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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors and Linda Alderson
Audrey's Angels
Phoenix, AZ 85032

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, 2023 and 2022, 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, 2023 with summarized comparative totals for the year ended December 31, 2022, 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 engagement 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 principles 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.

Accountant's Conclusion

Based on my review, 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, 2022 financial statements, and in my conclusion dated August 15, 2023, stated that based on my review, I was not aware of any material modifications that should be made to the December 31, 2022 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, 2022, for it to be consistent with the reviewed financial statements from which it has been derived.

Monica J. Stern, CPA, PLLC

August 20, 2024

AUDREY'S ANGELS
Statements of Financial Position
As of December 31, 2023 and 2022

	December 31,	
	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 95,601	\$ 88,179
Accounts receivable, net	31,314	23,013
Grant receivable	21,350	18,000
ERC refund receivable	-	44,341
Prepaid expenses	2,666	4,230
Deposits	991	1,392
Furniture and equipment, net	2,569	-
Cash held for endowment	39,880	38,464
	<u>194,371</u>	<u>217,619</u>
Total assets	<u>\$ 194,371</u>	<u>\$ 217,619</u>
LIABILITIES		
Accounts payable	\$ 15,659	\$ 10,850
	<u>15,659</u>	<u>10,850</u>
Total liabilities	<u>15,659</u>	<u>10,850</u>
NET ASSETS		
Without donor restrictions		
Designated - endowment	6,754	6,691
Undesignated	117,482	141,529
	<u>124,236</u>	<u>148,220</u>
With donor restrictions	54,476	58,549
	<u>178,712</u>	<u>206,769</u>
Total net assets	<u>178,712</u>	<u>206,769</u>
Total liabilities and net assets	<u>\$ 194,371</u>	<u>\$ 217,619</u>

See independent accountant's review report and accompanying notes.

AUDREY'S ANGELS
Statements of Activities
For the Years Ended December 31, 2023 and 2022

	December 31, 2023			December 31, 2022		
	Without Donor Restrictions	With Donor Restricted	Total	Without Donor Restrictions	With Donor Restricted	Total
Support and Revenue						
Contributions of cash and other financial assets	\$ 26,751	\$ 23,400	\$ 50,151	\$ 43,682	\$ 26,000	\$ 69,682
Contributions of non- financial assets	7,944	-	7,944	837	-	837
Program service fees	162,738	-	162,738	148,999	-	148,999
Special event revenue	70,603	-	70,603	55,537	-	55,537
Other	1,024	302	1,326	3,339	105	3,444
	269,060	23,702	292,762	252,394	26,105	278,499
Net assets released from restrictions -						
Satisfied by payments	9,775	(9,775)	-	6,550	(6,550)	-
Time restrictions	18,000	(18,000)	-	15,000	(15,000)	-
Total support and revenue	296,835	(4,073)	292,762	273,944	4,555	278,499
EXPENSES						
Program Services						
Music program	200,140	-	200,140	176,144	-	176,144
Total program services	200,140	-	200,140	176,144	-	176,144
Supporting Activities						
Administration	41,910	-	41,910	37,952	-	37,952
Fundraising	47,468	-	47,468	37,127	-	37,127
Direct benefits to donors	31,301	-	31,301	12,566	-	12,566
Total supporting activities	120,679	-	120,679	87,645	-	87,645
Total expenses	320,819	-	320,819	263,789	-	263,789
Change in net assets	(23,984)	(4,073)	(28,057)	10,155	4,555	14,710
NET ASSETS, beginning of year, as previously stated	148,220	58,549	206,769	138,065	38,994	177,059
PRIOR PERIOD ADJUSTMENT	-	-	-	-	15,000	15,000
NET ASSETS, beginning of year, as restated	148,220	58,549	206,769	138,065	53,994	192,059
NET ASSETS, end of year	\$ 124,236	\$ 54,476	\$ 178,712	\$ 148,220	\$ 58,549	\$ 206,769

See independent accountant's review report and accompanying notes.

