,606	1,627	-	5,233	7,743	8,926
Information technology	120	120	1,601	-	1,721	1,841	6,400
Music/art contractors	54,968	-	-	-	-	54,968	37,640
Travel and transportation	116	26	117	-	143	259	403
Insurance	425	1,029	-	277	1,306	1,731	1,621
Conferences and meetings	156	219	157	-	376	532	571
Supplies	-	24	378	759	1,161	1,161	1,705
Event/facility/food	-	-	-	8,658	8,658	8,658	6,692
Depreciation	114	3	12	-	15	129	1,322
Bad debts	-	-	-	-	-	-	2,191
	-----	-----	-----	-----	-----	-----	-----
TOTAL EXPENSES	\$125,111	\$33,066	\$30,450	\$9,694	\$73,210	\$198,321	\$206,781
	=====	=====	=====	=====	=====	=====	=====

See independent accountant's review report and accompanying notes.

Audrey's Angels  
Statements of Cash Flows  
For the years ended December 31, 2021 and 2020

	December 31, 2021	2020 (restated)
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 20,716	\$ (8,839)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities		
Depreciation	129	1,322
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(16,305)	38,114
(Increase) decrease in promises to give receivable	(3,000)	3,250
(Increase) decrease in ERC refund receivable	(31,570)	(10,000)
(Increase) decrease in prepaid expenses	(214)	2,332
Increase (decrease) in accounts payable and accrued expenses	7,329	(14,673)
	-----	-----
Net cash provided by (used in) operating activities	(22,915)	11,506
	-----	-----
Net increase (decrease) in cash, cash equivalents and restricted/designated cash	(22,915)	11,506
Cash, cash equivalents and restricted/designated cash - beginning	144,627	133,121
	-----	-----
Cash, cash equivalents and restricted/designated cash - ending	\$121,712	\$144,627
	=====	=====

See independent accountant's review report and accompanying notes.

Audrey's Angels  
Notes to Financial Statements  
For the years ended December 31, 2021 and 2020

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

**NATURE OF ACTIVITIES** - Audrey's Angels ("the Organization") is a nonprofit corporation exempt from federal 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 Metropolitan Area in achieving such a community.

**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.

**BASIS OF PRESENTATION** - The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

The financial statements include certain prior-year summarized comparative information. 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 Organization's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

**CASH AND CASH EQUIVALENTS** - For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use but not held for endowment purposes, with an initial maturity of three months or less to be cash equivalents.

**ACCOUNTS RECEIVABLE** - Accounts receivable are unsecured and 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.

**SUPPORT WITH DONOR RESTRICTIONS AND WITHOUT DONOR RESTRICTIONS** - Contributions and grants received are recorded as support with donor restrictions or without donor restrictions, depending on the existence and nature of any donor restrictions.

Donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

See independent accountant's review report.

Audrey's Angels  
Notes to Financial Statements  
For the years ended December 31, 2021 and 2020

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

**SUPPORT WITH DONOR RESTRICTIONS AND WITHOUT DONOR RESTRICTIONS (continued)**

Contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. 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 net assets with donor restrictions to net assets without donor restrictions at that time.

**REVENUE FROM CONTRACTS WITH CUSTOMERS** - The Organization recognizes revenue in the accounting period in which the performance obligation is satisfied for program service fees and special event revenue. The transfer of the performance obligations occur at a single point in time as services are rendered. Cancellations result in a refund of the amount paid in advance. All contracts are with customers located in the Phoenix metropolitan area which may impact the nature of special events and the certainty of program service fees.

**CONTRIBUTED NONFINANCIAL ASSETS** - 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 support without donor restrictions unless the donor has restricted the asset to a specific purpose.

The Organization pays for most services requiring specific expertise. However, approximately 55 individuals volunteered their time and performed a variety of tasks that assisted the Organization in the Music and Art Program, at various outreach events, and several fundraising events throughout the year.

**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.

**PROMISES TO GIVE** - Unconditional promises to give (pledges), if any, are recognized as revenues in the period the promise is received and as assets, decreases of liabilities or expenses, depending on the form of the benefits received. Donor-restricted contributions are reported as increases in net assets with donor restrictions. Conditional promises to give are recognized when the conditions or barriers on which they depend are removed. Unconditional promises to give that are to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts, if any, is included in contribution revenue.

See independent accountant's review report.



Audrey's Angels  
Notes to Financial Statements  
For the years ended December 31, 2021 and 2020

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

**EXPENSE ALLOCATIONS** - The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and Functional Expenses. Accordingly, certain costs have been allocated among the programs and support services benefitted. Management and general include those expenses that are not directly identifiable with any specific program but provide for the overall support and direction of the Organization. Certain shared costs as well as salaries and benefits are allocated on the basis of estimates of time and effort.

