

**BE AN ANGEL FUND, INC.**

**FINANCIAL STATEMENTS**

**AUGUST 31, 2012**

**BE AN ANGEL FUND, INC.**  
**For the Years Ended August 31, 2011 and 2012**

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**Be An Angel Fund, Inc.**

**Officers & Directors**

Ray Solcher - Chairman

F. E. "Bo" Bigelow, III - Vice Chairman

Mike Williams - Vice Chairman

Bob Leonard - Treasurer

Felix Rhymes - Secretary

**Directors**

|                |                   |                |
|----------------|-------------------|----------------|
| Dot Cunningham | Stephen Drake     | Barbara Garney |
| Jeff Gorski    | Dan Huberty       | Dan Kasprzak   |
| Clay Morel     | Dan Pastorini     | Dan Patrick    |
| Ned Piedmont   | John Schwarz, Jr. | Bill Shank     |
| Tom Stream     | Ann Wright        |                |

**Advisory Committee**

|                 |                   |               |
|-----------------|-------------------|---------------|
| Jack Barry      | Cary Benson       | Carl Bowles   |
| David Bruce     | Dr. Doris Delaney | Dr. Nici Esch |
| Barbara Heim    | Ruth Houk         | Karl Kuenning |
| Rob LeClair     | Sally Maxwell     | Lou Pelz      |
| Venita Phillips | Patsy Rhymes      | Ron Swofford  |
| Terry Tognietti | Richard Tyler     | Robert Wells  |
| Constance White | Brian Wozniak     | Connie Young  |

**Staff**

Marti Boone - Executive Director

Russ Massey - Program Director

Dustin Tracy - Development Director

Alyssa Wade - Office Manager

## 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, "Organization") as of August 31, 2011 and 2012, 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, 2011 and 2012, 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  
November 7, 2012

**BE AN ANGEL FUND, INC.**  
**Statements of Financial Position**  
**August 31, 2011 & 2012**

|                                  | Assets                     |                   |
|----------------------------------|----------------------------|-------------------|
|                                  | 2011                       | 2012              |
| Current Assets:                  |                            |                   |
| Cash                             | \$ 131,840                 | \$ 292,801        |
| Accounts Receivable              | 5,250                      | 30,750            |
| Inventory                        | 6,419                      | 32,000            |
| Prepaid Expenses                 | 19,270                     | 6,395             |
| Total Current Assets             | <u>162,779</u>             | <u>361,946</u>    |
| Property & Equipment             |                            |                   |
| Building                         | 87,055                     | 87,055            |
| Furniture and Office Equipment   | 31,540                     | 37,216            |
| Other Equipment and Signage      | 33,974                     | 33,974            |
|                                  | <u>152,569</u>             | <u>158,245</u>    |
| Less Accumulated Depreciation    | <u>(99,772)</u>            | <u>(107,008)</u>  |
| Net Property & Equipment         | <u>52,797</u>              | <u>51,237</u>     |
| Other Assets                     |                            |                   |
| Municipal Bonds                  | 50,000                     | 50,000            |
| Partnership Investments          | 13,979                     | -                 |
| Total Other Assets               | <u>63,979</u>              | <u>50,000</u>     |
| Total Assets                     | <u>\$ 279,555</u>          | <u>\$ 463,183</u> |
|                                  | Liabilities and Net Assets |                   |
| Current Liabilities              |                            |                   |
| Accounts Payable                 | \$ 6,429                   | \$ 29,904         |
| Accrued Expenses                 | -                          | 69,676            |
| Note Payable                     | 41,453                     | -                 |
| Total Current Liabilities        | <u>47,882</u>              | <u>99,580</u>     |
| Net Assets                       |                            |                   |
| Unrestricted                     | 188,700                    | 300,520           |
| Temporarily Restricted           | 42,973                     | 63,083            |
| Total Net Assets                 | <u>231,673</u>             | <u>363,603</u>    |
| Total Liabilities and Net Assets | <u>\$ 279,555</u>          | <u>\$ 463,183</u> |

