

**BE AN ANGEL FUND, INC.**

**FINANCIAL STATEMENTS**

**AUGUST 31, 2011**

**BE AN ANGEL FUND, INC.**  
**August 31, 2011**

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**Be An Angel Fund, Inc.**

**Officers & Directors**

Ray Solcher - Chairman

Bo Bigelow - 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 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

Dan Pastorini

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

Michael Musters - Program Director

Dustin Tracy - Development Director

## Independent Auditors' Report

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

We have audited the accompanying statements of financial position of Be An Angel Fund, Inc. (a non-profit organization) as of August 31, 2010 and 2011, 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, 2010 and 2011, 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  
October 28, 2011

**BE AN ANGEL FUND, INC.**  
**Statements of Financial Position**  
**August 31, 2010 & 2011**

Assets

	<u>2010</u>	<u>2011</u>
Current Assets:		
Cash	\$ 155,790	\$ 131,840
Accounts Receivable	4,100	5,250
Inventory	-	6,419
Prepaid Expenses	3,313	19,270
Total Current Assets	<u>163,203</u>	<u>162,779</u>
Property & Equipment		
Building	74,471	87,055
Furniture and Office Equipment	31,540	31,540
Other Equipment and Signage	25,782	33,974
	<u>131,793</u>	<u>152,569</u>
Less Accumulated Depreciation	<u>(94,427)</u>	<u>(99,772)</u>
Net Property & Equipment	<u>37,366</u>	<u>52,797</u>
Other Assets		
Municipal Bonds	50,000	50,000
Partnership Investments	24,636	13,979
Total Other Assets	<u>74,636</u>	<u>63,979</u>
Total Assets	<u>\$ 275,205</u>	<u>\$ 279,555</u>

Liabilities and Net Assets

Current Liabilities		
Accounts Payable	\$ 273	\$ 6,429
Note Payable	47,124	41,453
Total Current Liabilities	<u>47,397</u>	<u>47,882</u>
Net Assets		
Unrestricted	168,851	188,700
Temporarily Restricted	58,957	42,973
Total Net Assets	<u>227,808</u>	<u>231,673</u>
Total Liabilities and Net Assets	<u>\$ 275,205</u>	<u>\$ 279,555</u>

**BE AN ANGEL FUND, INC.**  
**Statements of Activities**  
**For the Years Ended August 31, 2010 & 2011**

Unrestricted Net Assets	2010	2011
<u>Support &amp; Revenue</u>		
Christmas Program	\$ 476,555	\$ 493,745
Donations	202,628	202,705
Success Golf Program	-	82,000
Grants	38,002	65,400
Other Fundraisers	14,756	21,859
Interest Income	1,159	546
Capital Campaign	84,840	-
 Gala	 162,175	 175,600
Less direct benefit to donors	(37,193)	(33,217)
Net Gala	124,982	142,383
 Golf Tournaments	 70,432	 63,769
Less direct benefit to donors	(16,446)	(7,938)
Net Golf Tournaments	53,986	55,831
 Resale Shop		
Contributions of merchandise	-	39,445
Sales of donated merchandise	-	33,026
Less value of merchandise sold	-	(33,026)
Net revenue from Resale Shop	-	39,445
 Total Support & Revenue	 996,908	 1,103,914
Net assets released from donor restrictions	50,305	15,984
 Total Unrestricted Support & Revenue	 1,047,213	 1,119,898

**BE AN ANGEL FUND, INC.**  
**Statements of Activities-Continued**  
**For the Years Ended August 31, 2010 & 2011**

<u>Expenses</u>	<u>2010</u>	<u>2011</u>
Program Services		
Camp Be An Angel	15,269	17,392
Snowday	16,039	9,416
Holiday Programs	257,535	289,819
Summer Respite	63,567	70,545
Child/Family Assistance	69,467	35,951
Institutional Assistance	200,070	157,019
Success Golf Program	-	50,707
Other	203,340	205,663
Total Program Services	<u>825,287</u>	<u>836,512</u>
Resale Shop	-	79,197
Fundraising Expenses	57,409	46,687
Supporting Services - Administrative & General	<u>124,402</u>	<u>137,653</u>
 Total Expenses	 <u>1,007,098</u>	 <u>1,100,049</u>
 Increase in Unrestricted Net Assets	 <u>40,115</u>	 <u>19,849</u>
Temporarily Restricted Net Assets		
Grants	16,573	-
Net assets released from restrictions	<u>(50,305)</u>	<u>(15,984)</u>
 Decrease in Temporarily Restricted Net Assets	 <u>(33,732)</u>	 <u>(15,984)</u>
 Increase in Net Assets	 6,383	 3,865
 Net Assets at Beginning of Year	 <u>221,425</u>	 <u>227,808</u>
 Net Assets at End of Year	 <u>\$ 227,808</u>	 <u>\$ 231,673</u>

