

BE AN ANGEL FUND, INC.

FINANCIAL STATEMENTS

AUGUST 31, 2008

BE AN ANGEL FUND, INC.
August 31, 2008

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Be An Angel Fund, Inc.

Officers & Directors

Cathy Baker - Chairman

Jack Barry - Vice Chairman

John Schwarz, Jr. - Vice Chairman

Bill Shank - Treasurer

Brian Wozniak - Secretary

Directors

Cary Benson

Dot Cunningham

Stephen Drake

Jeff Gorski

Dan Kasprzak

Clay Morel

Dan Patrick

Felix Rhymes

Herb Schwartz

Ray Solcher

Ann Wright

Advisory Committee

Bo Bigelow

Carl Bowles

David Bruce

Doris Delaney

Pam Dickson

Dr. Nici Esch

Dr. Paul Gerson

Ruth Houk

Karl Kuenning

Rob LeClair

Sally Maxwell

Venita Phillips

Ned Piedmont

Ron Swofford

Terry Tognietti

Richard Tyler

Constance White

Connie Young

Staff

Marti Boone - Executive Director

Michael Musters - Program Director

Independent Auditors' Report

To the Board of Directors
Be An Angel Fund, Inc.
Houston, Texas

We have audited the accompanying statements of financial position of Be An Angel Fund, Inc. (a non-profit organization) as of August 31, 2007 and 2008, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Be An Angel Fund, Inc. as of August 31, 2007 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

VanWassehnova & Associates

VanWassehnova & Associates
December 5, 2008

BE AN ANGEL FUND, INC.
Statements of Financial Position
August 31, 2007 & 2008

Assets

	2007	2008
Current Assets:		
Cash	\$ 142,208	\$ 432,795
Accounts Receivable	16,140	24,687
Prepaid Expenses	12,440	4,524
Total Current Assets	170,788	462,006
Property & Equipment		
Building	40,000	40,000
Furniture and Office Equipment	31,540	31,540
Other Equipment and Signage	25,782	25,782
	97,322	97,322
Less Accumulated Depreciation	(78,442)	(86,867)
Net Property & Equipment	18,880	10,455
Other Assets		
Employee Advances	222	-
Municipal Bonds	50,000	50,000
Partnership Investments	80,715	65,368
Total Other Assets	130,937	115,368
Total Assets	\$ 320,605	\$ 587,829

Liabilities and Net Assets

Current Liabilities		
Promises to Give	\$ 56,200	\$ 354,501
Payroll Taxes	6,409	1,280
Total Current Liabilities	62,609	355,781
Net Assets		
Unrestricted	177,281	166,680
Temporarily Restricted	80,715	65,368
Total Net Assets	257,996	232,048
Total Liabilities and Net Assets	\$ 320,605	\$ 587,829

BE AN ANGEL FUND, INC.
Statements of Activities
For the Years Ended August 31, 2007 & 2008

Unrestricted Net Assets		
<u>Support & Revenue</u>	<u>2007</u>	<u>2008</u>
Public Support		
Christmas Program	\$ 460,632	\$ 430,628
Capital Campaign	32,876	308,612
Grants	85,050	114,500
Gala	116,595	110,103
Donations	82,479	142,011
Golf Tournaments	102,062	48,631
Other Fundraisers	57,598	19,306
Interest Income	6,986	7,436
March for Angels	15,527	6,343
Website Sales	-	75
	<hr/>	<hr/>
Total Support & Revenue	959,805	1,187,645
Net assets released from donor restrictions	20,453	15,347
	<hr/>	<hr/>
Total Unrestricted Support & Revenue	980,258	1,202,992
<u>Expenses</u>		
Program Services		
Camp Be An Angel	13,637	23,669
Snowday	19,537	18,184
Holiday Programs	273,854	217,665
Summer Respite	31,396	24,519
Child/Family Assistance	75,175	91,725
Institutional Assistance	218,316	442,742
Other	22,227	153,601
Total Program Services	654,142	972,105
Fundraising Expenses	217,565	149,709
Supporting Services - Administrative & General	119,865	91,779
	<hr/>	<hr/>
Total Expenses	991,572	1,213,593
Decrease in Unrestricted Net Assets	(11,314)	(10,601)
Temporarily Restricted Net Assets		
Net assets released from restrictions	(20,453)	(15,347)
	<hr/>	<hr/>
Decrease in Temporarily Restricted Net Assets	(20,453)	(15,347)
Decrease in Net Assets	(31,767)	(25,948)
Net Assets at Beginning of Year	289,763	257,996
	<hr/>	<hr/>
Net Assets at End of Year	\$ 257,996	\$ 232,048
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BE AN ANGEL FUND, INC.
Statements of Cash Flows
For the Years Ended August 31, 2007 & 2008

