

**SOLDIERS' ANGELS**  
**Audited Financial Statements**

**December 31, 2017**

**AKIN, DOHERTY, KLEIN & FEUGE, P.C.**  
*Certified Public Accountants*

**SOLDIERS' ANGELS**  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Soldiers' Angels  
San Antonio, Texas

### *Report on the Financial Statements*

We have audited the accompanying financial statements of Soldiers' Angels, which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; 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.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with U. S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Soldiers' Angels as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with U. S. generally accepted accounting principles.

***Prior Period Financial Statements***

The financial statements of Soldiers' Angels as of December 31, 2016, were audited by other auditors whose report dated May 26, 2017 expressed an unmodified opinion on those statements.



Akin, Doherty, Klein & Feuge, P.C.

San Antonio, Texas

April 20, 2018

**SOLDIERS' ANGELS**  
**Statements of Financial Position**  
**December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 1,392,524	\$ 799,743
Investments, at fair value	24,102	-
Accounts receivable	125,742	111,243
Contributed goods inventory	-	98,734
Other inventory	162,432	164,971
Prepaid expenses	12,831	6,450
Real estate held for sale	-	27,000
Total current assets	<u>1,717,631</u>	<u>1,208,141</u>
Property and Equipment, net	<u>9,967</u>	<u>9,195</u>
<b>Total Assets</b>	<u>\$ 1,727,598</u>	<u>\$ 1,217,336</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts payable	\$ 17,179	\$ 93,649
Accrued expenses	16,183	11,249
Total current liabilities	<u>33,362</u>	<u>104,898</u>
Net Assets:		
Without donor restrictions	1,694,236	956,212
With donor restrictions	-	156,226
Total net assets	<u>1,694,236</u>	<u>1,112,438</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 1,727,598</u>	<u>\$ 1,217,336</u>

*See notes to audited financial statements.*

**SOLDIERS' ANGELS**  
**Statement of Activities**  
**Year Ended December 31, 2017**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support and Revenues</b>			
Contributed goods, services and facilities	\$ 15,627,627	\$ -	\$ 15,627,627
Contributions	1,979,371	-	1,979,371
Fundraising - auto auctions, net of direct expenses of \$1,167,368	556,227	-	556,227
Fundraising - third party events	103,802	-	103,802
Other income	1,253	-	1,253
Total support and revenues	<u>18,268,280</u>	<u>-</u>	<u>18,268,280</u>
<b>Expenses</b>			
Program services	17,230,963	-	17,230,963
General and administrative	161,553	-	161,553
Fundraising	294,095	-	294,095
Total expenses	<u>17,686,611</u>	<u>-</u>	<u>17,686,611</u>
<b>Income from Operations</b>	581,669	-	581,669
Investment earnings, net	<u>129</u>	<u>-</u>	<u>129</u>
<b>Change in Net Assets</b>	581,798	-	581,798
Net assets released from restrictions	156,226	(156,226)	-
Net assets at beginning of year	<u>956,212</u>	<u>156,226</u>	<u>1,112,438</u>
<b>Net Assets at Year End</b>	<u>\$ 1,694,236</u>	<u>\$ -</u>	<u>\$ 1,694,236</u>

*See notes to audited financial statements.*

**SOLDIERS' ANGELS**  
**Statement of Activities**  
**Year Ended December 31, 2016**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenues</b>			
Contributed goods, services and facilities	\$ 13,710,591	\$ -	\$ 13,710,591
Contributions	1,755,610	55,000	1,810,610
Fundraising - auto auctions, net of direct expenses of \$567,370	252,791	-	252,791
Fundraising - third party events	122,765	-	122,765
Other income	2,914	-	2,914
Total support and revenues	<u>15,844,671</u>	<u>55,000</u>	<u>15,899,671</u>
<b>Expenses</b>			
Program services	15,366,527	-	15,366,527
General and administrative	108,197	-	108,197
Fundraising	386,751	-	386,751
Total expenses	<u>15,861,475</u>	<u>-</u>	<u>15,861,475</u>
<b>Income (Loss) from Operations</b>	(16,804)	55,000	38,196
Investment (loss), net	<u>(1,544)</u>	<u>-</u>	<u>(1,544)</u>
<b>Change in Net Assets</b>	(18,348)	55,000	36,652
Net assets released from restrictions	55,301	(55,301)	-
Net assets at beginning of year	<u>919,259</u>	<u>156,527</u>	<u>1,075,786</u>
<b>Net Assets at Year End</b>	<u>\$ 956,212</u>	<u>\$ 156,226</u>	<u>\$ 1,112,438</u>

