

ANGEL HEART PAJAMA PROJECT  
FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED  
MARCH 31, 2016

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ANGEL HEART PAJAMA PROJECT  
STATEMENT OF FINANCIAL POSITION  
March 31, 2016

|                                  |                   |   |
|----------------------------------|-------------------|---|
| ASSETS                           |                   |   |
| Cash and cash equivalents        |                   |   |
| Cash in checking                 | 15,603            |   |
| Cash in gift cards               | <u>2,298</u>      |   |
| Total cash and cash equivalents  | 17,901            |   |
| Prepaid expenses                 | 75                |   |
| Inventory (pajamas and books)    | 34,694            |   |
| Refundable security deposit      | <u>75</u>         |   |
| TOTAL ASSETS                     | 52,745            |   |
| LIABILITIES                      |                   |   |
|                                  | TOTAL LIABILITIES | - |
| NET ASSETS                       |                   |   |
| Unrestricted                     |                   |   |
| Board designated                 | -                 |   |
| Undesignated                     | <u>52,745</u>     |   |
| TOTAL UNRESTRICTED NET ASSETS    | 52,745            |   |
| Temporarily restricted           | -                 |   |
| Permanently restricted           | <u>-</u>          |   |
| TOTAL NET ASSETS                 | <u>52,745</u>     |   |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 52,745</u>  |   |

No assurance is provided on these financial statements.

ANGEL HEART PAJAMA PROJECT  
STATEMENT OF ACTIVITIES  
Three Months Ended March 31, 2016

|                                 | Unrestricted | Temporarily<br>Restricted | Permanently<br>Restricted | Total     |
|---------------------------------|--------------|---------------------------|---------------------------|-----------|
| <b>REVENUES AND GAINS</b>       |              |                           |                           |           |
| Contributions                   | \$ 7,627     | \$ -                      | \$ -                      | \$ 7,627  |
| Donated professional services   | 250          | -                         | -                         | 250       |
| Gifts in kind - goods for use   | 1,800        | -                         | -                         | 1,800     |
|                                 | 9,677        | -                         | -                         | 9,677     |
| Other revenues                  | -            | -                         | -                         | -         |
|                                 | -            | -                         | -                         | -         |
| TOTAL REVENUES AND GAINS        | 9,677        | -                         | -                         | 9,677     |
| <b>EXPENSES</b>                 |              |                           |                           |           |
| Program services                | 7,004        | -                         | -                         | 7,004     |
| Management and general          | 746          | -                         | -                         | 746       |
| Fundraising                     | 252          | -                         | -                         | 252       |
|                                 | 8,002        | -                         | -                         | 8,002     |
| TOTAL EXPENSES                  | 8,002        | -                         | -                         | 8,002     |
| CHANGE IN NET ASSETS            | 1,675        | -                         | -                         | 1,675     |
| NET ASSETS AT DECEMBER 31, 2015 | 51,070       |                           |                           | 51,070    |
| NET ASSETS AT MARCH 31, 2016    | \$ 52,745    | \$ -                      | \$ -                      | \$ 52,745 |

No assurance is provided on these financial statements.

ANGEL HEART PAJAMA PROJECT  
STATEMENT OF FUNCTIONAL EXPENSES  
Three Months Ended March 31, 2016