<u>Cash Flows From Operating Activities</u>	<u>2007</u>	<u>2008</u>
Increase (Decrease) in Net Assets	\$ (31,767)	\$ (25,948)
Adjustments to reconcile change in net assets to net cash provided by operating activities: Depreciation	8,425	8,425
(Increase) Decrease in Operating Assets:		
Accounts Receivable	8,660	(8,547)
Partnership Investments	15,744	15,347
Employee Advances	(222)	222
Prepaid Expenses	(12,440)	7,916
Increase (Decrease) in Operating Liabilities:		
Promises to Give	58,405	298,301
Employee Advances	29	-
Payroll Liabilities	5,543	(5,129)
 Net Cash Provided by Operating Activities	 <u>52,377</u>	 <u>290,587</u>
 <u>Cash Flows From Investing Activities</u>		
Purchase of Municipal Bonds	<u>(50,000)</u>	<u>-</u>
 Net Cash Used by Investing Activities	 <u>(50,000)</u>	 <u>-</u>
 Net Increase in Cash	 2,377	 290,587
 Cash at Beginning of Year	 <u>139,831</u>	 <u>142,208</u>
 Cash at End of Year	 <u>\$ 142,208</u>	 <u>\$ 432,795</u>
 Supplemental Information - Interest Paid	 <u>\$ -</u>	 <u>\$ -</u>

BE AN ANGEL FUND, INC.
Statement of Functional Expenses
For the Year Ended August 31, 2007

	Camp Be An Angel	Snowday	Holiday Programs	Summer Respite
Playgrounds	\$ -	\$ -	\$ -	\$ -
Nutritional Program	-	-	-	-
Individual Requests	-	-	-	-
Hearing Aid Program	-	-	-	-
Toys	-	4,200	162,828	-
Student Activities	-	7,851	-	30,875
Equipment	-	-	-	-
Other	12,232	-	35,400	-
Salaries & Payroll Taxes	1,076	86	25,255	430
Insurance-Health	102	8	1,661	41
Materials & Supplies	-	1,193	8,617	-
Advertising/Website	-	-	248	-
Professional Fees	-	1,500	-	-
Printing & Copying	-	-	3,815	-
Awards & Gifts	-	-	-	-
Automotive/Transportation	104	2,230	2,427	-
Insurance-General	53	4	3,594	21
Postage & Delivery	-	-	4,872	-
Telephone	23	2	1,699	9
Depreciation	35	3	2,360	14
Bank Service Charges	-	-	2,647	-
Office Supplies	12	1	821	5
Storage	-	2,459	-	-
Contract Labor	-	-	1,888	-
Appreciation Functions	-	-	15,672	-
Dues & Subscriptions	-	-	-	-
Meetings	-	-	52	-
Totals	<u>\$ 13,637</u>	<u>\$ 19,537</u>	<u>\$ 273,854</u>	<u>\$ 31,396</u>

BE AN ANGEL FUND, INC.
Statement of Functional Expenses
For the Year Ended August 31, 2007

	Child/Family Assistance	Institutional Assistance	Other	Total Programs
Playgrounds	\$ -	\$ 92,865	\$ -	\$ 92,865
Nutritional Program	1,665	-	-	1,665
Individual Requests	13,128	-	170	13,298
Hearing Aid Program	27,081	30,250	22	57,353
Toys	-	-	760	167,788
Student Activities	-	22,555	1,333	62,614
Equipment	-	46,334	-	46,334
Other	-	8,700	9,898	66,230
Salaries & Payroll Taxes	26,648	14,876	6,322	74,692
Insurance-Health	2,414	1,174	491	5,892
Materials & Supplies	-	-	669	10,479
Advertising/Website	-	-	69	316
Professional Fees	-	-	-	1,500
Printing & Copying	-	-	659	4,474
Awards & Gifts	-	-	-	-
Automotive/Transportation	-	9	1,147	5,917
Insurance-General	2,523	614	257	7,066
Postage & Delivery	-	12	38	4,922
Telephone	616	418	181	2,947
Depreciation	828	403	169	3,812
Bank Service Charges	-	-	-	2,647
Office Supplies	271	106	43	1,259
Storage	-	-	-	2,459
Contract Labor	-	-	-	1,888
Appreciation Functions	-	-	-	15,672
Dues & Subscriptions	-	-	-	-
Meetings	-	-	-	52
Totals	<u>\$ 75,175</u>	<u>\$ 218,316</u>	<u>\$ 22,227</u>	<u>\$ 654,142</u>

