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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, 2024 and 2023, 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, 2024 with summarized comparative totals for the year ended December 31, 2023, 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, 2023 financial statements, and in my conclusion dated August 20, 2024, stated that based on my review, I was not aware of any material modifications that should be made to the December 31, 2023 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, 2023, for it to be consistent with the reviewed financial statements from which it has been derived.

Monica J. Stern, CPA, PLLC

August 27, 2025

AUDREY'S ANGELS
Statements of Financial Position
As of December 31, 2024 and 2023

	December 31,	
	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 81,986	\$ 95,601
Accounts receivable, net	34,526	31,314
Grant receivable	8,800	21,350
Prepaid expenses	2,942	2,666
Deposits	991	991
Furniture and equipment, net	2,039	2,569
Restricted/designated cash held for endowment	<u>42,044</u>	<u>39,880</u>
 Total assets	 <u>\$ 173,328</u>	 <u>\$ 194,371</u>
LIABILITIES		
Accounts payable	\$ 16,346	\$ 15,659
 Total liabilities	 <u>16,346</u>	 <u>15,659</u>
NET ASSETS		
Without donor restrictions		
Designated - endowment	6,824	6,754
Undesignated	<u>95,818</u>	<u>117,482</u>
 With donor restrictions	 <u>102,642</u>	 <u>124,236</u>
 Total net assets	 <u>54,340</u>	 <u>54,476</u>
 Total liabilities and net assets	 <u>\$ 173,328</u>	 <u>\$ 194,371</u>

See independent accountant's review report and accompanying notes.

AUDREY'S ANGELS
Statements of Activities
For the Years Ended December 31, 2024 and 2023

	December 31, 2024			December 31, 2023		
	Without Donor Restrictions	With Donor Restricted	Total	Without Donor Restrictions	With Donor Restricted	Total
Support and Revenue						
Contributions of cash and other financial assets	\$ 40,321	\$ 31,050	\$ 71,371	\$ 26,751	\$ 23,400	\$ 50,151
Contributions of non-financial assets (gifts-in-kind)	97,575	-	97,575	7,944	-	7,944
Program service fees	200,073	-	200,073	162,738	-	162,738
Special event revenue, net of gifts-in-kind of \$97,575 and \$7,944	47,390	-	47,390	70,603	-	70,603
Other	<u>730</u>	<u>344</u>	<u>1,074</u>	<u>1,024</u>	<u>302</u>	<u>1,326</u>
	386,089	31,394	417,483	269,060	23,702	292,762
Net assets released from restrictions -						
Satisfied by payments	10,180	(10,180)	-	9,775	(9,775)	-
Time restrictions	<u>21,350</u>	<u>(21,350)</u>	<u>-</u>	<u>18,000</u>	<u>(18,000)</u>	<u>-</u>
Total support and revenue	<u>417,619</u>	<u>(136)</u>	<u>417,483</u>	<u>296,835</u>	<u>(4,073)</u>	<u>292,762</u>
EXPENSES						
Program Services						
Music program	229,637	-	229,637	200,140	-	200,140
Total program services	<u>229,637</u>	<u>-</u>	<u>229,637</u>	<u>200,140</u>	<u>-</u>	<u>200,140</u>
Supporting Services						
Administration	54,387	-	54,387	41,910	-	41,910
Fundraising						
Purchased	37,820	-	37,820	46,943	-	46,943
Gifts-in-kind	88,375	-	88,375	525	-	525
Direct benefits to donors						
Purchased	19,794	-	19,794	23,882	-	23,882
Gifts-in-kind	<u>9,200</u>	<u>-</u>	<u>9,200</u>	<u>7,419</u>	<u>-</u>	<u>7,419</u>
Total supporting services	<u>209,576</u>	<u>-</u>	<u>209,576</u>	<u>120,679</u>	<u>-</u>	<u>120,679</u>
Total expenses	<u>439,213</u>	<u>-</u>	<u>439,213</u>	<u>320,819</u>	<u>-</u>	<u>320,819</u>
Change in net assets	(21,594)	(136)	(21,730)	(23,984)	(4,073)	(28,057)
NET ASSETS, beginning of year	<u>124,236</u>	<u>54,476</u>	<u>178,712</u>	<u>148,220</u>	<u>58,549</u>	<u>206,769</u>
NET ASSETS, end of year	<u>\$ 102,642</u>	<u>\$ 54,340</u>	<u>\$ 156,982</u>	<u>\$ 124,236</u>	<u>\$ 54,476</u>	<u>\$ 178,712</u>

See independent accountant's review report and accompanying notes.