|                                    | Program<br>Services | Supporting Services       |               | Total           |
|------------------------------------|---------------------|---------------------------|---------------|-----------------|
|                                    |                     | Management and<br>General | Fundraising   |                 |
| Donations to other nonprofits      | \$ -                | \$ -                      | \$ -          | \$ -            |
| Compensation and related expenses  | -                   | -                         | -             | -               |
| Fees for services (non-employees): | -                   | 350                       | -             | 350             |
| Advertising and promotion          | -                   | -                         | 252           | 252             |
| Office expenses                    | -                   | 223                       | -             | 223             |
| Information technology             | -                   | -                         | -             | -               |
| Occupancy                          | 762                 | -                         | -             | 762             |
| Travel                             | -                   | -                         | -             | -               |
| Conferences, conventions, meetings | 24                  | 173                       | -             | 197             |
| Interest                           | -                   | -                         | -             | -               |
| Depreciation and amortization      | -                   | -                         | -             | -               |
| Insurance                          | -                   | -                         | -             | -               |
| Other:                             |                     |                           |               |                 |
| Pajamas and books                  | 6,218               | -                         | -             | 6,218           |
| Other noncash                      | -                   | -                         | -             | -               |
| Supplies and materials             | -                   | -                         | -             | -               |
| Business expenses                  | -                   | -                         | -             | -               |
| Volunteer expenses                 | -                   | -                         | -             | -               |
|                                    | <u>\$ 7,004</u>     | <u>\$ 746</u>             | <u>\$ 252</u> | <u>\$ 8,002</u> |

No assurance is provided on these financial statements.

ANGEL HEART PAJAMA PROJECT  
STATEMENT OF CASH FLOWS  
Three Months Ended March 31, 2016

|   |           |
|---|-----------|
| CASH FLOWS FROM OPERATING ACTIVITIES                    |           |
| Cash received from contributions and fundraising events | \$ 7,627  |
| Cash paid for supplies, and other expenses              | (1,419)   |
| Cash paid for other                                     | -         |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES     | 6,208     |
| CASH FLOWS FROM INVESTING ACTIVITIES                    |           |
|   | -         |
| CASH FLOWS FROM FINANCING ACTIVITIES                    |           |
|   | -         |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS    | 6,208     |
| CASH AND CASH EQUIVALENTS AT DECEMBER 31, 2015          | 11,694    |
| CASH AND CASH EQUIVALENTS AT MARCH 31, 2016             | \$ 17,901 |

|   |          |
|---|----------|
| RECONCILIATION OF INCREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES         |          |
| Increase (decrease) in net assets   | \$ 1,675 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities: |          |
| In-kind contributions received  | (1,800)  |
| In-kind contributions donated out   | 6,218    |
| (Increase) decrease in operating assets:  |          |
| Prepaid expenses  | 415      |
| Inventory (pajamas and books)   | (300)    |
| Refundable security deposits  | -        |
| Increase (decrease) in operating liabilities:   | -        |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES   | \$ 6,208 |

|  |     |
|--|-----|
| IN-KIND PROFESSIONAL SERVICES RECEIVED | 250 |
|--|-----|

No assurance is provided on these financial statements.

ANGEL HEART PAJAMA PROJECT  
Selected Information – Substantially All Disclosures Required by Accounting  
Principles Generally Accepted in the United States of America Are Not Included  
March 31, 2016

Note 1 – Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

Angel Heart Pajama Project's primary purpose is to distribute new pajamas and books to enrich the lives and share love and caring to children in need. The children helped are in foster care, shelters, or are homeless.

Basis of Accounting

The financial statements of Angel Heart Pajama Project have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. This includes balances held in checking and savings accounts as well as cash value on gift cards.

Promises to Give (Pledges Receivable)

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Contributed Services

Donated services are recognized as contributions if the services (a) create or enhance a nonfinancial asset or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Contributions

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

No assurance is provided on these financial statements.

ANGEL HEART PAJAMA PROJECT  
Selected Information – Substantially All Disclosures Required by Accounting  
Principles Generally Accepted in the United States of America Are Not Included  
March 31, 2016

Note 1 – Nature of Activities and Summary of Significant Accounting Policies (continued)

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Organization is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). Income tax expense for the three months ended March 31, 2016 was \$0.

In-Kind Support

The Organization receives donations from a variety of sources of materials in the furtherance of its mission. The in-kind support consists principally of pajamas and books. In-kind support is recorded at its fair value on the date of donation.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumption that affect certain reported amounts and disclosures. The most significant estimates relate to the value of inventory, the fair value of donated materials, assets, and services, and the allocation of expenses by function. Accordingly, actual results could differ from those estimates.