BE AN ANGEL FUND, INC.
Statement of Functional Expenses
For the Year Ended August 31, 2007

	Total Programs	Fundraising	Admin & General	Total
Playgrounds	\$ 92,865	\$ -	\$ -	\$ 92,865
Nutritional Program	1,665	-	-	1,665
Individual Requests	13,298	-	-	13,298
Hearing Aid Program	57,353	-	-	57,353
Toys	167,788	-	-	167,788
Student Activities	62,614	-	-	62,614
Equipment	46,334	-	-	46,334
Other	66,230	4,400	15,418	86,048
Salaries & Payroll Taxes	74,692	16,964	63,193	154,850
Insurance-Health	5,892	491	3,437	9,819
Materials & Supplies	10,479	137,142	-	147,621
Advertising/Website	316	1,068	1,759	3,143
Professional Fees	1,500	11,800	7,000	20,300
Printing & Copying	4,474	13,511	-	17,985
Awards & Gifts	-	12,391	2,971	15,362
Automotive/Transportation	5,917	2,798	4,529	13,244
Insurance-General	7,066	4,297	6,873	18,236
Postage & Delivery	4,922	3,115	409	8,446
Telephone	2,947	2,048	2,454	7,449
Depreciation	3,812	2,822	1,790	8,425
Bank Service Charges	2,647	3,112	2,156	7,915
Office Supplies	1,259	607	3,296	5,162
Storage	2,459	-	-	2,459
Contract Labor	1,888	-	-	1,888
Appreciation Functions	15,672	614	1,385	17,671
Dues & Subscriptions	-	-	1,099	1,099
Meetings	52	384	2,096	2,532
Totals	<u>\$ 654,142</u>	<u>\$ 217,565</u>	<u>\$ 119,865</u>	<u>\$ 991,571</u>

BE AN ANGEL FUND, INC.
Statement of Functional Expenses
For the Year Ended August 31, 2008

	Camp Be An Angel	Snowday	Holiday Programs	Summer Respite
Playgrounds	\$ -	\$ -	\$ -	\$ -
Nutritional Program	-	-	-	-
Individual Requests	-	-	-	-
Hearing Aid Program	-	-	-	-
Toys	-	-	173,818	-
Student Activities	-	14,031	-	-
Equipment	-	-	1,317	-
Other	23,461	-	2,970	24,519
Salaries & Payroll Taxes	-	-	-	-
Insurance-Health	-	-	-	-
Materials & Supplies	-	-	8,628	-
Advertising/Website	-	-	-	-
Professional Fees	-	1,500	-	-
Printing & Copying	-	-	4,192	-
Awards & Gifts	-	-	-	-
Automotive/Transportation	208	-	1,826	-
Insurance-General	-	-	-	-
Postage & Delivery	-	-	5,207	-
Telephone	-	-	-	-
Depreciation	-	-	-	-
Bank Service Charges	-	-	2,573	-
Office Supplies	-	-	-	-
Storage	-	2,653	-	-
Contract Labor	-	-	2,140	-
Appreciation Functions	-	-	14,994	-
Pension	-	-	-	-
Dues & Subscriptions	-	-	-	-
Meetings	-	-	-	-
Totals	<u>\$ 23,669</u>	<u>\$ 18,184</u>	<u>\$ 217,665</u>	<u>\$ 24,519</u>

BE AN ANGEL FUND, INC.
Statement of Functional Expenses
For the Year Ended August 31, 2008