**BE AN ANGEL FUND, INC.**  
**Statements of Activities**  
**For the Years Ended August 31, 2011 & 2012**

| Unrestricted Net Assets                     | 2011       | 2012       |
|---|------------|------------|
| <u>Support &amp; Revenue</u>                |            |            |
| Christmas Program                           | \$ 493,745 | \$ 462,011 |
| Donations - General                         | 202,705    | 214,356    |
| Other Fundraisers                           | 21,859     | 66,555     |
| Grants                                      | 65,400     | 41,000     |
| Interest Income                             | 546        | 156        |
| <br>  |            |            |
| Gala  | 175,600    | 232,800    |
| Less direct benefit to donors               | (33,217)   | (32,000)   |
| Net Gala                                    | 142,383    | 200,800    |
| <br>  |            |            |
| Golf Tournaments                            | 63,769     | 96,203     |
| Less direct benefit to donors               | (7,938)    | -          |
| Net Golf Tournaments                        | 55,831     | 96,203     |
| <br>  |            |            |
| Resale Shop                                 |            |            |
| Contributions of merchandise                | 39,445     | 121,272    |
| Sales of donated merchandise                | 33,026     | 103,975    |
| Less value of merchandise sold              | (33,026)   | (103,975)  |
| Net revenue from Resale Shop                | 39,445     | 121,272    |
| <br>  |            |            |
| Partnership Income                          | -          | 583        |
| <br>  |            |            |
| Total Support & Revenue                     | 1,021,914  | 1,202,936  |
| Net assets released from donor restrictions | 97,984     | 342,851    |
| <br>  |            |            |
| Total Unrestricted Support & Revenue        | 1,119,898  | 1,545,787  |

**BE AN ANGEL FUND, INC.**  
**Statements of Activities-Continued**  
**For the Years Ended August 31, 2011 & 2012**

| <u>Expenses</u>  | <u>2011</u>          | <u>2012</u>          |
|--|----------------------|----------------------|
| Program Services   |                      |                      |
| Camp Be An Angel   | 17,392               | 27,500               |
| Snowday  | 9,416                | 16,180               |
| Christmas Programs   | 289,819              | 303,137              |
| Respite (Summer & Alternatives for Angels)                   | 70,545               | 67,340               |
| Child/Family Assistance                                      | 35,951               | 57,302               |
| Institutional Assistance                                     | 157,019              | 372,767              |
| SUCCESS Golf Program   | 50,707               | 22,186               |
| Other  | 205,663              | 165,117              |
| Total Program Services                                       | <u>836,512</u>       | <u>1,031,529</u>     |
| Resale Shop  | 79,197               | 110,314              |
| Fundraising Expenses   | 46,687               | 163,296              |
| Supporting Services - Administrative & General               | <u>137,653</u>       | <u>128,828</u>       |
| <br>Total Expenses   | <br><u>1,100,049</u> | <br><u>1,433,967</u> |
| <br>Increase in Unrestricted Net Assets                      | <br><u>19,849</u>    | <br><u>111,820</u>   |
| Temporarily Restricted Net Assets                            |                      |                      |
| Donations - Jo Kelly Playground                              | -                    | 249,461              |
| Grants   | -                    | 83,500               |
| SUCCESS Golf Program   | 82,000               | 30,000               |
| Net assets released from restrictions                        | <u>(97,984)</u>      | <u>(342,851)</u>     |
| <br>Increase (Decrease) in Temporarily Restricted Net Assets | <br><u>(15,984)</u>  | <br><u>20,110</u>    |
| <br>Increase in Net Assets                                   | <br>3,865            | <br>131,930          |
| Net Assets at Beginning of Year                              | <u>227,808</u>       | <u>231,673</u>       |
| Net Assets at End of Year                                    | <u>\$ 231,673</u>    | <u>\$ 363,603</u>    |

**BE AN ANGEL FUND, INC.**  
**Statements of Cash Flows**  
**For the Years Ended August 31, 2011 & 2012**

| <u>Cash Flows From Operating Activities</u>  | <u>2011</u>       | <u>2012</u>       |
|--|-------------------|-------------------|
| Increase in Net Assets   | \$ 3,865          | \$ 131,930        |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: Depreciation | 5,345             | 7,236             |
| (Increase) Decrease in Operating Assets:   |                   |                   |
| Accounts Receivable  | (1,150)           | (25,500)          |
| Partnership Investments  | 10,657            | 13,979            |
| Inventory  | (6,419)           | (25,581)          |
| Prepaid Expenses   | (15,957)          | 12,875            |
| Increase (Decrease) in Operating Liabilities:  |                   |                   |
| Accrued Expenses   | -                 | 69,676            |
| Accounts Payable/Promises to Give  | 6,156             | 23,475            |
| Net Cash Provided by Operating Activities  | <u>2,497</u>      | <u>208,090</u>    |
| <br><u>Cash Flows From Financing Activities</u>  |                   |                   |
| Principal Payments   | <u>(5,671)</u>    | <u>(41,453)</u>   |
| Net Cash Used by Financing Activities  | <u>(5,671)</u>    | <u>(41,453)</u>   |
| <br><u>Cash Flows From Investing Activities</u>  |                   |                   |
| Acquisition of Property & Equipment  | <u>(20,776)</u>   | <u>(5,676)</u>    |
| Net Cash Used by Investing Activities  | <u>(20,776)</u>   | <u>(5,676)</u>    |
| Net Increase (Decrease) in Cash  | (23,950)          | 160,961           |
| Cash at Beginning of Year  | <u>155,790</u>    | <u>131,840</u>    |
| Cash at End of Year  | <u>\$ 131,840</u> | <u>\$ 292,801</u> |
| <br>Supplemental Information - Interest Paid   | <u>\$ 1,238</u>   | <u>\$ -</u>       |



