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**Be An Angel Fund, Inc.**

**August 31, 2014**

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## ***INDEPENDENT AUDITOR'S REPORT***

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

We have audited the accompanying financial statements of Be An Angel Fund, Inc. (a nonprofit organization), which comprise the statement of financial position as of August 31, 2014, and the related statements of activities, cash flows, and functional expenses 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 accounting principles generally accepted in the United States of America; 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 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 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 risks 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 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.

## 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, 2014, and the changes in its net assets and its cash flows and its functional expenses for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Brooks Cardiel, PLLC*

BrooksCardiel, PLLC  
Certified Public Accountants  
The Woodlands, Texas  
February 12, 2015

**Be An Angel Fund, Inc.**  
**STATEMENT OF FINANCIAL POSITION**  
**August 31, 2014**

<b>ASSETS</b>	
Cash and cash equivalents	\$ 167,543
Pledges receivable	16,925
<b>TOTAL CURRENT ASSETS</b>	<u>\$ 184,468</u>
Property & Equipment	146,799
Less: Accumulated Depreciation	(120,970)
Net Property & Equipment	<u>25,829</u>
Other Assets	
Municipal Bonds	50,000
<b>TOTAL ASSETS</b>	<u>\$ 260,297</u>
 <b>LIABILITIES AND NET ASSETS</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable	\$ 6,500
<b>TOTAL CURRENT LIABILITIES</b>	<u>6,500</u>
 <b>NET ASSETS</b>	
Unrestricted	252,136
Temporarily restricted	1,661
<b>TOTAL NET ASSETS</b>	<u>253,797</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 260,297</u>

The accompanying notes are an integral part of these financial statements.

**Be An Angel Fund, Inc.**  
**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS**  
**For the Year Ended August 31, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUES AND SUPPORT</b>			
Christmas program	\$ 497,214	\$ -	\$ 497,214
Donations	385,468	67,929	453,397
Golf tournaments	101,075	-	101,075
Other fundraisers	30,455	19,000	49,455
Grants	58,800	35,000	93,800
Partnership	10,854	-	10,854
Interest	55	-	55
SUCCESS Golf	-	90	90
<b>TOTAL REVENUE</b>	<u>1,083,921</u>	<u>122,019</u>	<u>1,205,940</u>
<b>EXPENSES</b>			
Program services	761,064	168,749	929,813
Management and general	143,137	-	143,137
Fundraising	199,409	-	199,409
<b>TOTAL EXPENDITURES</b>	<u>1,103,610</u>	<u>168,749</u>	<u>1,272,359</u>
Increase (decrease) in net assets	(19,689)	(46,730)	(66,419)
Net assets, beginning of year	<u>271,825</u>	<u>48,391</u>	<u>320,216</u>
Net assets, end of year	<u>\$ 252,136</u>	<u>\$ 1,661</u>	<u>\$ 253,797</u>

The accompanying notes are an integral part of these financial statements.

# Be An Angel Fund, Inc.

## STATEMENT OF CASH FLOWS

For the Year Ended August 31, 2014

	<u>September 30,</u> <u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (decrease) in net assets	\$ (66,419)
Adjustments to reconcile net assets to net cash used for operating activities:	
Depreciation	7,299
Change in assets and liabilities:	
Accounts receivable	12,100
Prepaid expense	3,122
Accounts payable	6,500
Net cash provided by revenue and support activities	<u>(37,398)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from maturing of Certificate of Deposit	<u>9,285</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(28,113)
Cash and cash equivalents, beginning of period	195,656
Cash and cash equivalents, end of period	<u>\$ 167,543</u>

The accompanying notes are an integral part of these financial statements.

