

Gabriel's Angels, Inc.

Financial Statements

With Independent Auditors' Report

For the Year Ended April 30, 2023

With Summarized Comparative Information

For the Year Ended April 30, 2022

Gabriel's Angels, Inc.
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April 30, 2023 and 2022

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Independent Auditors' Report

The Board of Directors
Gabriel's Angels, Inc.
Phoenix, Arizona

Opinion

We have audited the accompanying financial statements of Gabriel's Angels (a nonprofit organization), which comprise the statement of financial position as of April 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gabriel's Angels as of April 30, 2023, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Gabriel's Angels and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, the Organization has changed its method of accounting for leases in the year ended April 30, 2023 due to the adoption of Accounting Standards Codification (ASC) Topic 842, Leases. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Gabriel's Angels' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material

misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Gabriel's Angels' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Gabriel's Angels' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Gabriel's Angels' 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 19, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended April 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Snyder & Brown CPAs, PLLC

Tempe, Arizona
August 23, 2023

Gabriel's Angels, Inc.
Statement of Financial Position
April 30, 2023
(With Summarized Comparative Totals as of April 30, 2022)

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 466,652	\$ 460,568
Investments	38,684	38,343
Contributions and pledges receivable, net	55,206	90,569
Product inventory	-	315
Prepaid expenses and deposits	51,463	34,774
Total current assets	612,005	624,569
Noncurrent assets:		
Restricted investments	6,010	6,010
Contributions and pledges receivable	133,697	89,602
Cash surrender value, life insurance	374,413	234,170
Property and equipment, net	61,993	-
Total assets	\$ 1,188,118	\$ 954,351
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 8,848	\$ 13,664
Accrued payroll and related expenses	70,517	52,706
Operating lease liability - current	56,206	-
Finance lease liability - current	2,100	-
Deferred Revenues	4,000	-
Total current liabilities	141,671	66,370
Noncurrent liabilities:		
Operating lease liability - long term	9,692	-
Finance lease liability - long term	3,679	-
Total liabilities	155,042	66,370
Net Assets:		
Without donor restrictions		
Undesignated	795,258	663,402
Board designated for replacement reserves	37,305	38,398
Total without donor restrictions	832,563	701,800
Net Assets with donor restrictions	200,513	186,181
Total net assets	1,033,076	887,981
Total liabilities and net assets	\$ 1,188,118	\$ 954,351

See Accompanying Notes to Financial Statements.

Gabriel's Angels, Inc.
Statement of Activities
For the Year Ended April 30, 2023
(With Summarized Comparative Totals for the Year Ended April 30, 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue and Other Support				
Contributions	\$ 419,002	\$ 5,600	\$ 424,602	\$ 554,987
Grants	287,500	-	287,500	197,300
Increase in cash surrender value of life insurance policy	35,050	-	35,050	36,037
Net investment income (loss)	725	-	725	(1,664)
Total revenue and other support before special events and releases from restrictions	<u>742,277</u>	<u>5,600</u>	<u>747,877</u>	<u>786,660</u>
Special event revenue	422,762	53,263	476,025	482,076
Less cost of direct benefits to donors	(158,819)	-	(158,819)	(176,787)
Net revenues from special events	<u>263,943</u>	<u>53,263</u>	<u>317,206</u>	<u>305,289</u>
Net assets released from restrictions	<u>44,531</u>	<u>(44,531)</u>	<u>-</u>	<u>-</u>
Total revenues and other support	<u>1,050,751</u>	<u>14,332</u>	<u>1,065,083</u>	<u>1,091,949</u>
Expenses and Losses				
Operating expenses:				
Program services	529,354	-	529,354	499,602
Support services				
Management and general	192,494	-	192,494	193,908
Fundraising and development	198,140	-	198,140	170,706
Total operating expenses	<u>919,988</u>	<u>-</u>	<u>919,988</u>	<u>864,216</u>
Change in net assets	130,763	14,332	145,095	227,733
Net assets, beginning of year	<u>701,800</u>	<u>186,181</u>	<u>887,981</u>	<u>660,248</u>
Net assets, end of year	<u>\$ 832,563</u>	<u>\$ 200,513</u>	<u>\$ 1,033,076</u>	<u>\$ 887,981</u>

See Accompanying Notes to Financial Statements.