**BE AN ANGEL FUND, INC.**  
**Statement of Functional Expenses**  
**For the Year Ended August 31, 2011**

|                           | Camp Be An<br>Angel | Snowday         | Holiday<br>Programs | Respite          |
|---------------------------|---------------------|-----------------|---------------------|------------------|
|                           | \$ -                | \$ -            | \$ -                | \$ -             |
| Playgrounds               | -                   | -               | -                   | -                |
| Nutritional Program       | -                   | -               | -                   | -                |
| Individual Requests       | -                   | -               | -                   | -                |
| Hearing Aid Program       | -                   | -               | -                   | -                |
|                           |                     |                 |                     |                  |
| Toys                      | -                   | -               | 194,125             | -                |
| Student Activities        | -                   | 8,696           | -                   | -                |
| Equipment                 | -                   | -               | 1,062               | -                |
| Other                     | 17,392              | 720             | 78,261              | -                |
|                           |                     |                 |                     |                  |
| Salaries & Payroll Taxes  | -                   | -               | -                   | -                |
| Materials & Supplies      | -                   | -               | 4,754               | -                |
| Advertising/Website       | -                   | -               | -                   | -                |
| Professional Fees         | -                   | -               | -                   | -                |
|                           |                     |                 |                     |                  |
| Printing & Signage        | -                   | -               | 4,671               | -                |
| Public Awareness          | -                   | -               | -                   | -                |
| Awards & Gifts            | -                   | -               | -                   | -                |
| Automotive/Transportation | -                   | -               | 1,413               | -                |
|                           |                     |                 |                     |                  |
| Insurance-General         | -                   | -               | -                   | -                |
| Postage & Delivery        | -                   | -               | 2,714               | -                |
| Interest                  | -                   | -               | -                   | -                |
| Telephone                 | -                   | -               | -                   | -                |
|                           |                     |                 |                     |                  |
| Depreciation              | -                   | -               | -                   | -                |
| Bank Service Charges      | -                   | -               | 2,590               | -                |
| Utilities                 | -                   | -               | -                   | -                |
| Storage/Rent              | -                   | -               | -                   | -                |
|                           |                     |                 |                     |                  |
| Contract Labor            | -                   | -               | -                   | 70,545           |
| Appreciation Functions    | -                   | -               | 229                 | -                |
| Pension                   | -                   | -               | -                   | -                |
| Dues & Subscriptions      | -                   | -               | -                   | -                |
| Meetings                  | -                   | -               | -                   | -                |
|                           |                     |                 |                     |                  |
| Totals                    | <u>\$ 17,392</u>    | <u>\$ 9,416</u> | <u>\$ 289,819</u>   | <u>\$ 70,545</u> |