**Be An Angel Fund, Inc.**  
**STATEMENT OF FUNCTIONAL EXPENSES (Page 1 of 2)**  
**For the Year Ended August 31, 2014**

	Camp Be An Angel	Snowday	Christmas Programs	Respite	Sub-total
Salaries & Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Playgrounds	-	-	-	-	-
Individual Requests	-	-	-	-	-
Hearing Aid Program	-	-	-	-	-
International	-	-	-	-	-
Toys	-	10,837	223,699	-	234,536
Student Activities	54,873	-	-	20,018	74,891
Equipment	-	-	-	-	-
Materials & Supplies	4,757	-	6,083	-	10,840
Advertising & Website	-	-	-	-	-
Contract Labor	-	-	690	61,340	62,030
Telephone & Internet	-	-	-	-	-
Insurance - General	-	-	-	-	-
Office & Postage	-	-	12,801	-	12,801
Awards	-	-	12,264	-	12,264
Meetings & Dues	-	-	-	-	-
Travel & Transportation	750	-	1,012	-	1,762
Rent & Storage	-	-	-	-	-
Other	595	-	622	-	1,217
<b>TOTAL EXPENSES</b>	<u>\$ 60,975</u>	<u>\$ 10,837</u>	<u>\$ 257,171</u>	<u>\$ 81,358</u>	<u>\$ 410,341</u>

The accompanying notes are an integral part of these financial statements.



# Be An Angel Fund, Inc.

## STATEMENT OF FUNCTIONAL EXPENSES (Page 2 of 2)

For the Year Ended August 31, 2014

	Sub-totals from prior page	Family Assistance	Institutional Assistance	SUCCESS Golf Program	Other	Total Programs
Salaries & Taxes	\$ -	\$ -	\$ -	\$ -	\$ 162,612	\$ 162,612
Playgrounds	-	-	128,271	-	-	128,271
Individual Requests	-	35,439	-	-	-	35,439
Hearing Aid Program	-	59,214	-	-	-	59,214
International	-	52,244	-	-	-	52,244
Toys	234,536	-	-	-	-	234,536
Student Activities	74,891	-	-	-	-	74,891
Equipment	-	-	-	11,357	124	11,481
Materials & Supplies	10,840	-	-	-	6,799	17,639
Advertising & Website	-	-	-	847	18,390	19,237
Contract Labor	62,030	-	-	8,727	-	70,757
Telephone & Internet	-	-	-	-	4,912	4,912
Insurance - General	-	-	-	-	8,126	8,126
Office & Postage	12,801	-	-	-	1,512	14,313
Awards	12,264	-	-	-	141	12,405
Meetings & Dues	-	-	-	-	376	376
Travel & Transportation	1,762	-	-	2,339	10,316	14,417
Rent & Storage	-	-	-	1,419	-	1,419
Other	1,217	-	-	186	6,121	7,524
<b>TOTAL EXPENSES</b>	<u>\$ 410,341</u>	<u>\$ 146,897</u>	<u>\$ 128,271</u>	<u>\$ 24,875</u>	<u>\$ 219,429</u>	<u>\$ 929,813</u>

The accompanying notes are an integral part of these financial statements.

**Be An Angel Fund, Inc.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended August 31, 2014**

**ORGANIZATION AND PURPOSE**

Be An Angel Fund, Inc. (Organization) is a 501(c)3 nonprofit corporation founded in 1986 and incorporated in October 1988 for the purpose of improving the quality of life for children living in the Houston, Dallas and Fort Worth metropolitan areas who have multiple disabilities or profound deafness by providing to these children and their families adaptive equipment and support services.

These services 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 miscellaneous 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.

The Organization is governed by a volunteer Board of Directors and generates income and revenue through individual and corporate donations and grants.

**BASIS OF PRESENTATION**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

**Be An Angel Fund, Inc.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended August 31, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

**Net Asset Classification**

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization represent the difference between assets and liabilities and changes therein are classified and reported as follows:

*Unrestricted net assets* – Include those assets over which the Board of Directors has discretionary control in carrying out the operations of the Organization.

*Temporarily restricted net assets* – Net assets subject to donor-imposed restrictions that will be met either by actions of the Organization and/or the passage of time. When donor-stipulated time restriction ends 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* – Net assets that are subject to donor-imposed restrictions that specify assets are donated to be invested to provide a permanent source of income. There were no permanently restricted assets as of August 31, 2014.