Gabriel's Angels, Inc.
Statement of Functional Expenses
For the Year Ended April 30, 2023
(With Summarized Comparative Totals for the Year Ended April 30, 2022)

	Program Services	Management and General	Fundraising	Totals	
				2023	2022
Salaries	\$ 322,509	\$ 54,509	\$ 77,220	\$ 454,238	\$ 415,142
Payroll benefits and taxes	49,837	8,424	11,933	70,194	57,267
	<u>372,346</u>	<u>62,933</u>	<u>89,153</u>	<u>524,432</u>	<u>472,409</u>
Program promotion and community outreach	21,861	127	2,909	24,897	27,099
Uniforms and apparel	-	-	-	-	476
Program supplies	12,664	-	-	12,664	8,078
Dues and subscriptions	2,536	429	607	3,572	11,424
Professional and consulting fees	20,582	83,135	28,935	132,652	178,288
Rents and utilities	52,115	8,644	12,244	73,003	59,740
Repairs and maintenance	-	-	-	-	2,536
Equipment	-	-	-	-	2,449
Telephone and internet	10,630	1,797	2,545	14,972	14,247
Insurance	-	25,281	-	25,281	23,308
Marketing	6,219	888	10,661	17,768	11,512
Event-Other costs	2,348	376	1,631	4,355	-
Bank charges/credit card fees	14,731	2,490	3,527	20,748	23,242
In-kind services	-	-	-	-	20
Information technology	11,245	1,901	2,692	15,838	5,673
Bad debts	-	-	43,236	43,236	17,225
Interest	-	4,262	-	4,262	3,958
Depreciation and amortization	2,077	231	-	2,308	2,532
	<u>\$ 529,354</u>	<u>\$ 192,494</u>	<u>\$ 198,140</u>	<u>\$ 919,988</u>	<u>\$ 864,216</u>

See Accompanying Notes to Financial Statements.

Gabriel's Angels, Inc.
Statement of Cash Flows
For the Year Ended April 30, 2023
(With Summarized Comparative Totals for the Year Ended April 30, 2022)

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 145,095	\$ 227,733
Adjustments to reconcile change in net assets to net cash from operating activities		
Loan forgiveness	-	(122,155)
Depreciation and amortization	2,308	2,532
Unrealized (gain) loss on investments	(341)	3,134
Write off of uncollectible pledges	43,236	17,255
Amortization of operating leases	61,307	-
Change in cash surrender value of life insurance	(37,551)	(36,038)
Changes in operating assets and liabilities		
(Increase) decrease in		
Contributions and pledges receivable	(51,968)	(109,156)
Product inventory	315	729
Prepaid expenses and deposits	(16,689)	(23,776)
Increase (decrease) in		
Accounts payable	(4,817)	13,664
Accrued payroll and related expenses	17,811	14,433
Deferred rent	-	(634)
Deferred revenue	4,000	-
Principal reduction of operating lease liability	(51,846)	-
Net cash provided (used) by operating activities	<u>110,860</u>	<u>(12,279)</u>
Cash Flows from Investing Activities		
Purchases of investments		(1,274)
Cash paid to cash value of life insurance	(102,692)	
Net cash used by investing activities	<u>(102,692)</u>	<u>(1,274)</u>
Cash Flows from Financing Activities		
Principal payments on finance lease	(2,084)	-
Net cash used by financing activities	<u>(2,084)</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	6,084	(13,553)
Cash and Cash Equivalents, Beginning of Year	460,568	474,121
Cash and Cash Equivalents, End of year	<u>\$ 466,652</u>	<u>\$ 460,568</u>
Supplemental disclosure of non-cash activities:		
Lease liability arising from obtaining right-of-use assets	<u>\$ 125,607</u>	
Interest paid on financing leases	<u>\$ 719</u>	

See Accompanying Notes to Financial Statements.

Gabriel's Angels, Inc.
Notes to Financial Statements
For the Year Ended April 30, 2023
(With Summarized Comparative Totals for the Year Ended April 30, 2022)

Note 1 - Principal Business Activity and Significant Accounting Policies

Organization

Gabriel's Angels, Inc. (the Organization) was incorporated under the laws of the State of Arizona in May 2000. The Organization is a not-for-profit organization dedicated to providing healing pet therapy and animal assisted activities to abused, neglected and at-risk children, nurturing their ability to love and trust, and thereby freeing them from the cycle of violence. The Organization provides free services, with registered, volunteer Pet Therapy teams, to Title 1 Schools and various crisis shelters and community organizations throughout Maricopa County, Southern and Northern Arizona.

The Organization funds its programs and operations through grants, contributions and fundraising activities.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Organization, at times, maintains cash at financial institutions in excess of the \$250,000 per bank limit insured by the Federal Deposit Insurance Corporation (FDIC). The Organization manages this risk by maintaining funds at high level financial organizations and management believes it is not exposed to significant credit risk in its cash accounts.