*See notes to audited financial statements.*

**SOLDIERS' ANGELS**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2017**

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries, taxes and employee benefits	\$ 628,946	\$ 52,676	\$ 104,312	\$ 785,934
In-kind expense	15,707,936	-	-	15,707,936
Conferences and meetings	1,516	11,500	123	13,139
Insurance	1,299	4,042	-	5,341
Memberships and dues	1,836	189	146	2,171
Postage and shipping	76,275	618	31,686	108,579
Printing and publications	51,213	1,019	46,258	98,490
Professional services	196,930	44,422	74,809	316,161
Rent and maintenance	45,586	18,469	15,732	79,787
Specific assistance	355,816	90	336	356,242
Supplies	32,683	6,388	1,842	40,913
Telephone and internet	13,353	4,816	430	18,599
Third party event expenses	2,205	-	12,764	14,969
Travel	58,974	1,000	4,798	64,772
Volunteer expense	45,281	611	350	46,242
Depreciation	1,108	-	-	1,108
Other	10,006	15,713	509	26,228
	<u>10,006</u>	<u>15,713</u>	<u>509</u>	<u>26,228</u>
 Total expenses	 <u>\$ 17,230,963</u>	 <u>\$ 161,553</u>	 <u>\$ 294,095</u>	 <u>\$ 17,686,611</u>

*See notes to audited financial statements.*



**SOLDIERS' ANGELS**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2016**

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries, taxes and employee benefits	\$ 496,261	\$ 35,678	\$ 88,099	\$ 620,038
In-kind expense	13,918,729	-	440	13,919,169
Conferences and meetings	3,962	10,818	379	15,159
Insurance	945	3,451	-	4,396
Memberships and dues	1,099	149	-	1,248
Postage and shipping	29,534	259	24,962	54,755
Printing and publications	85,682	383	83,850	169,915
Professional services	253,337	26,821	158,762	438,920
Rent and maintenance	40,416	6,104	11,156	57,676
Specific assistance	247,320	3	16	247,339
Supplies	28,588	5,673	9,082	43,343
Telephone and internet	9,093	3,751	250	13,094
Third party event expenses	19	-	5,391	5,410
Travel	58,183	2,946	4,364	65,493
Volunteer expense	182,449	-	-	182,449
Depreciation	874	875	-	1,749
Other	10,036	11,286	-	21,322
	<u>10,036</u>	<u>11,286</u>	<u>-</u>	<u>21,322</u>
Total expenses	<u>\$ 15,366,527</u>	<u>\$ 108,197</u>	<u>\$ 386,751</u>	<u>\$ 15,861,475</u>

*See notes to audited financial statements.*

**SOLDIERS' ANGELS**  
**Statements of Cash Flows**  
**Years Ended December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>Operating Activities</b>		
Change in net assets	\$ 581,798	\$ 36,652
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	1,108	1,749
Net (gain) loss on investments	(129)	1,544
Loss on disposal of equipment	9,195	1,253
Contributed vehicles	(11,075)	-
Contributed investments	(23,973)	(5,177)
In-kind expenses	98,734	-
Contributed houses	-	(27,000)
Changes in operating assets and liabilities:		
Accounts receivable	(14,499)	(34,573)
Prepaid expenses	(6,381)	2,932
Inventory	2,539	432,551
Real estate held for sale	27,000	-
Accounts payable	(76,470)	55,472
Accrued expenses	4,934	(4,837)
Net cash provided by operating activities	<u>592,781</u>	<u>460,566</u>
<b>Investing Activities</b>		
Purchase of property and equipment	-	(5,805)
Proceeds from sale of investments, net with purchase	-	13,887
Net cash provided by investing activities	<u>-</u>	<u>8,082</u>
Change in cash and cash equivalents	592,781	468,648
Cash and cash equivalents at beginning of year	<u>799,743</u>	<u>331,095</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u><u>\$ 1,392,524</u></u>	<u><u>\$ 799,743</u></u>
<b>Supplemental Disclosures</b>		
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	-	-
Non-cash donations, in-kind	15,627,627	13,710,591

*See notes to audited financial statements.*

**SOLDIERS' ANGELS**  
**Notes to Audited Financial Statements**  
**December 31, 2017 and 2016**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Organization:* Soldiers' Angels (Organization) is a not-for-profit which was incorporated on December 26, 2003, for the purpose of providing assistance to military troops, veterans, and their families. The Organization offers "boots on the ground" and "virtual" programs and services, which allows the Organization to best serve military families and veterans while also ensuring the resources of dedicated volunteers are fully utilized.