**FIXED ASSETS AND DEPRECIATION** - The Organization capitalizes equipment with a cost, if purchased, or at fair value, if contributed, of over \$1,000. 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.

**ADVERTISING** - The Organization expenses advertising costs as incurred.

**PAYCHECK PROTECTION PROGRAM (PPP)** - The Paycheck Protection Program (PPP) provided loans to help businesses keep their workforce in place during the Coronavirus (COVID-19) crisis. The Organization has chosen to treat the proceeds as a loan and to follow the guidance in FASB ASC 450-30 which places the timing of the recognition of a gain contingency when all of the contingencies related to receipt of the assistance, including the Small Business Administration forgiveness of the loan, have been met and the gain is realized or realizable.

The receipt of any PPP amount will be treated as a loan. The proceeds from the loan will remain recorded as a liability until all contingencies are realized or realizable, at which time the earnings impact will be recognized.

**EMPLOYEE RETENTION CREDIT (ERC)** - The Employee Retention Credit (ERC), a credit against qualifying payroll costs allowed to an eligible employer for qualifying wages, was established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and further amended by the Consolidated Appropriations ACT (CAA) and the American Rescue Plan (ARP). The Organization has chosen to treat the proceeds as a conditional contribution and to follow the guidance in FASB ASC 958-605 which places the timing of the recognition of the contribution when the conditions are substantially met.

**RECENT ACCOUNTING PRONOUNCEMENTS** - In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU improves the transparency of contributed nonfinancial assets through enhancements to presentation and disclosures. The ASU requires that a nonprofit present contributed nonfinancial assets as a separate line item in the statement of activities apart from contributions of cash or other financial assets. Information that shows the contributed nonfinancial assets disaggregated by category will be required to be disclosed.

See independent accountant's review report.

Audrey's Angels  
Notes to Financial Statements  
For the years ended December 31, 2021 and 2020

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

**RECENT ACCOUNTING PRONOUNCEMENTS (continued)**

In addition, the ASU requires that for each type of contributed nonfinancial asset the following will be disclosed: (a) policy (if any) on liquidating rather than using the contributed nonfinancial assets, (b) qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period. If utilized, a description of the programs or activities in which the assets were used, (c) a description of any donor-imposed restrictions associated with the contributed nonfinancial assets, (d) valuation methods and inputs used to arrive at a fair value measure at initial recognition, and (e) the principal market or most advantageous market used to arrive at a fair value measure if it is a market in which the recipient NFP is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets. The amendments in the ASU are applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021. Early adoption is permitted. The Organization has elected to early adopt ASU 2020-07.

(2) **REVENUE RECOGNIZED FROM CONTRACTS WITH CUSTOMERS**

**Disaggregation of Revenue**

The following table summarizes revenue from contracts with customers for the years ended December 31, 2021 and 2020:

	December 31,	
Revenue:	2021	2020
Program service fees	\$ 81,918	\$50,245
Special event revenue	36,291	35,824
	-----	-----
Total revenue from contracts with customers	\$118,209	\$86,069
	=====	=====

All revenue from contracts with customers is recognized at a point in time.

**Contract Balances**

The timing of billings, cash collections and revenue recognition can result in contract assets and contract liabilities reported in the Statements of Financial Position as accounts receivable, deposits, and/or deferred revenue. Contract assets consist of receivables for performances.

The beginning and ending contract balances were as follows:

	December 31,	January 1,	
Contract assets:	<u>2021</u>	<u>2020</u>	<u>2019</u>
Accounts receivable, net	\$18,636	\$1,887	\$39,685
Accounts receivable - related party, net	-	444	760
	-----	-----	-----
	\$18,636	\$2,331	\$40,445
	=====	=====	=====

See independent accountant's review report.

Audrey's Angels  
Notes to Financial Statements  
For the years ended December 31, 2021 and 2020

(3) **LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Organization has the following financial assets available within one year of the balance sheet date to meet cash needs for general expenditures:

	December 31, 2021	2020
Cash and cash equivalents	\$ 83,875	\$107,137
Accounts receivable	18,636	2,331
Promises to give receivable	3,000	-
ERC refund receivable	41,570	-
Less: purpose restricted by donors (Note 10)	(7,825)	(3,400)
	-----	-----
Financial assets available to meet cash needs for general expenditures within one year	\$139,256	\$106,068
	=====	=====

The Organization manages its liquid resources by employing a variety of measures. The Organization focuses on generating adequate contributions and payments for services to cover the costs of its activities. The Organization also monitors costs closely.