AUDREY'S ANGELS
Statement of Functional Expenses
For the Years Ended December 31, 2023 and 2022

	<u>Program Services</u>	<u>Supporting Activities</u>				<u>Total</u>	
	<u>Music program</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Direct benefits to donors</u>	<u>Total</u>	<u>2023</u>	<u>2022</u>
Salaries and wages	\$ 59,106	\$ 5,971	\$ 35,827	\$ -	\$ 41,798	\$ 100,904	\$ 96,288
Payroll taxes	4,793	484	2,906	-	3,390	8,183	7,565
Total employee related expenses	63,899	6,455	38,733	-	45,188	109,087	103,853
Accounting	-	26,812	-	-	26,812	26,812	24,809
Advertising and promotion	145	140	140	-	280	425	494
Bank and merchant fees	-	4,721	-	-	4,721	4,721	2,742
Office expenses	1,912	674	5,717	-	6,391	8,303	7,087
Information technology	458	215	627	-	842	1,300	2,055
Music contractors	132,058	-	-	-	-	132,058	102,414
Travel and transportation	298	66	298	-	364	662	301
Insurance	447	1,179	-	612	1,791	2,238	1,441
Conferences, meetings and events	104	962	209	29,221	30,392	30,496	17,415
Supplies	793	677	1,691	1,468	3,836	4,629	1,178
Depreciation	26	9	53	-	62	88	-
Total expenses	<u>\$ 200,140</u>	<u>\$ 41,910</u>	<u>\$ 47,468</u>	<u>\$ 31,301</u>	<u>\$ 120,679</u>	<u>\$ 320,819</u>	<u>\$ 263,789</u>

See independent accountant's review report and accompanying notes.

AUDREY'S ANGELS
Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

	December 31, 2023	2022
Cash flows from operating activities:		
Change in net assets	\$ (28,057)	\$ 14,710
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	88	-
(Increase) in accounts receivable, net	(8,301)	(4,377)
Decrease in promises to give receivable	-	3,000
(Increase) in grants receivable	(3,350)	(3,000)
(Increase) decrease in ERC refund receivable	44,341	(2,771)
(Increase) decrease in prepaid expenses	1,564	(2,004)
(Increase) decrease in deposits	401	(1,392)
Increase in accounts payable and accrued expenses	4,809	765
Net cash provided by operating activities	11,495	4,931
Cash flows from investing activity		
Purchase of equipment	(2,657)	-
Net cash (used in) investing activities	(2,657)	-
Net increase in cash, cash equivalents and restricted/ designated cash	8,838	4,931
Cash, cash equivalents, and restricted/designated cash, beginning of year	126,643	121,712
Cash, cash equivalents, and restricted/designated cash, end of year	\$ 135,481	\$ 126,643

See independent accountant's review report and accompanying notes.

AUDREY'S ANGELS
Notes to Financial Statements
For the Years Ended December 31, 2023 and 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES – Audrey's Angels (the "Organization") was incorporated in 2001 under the laws of the State of Arizona and is a nonprofit corporation exempt from federal income taxes under the Internal Revenue Code section 501(c)(3) and applicable Arizona income tax statutes. The Organization's mission is to enrich the lives of the elderly by bringing interactive live music programs into senior group homes. Audrey's Angels' interactive music programming helps to maintain and improve senior cognitive abilities, including language skills, and group activities encourage socialization. Even for those with severe dementia, music can tap deep emotional recall. Audrey's Angels envisions communities where the elderly are an integrated, interactive, connected and validated part of 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 accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

BASIS OF PRESENTATION – The Organization reports 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 U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

CASH, CASH EQUIVALENTS, AND RESTRICTED/DESIGNATED CASH - The Organization considers all highly liquid investments available for current use if not held for endowment purposes and with an initial maturity of three months or less to be cash equivalents. Cash held for endowments includes highly liquid investments in addition to certificates of deposits with maturities of up to one year.

ACCOUNTS RECEIVABLE – Accounts receivable are unsecured and carried at cost, less an allowance for credit losses. The Organization uses the allowance method to account for potential credit losses. The allowance is determined based upon an analysis of specific customers, taking into consideration the age of past due accounts, an assessment of each customer's ability to pay, and current and projected future economic conditions. 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 90 days past due.

PROMISES TO GIVE AND GRANTS RECEIVABLE – Unconditional promises to give (pledges) and grants receivable are recognized as revenue in the period the promise or award notification is received as an assets or as a decreases of liabilities or expenses, depending on the form of the benefits received. Donor-restricted contributions are reported as increases in net assets when the conditions or barriers on which they depend are removed. Unconditional promises to give and grants receivable that are to be collected within one year are recorded at net realizable value. Payments 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 discounts, if any, are included in contribution revenue. The grant receivable balance as of December 31, 2023, was paid in full during the subsequent year.