The Organization operates twelve virtual teams where volunteers from all over the country and internationally participate in supporting the U. S. military families and U. S. veterans. The Organization's virtual teams and programs include:

- Deployed Adoptions Team
- Ladies of Liberty Team
- Angels Bakers Team
- Chaplain Support Team
- Letter Writing Team
- Special Operations Forces Team
- Operation Top Knot Team
- Women of Valor Team
- Living Legends Team
- Cards Plus Team
- Sewing & Crafting Team
- Adopt-A-Family Team

The Organization's staff and volunteers work to provide "aid and comfort" support to military families and veterans. Most of this work is directed towards the VA Medical Centers and homeless veterans and services include:

- Patient Visits
- Luncheons/Dinners
- Hygiene Kits
- Box Lunches
- Break Room Supplies
- Stand Down Support (homeless veterans)
- Valor IT
- Wish List Fulfillment

These key service areas are provided through the contribution of goods, gift cards and other services which are recognized at fair value and reflected in the accompanying financial statements as contributed goods, services and facilities which are offset by a like amount included as in-kind expense.

*Basis of Presentation:* The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U. S. generally accepted accounting principles. Net assets, support and revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

*Without Donor Restrictions:* Net assets available for use in general operations and not subject to donor restrictions. Donations and contributions gifted for recurring programs are generally not considered "restricted" under GAAP, though for internal reporting management tracks such donations and contributions to verify the disbursement matches the donor's intent. Assets restricted solely through the actions of the Board are reported as net assets without donor restrictions, Board designated.

*With Donor Restrictions:* Net assets subject to donor-imposed stipulations that are more restrictive than the Organization's mission and purpose. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

**SOLDIERS' ANGELS**  
**Notes to Audited Financial Statements**  
**December 31, 2017 and 2016**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

*Contributions:* Contributions are reported as without or with donor restriction, depending on the existence and/or nature of any restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restriction if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restriction depending on the nature of the restriction. When a restriction expires, the net assets are reclassified to net assets without donor restriction. Non-cash contributions are recorded at their fair market value at the date of contribution.

Contributed property and equipment are recorded at fair value at the date of donation. The Organization records contributed property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. If a donor stipulates how long the assets must be used, the contribution is recorded as restricted support.

*Cash and Cash Equivalents:* Cash and cash equivalents consist of cash on hand and deposits held by financial institutions with maturities of three months or less.

*Investments:* Investments are reported at fair market value determined by quoted market prices. Gains and losses (realized and unrealized) are reported as investment income, net of expenses in the accompanying statements of activities. Donated investment instruments are recorded at fair value at the date of donation.

*Accounts Receivable:* Accounts receivable are reported at outstanding principal, net of an allowance for doubtful accounts if deemed necessary. The allowance is generally determined based on an account-by-account review and historic trends. Accounts are charged off when collection efforts have failed and the account is deemed uncollectible. An allowance was not required at December 31, 2017 and 2016. Interest is generally not charged on the receivables.

*Inventories:* Inventories consist of care packages which are gifts to be sent to deployed soldiers or their families, promotional items and contributed goods for distribution and use in the Organization's programs. The distribution of these contributed goods for the Organization programs are recorded as program expenses in the statements of functional expenses. Cost is determined using the first-in, first-out method. Donated items are recorded at their estimated fair value at the date of donation.

*Property and Equipment:* Property, improvements and equipment are valued at historical cost or estimated fair value at the date of donation. Expenditures for betterments greater than \$5,000 that materially extend the useful life of an asset are capitalized. Depreciation is recorded using the straight-line method over the estimated useful lives of the related assets, which is generally three to five years for furniture, equipment and vehicles and five years for improvements.

*Real Estate Held for Sale:* Real estate held for sale consists of a home donated during the year ended December 31, 2016. The Organization does not accept these donated homes unless the buyer for the home is secured. This home is valued at estimated net reliable value/sale price on the date of receipt and sold shortly after. At December 31, 2016, the Organization had one home held for sale valued at \$27,000. This home was sold in January 2017.