**BE AN ANGEL FUND, INC.**  
**Statement of Functional Expenses**  
**For the Year Ended August 31, 2011**

|                           | <u>Child/Family<br/>Assistance</u> | <u>Institutional<br/>Assistance</u> | <u>Success Golf<br/>Program</u> | <u>Other</u>      |
|---------------------------|------------------------------------|-------------------------------------|---------------------------------|-------------------|
| Playgrounds               | \$ -                               | \$ 155,069                          | \$ -                            | \$ -              |
| Nutritional Program       | 1,543                              | -                                   | -                               | -                 |
| Individual Requests       | 14,753                             | -                                   | -                               | -                 |
| Hearing Aid Program       | 8,575                              | -                                   | -                               | -                 |
|                           |                                    |                                     |                                 |                   |
| Toys                      | -                                  | -                                   | -                               | -                 |
| Student Activities        | -                                  | 1,950                               | -                               | -                 |
| Equipment                 | -                                  | -                                   | -                               | 1,813             |
| Other                     | 11,080                             | -                                   | 50,707                          | 2,856             |
|                           |                                    |                                     |                                 |                   |
| Salaries & Payroll Taxes  | -                                  | -                                   | -                               | 149,264           |
| Materials & Supplies      | -                                  | -                                   | -                               | 1,200             |
| Advertising/Website       | -                                  | -                                   | -                               | 1,089             |
| Professional Fees         | -                                  | -                                   | -                               | -                 |
|                           |                                    |                                     |                                 |                   |
| Printing & Signage        | -                                  | -                                   | -                               | -                 |
| Public Awareness          | -                                  | -                                   | -                               | 26,621            |
| Awards & Gifts            | -                                  | -                                   | -                               | -                 |
| Automotive/Transportation | -                                  | -                                   | -                               | 2,350             |
|                           |                                    |                                     |                                 |                   |
| Insurance-General         | -                                  | -                                   | -                               | 8,878             |
| Postage & Delivery        | -                                  | -                                   | -                               | 172               |
| Interest                  | -                                  | -                                   | -                               | -                 |
| Telephone                 | -                                  | -                                   | -                               | 3,604             |
|                           |                                    |                                     |                                 |                   |
| Depreciation              | -                                  | -                                   | -                               | 2,670             |
| Bank Service Charges      | -                                  | -                                   | -                               | 528               |
| Utilities                 | -                                  | -                                   | -                               | -                 |
| Storage/Rent              | -                                  | -                                   | -                               | -                 |
|                           |                                    |                                     |                                 |                   |
| Contract Labor            | -                                  | -                                   | -                               | -                 |
| Appreciation Functions    | -                                  | -                                   | -                               | -                 |
| Pension                   | -                                  | -                                   | -                               | 4,618             |
| Dues & Subscriptions      | -                                  | -                                   | -                               | -                 |
| Meetings                  | -                                  | -                                   | -                               | -                 |
|                           |                                    |                                     |                                 |                   |
| Totals                    | <u>\$ 35,951</u>                   | <u>\$ 157,019</u>                   | <u>\$ 50,707</u>                | <u>\$ 205,663</u> |

**BE AN ANGEL FUND, INC.**  
**Statement of Functional Expenses**  
**For the Year Ended August 31, 2011**

|                           | Total<br>Programs | Fundraising      | Resale Shop      | Admin &<br>General | Total              |
|---------------------------|-------------------|------------------|------------------|--------------------|--------------------|
| Playgrounds               | \$ 155,069        | \$ -             | \$ -             | \$ -               | \$ 155,069         |
| Nutritional Program       | 1,543             | -                | -                | -                  | 1,543              |
| Individual Requests       | 14,753            | -                | -                | -                  | 14,753             |
| Hearing Aid Program       | 8,575             | -                | -                | -                  | 8,575              |
|                           |                   |                  |                  |                    |                    |
| Toys                      | 194,125           | -                | -                | -                  | 194,125            |
| Student Activities        | 10,646            | -                | -                | -                  | 10,646             |
| Equipment                 | 2,875             | -                | -                | 990                | 3,865              |
| Other                     | 161,016           | 7,600            | 1,465            | 5,743              | 175,824            |
|                           |                   |                  |                  |                    |                    |
| Salaries & Payroll Taxes  | 149,264           | -                | 30,026           | 76,443             | 255,733            |
| Materials & Supplies      | 5,954             | 14,333           | 1,224            | 14,943             | 36,454             |
| Advertising/Website       | 1,089             | 2,196            | 6,081            | 828                | 10,194             |
| Professional Fees         | -                 | 10,475           | -                | 8,430              | 18,905             |
|                           |                   |                  |                  |                    |                    |
| Printing & Signage        | 4,671             | 4,670            | -                | 3,181              | 12,522             |
| Public Awareness          | 26,621            | -                | -                | -                  | 26,621             |
| Awards & Gifts            | -                 | -                | -                | 1,269              | 1,269              |
| Automotive/Transportation | 3,763             | 3,305            | 2,310            | 4,831              | 14,209             |
|                           |                   |                  |                  |                    |                    |
| Insurance-General         | 8,878             | -                | -                | 8,534              | 17,412             |
| Postage & Delivery        | 2,886             | 831              | -                | 388                | 4,105              |
| Interest                  | -                 | -                | -                | 1,238              | 1,238              |
| Telephone                 | 3,604             | -                | 2,112            | 2,492              | 8,208              |
|                           |                   |                  |                  |                    |                    |
| Depreciation              | 2,670             | -                | 1,682            | 993                | 5,345              |
| Bank Service Charges      | 3,118             | 2,912            | 667              | 2,820              | 9,517              |
| Utilities                 | -                 | -                | 5,057            | -                  | 5,057              |
| Storage/Rent              | -                 | -                | 28,573           | -                  | 28,573             |
|                           |                   |                  |                  |                    |                    |
| Contract Labor            | 70,545            | -                | -                | -                  | 70,545             |
| Appreciation Functions    | 229               | -                | -                | 1,281              | 1,510              |
| Pension                   | 4,618             | -                | -                | 1,969              | 6,587              |
| Dues & Subscriptions      | -                 | -                | -                | 619                | 619                |
| Meetings                  | -                 | 365              | -                | 661                | 1,026              |
|                           |                   |                  |                  |                    |                    |
| Totals                    | <u>\$ 836,512</u> | <u>\$ 46,687</u> | <u>\$ 79,197</u> | <u>\$ 137,653</u>  | <u>\$1,100,049</u> |