**BE AN ANGEL FUND, INC.**  
**Statements of Cash Flows**  
**For the Years Ended August 31, 2010 & 2011**

<u>Cash Flows From Operating Activities</u>	<u>2010</u>	<u>2011</u>
Increase in Net Assets	\$ 6,383	\$ 3,865
Adjustments to reconcile change in net assets to net cash provided by operating activities: Depreciation	8,780	5,345
(Increase) Decrease in Operating Assets:		
Accounts Receivable	13,955	(1,150)
Partnership Investments	13,747	10,657
Inventory	-	(6,419)
Prepaid Expenses	3,612	(15,957)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable/Promises to Give	<u>(4,047)</u>	<u>6,156</u>
Net Cash Provided (Used) by Operating Activities	<u>42,430</u>	<u>2,497</u>
<u>Cash Flows From Financing Activities</u>		
Principal Payments	<u>(5,376)</u>	<u>(5,671)</u>
Net Cash Provided (Used) by Financing Activities	<u>(5,376)</u>	<u>(5,671)</u>
<u>Cash Flows From Investing Activities</u>		
Acquisition of Property & Equipment	<u>-</u>	<u>(20,776)</u>
Net Cash Provided (Used) by Investing Activities	<u>-</u>	<u>(20,776)</u>
Net Increase (Decrease) in Cash	37,054	(23,950)
Cash at Beginning of Year	<u>118,736</u>	<u>155,790</u>
Cash at End of Year	<u>\$ 155,790</u>	<u>\$ 131,840</u>
Supplemental Information - Interest Paid	<u>\$ 1,808</u>	<u>\$ 1,238</u>



**BE AN ANGEL FUND, INC.**  
**Statement of Functional Expenses**  
**For the Year Ended August 31, 2010**

	Camp Be An Angel	Snowday	Holiday Programs	Summer Respite
Playgrounds	\$ -	\$ -	\$ -	\$ -
Nutritional Program	-	-	-	-
Individual Requests	-	-	-	-
Hearing Aid Program	-	-	-	-
Toys	-	-	183,669	-
Student Activities	-	13,229	-	-
Equipment	-	-	1,063	-
Other	15,269	2,810	53,673	4,400
Salaries & Payroll Taxes	-	-	-	-
Materials & Supplies	-	-	3,166	-
Advertising/Website	-	-	-	-
Professional Fees	-	-	-	-
Printing & Signage	-	-	7,360	-
Public Awareness	-	-	-	-
Awards & Gifts	-	-	-	-
Automotive/Transportation	-	-	1,890	-
Insurance-General	-	-	-	-
Postage & Delivery	-	-	3,140	-
Interest	-	-	-	-
Telephone	-	-	-	-
Depreciation	-	-	-	-
Bank Service Charges	-	-	3,210	-
Bad Debt	-	-	-	-
Contract Labor	-	-	-	59,167
Appreciation Functions	-	-	364	-
Pension	-	-	-	-
Dues & Subscriptions	-	-	-	-
Meetings	-	-	-	-
Totals	<u>\$ 15,269</u>	<u>\$ 16,039</u>	<u>\$ 257,535</u>	<u>\$ 63,567</u>