Gabriel's Angels, Inc.
Notes to Financial Statements
For the Year Ended April 30, 2023
(With Summarized Comparative Totals for the Year Ended April 30, 2022)

Contributions

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a 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. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without donor restriction upon acquisition of the assets and the assets are placed in service.

Contributions and Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded as pledges receivable at net realizable value. Unconditional promises to give that are expected to be collected in periods greater than one year are recorded at the net present value of expected cash flows. The Organization provides an allowance for estimated uncollectible pledges.

Pledges receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on pledges receivable using the allowance method. The allowance is based on experience, knowledge of the donors and the industry and other circumstances which may affect the ability of donors to meet their obligations. It is the Organization's policy to charge off uncollectible pledges when management determines the receivable will not be collected. An allowance for doubtful pledges of \$10,000 and \$25,000 is recorded as a reduction of pledges receivable at April 30, 2023 and 2022, respectively. The Organization wrote off uncollectible pledges of approximately \$43,236 and \$17,225 during the years ended April 30, 2023 and 2022, respectively.

Product Inventory

Inventory is valued at the lower of cost (first-in, first out method) or net realizable value. Charm inventory consists of keepsake charms customized for the Organization. Book inventory consists of a book written by the founder of Gabriel's Angels telling the story of the Organization and of Gabriel, the dog who inspired the Organization and other inspirational books. Other products include various items promoting Gabriel's Angels and its programs. Inventory may be used for marketing purposes as well as for sales.

Gabriel's Angels, Inc.
Notes to Financial Statements
For the Year Ended April 30, 2023
(With Summarized Comparative Totals for the Year Ended April 30, 2022)

Investments

Investment purchases are recorded at cost or, if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment gain/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

Donated Assets and Services

Donated assets, services and other non-cash donations are recorded as contributions at their estimated values at the date of donation. Donated services and time are recognized as contributions if the services create or enhance non-financial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization pays for most services requiring specific expertise. However, if such services are donated and the value is ascertainable, the fair market value is reflected in the financial statements as revenue and expense.

In addition, the Organization received numerous hours of donated services by volunteers dedicated to the Organization's programs. The fair value of these donated services is not recognized in the statement of activities since they do not meet the criteria for recognition under generally accepted accounting principles.

Property and Equipment

All acquisitions of property and equipment in excess of \$500 and a useful life of more than one year are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation and amortization is provided on the straight-line method over the estimated useful lives of the respective assets. The Organization reviews its valuation of property and equipment whenever events indicate that the carrying amount of the asset may not be recoverable. An impairment loss is recorded when the sum of the future cash flows is less than the carrying amount of the asset. An impairment loss is measured as the amount by which the carrying amount of the asset exceeds its fair value. No impairment losses were recorded in 2023 and 2022.

Functional 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. Directly identifiable expenses are charged to programs and supporting services. Certain costs have been allocated among the programs and support services benefited based on management's estimate of employee hours devoted to each function.

Estimates

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

Gabriel's Angels, Inc.
Notes to Financial Statements
For the Year Ended April 30, 2023
(With Summarized Comparative Totals for the Year Ended April 30, 2022)

Income Tax Status

Gabriel's Angels, Inc. is a not-for-profit organization exempt from federal and state income taxes under the provisions of the Internal Revenue Code Section 501 (c)(3). Income determined to be unrelated business taxable income may be taxable to the Organization. The Organization did not report any unrelated business taxable income for 2023 and 2022. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b) (1)(A)(ii) and is classified as an organization other than a private foundation under Section 509(a)(2). At April 30, 2023 and 2022, there were no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

Leases

The Organization categorizes leases with contractual terms longer than twelve months as either operating or finance leases. Finance leases are generally those leases that allow the Organization to substantially utilize or pay for the entire asset over its estimated useful life. All other leases are categorized as operating leases. Leases with contractual terms of 12 months or less are not recorded on the balance sheet.

Certain lease contracts include obligations to pay for other services such as operations, property taxes and maintenance. For leases of property, the services are accounted for separately and payments are allocated to the lease and other services components based on stand-alone prices.

Lease liabilities are recognized at the present value of the fixed lease payments, using a discount rate based on similarly secured borrowings available. Right of use assets are recognized based on the initial present value of the fixed lease payments, plus any direct costs from executing the leases. Lease assets are tested for impairment in the same manner as long-lived assets used in operations.

