

# **Be An Angel Fund, Inc.**

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*Financial Statements*

**For the Year Ended  
August 31, 2017**

# Be An Angel Fund, Inc.

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
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, 2017, and the related statement of activities, functional expenses, and cash flows 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 from 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 evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Seefeld Lawson Moeller LLP*

Seefeld Lawson Moeller LLP  
Certified Public Accountants

The Woodlands, Texas  
December 18, 2017

**Be An Angel Fund, Inc.**  
**Statement of Financial Position**  
**August 31, 2017**

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ASSETS	
Cash	\$ 163,541
Investments	5,450
Accounts Receivable	50,010
Pledges Receivable	13,078
Fixed Assets, Net	<u>31,843</u>
TOTAL ASSETS	<u><u>\$ 263,922</u></u>
LIABILITIES AND NET ASSETS	
LIABILITIES	
Grants Payable	<u>\$ 200,000</u>
TOTAL LIABILITIES	<u>200,000</u>
NET ASSETS	
Unrestricted Net Assets	1,235
Temporarily Restricted Net Assets	<u>62,687</u>
TOTAL NET ASSETS	<u>63,922</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 263,922</u></u>

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, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
All Ears!	\$ -	\$ 57,764	\$ 57,764
American Sign Language	-	1,463	1,463
Christmas Program	438,845	81,376	520,221
Donations	860,647	89,995	950,642
Golf Tournaments	136,092	-	136,092
In-Kind Donations	-	126,182	126,182
Interest	98	-	98
Other Fundraisers	60,347	-	60,347
Partnership	9,435	-	9,435
SUCCESS Golf	-	20,000	20,000
Net Assets Released from Restrictions	<u>336,349</u>	<u>(336,349)</u>	<u>-</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<b>1,841,813</b>	<b>40,431</b>	<b>1,882,244</b>
<b>EXPENSES</b>			
Program Services	1,503,904	-	1,503,904
Supporting Services			
Management and General	192,294	-	192,294
Fundraising	<u>336,704</u>	<u>-</u>	<u>336,704</u>
<b>TOTAL EXPENSES</b>	<b><u>2,032,902</u></b>	<b><u>-</u></b>	<b><u>2,032,902</u></b>
<b>CHANGE IN NET ASSETS</b>	<b>(191,089)</b>	<b>40,431</b>	<b>(150,658)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b><u>192,324</u></b>	<b><u>22,256</u></b>	<b><u>214,580</u></b>
<b>NET ASSETS, END OF YEAR</b>	<b><u><u>\$ 1,235</u></u></b>	<b><u><u>\$ 62,687</u></u></b>	<b><u><u>\$ 63,922</u></u></b>

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

**Be An Angel Fund, Inc.**  
**Statement of Functional Expenses (Page 1 of 3)**  
**For the Year Ended August 31, 2017**

	Camp <u>Be An Angel</u>	Snow Day <u>                    </u>	Christmas <u>Program</u>	Respite Care <u>                    </u>
Advertising & Public Awareness	\$ -	\$ -	\$ -	\$ -
Awards & Appreciation	-	-	11,960	-
Bank Service Charges	-	-	-	-
Contract Labor	-	-	414	91,068
Delivery	-	-	34	-
Depreciation	-	-	-	-
Entertainment	-	-	-	-
Equipment & Maintenance	-	-	-	-
Hearing Aid Program	-	-	-	-
Individual Requests	-	-	240	-
In-Kind	-	-	104,796	-
Insurance - General	-	-	-	-
International	-	-	-	-
Materials & Supplies	20,572	-	4,721	-
Meetings & Dues	-	-	-	-
Office & Postage	-	-	3,811	-
Other	883	-	-	-
Playgrounds	-	-	-	-
Professional Services	-	-	-	-
Salaries & Payroll Taxes	-	-	-	-
Storage & Rent	-	-	-	-
Student Activities	95,418	-	-	-
Telephone & Internet	-	-	-	-
Toys	-	4,221	230,951	-
Travel & Transportation	-	-	1,979	-
	<u>\$ 116,873</u>	<u>\$ 4,221</u>	<u>\$ 358,906</u>	<u>\$ 91,068</u>