**BE AN ANGEL FUND, INC.**  
**Statement of Functional Expenses**  
**For the Year Ended August 31, 2012**

|                           | <u>Camp Be An<br/>Angel</u> | <u>Snowday</u>   | <u>Holiday<br/>Programs</u> | <u>Respite</u>   |
|---------------------------|-----------------------------|------------------|-----------------------------|------------------|
| Playgrounds               | \$ -                        | \$ -             | \$ -                        | \$ -             |
| Nutritional Program       | -                           | -                | -                           | -                |
| Individual Requests       | -                           | -                | -                           | -                |
| Hearing Aid Program       | -                           | -                | -                           | -                |
|                           |                             |                  |                             |                  |
| Toys                      | -                           | -                | 222,833                     | -                |
| Student Activities        | 23,210                      | 13,480           | -                           | 24,500           |
| Equipment                 | -                           | 800              | 3,075                       | -                |
| Other                     | 1,328                       | -                | 14,306                      | -                |
|                           |                             |                  |                             |                  |
| Salaries & Payroll Taxes  | -                           | -                | -                           | -                |
| Materials & Supplies      | 1,903                       | -                | 8,253                       | 518              |
| Advertising/Website       | -                           | 1,900            | 39,900                      | -                |
| Professional Fees         | -                           | -                | -                           | -                |
|                           |                             |                  |                             |                  |
| Printing & Signage        | -                           | -                | 1,967                       | -                |
| Public Awareness          | -                           | -                | -                           | -                |
| Awards & Gifts            | -                           | -                | -                           | -                |
| Automotive/Transportation | 1,059                       | -                | 1,825                       | 2,560            |
|                           |                             |                  |                             |                  |
| Insurance-General         | -                           | -                | -                           | -                |
| Postage & Delivery        | -                           | -                | 3,709                       | -                |
| Interest                  | -                           | -                | -                           | -                |
| Telephone                 | -                           | -                | -                           | -                |
|                           |                             |                  |                             |                  |
| Depreciation              | -                           | -                | -                           | -                |
| Bank Service Charges      | -                           | -                | 1,978                       | -                |
| Utilities                 | -                           | -                | -                           | -                |
| Storage/Rent              | -                           | -                | 4,400                       | -                |
|                           |                             |                  |                             |                  |
| Contract Labor            | -                           | -                | -                           | 39,762           |
| Appreciation Functions    | -                           | -                | 891                         | -                |
| Pension                   | -                           | -                | -                           | -                |
| Dues & Subscriptions      | -                           | -                | -                           | -                |
| Meetings                  | -                           | -                | -                           | -                |
|                           |                             |                  |                             |                  |
| Totals                    | <u>\$ 27,500</u>            | <u>\$ 16,180</u> | <u>\$ 303,137</u>           | <u>\$ 67,340</u> |