Options to extend lease terms, terminate leases before the contractual expiration date, or purchase the lease assets, are evaluated for their likelihood of exercise. If it is reasonably certain that the option will be exercised, the option is considered in determining the classification and measurement of the lease.

Costs associated with operating lease assets are recognized on a straight-line basis within operating expenses over the term of the lease.

Endowments

The Organization's endowment consists of one fund established under donor restrictions or as designated by the Board of Directors to hold both donor endowments and board designated endowments. As required by generally accepted accounting principles, net assets associated with the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions or board designated endowments.

The State of Arizona adopted the Uniform Prudent Management of Institutional Funds Act (the Act). The Board of Directors of the Organization has interpreted the Act as requiring the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets the original value

Gabriel's Angels, Inc.
Notes to Financial Statements
For the Year Ended April 30, 2023
(With Summarized Comparative Totals for the Year Ended April 30, 2022)

of the gifts donated to permanent endowments; the original value of subsequent gifts to permanent endowments; and accumulations to permanent endowments made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by the Act and the policies established by the Board of Directors.

In accordance with the Act, the Organization considers the following factors in making a determination to appropriate or accumulate endowment funds: (a) duration and preservation of the fund; (b) purpose of the organization and the donor-restricted endowment funds; (c) general economic conditions; (d) possible effects of inflation and deflation; (e) expected total return from income and the appreciation of investments; (f) other resources of the organization; and (g) the investment policies of the Organization.

Adoption of new accounting standards

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) amending the accounting for leases. The Organization adopted the new standard effective May 1, 2022, using the modified retrospective approach. Comparative prior periods were not adjusted upon adoption as the Organization utilized the practical expedient available under the guidance. Further, the Organization elected to implement the package of practical expedients, whereby the Organization did not (i) reassess existing contracts for embedded leases, (ii) reassess existing lease agreements for finance or operating classification, or (iii) reassess existing lease agreements in consideration of initial direct costs.

Upon adoption, the Organization recognized \$117,744 in a right-of-use ("ROU") asset related to its operating leased property. A corresponding lease liability of \$117,744 was also recognized. ROU assets and a corresponding liability of \$1,544 was reported at adoption relating to the Organization's finance leases. There was no cumulative effect of applying the new standard and accordingly, there was no adjustment to net assets upon adoption.

Subsequent Events

Subsequent events have been evaluated through August 23, 2023 which was the date the Organization's financial statements were available to be issued.

Gabriel's Angels, Inc.
Notes to Financial Statements
For the Year Ended April 30, 2023
(With Summarized Comparative Totals for the Year Ended April 30, 2022)

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

Note 2 - Investments

The Organization investments entirely consist of debt and equity mutual funds. These funds are open-end with readily determinable fair values based on daily redemption values. The fair values of the Organization's financial assets that are measured on a recurring basis as of April 30, 2023 and 2022, are as follows:

	<u>Fair value hierarchy</u>	<u>2023</u>	<u>2022</u>
Mutual funds:			
Fixed income	Level 1	\$ 26,164	\$ 26,548
US equity	Level 1	10,814	10,704
International equity	Level 1	7,716	7,101
Total		<u>\$ 44,694</u>	<u>\$ 44,353</u>

Note 3 - Contributions and Pledges Receivable

Unconditional promises to give are recorded as contributions and pledges receivable and revenue is recognized when the promise is made by the donor. Pledges are discounted to the anticipated net present value of the future cash flows. Pledges receivable are summarized as follows at April 30:

	<u>2023</u>	<u>2022</u>
Receivables in less than one year	\$ 55,206	\$ 90,569
Receivables in one to five years	154,655	125,560
	209,861	216,129
Discount to net present value at 2.0%	(10,958)	(10,958)
Allowance for uncollectible pledges	(10,000)	(25,000)
Total	<u>\$ 188,903</u>	<u>\$ 180,171</u>

Gabriel's Angels, Inc.
Notes to Financial Statements
For the Year Ended April 30, 2023
(With Summarized Comparative Totals for the Year Ended April 30, 2022)

Note 4 - Availability and Liquidity

The following represents the Organization's financial assets at April 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 466,652	\$ 460,568
Investments	38,684	38,343
Current portion of receivables	55,206	90,569
Cash surrender value, life insurance	374,413	234,170
Less purpose restricted net assets	<u>-</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 934,955</u>	<u>\$ 823,650</u>

The Organization's goal is generally to maintain financial assets to meet 90 days of expenses (approximately \$250,000). As part of its liquidity plan, Gabriel's Angels maintains the majority of its short-term assets in cash and short-term receivables.