AUDREY'S ANGELS
Statement of Functional Expenses
For the Years Ended December 31, 2024 and 2023

	Program Services	Supporting Activities				Total	
		Direct benefits				2024	2023
		Music program	Administration	Fundraising	to donors	Total	
Salaries and wages	\$ 62,202	\$ 15,768	\$ 28,383	\$ -	\$ 44,151	\$ 106,353	\$ 100,904
Payroll taxes	4,982	1,263	2,273	-	3,536	8,518	8,183
Total employee related expenses	67,184	17,031	30,656	-	47,687	114,871	109,087
Accounting	-	30,282	-	-	30,282	30,282	26,812
Advertising and promotion	26	25	25	-	50	76	425
Bank and merchant fees	-	3,829	-	-	3,829	3,829	4,721
Office expenses	1,954	969	5,906	-	6,875	8,829	8,303
Information technology	151	147	147	-	294	445	1,300
Music contractors	155,922	-	-	-	-	155,922	132,058
Travel and transportation	202	169	303	-	472	674	662
Insurance	449	382	-	-	382	831	2,238
Conferences, meetings and events	329	1,140	223	19,794	21,157	21,486	22,552
Supplies	612	281	321	-	602	1,214	4,629
Bad debt expense	2,649	-	-	-	-	2,649	-
Depreciation	159	132	239	-	371	530	88
Expenses before gifts-in-kind	229,637	54,387	37,820	19,794	112,001	341,638	312,875
Gifts-in-kind expenses							
Advertising and promotion	-	-	87,700	-	87,700	87,700	-
Conferences, meetings and events	-	-	675	9,200	9,875	9,875	7,944
	-	-	88,375	9,200	97,575	97,575	7,944
Total expenses	\$ 229,637	\$ 54,387	\$ 126,195	\$ 28,994	\$ 209,576	\$ 439,213	\$ 320,819

See independent accountant's review report and accompanying notes.

AUDREY'S ANGELS
Statements of Cash Flows
For the Years Ended December 31, 2024 and 2023

	December 31,	
	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ (21,730)	\$ (28,057)
Adjustments to reconcile increase in net assets to net cash (used in) operating activities		
Depreciation	530	88
(AIncrease) in accounts receivable, net	(3,212)	(8,301)
(AIncrease) decrease in grants receivable	12,550	(3,350)
Decrease in Employee Retention Credit refund receivable	-	44,341
(AIncrease) decrease in prepaid expenses	(276)	1,564
Decrease in deposits	-	401
Increase in accounts payable	<u>687</u>	<u>4,809</u>
Net cash (used in) operating activities	<u>(11,451)</u>	<u>11,495</u>
Cash flows from investing activity		
Purchase of equipment	<u>-</u>	<u>(2,657)</u>
Net cash (used in) investing activities	<u>-</u>	<u>(2,657)</u>
Net increase (decrease) in cash, cash equivalents and restricted/designated cash	(11,451)	8,838
Cash, cash equivalents, and restricted/designated cash, beginning of year	<u>135,481</u>	<u>126,643</u>
Cash, cash equivalents, and restricted/designated cash, end of year	<u>\$ 124,030</u>	<u>\$ 135,481</u>

See independent accountant's review report and accompanying notes.

AUDREY'S ANGELS
Notes to Financial Statements
For the Years Ended December 31, 2024 and 2023

(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.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the board limits resulting from the nature of the Organization, the environment in which it operates, the purpose specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

The Organization’s unspent contributions are reported in net assets with donor restrictions if the donor limited their use, as are promised contributions and grants that are not yet due. Contributions of property and equipment or cash restricted to acquisitions of property and equipment are reported as net assets with donor restrictions until the restriction is satisfied.