During the reporting period, the Organization had only unrestricted and temporarily restricted net assets. Temporarily restricted assets as of August 31, 2014, relate to contributions for which the funds have not yet been spent for the purpose designated by the donor.

**Budgetary Control**

The Organization has established its fiscal year as the twelve-month period beginning September 1. The Organization's Executive Director and Board of Directors estimate expenditures for the ensuing fiscal year after which the Board of Directors Treasurer submits a budget of estimated expenditures and revenues to the entire Board for review and discussion.

**Be An Angel Fund, Inc.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended August 31, 2014**

The budget is then authorized by a motion and majority vote of the Board. The Board is authorized to transfer budgeted amounts between line items; however, any revisions that alter the total expenditures of the budget must be approved by the Board. Budgeted amounts are as originally adopted or as amended by the Board.

**Revenue Recognition**

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Unrestricted contributions, grants, and donor bequests and donor-restricted contributions, grants, and donor bequests to the Organization are recorded as revenue.

Nonreciprocal revenues or contributions are reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions or conditions. Expiration of donor-imposed restrictions (i.e., the donor-stipulated purpose has been satisfied) is reported as satisfaction of program restrictions. The Organization reports donations as unrestricted revenue when the donor does not restrict its use as well as when the donor's restrictions are met in the same reporting period.

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 program expenses under the restricted assets column.

When donor-restricted funds are expended, they are either capitalized or expensed, whichever is applicable. Estimates of completion are based on judgments by management and the donor. Those judgments are based on specific requirements of the donor agreements and the amount of work completed. Revenue which is earned but not billed is reported as accounts receivable on the statement of financial position. Advance payments from donors are classified as deferred revenue and recognized as revenue upon the expenditure of allowable costs or completion of the various stages of the studies.

**Cash and Cash Equivalents**

The Organization considers all cash on hand, demand bank deposits, and highly liquid investments available for current use with an initial maturity of three months or less when purchased to be defined as cash and cash equivalents.

**Be An Angel Fund, Inc.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended August 31, 2014**

**Custodial Credit Risk**

Financial instruments which potentially subject the Organization to credit risk include cash and cash equivalents and pledges receivable. In the case of bank deposits, custodial credit risk is the risk that in the event of a bank failure, the Organization's bank deposits, whose balances exceed the insurance coverage guaranteed by the Federal Deposit Insurance Corporation (FDIC), which was \$250,000 for 2014, may not be returned to it. From time to time during the year, the Organization's cash balances exceeded this FDIC limit. The Organization has not experienced any losses and management believes it is not exposed to any significant custodial credit risk on cash.

**Investments and Fair Value Measurement**

The Organization has an investment in municipal bonds. Investments are reported at fair value, which, for the municipal bond, is defined as the price that would either be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments traded on a national securities exchange are valued at the last reported closing price as of the last business day of the Fund's fiscal year.

Unrealized gains and losses, arising from increases or decreases in the current market values from the beginning of the year to the end of the year, are presented as net appreciation (depreciation) in fair value of investments on the statements of changes in plan net assets, along with gains and losses realized on sales of investments. Purchases and sales of investments are recorded on the trade date. Interest income and income from other investments is recorded on the accrual basis.

The following is a description of the valuation methodologies used for investments measured at fair value:

- Municipal Bonds: Valued at the purchase price.

Assets and liabilities measured at fair value are categorized into the following fair value hierarchy:

- Level 1 – Fair value is based on unadjusted quoted prices for identical assets or liabilities in an active market that the Plan has the ability to access at the measurement date.
- Level 2 – Fair value is based on quoted prices in markets that are not active, quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability. Pricing models are utilized to estimate fair value for certain assets and liabilities categorized in Level 2.
- Level 3 – Fair value is based on prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable.

**Be An Angel Fund, Inc.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended August 31, 2014**

These inputs reflect managements' judgment about the assumptions that a market participant would use in pricing the investment and are based on the best available information, some of which may be internally developed.