	Child/Family Assistance	Institutional Assistance	Other	Total Programs
Playgrounds	\$ -	\$ 417,780	\$ -	\$ 417,780
Nutritional Program	2,115	-	-	2,115
Individual Requests	38,514	-	-	38,514
Hearing Aid Program	51,096	-	-	51,096
Toys	-	-	-	173,818
Student Activities	-	4,962	1,345	20,338
Equipment	-	20,000	300	21,617
Other	-	-	817	51,767
Salaries & Payroll Taxes	-	-	106,545	106,545
Insurance-Health	-	-	9,494	9,494
Materials & Supplies	-	-	2,000	10,628
Advertising/Website	-	-	14	14
Professional Fees	-	-	9,606	11,106
Printing & Copying	-	-	9,932	14,124
Awards & Gifts	-	-	-	-
Automotive/Transportation	-	-	718	2,752
Insurance-General	-	-	5,865	5,865
Postage & Delivery	-	-	755	5,962
Telephone	-	-	2,316	2,316
Depreciation	-	-	-	-
Bank Service Charges	-	-	8	2,581
Office Supplies	-	-	-	-
Storage	-	-	-	2,653
Contract Labor	-	-	-	2,140
Appreciation Functions	-	-	-	14,994
Pension	-	-	3,770	3,770
Dues & Subscriptions	-	-	-	-
Meetings	-	-	116	116
Totals	<u>\$ 91,725</u>	<u>\$ 442,742</u>	<u>\$ 153,601</u>	<u>\$ 972,105</u>

BE AN ANGEL FUND, INC.
Statement of Functional Expenses
For the Year Ended August 31, 2008

	Total Programs	Fundraising	Admin & General	Total
Playgrounds	\$ 417,780	\$ -	\$ -	\$ 417,780
Nutritional Program	2,115	-	-	2,115
Individual Requests	38,514	-	-	38,514
Hearing Aid Program	51,096	-	-	51,096
Toys	173,818	-	-	173,818
Student Activities	20,338	-	-	20,338
Equipment	21,617	-	-	21,617
Other	51,767	-	5,137	56,904
Salaries & Payroll Taxes	106,545	17,247	34,452	158,244
Insurance-Health	9,494	841	2,744	13,079
Materials & Supplies	10,628	90,053	4,400	105,081
Advertising/Website	14	1,076	3,283	4,373
Professional Fees	11,106	11,900	9,630	32,636
Printing & Copying	14,124	8,815	-	22,939
Awards & Gifts	-	3,996	138	4,134
Automotive/Transportation	2,752	4,567	5,431	12,750
Insurance-General	5,865	3,566	5,621	15,052
Postage & Delivery	5,962	1,619	371	7,952
Telephone	2,316	2,195	3,222	7,733
Depreciation	-	-	8,425	8,425
Bank Service Charges	2,581	3,035	905	6,521
Office Supplies	-	-	3,721	3,721
Storage	2,653	-	-	2,653
Contract Labor	2,140	-	-	2,140
Appreciation Functions	14,994	-	1,315	16,309
Pension	3,770	62	1,400	5,232
Dues & Subscriptions	-	-	752	752
Meetings	116	737	832	1,685
Totals	<u>\$ 972,105</u>	<u>\$ 149,709</u>	<u>\$ 91,779</u>	<u>\$ 1,213,593</u>

BE AN ANGEL FUND, INC.
Notes to the Financial Statements
August 31, 2008

Note A – Summary of Significant Accounting Policies

Organization and Purpose

Be An Angel Fund, Inc. (the Organization) is a nonprofit welfare organization serving children with multiple disabilities or profound deafness and their families in Houston, Dallas and Fort Worth Metropolitan Areas. The Organization raises funds to improve the quality of life of its constituency by providing adaptive equipment and select services to individuals and institutions.

Some of the Organization's projects include:

- Institutional Programs: Such as barrier free playgrounds, hydrotherapy pool and sensory rooms enabling special children the ongoing development and experiences that their bodies need.
- Individual Programs: Such as motorized wheelchairs, hearing aids, nutritional supplements and clothing.
- Activities: Such as field trips and weekend camping retreats designed to allow the entire family to enjoy their time spent together.
- Respite Care: Provides day care and trained staff so that family care givers can work and their children can continue their development during school vacations.
- Christmas Program: Providing 3,516 disabled children from low-income homes with Christmas Gifts.
- Snowday Program: Creating a winter wonderland with the help of over 33 tons of snow, a signing Santa, petting zoo and train rides at T. H. Rogers School.