**SOLDIERS' ANGELS**  
**Notes to Audited Financial Statements**  
**December 31, 2017 and 2016**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

*Income Taxes:* The Organization is a tax-exempt organization under Internal Revenue Service Code Section 501(c)(3). In addition, the Organization is not a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. Donors of money and/or property are entitled to the maximum charitable contribution deduction allowed by law. The Organization is not subject to Texas margin tax. Management is not aware of any tax positions that would have a significant impact on its financial position. Its federal tax returns for the last four years remain subject to examination.

*Functional Allocation of Expenses:* The costs of providing the services and other activities of the Organization have been summarized on a functional basis in the statement of functional expense. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits which are allocated on the basis of estimates of time and effort, as well as depreciation, office and occupancy, which are allocated on square-footage or other reasonable basis.

*Subsequent Events:* Subsequent events have been evaluated by management through the date of the independent auditor's report. Material subsequent events, if any, are disclosed in a separate footnote to these financial statements.

*New Accounting Pronouncements:* In May 2014, the Financial Accounting Standards Board (FASB) issued a new accounting pronouncement regarding revenue recognition effective for reporting periods beginning after December 15, 2018. Management does not expect the new standard to have a significant impact to its financial position, results of operations and related disclosures.

In February 2016, the FASB issued a new accounting pronouncement regarding lease accounting for reporting periods beginning after December 15, 2019. A lessee will be required to recognize on the balance sheet the assets and liabilities for leases with lease terms of more than 12 months. Management does not expect the new standard to have a significant impact to its financial position, results of operations and related disclosures.

*Recently Adopted Accounting Pronouncement:* In August 2016, the FASB issued Accounting Standards Update 2016-14, regarding the reporting and disclosure requirements for not-for-profit organizations, effective for periods beginning after December 15, 2017, with early adoption permitted. The pronouncement replaces the three classes of net assets with two new classes, required the reporting of expenses by function and natural classification, enhances disclosures on liquidity and availability of resources, and includes several other less significant reporting enhancements. The Organization has early adopted this new pronouncement effective January 1, 2017 and the prior year presentation is conformed.

*Use of Estimates:* The preparation of financial statements in conformity with U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.



**SOLDIERS' ANGELS**  
**Notes to Audited Financial Statements**  
**December 31, 2017 and 2016**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

*Concentrations of Credit Risk:* Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and investments. The Organization places its cash and investments with financial institutions, and limits the amount of credit exposure, although it may from time to time have cash balances or investments in excess of that insured by the FDIC. The Organization periodically assesses the financial condition of the institutions and believes the risk of loss is minimal.

*Reclassifications:* Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between period presented. The reclassifications are primarily due to the adoption of *Accounting Standards Update 2016-14*, as discussed above, which requires two classifications of net assets from the previously presented classes. Net assets previously classified at December 31, 2016 as "unrestricted" are now classified as "without donor restriction". Net assets previously classified as "temporarily restricted" and "permanently restricted" are now classified as net assets "with donor restrictions". The reclassifications had no effect on the previously reported change in net change assets.

**NOTE B – INVESTMENTS**

Investments are stated at fair value. Investment earnings (including interest earned on accounts classified as cash and cash equivalents) is summarized as follows at December 31:

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$ 204	\$ 114
Net realized and unrealized gains (losses) on change in market value	75	(1,658)
Investment fees	<u>(150)</u>	<u>-</u>
Investment earnings (losses), net	<u>\$ 129</u>	<u>\$ (1,544)</u>

**SOLDIERS' ANGELS**  
**Notes to Audited Financial Statements**  
**December 31, 2017 and 2016**

**NOTE C - PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at December 31:

	<u>2017</u>	<u>2016</u>
Leasehold improvements	\$ -	\$ 679
Furniture and fixtures	-	12,553
Vehicles	<u>11,075</u>	<u>-</u>
Total property and equipment	11,075	13,232
Less accumulated depreciation	<u>(1,108)</u>	<u>(4,037)</u>
Property and equipment, net	<u>\$ 9,967</u>	<u>\$ 9,195</u>

**NOTE D – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions include the following at December 31:

	<u>2017</u>	<u>2016</u>
Menlo Park and Other	\$ -	\$ 87,314
Valor IT Support	-	8,990
Job Training	-	15,812
Box Lunches	-	38,163
Landstuhl	<u>-</u>	<u>5,947</u>
	<u>\$ -</u>	<u>\$ 156,226</u>

In accordance with U. S. generally accepted accounting principles (GAAP), net assets with donor restrictions include those assets, as scheduled above, that are donor restricted for programs that fall outside the mission of the Organization, as well as time restricted assets such as pledges.