FIXED ASSETS AND DEPRECIATION – The Organization capitalizes equipment with a cost, if purchased, or at fair value at the date of contribution, if contributed, for amounts over \$1,000 and a useful life of more than two years. Maintenance and repairs are charged to expense as incurred.

See independent accountant's review report.

AUDREY'S ANGELS
Notes to Financial Statements
For the Years Ended December 31, 2023 and 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FIXED ASSETS AND DEPRECIATION (continued) – Depreciation is computed using the straight-line method over the estimated useful life of the asset. Useful lives of all assets range from 3 to 7 years.

SUPPORT WITH DONOR RESTRICTIONS AND WITHOUT DONOR RESTRICTIONS – Contributions received are recorded as support under net assets with donor restrictions or net assets 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.

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.

CONTRIBUTIONS OF NONFINANCIAL ASSETS – The Organization receives contributions of nonfinancial assets, which include gifts of equipment and materials, and are recorded as support at the estimated fair values 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, during 2023 and 2022, 91 and 33 individuals, respectively, volunteered their time and performed a variety of tasks that assisted the Organization in the music program, at outreach events, and fundraising events.

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.

EMPLOYEE RETENTION CREDIT (ERC) – The Employee Retention Credit (ERC), a credit against qualifying payroll costs allowed to an eligible employer for qualifying wages, was created under 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 chose 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 were substantially met. As of December 31, 2022, all conditions had been substantially met, and all related revenue had been recognized. Proceeds from the ERC were collected during the year ended December 31, 2023.

EXPENSE ALLOCATIONS – The cost 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 expenses 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.

See independent accountant's review report.

AUDREY'S ANGELS
Notes to Financial Statements
For the Years Ended December 31, 2023 and 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ADVERTISING – Advertising costs are expensed as incurred.

USE OF ESTIMATES – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

ADOPTION OF FASB ASU 2016-13 AND RELATED STANDARDS – At the beginning of 2023, the Organization adopted FASB ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The Organization adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Organization's financial statements but did change how the allowance for credit losses is determined.

SUPPLEMENTARY CASH FLOW STATEMENT DISCLOSURE – No cash was paid for interest, income taxes or excise taxes during the years ended December 31, 2023 or 2022.

(2) REVENUE RECOGNIZED FROM CONTRACTS WITH CUSTOMERS

Disaggregation of Revenue

The following table summarizes revenue from contracts with customers:

	December 31,	
	2023	2022
Revenue:		
Program service fees	\$ 162,738	\$ 148,999
Special event revenue	70,603	55,537
	\$ 233,341	\$ 204,536

Contract Balances

The following tables provides information about significant changes in the contract receivables:

	December 31,	
	2023	2022
Accounts receivable, beginning of year	\$ 23,013	\$ 18,636
Cash received during the year applied to accounts receivable at the beginning of the year	(23,013)	(18,636)
Increase in accounts receivable due to services provided during the year	31,314	23,013
Accounts receivable, end of year	\$ 31,314	\$ 23,013

(3) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization considers financial assets unavailable for general operations when balances held are not convertible to cash within one year, are received from donors for specific purposes, have been designated by the Board for a specific purpose, or are impacted by limits imposed by specific laws and contracts.

See independent accountant's review report.

AUDREY'S ANGELS
Notes to Financial Statements
For the Years Ended December 31, 2023 and 2022

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

The following table reflects the Organization's liquidity position as of December 31, 2023 and 2022:

	December 31, <u>2023</u>	<u>2022</u>
Financial assets:		
Cash and cash equivalents	\$ 95,601	\$ 88,179
Accounts receivable	31,314	23,013
Grant receivable	21,350	18,000
ERC refund receivable	-	44,341
Cash held for endowment	39,880	38,464
Less those unavailable for general expenditures within one year, due to:		
Board designations	(6,754)	(6,691)
Donor restrictions	<u>(33,126)</u>	<u>(40,549)</u>
Financial assets available within one year to meet cash needs for general expenditures	<u>\$ 148,265</u>	<u>\$ 164,757</u>

The Organization manages its liquid resources by employing a variety of measures, including focusing on generating adequate revenues to cover the costs of its activities and monitoring costs closely.