(4) **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of the following:

	December 31, 2021	2020
Cash in checking accounts	\$83,875	\$107,137
	=====	=====

(5) **ACCOUNTS RECEIVABLE, NET AND ACCOUNTS RECEIVABLE - RELATED PARTY, NET**

Accounts receivable are stated net of an allowance for credit losses of \$0 as of December 31, 2021 and \$0 as of December 31, 2020 and consist of program service fees receivable.

As of December 31, 2021, no accounts receivable were greater than 90 days old.

All accounts are from customers in the Phoenix metropolitan area, creating a concentration of credit risk.

(6) **PROMISES TO GIVE RECEIVABLE, NET**

Promises to give receivable are stated net of an allowance for credit losses of \$0 as of December 31, 2021 and consist of a grant receivable. The amount is due in less than one year.

(7) **ERC REFUND RECEIVABLE**

Under the provisions of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") signed into law on March 27, 2020 and the subsequent extension of the CARES Act, the Organization was eligible for a refundable employee retention credit subject to certain criteria. The Organization recognized \$31,570 for the employee retention credit for the year ended December 31, 2021 and \$10,000 for the year ended December 31, 2020. The amounts are included in PPP/ERC grant income on the Statements of Activities. Such claimed ERCs have not settled but are expected to be settled during 2022 and are disclosed within ERC refund receivable on the Statement of Financial Position.

See independent accountant's review report.

Audrey's Angels  
Notes to Financial Statements  
For the years ended December 31, 2021 and 2020

(7) **ERC REFUND RECEIVABLE (continued)**

Laws and regulations concerning government programs, including the Employee Retention Credit established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Organization's claim to the ERC, and it is not possible to determine the impact (if any) this would have upon the Organization.

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

Furniture and equipment, net, consists of the following:

	December 31, 2021	2020
Furniture and equipment	\$ 12,050	\$ 12,050
Less: accumulated depreciation	(12,050)	(11,921)
	-----	-----
	\$ -	\$ 129
	=====	=====

Depreciation expense totaled \$129 for the year ended December 31, 2021 and \$1,322 for the year ended December 31, 2020.

(9) **CASH HELD FOR ENDOWMENT**

The Board of Directors established an endowment fund (the "fund") in 2017, specifying that the capital of the fund would be retained and invested, with withdrawals of earnings made on the endowment capital only upon approval by the Board for purposes of funding home visits to Arizona Long Term Care System (ALTCs) homes. The fund consists of individual donor-restricted contributions, which totaled \$30,715 as of December 31, 2021, and amounts designated by the Board of Directors to function as an endowment. As required by U.S. GAAP, net assets associated with an endowment fund, including amounts designated by the Board of Directors to function as endowments, are classified and reported based on the existence of or absence of donor-imposed restrictions. Interest earned on the fund will be restricted until the earnings reach an amount which will support funding a home for one year, at which time the funds may be used for the payment of expenses for one home visit monthly. Future funds received by the Organization may be designated by the Board for the above purpose.

In establishing this spending policy, the Organization considered the long-term expected return on its endowment and the Organization's objective to maintain the purchasing power of the endowment assets.

To achieve that objective, the Organization has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a risk-free interest bearing account and in two \$10,000 certificates of deposit (CD's) at a bank. The interest rates of the CD's ranges from .12% to .25%.

See independent accountant's review report.

Audrey's Angels  
Notes to Financial Statements  
For the years ended December 31, 2021 and 2020

(9) **CASH HELD FOR ENDOWMENT (continued)**

Composition of and changes in endowment net assets were as follows:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Endowment net assets, 1/1/20	\$6,620	\$29,923	\$36,543
	-----	-----	-----
Contributions	-	725	725
Interest income	40	182	222
Disbursements	-	-	-
	-----	-----	-----
Endowment net assets, 12/31/20	\$6,660	\$30,830	\$37,490
	=====	=====	=====

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Endowment net assets, 1/1/21	\$6,660	\$30,830	\$37,490
	-----	-----	-----
Contributions	-	300	300
Interest income	8	39	47
Disbursements	-	-	-
	-----	-----	-----
Endowment net assets, 12/31/21	\$6,668	\$31,169	\$37,837
	=====	=====	=====

(10) **NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions (excluding endowments) are restricted for the following purposes:

	December 31, <u>2021</u>	<u>2020</u>
Services at ALTCS homes	\$7,825	\$3,400
	=====	=====

(11) **RELATED PARTY TRANSACTIONS**

The outside accountant is a relative of the executive director. She was paid \$15,083 in 2021 and \$15,062 in 2020. No amounts were due to or from her at December 31, 2021 or December 31, 2020.

