
Be An Angel Fund, Inc.

August 31, 2015



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
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, 2015, 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, 2015, and the changes in its net assets and its cash flows 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 4, 2016

Be An Angel Fund, Inc.
STATEMENT OF FINANCIAL POSITION
August 31, 2015

ASSETS

Cash and cash equivalents	\$	232,000
Pledges receivable		11,000
TOTAL CURRENT ASSETS		243,000
Property, land, & equipment		158,893
Less: Accumulated depreciation		(126,714)
Net Property, land, & equipment		32,179
TOTAL ASSETS	\$	275,179

LIABILITIES AND NET ASSETS

NET ASSETS

Unrestricted		271,094
Temporarily restricted		4,085
TOTAL NET ASSETS		275,179
TOTAL LIABILITIES AND NET ASSETS	\$	275,179

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

Be An Angel Fund, Inc.

STATEMENT OF ACTIVITIES

For the Year Ended August 31, 2015

	Unrestricted	Temporarily Restricted	Total
REVENUES AND SUPPORT			
Christmas program	\$ 499,013	\$ -	\$ 499,013
Donations	392,330	248,067	640,397
Golf tournaments	101,824	-	101,824
Other fundraisers	67,723	-	67,723
Partnership	10,607	-	10,607
All Ears!	-	78,859	78,859
SUCCESS Golf	-	70,020	70,020
Interest	24	-	24
TOTAL REVENUE	<u>1,071,521</u>	<u>396,946</u>	<u>1,468,467</u>
EXPENSES			
Program services	708,969	394,522	1,103,491
Management and general	134,100	-	134,100
Fundraising	209,494	-	209,494
TOTAL EXPENDITURES	<u>1,052,563</u>	<u>394,522</u>	<u>1,447,085</u>
Increase in net assets	18,958	2,424	21,382
Net assets, beginning of year	<u>252,136</u>	<u>1,661</u>	<u>253,797</u>
Net assets, end of year	<u>\$ 271,094</u>	<u>\$ 4,085</u>	<u>\$ 275,179</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, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 21,382
Adjustments to reconcile increase in net assets to net cash used for operating activities:	
Depreciation	5,743
Donation income - land	(780)
Change in assets and liabilities:	
Accounts receivable	5,925
Accounts payable	(6,500)
Net cash provided by operating activities	<u>25,770</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from maturing of certificate of deposit	50,000
Cash paid for fixed assets	(11,313)
Net cash provided by investing activities	<u>38,687</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	
	64,457
Cash and cash equivalents, beginning of period	<u>167,543</u>
Cash and cash equivalents, end of period	<u>\$ 232,000</u>
NON CASH ITEMS	
Land donation received	\$ 780

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, 2015

	Camp Be An Angel	Snowday	Christmas Programs	Respite
Salaries & Payroll Taxes	\$ -	-	-	\$ -
Playgrounds	-	-	-	-
Individual Requests	-	-	-	-
Hearing Aid Program	-	-	-	-
International	-	-	-	-
Toys	-	10,892	227,460	-
In-Kind	-	-	40,980	-
Student Activities	59,374	-	-	38,776
Equipment & Maintenance	-	-	-	-
Materials & Supplies	7,864	-	13,936	-
Advertising & Website	-	-	-	-
Contract Labor	-	-	-	48,518
Telephone & Internet	-	-	-	-
Insurance - General	-	-	-	-
Office & Postage	-	-	6,605	-
Awards & Appreciation	-	-	10,350	-
Meetings & Dues	-	-	-	-
Travel & Transportation	515	-	1,411	-
Delivery	-	-	-	-
Other	-	-	5,337	-
TOTAL EXPENSES	\$ 67,753	10,892	306,079	\$ 87,294