(4) CASH, CASH EQUIVALENTS, AND RESTRICTED/DESIGNATED CASH

Deposits at cash institutions are insured in limited amounts by the Federal Deposit Insurance Corporation (FDIC). All cash deposits held as of December 31, 2023 and 2022, were fully insured.

The following schedule provides a reconciliation of cash, cash equivalents, and restricted/designated cash reported within the statement of financial position as of December 31, 2023 and 2022, that sums to the same amounts shown on the statement of cash flows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 95,601	\$ 88,179
Cash held for endowments	<u>39,880</u>	<u>38,464</u>
Total cash, cash equivalents and restricted/ designated cash	<u>\$ 135,481</u>	<u>\$ 126,643</u>

(5) ACCOUNTS RECEIVABLE, NET

Accounts receivable consist of program service fees receivable and are stated net of an allowance for credit losses. No interest is charged on outstanding balances and balances are considered due when invoiced. No allowance for credit losses was recorded as of December 31, 2023 or 2022, as management anticipates the outstanding balances are fully collectible based on review of account balance, the Organization's historical collections of account receivable balances due, and the current and projected economy for the industry in which it operates. As of December 31, 2022, \$111 was more than 90 days outstanding. No amounts were more than 90 days outstanding as of December 31, 2023.

See independent accountant's review report.

AUDREY'S ANGELS
Notes to Financial Statements
For the Years Ended December 31, 2023 and 2022

(6) ERC REFUND RECEIVABLE

Under the provisions 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 during the years ended December 31, 2021 and \$10,000 during the year ended December 31, 2020. In addition, interest of \$2,711 was earned on the outstanding balance and was recognized during the year ended December 31, 2023. The total amount outstanding of \$44,341 as of December 31, 2022, was collected during January 2023.

(7) FURNITURE AND EQUIPMENT, NET

Furniture and equipment, net, consists of the following:

	December 31, 2023	2022
Equipment	\$ 7,084	\$ 12,050
Less: accumulated depreciation	<u>(4,515)</u>	<u>(12,050)</u>
	<u>\$ 2,569</u>	<u>\$ -</u>

Total depreciation expense for the year ended December 31, 2023, was \$88. No expense was recorded for the year ended December 31, 2022.

(8) 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 for purposes of funding home visits to Arizona Long Term Care System (ALTCs) homes. The fund consists of individual donor-restricted contributions, which totaled \$32,265 as of December 31, 2023, in addition to other amounts designated by the Board of Directors to function as an endowment, plus accumulated earnings that are allocated based on the percentage held in each net asset category. As required by U.S. GAAP, net assets associated with an endowment fund, including amounts designated by the Board of Directors to function as an endowment, are classified and reported based on the existence of or absence of donor-imposed restrictions. Interest earned on the restricted balance will be held until the earnings reach an amount which will support funding a home for one year, at which time the funds may be used to fund one monthly home visit for a year. However, any withdrawals of earnings would be made only upon approval by the Board. Amounts held in designated net assets as well as any future funds received by the Organization that may be designated by the Board may also be spent 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 this objective, the Organization has adopted an investment policy that attempts to maximize total returns consistent with an acceptable level of risk. Endowment assets are invested in a risk-free interest-bearing account and certificates of deposits at a bank. As of December 31, 2023, the interest rates on the accounts ranged from .55% to 2.19%. The interest rates on the accounts ranged from .12% to .25% as of December 31, 2022.

See independent accountant's review report.

AUDREY'S ANGELS
Notes to Financial Statements
For the Years Ended December 31, 2023 and 2022

(8) ENDOWMENT (continued)

Composition of and changes in the endowment net assets for the year ended December 31, 2023, were as follows:

	Without Donor Restrictions <u>Designated</u>	With Donor Restrictions <u>By Purpose</u>	<u>Total</u>
Beginning of year	\$ 6,691	\$ 31,774	\$ 38,465
Contributions	-	1,050	1,050
Interest	63	302	365
Withdrawals	-	-	-
End of year	<u>\$ 6,754</u>	<u>\$ 33,126</u>	<u>\$ 39,880</u>

Composition of and changes in the endowment net assets for the year ended December 31, 2022, were as follows:

	Without Donor Restrictions <u>Designated</u>	With Donor Restrictions <u>By Purpose</u>	<u>Total</u>
Beginning of year	\$ 6,668	\$ 31,169	\$ 37,837
Contributions	-	500	500
Interest	23	105	128
Withdrawals	-	-	-
End of year	<u>\$ 6,691</u>	<u>\$ 31,774</u>	<u>\$ 38,465</u>