**BE AN ANGEL FUND, INC.**  
**Statement of Functional Expenses**  
**For the Year Ended August 31, 2010**

	Child/Family Assistance	Institutional Assistance	Other	Total Programs
Playgrounds	\$ -	\$ 177,329	\$ -	\$ 177,329
Nutritional Program	1,971	-	-	1,971
Individual Requests	16,218	-	-	16,218
Hearing Aid Program	44,221	-	-	44,221
Toys	-	-	-	183,669
Student Activities	1,657	10,800	-	25,686
Equipment	-	11,941	1,602	14,606
Other	5,400	-	3,582	85,134
Salaries & Payroll Taxes	-	-	141,435	141,435
Materials & Supplies	-	-	1,200	4,366
Advertising/Website	-	-	1,005	1,005
Professional Fees	-	-	-	-
Printing & Signage	-	-	-	7,360
Public Awareness	-	-	35,254	35,254
Awards & Gifts	-	-	-	-
Automotive/Transportation	-	-	1,527	3,417
Insurance-General	-	-	7,179	7,179
Postage & Delivery	-	-	303	3,443
Interest	-	-	-	-
Telephone	-	-	3,834	3,834
Depreciation	-	-	-	-
Bank Service Charges	-	-	216	3,426
Bad Debt	-	-	3,810	3,810
Contract Labor	-	-	-	59,167
Appreciation Functions	-	-	-	364
Pension	-	-	2,393	2,393
Dues & Subscriptions	-	-	-	-
Meetings	-	-	-	-
Totals	<u>\$ 69,467</u>	<u>\$ 200,070</u>	<u>\$ 203,340</u>	<u>\$ 825,287</u>

**BE AN ANGEL FUND, INC.**  
**Statement of Functional Expenses**  
**For the Year Ended August 31, 2010**

	Total Programs	Fundraising	Admin & General	Total
Playgrounds	\$ 177,329	\$ -	\$ -	\$ 177,329
Nutritional Program	1,971	-	-	1,971
Individual Requests	16,218	-	-	16,218
Hearing Aid Program	44,221	-	-	44,221
Toys	183,669	-	-	183,669
Student Activities	25,686	-	-	25,686
Equipment	14,606	-	1,602	16,208
Other	85,134	23,421	5,787	114,342
Salaries & Payroll Taxes	141,435	-	68,278	209,713
Materials & Supplies	4,366	3,922	4,783	13,071
Advertising/Website	1,005	1,118	649	2,772
Professional Fees	-	9,707	8,020	17,727
Printing & Signage	7,360	10,326	1,692	19,378
Public Awareness	35,254	-	-	35,254
Awards & Gifts	-	183	310	493
Automotive/Transportation	3,417	2,412	5,032	10,861
Insurance-General	7,179	-	7,747	14,926
Postage & Delivery	3,443	3,507	464	7,414
Interest	-	-	1,808	1,808
Telephone	3,834	-	2,671	6,505
Depreciation	-	-	8,780	8,780
Bank Service Charges	3,426	1,870	669	5,965
Bad Debt	3,810	650	-	4,460
Contract Labor	59,167	-	-	59,167
Appreciation Functions	364	-	1,443	1,807
Pension	2,393	-	2,660	5,053
Dues & Subscriptions	-	-	1,290	1,290
Meetings	-	293	717	1,010
Totals	<u>\$ 825,287</u>	<u>\$ 57,409</u>	<u>\$ 124,402</u>	<u>\$1,007,098</u>

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

	Camp Be An Angel	Snowday	Holiday Programs	Summer 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 Assistance</u>	<u>Institutional Assistance</u>	<u>Success Golf 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 Programs	Fundraising	Resale Shop	Admin & 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.**  
**Notes to the Financial Statements**  
**August 31, 2011**

**Note A – Summary of Significant Accounting Policies**

Organization and Purpose

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

Some of the Organization's projects include:

- Institutional Programs: Such as barrier free playgrounds, hydrotherapy pool and sensory rooms enabling special children the ongoing development and experiences that their bodies need.
- Individual Programs: Such as motorized wheelchairs, hearing aids, nutritional supplements and clothing.
- Activities: Such as field trips and weekend camping retreats designed to allow the entire family to enjoy their time spent together.
- Respite Care: Provides day care and trained staff so that family care givers can work and their children can continue their development during school vacations.
- Christmas Program: Providing 4,322 disabled children from low-income homes with Christmas Gifts.
- Snowday Program: Creating a winter wonderland with the help of over 33 tons of snow, a signing Santa, petting zoo and train rides at T. H. Rogers School.
- SUCCESS Golf Program: The Students Undertaking Challenging Courses Ensuring Sportsmanship and Skill program promotes healthy exercise, increases cognitive development, converts fun skills to life skills and more.

Volunteer opportunities include:

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

## Income Tax

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

## Basis of Accounting

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

## Net Assets

Be An Angel Fund, Inc. is in compliance with the Not-for-Profit Entities topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), 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. Additionally the organization is required to present a statement of cash flows.