**BE AN ANGEL FUND, INC.**  
**Statement of Functional Expenses**  
**For the Year Ended August 31, 2012**

|                           | Child/Family<br>Assistance | Institutional<br>Assistance | Success Golf<br>Program | Other             |
|---------------------------|----------------------------|-----------------------------|-------------------------|-------------------|
| Playgrounds               | \$ -                       | \$ 372,767                  | \$ -                    | \$ -              |
| Nutritional Program       | 5,000                      | -                           | -                       | -                 |
| Individual Requests       | 24,398                     | -                           | -                       | -                 |
| Hearing Aid Program       | 22,426                     | -                           | -                       | -                 |
|                           |                            |                             |                         |                   |
| Toys                      | -                          | -                           | -                       | -                 |
| Student Activities        | -                          | -                           | -                       | -                 |
| Equipment                 | -                          | -                           | 7,400                   | 2,029             |
| Other                     | 1,078                      | -                           | 202                     | 1,170             |
|                           |                            |                             |                         |                   |
| Salaries & Payroll Taxes  | -                          | -                           | -                       | 103,090           |
| Materials & Supplies      | -                          | -                           | -                       | 101               |
| Advertising/Website       | -                          | -                           | 10,595                  | 2,408             |
| Professional Fees         | -                          | -                           | -                       | -                 |
|                           |                            |                             |                         |                   |
| Printing & Signage        | -                          | -                           | 720                     | -                 |
| Public Awareness          | -                          | -                           | -                       | 31,328            |
| Awards & Gifts            | -                          | -                           | -                       | -                 |
| Automotive/Transportation | -                          | -                           | 2,964                   | 6,938             |
|                           |                            |                             |                         |                   |
| Insurance-General         | -                          | -                           | -                       | 10,580            |
| Postage & Delivery        | -                          | -                           | -                       | 78                |
| Interest                  | -                          | -                           | -                       | -                 |
| Telephone                 | -                          | -                           | -                       | 3,081             |
|                           |                            |                             |                         |                   |
| Depreciation              | -                          | -                           | -                       | 3,930             |
| Bank Service Charges      | -                          | -                           | -                       | 181               |
| Utilities                 | -                          | -                           | -                       | -                 |
| Storage/Rent              | 4,400                      | -                           | 306                     | -                 |
|                           |                            |                             |                         |                   |
| Contract Labor            | -                          | -                           | -                       | -                 |
| Appreciation Functions    | -                          | -                           | -                       | -                 |
| Pension                   | -                          | -                           | -                       | -                 |
| Dues & Subscriptions      | -                          | -                           | -                       | -                 |
| Meetings                  | -                          | -                           | -                       | 205               |
|                           |                            |                             |                         |                   |
| Totals                    | <u>\$ 57,302</u>           | <u>\$ 372,767</u>           | <u>\$ 22,186</u>        | <u>\$ 165,117</u> |

**BE AN ANGEL FUND, INC.**  
**Statement of Functional Expenses**  
**For the Year Ended August 31, 2012**

|                           | Total<br>Programs  | Fundraising       | Resale Shop       | Admin &<br>General | Total              |
|---------------------------|--------------------|-------------------|-------------------|--------------------|--------------------|
| Playgrounds               | \$ 372,767         | \$ -              | \$ -              | \$ -               | \$ 372,767         |
| Nutritional Program       | 5,000              | -                 | -                 | -                  | 5,000              |
| Individual Requests       | 24,398             | -                 | -                 | -                  | 24,398             |
| Hearing Aid Program       | 22,426             | -                 | -                 | -                  | 22,426             |
|                           |                    |                   |                   |                    |                    |
| Toys                      | 247,333            | -                 | -                 | -                  | 247,333            |
| Student Activities        | 36,690             | -                 | -                 | -                  | 36,690             |
| Equipment                 | 13,304             | -                 | -                 | 1,735              | 15,039             |
| Other                     | 18,084             | 23,499            | 2,255             | 8,376              | 52,215             |
|                           |                    |                   |                   |                    |                    |
| Salaries & Payroll Taxes  | 103,090            | 85,939            | 43,244            | 55,595             | 287,869            |
| Materials & Supplies      | 10,775             | 27,783            | 18,812            | 6,970              | 64,340             |
| Advertising/Website       | 54,802             | 1,895             | 2,620             | 1,320              | 60,637             |
| Professional Fees         | -                  | 472               | -                 | 8,809              | 9,281              |
|                           |                    |                   |                   |                    |                    |
| Printing & Signage        | 2,687              | 3,611             | -                 | 1,495              | 7,793              |
| Public Awareness          | 31,328             | -                 | -                 | -                  | 31,328             |
| Awards & Gifts            | -                  | 7,413             | -                 | 2,907              | 10,320             |
| Automotive/Transportation | 15,345             | 4,255             | 4,844             | 5,822              | 30,267             |
|                           |                    |                   |                   |                    |                    |
| Insurance-General         | 10,580             | -                 | -                 | 8,789              | 19,369             |
| Postage & Delivery        | 3,787              | 1,866             | -                 | 607                | 6,259              |
| Interest                  | -                  | -                 | -                 | -                  | -                  |
| Telephone                 | 3,081              | 70                | 2,371             | 2,468              | 7,990              |
|                           |                    |                   |                   |                    |                    |
| Depreciation              | 3,930              | -                 | 1,682             | 1,624              | 7,236              |
| Bank Service Charges      | 2,159              | 4,725             | 1,135             | 7,277              | 15,296             |
| Utilities                 | -                  | -                 | 6,433             | -                  | 6,433              |
| Storage/Rent              | 9,106              | -                 | 26,919            | 4,400              | 40,424             |
|                           |                    |                   |                   |                    |                    |
| Contract Labor            | 39,762             | -                 | -                 | 5,874              | 45,636             |
| Appreciation Functions    | 891                | -                 | -                 | 1,820              | 2,711              |
| Pension                   | -                  | -                 | -                 | -                  | -                  |
| Dues & Subscriptions      | -                  | -                 | -                 | 1,901              | 1,901              |
| Meetings                  | 205                | 1,766             | -                 | 1,037              | 3,008              |
| Totals                    | <u>\$1,031,529</u> | <u>\$ 163,296</u> | <u>\$ 110,314</u> | <u>\$ 128,828</u>  | <u>\$1,433,968</u> |