(9) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes:

	December 31, <u>2023</u>	<u>2022</u>
Services at ALTCS homes	\$ -	\$ 8,775
Time restricted for subsequent year	21,350	18,000
Endowment	<u>33,126</u>	<u>31,774</u>
	<u>\$ 54,476</u>	<u>\$ 58,549</u>

(10) NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from restrictions consist of the following:

	December 31, <u>2023</u>	<u>2022</u>
Services at ALTCS homes	\$ 9,775	\$ 6,550
Time restrictions	<u>18,000</u>	<u>15,000</u>
	<u>\$ 27,775</u>	<u>\$ 21,550</u>

See independent accountant's review report.

AUDREY'S ANGELS
Notes to Financial Statements
For the Years Ended December 31, 2023 and 2022

(11) CONTRIBUTED NONFINANCIAL ASSETS

For the years ended December 31, 2023 and 2022, contributed nonfinancial assets recognized within the statements of activities included:

	December 31, 2023	2022
Event prizes	\$ 7,419	\$ 796
Printing services	<u>525</u>	<u>41</u>
	<u>\$ 7,944</u>	<u>\$ 837</u>

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

All contributed nonfinancial assets during the years ended December 31, 2023 and 2022, were utilized for special events. In valuing these contributions, Audrey's Angels estimated the fair value based on current rates for similar expenses.

(12) RELATED PARTY TRANSACTIONS

The contracted accountant is a relative of the executive director and was paid \$18,000 and \$16,800 for the years ended December 31, 2023 and 2022, respectively. No amounts were due to or from this individual as of December 31, 2023 or 2022.

The Organization received contributions from board members and management employees of approximately \$17,000 and \$13,000 during the years ended December 31, 2023 and 2022, respectively.

(13) 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.

(14) CONCENTRATION OF CREDIT RISK

The majority of contributions come from corporations located and individuals residing in the Greater Phoenix Metropolitan Area creating a concentration of credit risk.

(15) RESTATEMENT OF FINANCIAL STATEMENTS AND PRIOR PERIOD ADJUSTMENT

The reviewed financial statements of Audrey's Angels as of December 31, 2022 and for the year then ended were originally issued on August 15, 2023, with an unmodified conclusion. However, it was discovered that donor restricted grant revenue with time restrictions from a specific grantor had not reported correctly during the years ended December 31, 2022 or 2021. As such, the financial statements as of and for the year ended December 31, 2022, have been corrected and the net assets as of January 1, 2022, have been restated.

See independent accountant's review report.

AUDREY'S ANGELS
Notes to Financial Statements
For the Years Ended December 31, 2023 and 2022

(15) PRIOR PERIOD ADJUSTMENT (continued)

The corrections made to the financial statements as of December 31, 2022, and for the year then ended consist of the following:

	<u>As previously reported</u>	<u>As adjusted</u>	<u>As restated</u>
Statement of Financial Position			
Assets			
Grants receivable	\$ -	\$ 18,000	\$ 18,000
Total assets	199,619	18,000	217,619
Net assets			
Without donor restriction			
Undesignated	138,529	3,000	141,529
With donor restrictions	40,549	18,000	58,549
Total net assets	188,769	18,000	206,769
Total liabilities and net assets	199,619	18,000	217,619
Statement of Activities			
Contributions of cash and other financial assets-			
Without donor restrictions	\$ 58,682	\$ (15,000)	\$ 43,682
With donor restrictions	8,000	18,000	26,000
Net assets released from restrictions – Time restrictions			
Without donor restrictions	-	15,000	15,000
With donor restrictions	-	(15,000)	(15,000)
Total support and revenue	275,499	3,000	278,499
Change in net assets	11,710	3,000	14,710
Prior year adjustment, with donor restrictions	-	15,000	15,000
Net assets, beginning of year, as restated			
With donor restrictions	38,994	15,000	53,994
Net assets, end of year	188,769	18,000	206,769
Statement of Cash Flows			
Increase in net asset	\$ 11,710	\$ 3,000	\$ 14,710
(Increase) in grants receivable	-	(3,000)	\$ (3,000)

(16) SUBSEQUENT EVENTS

Subsequent events were evaluated by management through August 20, 2024, which is the date the financial statements were available to be issued.

See independent accountant's review report.