A donor’s restriction is satisfied by incurring expenses satisfying the restricted purpose, passage of the specified time restrictions, or other events specified by the donor. At that time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

The Organization’s donor-restricted endowment funds include the unspent appreciation of the endowment fund and the portion of the Organization’s donor-restricted endowment fund that the Organization is committed to maintaining in perpetuity. These funds are included in net assets with donor restrictions on the statements of financial position.

The Organization also has funds designated by the Board of Directors that include specific initiatives and unspent appreciation. These board-designated funds are included in designated – endowment under net assets without donor restrictions on the statements of financial position.

See independent accountant’s review report.

AUDREY'S ANGELS
Notes to Financial Statements
For the Years Ended December 31, 2024 and 2023

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

COMPARATIVE FINANCIAL INFORMATION – 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, 2023, from which the summarized information was derived.

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.

ESTIMATES – Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

EXPENSE ALLOCATIONS – The cost of providing various programs and other activities have been summarized on a functional basis in the statements of activities. The statement of functional expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and support services benefitted. The expenses that are allocated include personnel costs, professional services, office expenses, information technology, insurance, and others, are allocated on the basis of estimates of time, effort and use.

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.

DONATED ASSETS – Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation.

DONATED PROPERTY AND EQUIPMENT – Donations of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

DONATED SERVICES – Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Throughout the year, volunteers provide music sessions and fundraising services that are not recognized as contributions in the financial statements since the recognition criteria were not met.

AUDREY'S ANGELS
Notes to Financial Statements
For the Years Ended December 31, 2024 and 2023

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CASH AND CASH EQUIVALENTS – The Organization considers all highly liquid investments held in 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 uses information based on the aging of receivables as the basis to determine expected credit losses for receivables and believes that the composition of receivables at year-end is consistent with historical conditions as credit terms and practices and the client base has not changed significantly. Historically, credit losses have not been significant for the Organization.

PROMISES TO GIVE AND GRANTS RECEIVABLE – Conditional promises to give are not recognized in the financial statements until the conditions are substantially met or explicitly waived by the donor. Unconditional promises to give (pledges) and grants receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date. Promises that remain uncollected more than one year after their due dates are written off unless the donor indicates that payment is merely postponed. Grant receivable balances as of December 31, 2024 and 2023 were paid in full during the subsequent year.

FIXED ASSETS – The Organization capitalizes all expenditures for fixed assets with an initial cost in excess of \$1,000 and a useful life of more than one year. Purchased property and equipment are carried at cost. Donated property and equipment are carried at fair value at the date of donation. Maintenance and repairs are charged to expense as incurred.

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. Fixed assets are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is noted. If the carrying amount for the asset is not recoverable, the asset's carrying value is written down to fair value and an impairment expense is recognized for the amount of the write-down.

REVENUE AND REVENUErecognition – Revenue is recognized when earned. Program service and special event fees received in advance are deferred to the applicable period in which the related services are performed, the anticipated event is held, or expenditures are incurred. Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restrictions.

The transfer of the performance obligations occurs at a single point in time as services are rendered. Any cancellations result in a refund of the amount paid in advance.

Contributions received are recorded as increases in net assets without donor restricted and net assets with donor restrictions, depending on the existence and/or nature of any restrictions.

ADVERTISING – Advertising costs are expensed as incurred.

AUDREY'S ANGELS
 Notes to Financial Statements
 For the Years Ended December 31, 2024 and 2023

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

SUPPLEMENTARY CASH FLOW STATEMENT DISCLOSURE – No cash was paid for interest, income taxes or excise taxes during the years ended December 31, 2024 and 2023.

(2) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the Organization's net financial assets as of December 31, 2024 and 2023. Gross amounts are reduced by amounts not available in the 12 months following year end due to contractual requirements, donor-imposed restrictions, or board designation. Donor-restricted amounts that are anticipated to be released in less than 12 months are considered to be available.

	December 31,	
	2024	2023
Financial assets at year-end:		
Cash and cash equivalents	\$ 81,986	\$ 95,601
Accounts receivable, net	34,526	31,314
Grant receivable	8,800	21,350
Restricted/designated cash held for endowment	<u>42,044</u>	<u>39,880</u>
	167,356	188,145
Less unavailable amounts:		
Board designations - endowment	(6,824)	(6,754)
Donor restrictions - endowment	<u>(35,220)</u>	<u>(33,126)</u>
Financial assets available within one year to meet cash needs for general expenditures	<u>\$ 125,312</u>	<u>\$ 148,265</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.