The level of fair value hierarchy with which the fair value measurement is classified is determined based on the lowest level input that is significant to the fair value measure in its entirety.

The methods described above may produce a fair value that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, while management of 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.

The following table sets forth by level, within the fair value hierarchy, the Organization's investment as of August 31, 2014:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Municipal Bonds	-	\$ 50,000	-	\$ 50,000

**Donated Materials 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.

**Be An Angel Fund, Inc.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended August 31, 2014**

**Functional Expenses**

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 presents the Organization's expenses in further detail, displaying expenses according to both functional classification and account.

**Pledges Receivable**

Pledges receivable arise in the normal course of business and are stated at the amount the Organization expects to collect from balances outstanding at year-end. It is the policy of management to review the outstanding accounts receivable at year-end, as well as the bad debt write-offs experienced in the past, and establish an allowance for doubtful accounts. Based on the Organization's assessment of the credit history with customers having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial, and as such, no allowance for doubtful accounts was determined necessary by management at August 31, 2014.

**Compensated Absences**

Employees of the Organization are entitled to paid vacation, paid sick days and paid personal days off. None of these benefits vest or accrue, and cannot be carried forward if unused at the end of each year. As such, no liability for compensated absences has been established.

**Income Taxes**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and did not conduct unrelated business activities. Therefore, the Organization has made no provision for federal income taxes in the accompanying financial statements.

**Fixed Assets and Depreciation**

All asset purchases are recorded at cost when purchased. The Organization defines assets with a life of over one year and a cost of over \$500 as fixed assets that are to be capitalized and depreciated. Donated assets are recorded at fair market value on the date acquired.

**Be An Angel Fund, Inc.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended August 31, 2014**

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Depreciation has been calculated based on the asset's estimated useful life for each class of depreciable property using the straight-line method as follows:

Building & improvements	25 years
Other equipment & vehicle	3 - 5 years
Furniture & office equipment	3 - 5 years

**NOTE 2 - INVESTMENTS**

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.

For the year ended August 31, 2014, the net appreciation or depreciation (including realized gains and losses on investments that were both bought and sold during the year) in fair value for each significant class of investments is as follows (disclosed as interest income):

Municipal bonds	<u>\$ 55</u>
Total net appreciation in fair value of investment	<u>\$ 55</u>

The investment is held in custody by LPL Financial (Custodian) and is managed by and accessible to the Board of the Organization. The Board will have sole authority for purchases and sales, investment selection and implementation of investment strategies. The Custodian shall be a fiduciary of the Organization's assets with respect to its discretionary duties including safekeeping the Organization's assets. The Custodian shall establish and maintain a custodial account to hold, or direct its agents to hold, for the account of the Organization all assets that the Board shall from time to time deposit with the Custodian.

All rights, title and interest in and to the Organization's assets shall at all times be vested with the Organization's Board. In holding all Organization investment assets, the Custodian shall act with the same care, skill, prudence and diligence under the prevailing circumstances that a prudent person acting in like capacity and familiar with matters of this type would use in the conduct of an enterprise with a like character and with like aims. Further, the Custodian shall hold, manage and administer the Organization's investment for the exclusive purpose of providing the benefits to the Organization.



**Be An Angel Fund, Inc.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended August 31, 2014**

Credit risk - Investments

For an investment, credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Organization does not have a formal policy limiting investment credit risk, but and management believes it is not exposed to any significant investment credit risk.

Custodial Credit Risk – Investments

For an investment, custodial credit is the risk that, in the event of the failure of the counterparty, the Fund will not be able to recover the value of its investment or collateral securities that are in possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Organization, and are held by either the counterparty or the counterparty's trust department or agent but not in the Organization's name.

**NOTE 3 - TEMPORARILY RESTRICTED NET ASSETS**

The balance of temporarily restricted net assets of \$1,661 is available as of August 31, 2014 for use as directed. Of this balance, \$1,561 is restricted for uses that further education for American Sign Language and \$100 is restricted for individual equipment.