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, 2015

	SUCCESS				Total Programs
	Child/Family Assistance	Institutional Assistance	Golf Program	Other	
Salaries & Payroll Taxes	\$ -	-	-	171,498	\$ 171,498
Playgrounds	-	39,347	-	-	39,347
Individual Requests	50,347	-	-	-	50,347
Hearing Aid Program	178,677	-	-	-	178,677
International	63,820	-	-	-	63,820
Toys	-	-	-	-	238,352
In-Kind	-	-	-	12,300	53,280
Student Activities	-	-	-	-	98,150
Equipment & Maintenance	-	-	12,083	5,661	17,744
Materials & Supplies	-	-	-	2,510	24,310
Advertising & Website	-	-	30	52,422	52,452
Contract Labor	-	-	800	-	49,318
Telephone & Internet	-	-	-	4,202	4,202
Insurance - General	-	-	-	7,520	7,520
Office & Postage	-	-	-	710	7,315
Awards & Appreciation	-	-	-	-	10,350
Meetings & Dues	-	-	-	120	120
Travel & Transportation	-	-	-	28,616	30,542
Delivery	-	-	-	107	107
Other	-	-	634	69	6,040
TOTAL EXPENSES	\$ 292,844	39,347	13,547	285,735	\$ 1,103,491

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, 2015

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, 2015

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 Assets 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, 2015.

During the reporting period, the Organization had only unrestricted and temporarily restricted net assets. Temporarily restricted net assets as of August 31, 2015, 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, 2015

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 net assets released from restrictions.

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, 2015

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 2015, 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.

Investment

The Organization had an investment in municipal bonds. The bonds were called in December 2014 at the value of the bond, with no gain or loss recognized upon redemption. The cash proceeds were placed in an existing money market account.

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.

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.

Be An Angel Fund, Inc.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended August 31, 2015

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, 2015.

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. 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

Be An Angel Fund, Inc.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended August 31, 2015

NOTE 2 - TEMPORARILY RESTRICTED NET ASSETS

The balance of temporarily restricted net assets of \$4,085 is available as of August 31, 2015 for use as directed. This balance is primarily designated for respite care.

There was \$386,962 of net assets released from donor restriction during the year ended August 31, 2015, by incurring expenses to satisfy the purpose of the restriction, by the passage of time, or by the occurrence of other specific events.

NOTE 3 - 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, 2015, \$26,400 has been recorded as in-kind contributions for rent and utilities.

NOTE 4 - FIXED ASSETS

In February 2015, a donor gifted to the Organization a tract of undeveloped land located in Coldspring, Texas. The Organization has no plans to develop this property. The appraised value of this donated property is \$780.

A detail of the Organization's fixed assets costs and related accumulated depreciation expense as of August 31, 2015, is as follows:

Land	\$ 780
Building	74,471
Furniture and office equipment	49,668
Other equipment and vehicle	<u>33,974</u>
Total Fixed Assets	<u>158,893</u>
Less Accumulated Depreciation	<u>(126,714)</u>
Net Fixed Assets	<u>\$ 32,179</u>

Depreciation expense was \$5,743 for the year ended August 31, 2015.

NOTE 5 - ADVERTISING

The Organization expenses advertising costs as incurred. Advertising expense incurred for the year ended August 31, 2015 was \$52,422.

Be An Angel Fund, Inc.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended August 31, 2015

NOTE 6 - 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.

NOTE 7 - 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.

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 8 - 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 9 - 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

Be An Angel Fund, Inc.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended August 31, 2015

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 10 - COMMITMENTS AND CONCENTRATIONS

The Organization had no material concentrations during the year ended August 31, 2015. The Organization is dependent on business and individual's donations to continue as a going concern.

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 11 - 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 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 collectability 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.

Be An Angel Fund, Inc.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended August 31, 2015

NOTE 12 – RELATED PARTIES

A company that a board member, Texas Lt. Gov. 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 fair value of this donation was recorded as in-kind revenue and expense for \$7,560. The Organization does not have any commitments from the aforementioned contributors to continue such activities in the future.

The Organization commonly receives donations from directors, employees, and affiliated businesses. No donations represented a material concentration to the Organization for the year ended August 31, 2015.

NOTE 13 - SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the statement of financial position date but before 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 evidenced 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.