(3) CASH AND CASH EQUIVALENTS

The following schedule provides a reconciliation of cash, cash equivalents and restricted/designated cash reported within the statement of financial position:

	December 31,	
	2024	2023
Cash and cash equivalents	\$ 81,986	\$ 95,601
Restricted/designated cash held for endowment	<u>42,044</u>	<u>39,880</u>
Total cash, cash equivalents and restricted/designated cash	<u>\$ 124,030</u>	<u>\$ 135,481</u>

The Organization maintains its cash and cash equivalent balances in two financial institutions. As of December 31, 2024 and 2023, all cash and cash equivalent balances were federally insured.

AUDREY'S ANGELS
 Notes to Financial Statements
 For the Years Ended December 31, 2024 and 2023

(4) ACCOUNTS RECEIVABLE, NET

Accounts receivable consist of program service fees receivable and are stated net of an allowance for credit losses. Invoices are due within 10 days of presentation and are considered delinquent once 90 days past due. No interest is charged on outstanding balances.

Allowances for credit losses is an estimate based upon historical account write-off trends, facts about the current financial condition of customers, and macroeconomic factors. Credit quality is monitored through the timing of payments compared to payment terms and known facts regarding the financial condition of customers.

Accounts receivable balances are charged off against the allowance for credit losses after the recovery efforts have ceased. No allowance for credit losses was recorded as of December 31, 2023 and no amounts were more than 90 days outstanding. During the year ended December 31, 2024, a provision for expected credit losses of \$2,649 was recorded, which represents balances outstanding more than 90 days.

The following tables summarizes accounts receivable, net balances:

	December 31,	
	2024	2023
Accounts receivable	\$ 37,175	\$ 31,314
Allowance for credit losses		
Beginning allowance balance	-	-
Provision for expected credit losses	(2,649)	-
Write-offs charged against allowance	-	-
	<u>(2,649)</u>	<u>-</u>
	<u>\$ 34,526</u>	<u>\$ 31,314</u>

(5) REVENUE RECOGNIZED FROM CONTRACTS WITH CUSTOMERS

Contract Balances

The timing of revenue recognition, billings and cash collections can result in billed accounts receivable, unbilled receivables (contract assets), and deferred revenue (contract liabilities) on the statement of financial position.

The beginning and ending contract balances were as follows:

	December 31, December 31, 2024	January 1, December 31, 2023	January 1, January 1 2023
Accounts receivable, net	\$ 34,526	\$ 31,314	\$ 23,013

AUDREY'S ANGELS
 Notes to Financial Statements
 For the Years Ended December 31, 2024 and 2023

(6) FIXED ASSETS

Fixed assets consist of computers and other office equipment. The following tables summarizes fixed assets.

	December 31,	
	2024	2023
Equipment	\$ 7,084	\$ 7,084
Less: accumulated depreciation	<u>(5,045)</u>	<u>(4,515)</u>
	<u><u>\$ 2,039</u></u>	<u><u>\$ 2,569</u></u>

Total depreciation expense for the year ended December 31, 2024 and 2023, was \$530 and \$88, respectively.

(7) ENDOWMENT

The Board of Directors established The Bob and Audrey Alderson Fund (the “Legacy Fund) in 2017, which is an endowment fund retained and invested to fund home visits to Arizona Long Term Care System (“ALTCS”) homes. The Legacy Fund consists of individual donor-restricted contributions, totaling \$32,265 as of December 31, 2024, 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. Net assets associated with the Legacy 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 of the Legacy Fund will be held until the earnings reach an amount which will support funding a home for one year, at which time the Legacy Fund may be used to fund one monthly home visit for a year. Any withdrawals of earnings would be made only upon approval by the Board. Amounts designated by the Board of Directors to function as an endowment held in the Legacy Fund 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.