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

**Be An Angel Fund, Inc.**  
**Statement of Functional Expenses (Page 2 of 3)**  
**For the Year Ended August 31, 2017**

	Child/Family Assistance	Institutional Assistance	SUCCESS Golf	Other
Advertising & Public Awareness	\$ -	\$ -	\$ 467	\$ 23,490
Awards & Appreciation	-	-	-	2,369
Bank Service Charges	-	-	-	30
Contract Labor	-	-	-	-
Delivery	-	-	-	-
Depreciation	-	-	-	-
Entertainment	-	-	-	-
Equipment & Maintenance	-	-	5,544	4,163
Hearing Aid Program	139,081	-	-	-
Individual Requests	141,116	-	-	-
In-Kind	-	-	-	-
Insurance - General	-	-	-	-
International	76,237	-	-	-
Materials & Supplies	-	-	-	-
Meetings & Dues	-	-	-	-
Office & Postage	-	-	7,266	4,194
Other	-	-	530	6,956
Playgrounds	-	258,283	-	-
Professional Services	-	-	-	-
Salaries & Payroll Taxes	-	-	-	245,005
Storage & Rent	-	-	2,350	-
Student Activities	-	-	-	-
Telephone & Internet	-	-	-	4,777
Toys	-	-	-	-
Travel & Transportation	-	-	4,625	6,353
<b>TOTAL</b>	<b>\$ 356,434</b>	<b>\$ 258,283</b>	<b>\$ 20,782</b>	<b>\$ 297,337</b>

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

**Be An Angel Fund, Inc.**  
**Statement of Functional Expenses (Page 3 of 3)**  
**For the Year Ended August 31, 2017**

	Total Programs	Management and General	Fundraising	Total
Advertising & Public Awareness	\$ 23,957	\$ -	\$ 62,839	\$ 86,796
Awards & Appreciation	14,329	1,281	31,760	47,370
Bank Service Charges	30	15,740	-	15,770
Contract Labor	91,482	-	-	91,482
Delivery	34	-	-	34
Depreciation	-	7,579	-	7,579
Entertainment	-	-	72,590	72,590
Equipment & Maintenance	9,707	2,556	-	12,263
Hearing Aid Program	139,081	-	-	139,081
Individual Requests	141,356	-	-	141,356
In-Kind	104,796	18,104	-	122,900
Insurance - General	-	20,613	-	20,613
International	76,237	-	-	76,237
Materials & Supplies	25,293	6,472	36,008	67,773
Meetings & Dues	-	8,691	97	8,788
Office & Postage	15,271	6,960	1,196	23,427
Other	8,369	17,481	7,613	33,463
Playgrounds	258,283	-	-	258,283
Professional Services	-	15,225	20,035	35,260
Salaries & Payroll Taxes	245,005	59,523	101,833	406,361
Storage & Rent	2,350	-	-	2,350
Student Activities	95,418	-	-	95,418
Telephone & Internet	4,777	6,593	-	11,370
Toys	235,172	-	-	235,172
Travel & Transportation	12,957	5,476	2,733	21,166
	<u>\$ 1,503,904</u>	<u>\$ 192,294</u>	<u>\$ 336,704</u>	<u>\$ 2,032,902</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, 2017**

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CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ (150,658)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	7,579
Land converted to Investment	780
Unrealized (Gain) Loss on Investment	385
(Increase) Decrease in Operating Assets	
Accounts Receivable	(50,010)
Pledges Receivable	40,123
Increase (Decrease) in Operating Liabilities	
Grants Payable	<u>200,000</u>
Net Cash Provided by Operating Activities	<u>48,199</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Property and Equipment	(14,773)
Purchase of Investments	<u>(5,835)</u>
Net Cash Used by Investing Activities	<u>(20,608)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	27,591
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>135,950</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 163,541</u></u>

There are no cash flows from financing activities for the year ended August 31, 2017.

**Be An Angel Fund, Inc.**  
**Notes to Financial Statement**  
**August 31, 2017**

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**NOTE 1 – Organization and Nature of Activities**

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 support services include:

- *Camp Be An Angel:* Offering weekend family camping retreat designed to allow entire family to enjoy their time spent together.
- *Snow Day:* 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.
- *Christmas Program:* Providing 4,631 disabled children from low-income homes with Christmas gifts.
- *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.
- *Child/Family Assistance:* Providing motorized wheelchairs, hearing aids, nutritional supplements, medical tricycles, automobile lifts, medical strollers, and other miscellaneous medical equipment.
- *Institutional Assistance:* Providing barrier free playgrounds, hydrotherapy pool and sensory rooms enabling special children the ongoing development and experiences that their bodies need.
- *Students Undertaking Challenging Courses Ensuring development of Sportsmanship and Skill (SUCCESS) Golf:* 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.

**NOTE 2 – Summary of Significant Accounting Policies**

***Basis of Accounting***

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 Financial Statement**  
**August 31, 2017**

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***Basis of Presentation***

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 and are classified as reported as follows:

- *Unrestricted net assets:* Net Assets that are not subject to donor-imposed stipulations.
- *Temporarily restricted net assets:* Net assets subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by the passage of time.
- *Permanently restricted net assets:* Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of such assets permit the Organization to use all or part of the income earned on assets. There were no permanently restricted assets as of August 31, 2017.