**BE AN ANGEL FUND, INC.**  
**Notes to the Financial Statements**  
**August 31, 2012**

**Note A – Organization and Purpose**

Organization and Purpose

Be An Angel Fund, Inc. (the Organization) is a 501(c)3 nonprofit welfare organization. The Organization was started in 1986 and has served children with multiple disabilities or profound deafness and their families in the Houston, Dallas and Fort Worth metropolitan areas for over 25 years. 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: Providing barrier free playgrounds, hydrotherapy pool and sensory rooms enabling special children the ongoing development and experiences that their bodies need.
- Individual Programs: Providing motorized wheelchairs, hearing aids, nutritional supplements, medical tricycles, automobile lifts, medical strollers, and other misc. medical equipment.
- Activities: Offering weekend family camping retreat designed to allow entire family to enjoy their time spent together.
- Respite Care: Offering day care with trained staff so that family care givers can work and their children can continue their development outside of normal school hours, including summer.
- Christmas Program: Providing 4,731 disabled children from low-income homes with Christmas Gifts.
- Snow Day Program: Creating a winter wonderland for disabled and profoundly deaf children with the help of over 60 tons of snow, a signing Santa, petting zoo and train rides at T. H. Rogers School and K-4 graders in the Aldine ISD MO Campbell Building.
- Students Undertaking Challenging Courses Ensuring development of Sportsmanship and Skill (SUCCESS) Golf Program: Promoting healthy exercise, increasing cognitive development, and converting fun skills to life skills and more through an original 9-hole mobile golf course.

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 by seeking volunteers and donations at shopping malls and local events.
- Entertainment Angels make children smile through the offering of their talents, including art, music and clowning.

**Note B - Summary of Significant Accounting Policies**

Basis of Accounting

The accompanying financials are presented using the accrual basis of accounting, in accordance with 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 Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 – *Not For Profit Entities* (“ASC 958”) (formerly Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*). Under ASC 958, the Organization reports 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. Net assets represent the difference between assets and liabilities. Additionally the Organization is required to present a statement of cash flows.

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 that are maintained permanently by the Organization. The Organization does not have any permanently restricted net assets as of August 31, 2012.

## 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.

## 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.

## Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts, which at times may exceed federally insured limit (“FDIC”), which is \$250,000 for 2012. Section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“DFA”) provides temporary (through December 31, 2012) and unlimited deposit insurance coverage for non-interest-bearing transaction accounts at all FDIC-insured depository institutions. Except for the Certificate of Deposit, all bank accounts are non-interest-bearing, so the FDIC insurance limit does not apply. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on cash.



## Contributions

The Organization accounts for contributions in accordance with recommendations of ASC 958, (formerly SFAS No. 116, *Accounting for Contributions Received and Contributions Made*). In accordance with ASC 958, 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.

## Functional Expenses

As required by ASC 958, the Organization presents its expenses according to their functional classification on the statement of activities. Functional expenses presented include program services, which encompass expenses related to the fulfillment of the purpose, and mission for which the Organization exists, and supporting services and administration, which include all activities not considered program services. General management and fundraising activities are considered supporting services.

The statement of functional expenses, also required by ASC 958, presents the Organization's expenses in further detail, displaying expenses according to both functional classification and account.

## Compensated Absences

Employees of the Organization are entitled to paid vacation, paid sick days and personal days off. None of these benefits vest, therefore, they are expensed as incurred.