There was \$168,749 of net assets released from donor restriction during the year ended August 31, 2014, by incurring expenses to satisfy the purpose of the restriction, by the passage of time, or by the occurrence of other specific events.

**NOTE 4 - 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. Certain schools and students in the Aldine Independent School District are beneficiaries of some of the Organization's programs. For the year ended August 31, 2014, \$13,200 has been recorded as in-kind contributions for rent and utilities.

**Be An Angel Fund, Inc.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended August 31, 2014**

**NOTE 5 – FIXED ASSETS**

A detail of the Organization’s fixed assets costs and related accumulated depreciation expense as of August 31, 2014, is as follows:

Building	\$ 74,471
Furniture and office equipment	38,353
Other equipment and vehicle	<u>33,975</u>
Total Fixed Assets	<u>146,799</u>
Less Accumulated Depreciation	<u>(120,970)</u>
Net Fixed Assets	<u>\$ 25,829</u>

**NOTE 6 – ADVERTISING**

The Organization expenses advertising costs as incurred. Advertising expenses incurred for the year ended August 31, 2014 were \$24,848.

**NOTE 7 - RETIREMENT PLAN**

The Organization 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. The Organization does not direct the investments. SIMPLE IRA plans are maintained on a calendar-year basis. The Organization will match up to 5% of compensation. During the year ended August 31, 2014, the Organization contributed \$8,854.

**NOTE 8 - INCOME TAX STATUS**

The Organization applied for and received a tax determination letter from the Internal Revenue Service, which exempted the Organization from federal income taxes under Section 501(c)(3) 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.

**Be An Angel Fund, Inc.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended August 31, 2014**

Support and donations received are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization has been classified as an organization not organized for profit but operated exclusively for the promotion of the social welfare of the individuals served and the net earnings of which are devoted exclusively to charitable, educational, or recreational purposes.

**NOTE 9 - ENDOWMENT**

In March 2013, the Board established the "Be An Angel Foundation, Inc." (Foundation). The Foundation currently has no by-laws, no investments, and no governing body, although certain members of the Organization's Board are listed as the Foundation's officers on tax filings. The purpose for the formation of the Foundation is to use unrestricted or designated cash balances for future related programs and to offset expenses of the Organization.

**NOTE 10 - RISK MANAGEMENT**

The Organization is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; personal injury and death; and natural disasters for which the Organization purchases commercial insurance. The Organization has no additional risk or responsibility outside of the payment of insurance premiums. The Organization has not significantly reduced insurance coverage or had settlements that exceeded coverage amounts for the past several years.

The Organization owns and operates a motor vehicle and may provide such vehicle to certain employees for business use during the course and scope of their employment. The Organization is insured as to its own property losses, and the liability of loss to others.

**NOTE 11 - COMMITMENTS AND CONCENTRATIONS**

As of August 31, 2014, the majority of the Organization's receivables was from one source which accounted for \$13,675 or 80% of total accounts receivable as of August 31, 2014.

The Organization has entered into various contractual relationships with outside consultants and organizations to provide administrative services, program services, and certain other operational tasks.

**NOTE 12 - CONTINGENT LIABILITIES**

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim

**Be An Angel Fund, Inc.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended August 31, 2014**

settlement trends, including frequency and amount of payouts, and other economic and social factors. No claim liabilities are reported at year end.

The Organization participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs may be subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Organization had not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable may be impaired. In the opinion of Organization's management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

The Organization receives contributions with donor-imposed restrictions as to use. In the opinion of Organization's management, there are no significant contingent liabilities relating to noncompliance with the restrictions governing these contributions; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

**NOTE 13 – RELATED PARTIES**

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.

As of August 31, 2014, \$13,675 was owed from Dan Patrick and the aforementioned organization. This balance was fully collected subsequent to year end.

**NOTE 14 - SUBSEQUENT EVENTS**

Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are issued. The Organization recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Organization's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before financial statements are available to be issued.

There were no subsequent events through the date the financial statements were issued.