## Functional Expenses

As required by the Not-for-Profit Entities topic of FASB ASC, 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 & administration, which include all activities not considered program services.

The statement of functional expenses, also required by FASB ASC, 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.

## Contributions

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

Support that is restricted by the donor is reported as an increase in temporarily restricted or permanently restricted net assets in the reporting period in which the support is recognized. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.



### Cash and Cash Equivalents

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

### 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.

### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates relate primarily to lives used in asset depreciation, fair values used to record in-kind contributions, and the functional allocation of expenses. Actual results could differ from those estimates.

### **Note B – Partnership Interests**

Four closely held limited partnership interests have been donated to the Organization and are recorded at fair value. The portion of the capital originally donated to the Organization reverts to the donors at the end of the partnership term. Distributions from the partnerships have been recorded as reductions in the carrying value of the assets. During the years ended August 2010 and 2011, distributions received were \$13,747 and \$10,657 respectively.

## Note C – Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following:

	2010	2011
Alternatives for Angels	\$ 12,660	\$ 12,840
Hearing Aids - Latin America	3,238	5,238
Oleson Elementary Playground	10,000	-
Aldine ISD EXPO	550	-
Golf Ball Drop	1,850	-
Nutritional Program	6,023	4,480
Hearing Aids - Local	-	6,425
Partnership Interests	24,636	13,990
	<u>\$ 58,957</u>	<u>\$ 42,973</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. \$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 – Concentration of Credit Risk

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

## Note F - Other Concentrations

Donations from the Organization's annual Christmas fundraising drive were \$476,555 in 2010 and \$493,745 in 2011. This included \$34,400 of in-kind contributions in 2010 and \$58,325 in 2011.

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

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

## Note G – 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 H – Line of Credit**

The Organization has a \$40,000 line of credit available at a local bank. The rate is the Amegy Prime rate plus 2% which is currently 7%. It is collateralized by a certificate of deposit. At year end, there was no balance outstanding. The agreement expired on October 14, 2011 and was renewed for one year until October 14, 2012.

**Note I – Note Payable**

Note payable at August 31, 2011 consisted of a loan with Amegy Bank. At August 31, 2011, the balance was \$41,453. The interest rate is 2.7%. Interest is due monthly and it is collateralized by a CD. It expires in December 2011.

**Note J – Leases**

The Organization leases space for use as the Be An Angel Resale Shop. The monthly rent is \$3,121 and the current lease expires on November 30, 2011. Minimum payments due for the year ending August 31, 2012 total \$9,363.

**Note K – Retirement Plan**

Be An Angel Fund, Inc. has a SIMPLE retirement plan for its employees. The Organization will match up to 5% of compensation. During the years ended August 2010 & 2011, the company costs were \$5,053 & \$6,587 respectively.

**Note L – Inventory**

Inventory donated to Be An Angel Resale shop is valued at the fair value 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 – Subsequent Events**

The Organization has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended August 31, 2011 through November 15, 2011, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.

**Note N - Advertising Costs**

The Organization expenses advertising costs as incurred. Expenses incurred were \$2,772 & \$10,194 in 2010 & 2011. The 2011 costs included \$6,081 in advertising for the Be An Angel Resale Shop.

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October 28, 2011

To the Board of Directors  
Be An Angel Fund, Inc.  
2003 Aldine Bender  
Houston, TX 77032

In planning and performing our audit of the financial statements of Be An Angel Fund, Inc. as of and for the year ended August 31, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

This communication is intended solely for the information and use of management and the Board of Directors and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

*VanWassehnova & Associates*

VanWassehnova & Associates

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October 28, 2011

To the Board of Directors  
Be An Angel Fund, Inc.  
2003 Aldine Bender  
Houston, TX 77032

We have audited the financial statements of Be An Angel Fund, Inc. for the year ended August 31, 2011, and have issued our report thereon dated October 28, 2011. Professional standards require that we provide you with the following information related to our audit.

**Our Responsibility under U.S. Generally Accepted Auditing Standards**

As stated in our engagement letter dated July 15, 2011, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of Be An Angel Fund, Inc. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

**Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters.

October 28, 2011

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## **Significant Audit Findings**

### Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Be An Angel Fund, Inc. are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

### Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

### Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 28, 2011.

October 28, 2011

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Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Organization’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of Be An Angel Fund, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*VanWassehnova & Associates*

VanWassehnova & Associates