Volunteer opportunities include:

- Event Angels help set up for events, work the registration tables, organize auction items and run errands at hectic times.
- Christmas Angels assist with one of the Organization's largest events by shopping for the children and wrapping presents.
- Missionary Angels carry the good news about the Organization into the community. They seek volunteers and donations at shopping malls and local events.
- Entertainment Angels make children smile through a variety of talents, which may include art, music and clowning.

Income Tax

The Organization is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code and has been classified as an Organization that is not a private foundation under Section 509(a) of the Internal Revenue Code. Accordingly, the Organization is not required to pay income taxes.

Basis of Accounting

The accompanying financial statements are presented using the accrual basis of accounting, as it is required by generally accepted accounting principles. Revenues are recorded when earned, and expenses are recorded when incurred.

Financial Statement Presentation

The organization presents its financial statements in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, 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.

Unrestricted – Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Temporarily Restricted – Net assets whose use is subject to donor-imposed restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time. All donor-restricted support is reported as an increase in temporarily restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction lapses or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted – Net assets subject to donor-imposed restrictions require that they be maintained permanently by the Organization. The organization does not have any permanently restricted net assets as of August 31, 2008.

Contributions

The Organization accounts for contributions in accordance with recommendations of the Financial Accounting Standards Board in SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116 contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in temporarily restricted or permanently restricted net assets in the reporting period in which the support is recognized. 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.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Organization considers all highly liquid investments with initial maturities of three months or less to be cash equivalents.

Property and Equipment

Furniture and equipment are stated at cost, or if donated, the fair value on the date received. Depreciation is provided using the straight-line method for temporary building and accelerated methods for fixtures and equipment over the estimated useful life of the assets. Total depreciation for each of the years ending August 2007 & 2008 was \$8,425.

Donated Material and Services

Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated values at date of receipt. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. The Organization recognizes donated services that create or enhance non financial assets or that require specialized skills and are provided by individuals possessing those skills, and would typically need to be purchased, if not provided by donation.

The value of other donated services is not reflected in the accompanying financial statements since there is no objective basis available by which to measure the value of such services. However, a substantial number of volunteers, including the Board of Directors, have donated significant amounts of their time in the Organization's efforts.

Use of Estimates

The preparation of financial statements in conformity with 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 as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates relate primarily to lives used in asset depreciation, fair values used to record in-kind contributions, and the functional allocation of expenses. Actual results could differ from those estimates.

Note B – Partnership Interests

Four closely held limited partnership interests have been donated to the Organization and are recorded at fair value. The portion of the capital originally donated to the Organization reverts to the donors at the end of the partnership term. Distributions from the partnerships have been recorded as reductions in the carrying value of the assets. During the years ended August 2007 and 2008, distributions received were \$15,744 and \$15,347 respectively.

Note C – Temporarily Restricted Net Assets

	2007	2008
Partnership Interests	<u>80,715</u>	<u>65,368</u>
	<u>\$ 80,715</u>	<u>\$ 65,368</u>

Note D — Office Facilities

The Aldine Independent School District provides space for the Organization's temporary building, which houses its offices. Certain schools and students in the Aldine Independent School District are beneficiaries of some of the Organization's programs.

Note E – Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on cash.

Note F - Other Concentrations

Donations from the Organization's annual Christmas fund raising drive were \$430,628 which included \$7,370 of in-kind contributions.

A company that board member Dan Patrick has an ownership interest in, donated public service announcements in connection with the Organization's annual Christmas fundraising drive and golf tournament.

The Organization does not have any commitments from the aforementioned contributors to continue such activities in the future.

Note G – Promises to Give

As of August 31, 2008, the Organization has made a commitment to provide funds to Katy Playground (\$303,781) and Katy Playground (\$50,720).

Note H – Municipal Bonds

During the year ended August 31, 2007, the Organization purchased \$50,000 in Wake County, North Carolina municipal bonds. The bonds are rated AAA by both Moody's and S&P and bear the interest rate of 3.62%. The bonds are due in October 2022 and the fair market value at year end is the same as the purchase price.