The Organization received contributions from board members and management employees of approximately \$17,875 during the year ended December 31, 2021 and \$20,425 during the year ended December 31, 2020.

See independent accountant's review report.

Audrey's Angels  
Notes to Financial Statements  
For the years ended December 31, 2021 and 2020

(12) **CASH FLOW INFORMATION**

Cash, cash equivalents and restricted/designated cash on the Statements of Cash Flows consist of the following items included in the Statements of Financial Position:

	December 31,	
	2021	2020
Cash and cash equivalents	\$ 83,875	\$107,137
Cash held for endowment	37,837	37,490
	-----	-----
Cash, cash equivalents and restricted/designated cash - ending	\$121,712	\$144,627
	=====	=====

(13) **OPERATING LEASE**

The Organization leased software under an operating lease that expired in July 2020.

Rent expense totaled \$3,500 for the year ended December 31, 2020.

(14) **CONTRIBUTED NONFINANCIAL ASSETS**

For the years ended December 31, 2021 and 2020, contributed nonfinancial assets recognized within the statement of activities included:

	December 31,	
	2021	2020
Prizes	\$3,850	\$3,065
Printing services	322	207
Supplies	261	518
Accounting services	-	4,016
	-----	-----
	\$4,433	\$7,806
	=====	=====

The Organization recognized contributed nonfinancial assets within revenue, including supplies, printing, prizes and accounting services. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed supplies, printing and prizes were utilized during special events. In valuing supplies, printing and prizes, Audrey's Angels estimated the fair value based on current rates for similar expenses.

Contributed accounting services recognized comprise professional accounting fees assisting Audrey's Angels with various administrative accounting matters. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar accounting services.

See independent accountant's review report.

Audrey's Angels  
Notes to Financial Statements  
For the years ended December 31, 2021 and 2020

(15) **PRIOR PERIOD ADJUSTMENT/RESTATEMENT OF FINANCIAL STATEMENTS**

The accompanying financial statements for the year ended December 31, 2020 have been restated to correct an understatement of PPP/ERC grant income.

The effect of the restatement and prior period adjustment on the statements of financial position, activities and cash flows as of and for the year ended December 31, 2020 are as follows:

	As Previously <u>Reported</u>	<u>Restated</u>
<u>Statement of Financial Position</u>		
ERC refund receivable	-	10,000
Total assets	149,099	159,099
Net assets - undesignated	105,453	115,453
Total net assets-without donor restrictions	112,113	122,113
Total net assets	146,343	156,343
Total liabilities and net assets	146,099	156,099
<u>Statement of Activities</u>		
Total PPP/ERC grant income	15,404	25,404
Total support and revenue - without donor restrictions	179,887	189,887
Total support and revenue	187,942	197,942
Change in net assets - without donor restrictions	(20,571)	(10,571)
Change in net assets	(18,839)	(8,839)
Net assets, ending - without donor restrictions	112,113	122,113
Net assets, ending	146,343	156,343
<u>Statement of Cash Flows</u>		
Increase (decrease) in net assets	(18,839)	(8,839)
Increase (decrease) in ERC refund receivable	-	(10,000)

(16) **CONCENTRATION OF CREDIT RISK**

The majority of contributions come from individuals that reside in the Greater Phoenix Metropolitan Area creating a concentration of credit risk.

(17) **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.

See independent accountant's review report.

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(18) **UNCERTAIN TAX POSITIONS**

As of December 31, 2021, 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.

(19) **COVID-19 PANDEMIC**

On March 12, 2020, the Organization temporarily suspended all services to seniors in care homes and disabled adults in day enrichment centers. Services continued to be suspended until the fall of 2020 when outdoor patio performances began on a limited basis. In April 2021, all restrictions were lifted and the Organization is actively resuming and increasing programs. However, many care homes have continued to limit visitors.

The Organization has taken the following steps to continue as a going concern:

- . Applied for the Employee Retention Credit (ERC) totaling \$41,570.
- . Held its Annual Golf Fundraiser in May 2022. The fundraiser raised approximately \$40,000.
- . Was awarded \$39,500 during 2022 in grants through the report issuance date.
- . Anticipates continued increases in programming hours each month going forward due to the availability of vaccines and updated CDC guidelines.
- . Anticipates additional grant opportunities to be opening up in the fall of 2022.

(20) **SUBSEQUENT EVENTS**

Subsequent events were evaluated by management through September 21, 2022, which is the date the financial statements were available to be issued.

See independent accountant's review report.