## Fixed Assets

Provisions for depreciation on all fixed assets are determined over the estimated useful lives of the respective assets on a straight-line basis. Fixed assets are recorded at cost when purchased. Donated assets are recorded at fair market value on the date acquired. Assets with a life of over one year and a cost of over \$500 are capitalized and depreciated.

## 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.

**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 2011 and 2012, distributions received were \$10,657 and \$13,980 respectively. The distribution in the current year effectively reduced the value of the partnership interest to \$0.

**Note C – Temporarily Restricted Net Assets**

Temporarily restricted net assets consisted of the following:

|                              | 2011             | 2012             |
|------------------------------|------------------|------------------|
| Alternatives for Angels      | \$ 12,840        | \$ -             |
| Hearing Aids - Latin America | 5,238            | 1,078            |
| Jo Kelly Playground          | -                | 55,995           |
| Respite                      | -                | 4,910            |
| Golf Ball Drop               | -                | 1,100            |
| Nutritional Program          | 4,480            | -                |
| Hearing Aids - Local         | 6,425            | -                |
| Partnership Interests        | 13,990           | -                |
|                              | <u>\$ 42,973</u> | <u>\$ 63,083</u> |

**Note D — Office Facilities**

During the year ended August 31, 2009, the Organization purchased a portable building for use as an office. The total cost was \$ 74,471. Aldine Independent School District provides space for the building at no charge. For the year ended August, 31, 2012, \$13,200 has been recorded as in-kind contributions for rent and utilities. Certain schools and students in the Aldine Independent School District are beneficiaries of some of the Organization's programs.

**Note E – Income Tax Status**

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. The Organization did not conduct unrelated business activities. The Organization is not required to pay income taxes and has made no provision for federal income taxes in the accompanying financial statements. The Organization's federal tax returns are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

**Note F – 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.

### **Note G - Other Concentrations**

Donations from the Organization's annual Christmas fundraising drive were \$493,745 in 2011 and \$462,011 in 2012. This included \$58,325 of in-kind contributions in 2011 and \$44,300 in 2012.

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 H – Line of Credit**

The Organization has a \$40,000 line of credit available at a local bank. The interest rate is the bank's rate plus 2% which is currently 5.25%. It is collateralized by a certificate of deposit. The line of credit went unused throughout the entirety of the year, and at year end, there was no balance outstanding. The agreement expired on October 14, 2012 and is in the process of being reviewed for renewal.

### **Note I – Note Payable**

As of year end 2012, the Organization had no Notes Payable balance. The Organization had an outstanding note payable to Amegy Bank at August 31, 2011. In December 2011, this note payable was paid in full without penalty.

### **Note J – Operating Lease**

The Organization leases space for use as the Be An Angel ReSale Shop. The space is rented month-to-month at a monthly rent amount of \$1,500.

### **Note K – Retirement Plan**

Be An Angel Fund, Inc. has a SIMPLE Individual Retirement Account Retirement Plan (SIMPLE IRA) for its employees. A SIMPLE IRA plan is an IRA-based plan that gives small employers (no more than 100 employees who earned \$5,000 or more in compensation) a simplified method to make contributions toward their employees' retirement and their own retirement. Under a SIMPLE IRA plan, employees may choose to make salary reduction contributions and the employer makes matching or nonelective contributions. All contributions are made directly to an Individual Retirement Account or Individual Retirement Annuity set up for each employee. SIMPLE IRA plans are maintained on a calendar-year basis. The Organization will match up to 5% of compensation. During the years ended August 2011 and 2012, the company contribution costs were \$6,587 and \$5,670, respectively.

### **Note L – Inventory**

Inventory donated to Be An Angel Resale shop is valued at the fair value to the Organization when received, and carried at the lower of cost (fair value) or market (FIFO). Cost of Sales is determined based on a 0.00% markup which approximates the fair value of the inventory sold.

**Note M - Advertising Costs**

The Organization expenses advertising costs as incurred. Expenses incurred were \$10,194 in 2011 and \$60,637 in 2012. The 2012 costs included \$39,900 in in-kind advertising and \$2,620 in advertising for the Be An Angel ReSale Shop.

**Note N – Risk Management**

The Organization is exposed to various risks of loss related to theft of, damage to and destruction of assets, errors and omissions, personal injury and death, and natural disasters for which the Organization carries commercial insurance. The Organization has not significantly reduced insurance coverage or had settlements that exceeded coverage amounts.

**Note O – New Accounting Pronouncements**

New pronouncements have been issued and reviewed for applicability to the Organization. None of the recent pronouncements applies to the Organization.

**Note P – Subsequent Events**

The Organization has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended August 31, 2012 through October 24, 2012, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.