Note 5 - Net Assets with Donor Imposed Restrictions

Net assets are restricted for the following at April 30:

	<u>2023</u>	<u>2022</u>
Implied time restriction on net contributions and pledges receivable	\$ 188,903	\$ 180,171
Piper Grant	5,600	-
Endowment fund-permanent restriction	<u>6,010</u>	<u>6,010</u>
Total net assets with restrictions	<u>\$ 200,513</u>	<u>\$ 186,181</u>

Net assets released from restrictions consisted of the following \$44,531 and \$45,099 released due to meeting the implied time restrictions on pledges for the years ending April 30, 2023 and 2022, respectively.

Gabriel's Angels, Inc.
Notes to Financial Statements
For the Year Ended April 30, 2023
(With Summarized Comparative Totals for the Year Ended April 30, 2022)

Note 6 - Property and Equipment

Property and equipment consisted of the following at April 30:

	<u>2023</u>	<u>2022</u>
Equipment and computers	\$ 17,128	\$ 17,128
Software	8,900	8,900
Furniture	6,496	6,496
Right of Use Assets	125,607	-
	<u>158,131</u>	<u>32,524</u>
Accumulated depreciation and amortization	<u>(96,138)</u>	<u>(32,524)</u>
Property and equipment, net	<u>\$ 61,993</u>	<u>\$ -</u>

Note 7 - Endowments

At April 30, 2023 and 2022, net assets with donor-imposed restrictions included permanently restricted net assets of an endowment fund totaling \$6,010. The investment earnings on the endowment are temporarily restricted until appropriated by the Board of Directors. No amounts remain unappropriated at fiscal year-end 2023 and 2022.

Fund Deficiencies

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or the Uniform Prudent Management of Institutional Funds Act (the Act) requires the Organization to retain as a fund of perpetual duration.

Return Objectives and Risk Parameters

The Organization has not formally adopted investment policies for endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period as well as Board designated funds.

Investment Strategies

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns may be achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization has currently invested its endowment fund in a money market fund to achieve its long-term return objectives within prudent risk constraints.

Spending Policy

The Organization has no formally adopted spending policy. Accumulated earnings on the endowment are released from temporarily restricted net assets when appropriated by the Board of Directors.

Net assets in the endowment fund consisted entirely of permanently restricted corpus at April 30, 2023 and 2022.

Gabriel's Angels, Inc.
Notes to Financial Statements
For the Year Ended April 30, 2023
(With Summarized Comparative Totals for the Year Ended April 30, 2022)

Note 8 - Operating and Finance Leases

Operating Lease

The Organization leases office space under a noncancelable operating lease expiring June 30, 2024. The lease has graduated monthly rent payments beginning with \$4,734 plus tax and variable CAM charges increasing to \$4,876 at the end of the lease term. The initial lease liability and a corresponding right-to-use assets was recorded as of May 1, 2022 in the amount of \$117,744 based on the present value of the lease payments using the estimated incremental borrowing rate of 5%. At April 30, 2023 fourteen payments were remaining on the lease totaling \$67,983 of which \$2,085 represented interest.

Finance Leases

The Organization entered into a Xerox lease expiring July 2026. The lease has monthly payments of \$155 over the course of the 48 month lease. The initial lease liability and a corresponding right-to-use assets was recorded as of August 1, 2022 in the amount of \$6,319 based on the present value of the lease payments using the estimated incremental borrowing rate of 8.25%. At April 30, 2023 thirty-nine payments were remaining on the lease totaling \$6,045 of which \$758 represented interest.

The Organization entered into a mailing equipment lease expiring September 2024. The lease has monthly payments of \$88 over the course of the 60 month lease. The initial lease liability and a corresponding right-to-use assets was recorded as of May 1, 2022 in the amount of \$1,544 based on the present value of the lease payments using the estimated incremental borrowing rate of 8.25%. At April 30, 2023 six quarterly payments were remaining on the lease totaling \$528 of which \$36 represented interest.

A maturity analysis of the annual undiscounted cash flows for the operating and finance leases follows:

<u>Fiscal Year</u>	<u>Finance</u>	<u>Operating</u>
2024	\$ 2,212	\$ 58,231
2025	2,036	9,752
2026	1,860	-
2027	465	-
Total finance lease payments	6,573	67,983
Less amount representing interest	(794)	(2,085)
Net present value of remaining finance leases	<u>\$ 5,779</u>	<u>\$ 65,898</u>