Composition of and changes in the Legacy Fund endowment net assets for the year ended December 31, 2024 were as follows:

	Without Donor Restrictions -	With Donor Restrictions -	Total
Beginning of year	\$ 6,754	\$ 33,126	\$ 39,880
Contributions	-	1,750	1,750
Interest	70	344	414
Withdrawals	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u><u>\$ 6,824</u></u>	<u><u>\$ 35,220</u></u>	<u><u>\$ 42,044</u></u>

See independent accountant's review report.

AUDREY'S ANGELS
 Notes to Financial Statements
 For the Years Ended December 31, 2024 and 2023

(7) ENDOWMENT (continued)

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

	Without Donor Restrictions	With Donor Restrictions	Total
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>

(8) LINE OF CREDIT

A credit card issued to employees to use for Organization-related business expenses has a total credit limit of \$39,500. The Organization's practice is to pay off outstanding credit card balances monthly.

(9) RESTRICTIONS ON NET ASSETS

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

	December 31,	
	2024	2023
Services at ALTCS homes	\$ 10,320	\$ -
Time restricted for subsequent year	8,800	21,350
Endowment	<u>35,220</u>	<u>33,126</u>
	<u>\$ 54,340</u>	<u>\$ 54,476</u>

Net assets with donor restrictions are released from donor restrictions by incurring expenses satisfying the restricted purpose, passage of the specified time restrictions, or other events specified by the donor. These net asset releases consist of the following:

	December 31,	
	2024	2023
Services at ALTCS homes	\$ 10,180	\$ 9,775
Time restrictions	<u>21,350</u>	<u>18,000</u>
	<u>\$ 31,530</u>	<u>\$ 27,775</u>

(10) GIFTS-IN-KIND

The Organization's policy related to gifts-in-kind is to utilize the assets given or services provided to carry out the mission of the Organization, either through direct activities or to support fundraising events. If an asset cannot be utilized by the Organization, the asset will be sold at its fair market value.

See independent accountant's review report.

AUDREY'S ANGELS
 Notes to Financial Statements
 For the Years Ended December 31, 2024 and 2023

(10) GIFTS-IN-KIND (continued)

The fair value of all gifts-in-kind included as contributions in the financial statements and corresponding expenses were as follows:

	December 31,	
	2024	2023
Event prizes	\$ 9,200	\$ 7,419
Public service announcements	87,700	-
Printing services	<u>675</u>	<u>525</u>
	<u><u>\$ 97,575</u></u>	<u><u>\$ 7,944</u></u>

All gifts-in-kind received by the Organization for the years ended December 31, 2024 and 2023 were considered without donor restrictions and able to be used by the Organization as determined by the board of directors and management. Additionally, all gifts-in-kind received were related to fundraising activities and valued at fair value.

Numerous volunteers donate significant amounts of time to the Organization. During the years ended December 31, 2024 and 2023, music volunteers donated 563 hours and 485 hours, respectively, of music program services. Other individuals also volunteer their time for a variety of tasks related to program services and fundraising activities. The criteria for recognition of these hours have not been met and these services have not been recognized as contributions in the financial statements.

(11) RELATED PARTY TRANSACTIONS

The contracted accountant is a relative of the executive director and was paid \$20,400 and \$18,000 for the years ended December 31, 2024 and 2023, respectively. No amounts were due to or from this individual as of December 31, 2024 and 2023.

The Organization received contributions from board members and the executive director of approximately \$26,500 and \$17,000 during the years ended December 31, 2024 and 2023, respectively.

(12) INCOME TAXES

The Organization is a tax-exempt organization under Internal Revenue Code Section 501(c)(3) and application of Arizona state law; therefore, donors may deduct contributions for income tax purposes. The Organization is not classified as a private foundation by the Internal Revenue Service.

The Organization may recognize the tax benefit from a tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income. The Organization has analyzed its tax positions taken for filings with the Internal Revenue Service and the state of Arizona, and believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial condition, results of operations, or cash flows.

AUDREY'S ANGELS
Notes to Financial Statements
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(13) CONCENTRATION OF RISK

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

(14) SUBSEQUENT EVENTS

Subsequent events were evaluated by management through August 27, 2025, which is the date the financial statements were available to be issued. No subsequent events occurred during that time that are required to be disclosed.