**SOLDIERS' ANGELS**  
**Notes to Audited Financial Statements**  
**December 31, 2017 and 2016**

**NOTE E – GIFTS IN-KIND**

Contributed goods, services and facilities consisted of the following for the years ended December 31:

	<u>2017</u>	<u>2016</u>
Gift cards	\$ 6,436	\$ 14,777
Facilities	44,364	51,242
Goods	15,498,109	13,586,407
Vehicle	11,075	-
Services	<u>67,643</u>	<u>58,165</u>
	<u>\$15,627,627</u>	<u>\$13,710,591</u>

The Organization disbursed \$15,707,936 and \$13,919,169 in donated goods to various VA hospitals and military families during the years ended December 31, 2017 and 2016, respectively. These disbursements are included in in-kind expenses in the statement of functional expenses.

A number of volunteers donated approximately 148,000 and 156,000 hours to SA's program services during the years ended December 31, 2017 and 2016, respectively; however, these donated services are not reflected in the financial statements since they do not meet the criteria for recognition as contributed services.

**NOTE F – OPERATING LEASES**

The Organization entered into an operating lease for facilities and storage space with monthly payments of approximately \$6,200. The operating lease expires February 2019. Rent expense was \$52,453 in 2017 and \$40,425 in 2016. Future minimum lease payments are as follows:

<u>Year Ending December 31,</u>	
2018	\$ 74,500
2019	18,700

**NOTE G – RELATED PARTY TRANSACTIONS**

The Organization received approximately \$105,194 and \$85,095 in in-kind donations from several Board Members for the years ended December 31, 2017 and 2016, respectively. These amounts are included in contributed goods, services and facilities in the statement of activities. Additionally, the Organization has access to warehouse space owned by a Board member. This space is used periodically by the Organization as the need arises. No in-kind revenue or expense has been reflected in the financial statements for the use of this warehouse space due to irregular use of the space.



**SOLDIERS' ANGELS**  
**Notes to Audited Financial Statements**  
**December 31, 2017 and 2016**

**NOTE H – FAIR VALUE MEASUREMENTS**

In accordance with U. S. generally accepted accounting principles, the Organization utilizes a fair value hierarchy that prioritizes the inputs for the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2: Inputs to the valuation methodology include:
- quoted prices for similar assets or liabilities in active markets
  - quoted prices for identical or similar assets or liabilities in inactive markets
  - inputs other than quoted prices that are observable for the asset or liability
  - inputs that are derived principally from or corroborated by observable market data by correlation or other means
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used.

*Cash and cash equivalents:* Valued at its carry amount due to short-term maturity of the instrument.

*Mutual Funds:* Valued at the daily closing price (net asset value) as reported by the open-ended fund registered with the Securities and Exchange Commission.

*Equity securities:* Valued at the closing price reported on the active market on which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**SOLDIERS' ANGELS**  
**Notes to Audited Financial Statements**  
**December 31, 2017 and 2016**

**NOTE H – FAIR VALUE MEASUREMENTS - continued**

The following table sets forth, by level within the fair value hierarchy, the Organization's investments at fair value as follows:

	<u>Fair Value Measurements Using</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
<i>December 31, 2017</i>				
Cash and cash equivalents	\$ 202	\$ -	\$ -	\$ 202
Mutual funds	3,608	-	-	3,608
Equity securities	<u>20,292</u>	<u>-</u>	<u>-</u>	<u>20,292</u>
Total investments at fair value	<u>\$ 24,102</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,102</u>
 <i>December 31, 2016</i>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Mutual funds	-	-	-	-
Equity securities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total investments at fair value	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTE I – LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES**

The Organization has approximately \$1,510,000 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure. This consists of cash of \$1,393,000, accounts receivable of \$126,000 and investments (which are not endowed) of \$24,000, net of current liabilities of approximately \$33,000 at year end. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Organization has a goal to maintain financial assets on hand to meet at least 60 days of normal operating expenses which, on the average, total approximately \$165,000 per month given full programmatic expenditures.