In addition, the Organization is required to present a statement of cash flows.

***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

***Cash and Cash Equivalents***

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

***Investments***

Investments consist of stock and land. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

***Fair Value of Financial Instruments***

The carrying amounts reported in the statement of financial position for cash, investments, accounts receivable, and pledges receivable approximate their fair value.

**Be An Angel Fund, Inc.**  
**Notes to Financial Statement**  
**August 31, 2017**

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***Contributions***

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted based on the existence or absence of donor-imposed restrictions. If restrictions are met in the same reporting period as when the contribution is received, the contribution is recognized as unrestricted.

***Pledges Receivable***

Pledges receivable represent amounts receivable from individual donors for the Organization's annual end of year giving campaign. For the year ended August 31, 2017, the Organization had pledges receivable for the end of year campaign of \$13,078. Pledges receivable are stated at the amount management expects to collect. An allowance for uncollectible pledges is recorded when the pledge is deemed uncollectible as a result of management's periodic review. Management has not provided an allowance for uncollectible amounts as management believes at this time that all pledges are collectible.

***Fixed Assets and Depreciation***

The Organization capitalizes fixed assets with a life of over one year and a cost of over \$500. Lesser amounts are expensed. Fixed assets are recorded at cost. Donated fixed assets are recorded at their estimated fair value on the date of donation. Such donations are reported as unrestricted unless the donor has restricted the donated assets to a special purpose. Leasehold improvements are amortized over the lesser of the estimated useful lives of the leased property or the lease term. The cost of ordinary maintenance and repairs and expenditures for immaterial fixed assets is charged to expense. Depreciation is provided on a straight-line basis using estimated useful lives ranging from three to twenty-five years.

***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.

***Grants Payable***

The Organization has pledged to pay \$250,000 to the Lake Houston Family YMCA over a period of 5 years. During the year ending August 31, 2017, the Organization paid \$50,000. Over the next 4 years, the Organization will pay the remaining \$200,000 in increments of \$50,000 per year.

**Be An Angel Fund, Inc.**  
**Notes to Financial Statement**  
**August 31, 2017**

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***Income Taxes***

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Service Code and therefore has made no provision for federal income taxes in the accompanying financial statements.

***Concentration of Credit Risk***

The Organization maintains cash in several deposit accounts with a federally insured bank. All accounts are insured by the Federal Deposit Insurance Corporation (FDIC) or the Securities Investor Corporation (SIPC) up to \$250,000, depending upon where the account is maintained. The Organization has no cash balances in excess of the federally insured limit of \$250,000.

***Functional Allocation of Expenses***

The costs of providing programs and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

***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.

***Date of Management's Review***

The Organization has evaluated subsequent events through December 18, 2017, the date the financial statements were available to be issued.

**NOTE 3 – Fair Value Measurements**

Generally accepted accounting principles define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

**Be An Angel Fund, Inc.**  
**Notes to Financial Statement**  
**August 31, 2017**

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities Be An Angel, Inc. has the ability to access.
- Level 2 inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 are unobservable inputs for the asset or liability and rely on management’s own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available in the circumstances and may include Be An Angel Inc.’s own data.)

The following sets forth by level, within the fair value hierarchy, Be An Angel Inc.’s assets at fair value as of August 31:

Assets at Fair Value as of August 31, 2017				
	Level 1	Level 2	Level 3	Total
Stocks	\$ 4,250	\$ -	\$ -	\$ 4,250
Land	-	-	1,200	1,200
Total	\$ 4,250	\$ -	\$ 1,200	\$ 5,450

**NOTE 4 – Pledges Receivable**

Pledges receivable consisted of the following at August 31, 2017:

Less than one year	\$ 13,078
One to five years	-
More than five years	-
Total Pledges Receivable	13,078
Allowance for Uncollectible Pledges	-
Pledges Receivable, Net	\$ 13,078

**Be An Angel Fund, Inc.**  
**Notes to Financial Statement**  
**August 31, 2017**

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**NOTE 5 – Fixed Assets**

A detail of the Organization’s fixed assets costs and related accumulated depreciation expense as of August 31, 2017, is as follows:

Building	\$ 74,471
Furniture and Office Equipment	55,640
Other Equipment and Vehicle	<u>34,582</u>
Total Fixed Assets	164,693
Accumulated Depreciation	<u>(132,850)</u>
Fixed Assets, Net	<u><u>\$ 31,843</u></u>

Depreciation expense was \$7,579 for the year ended August 31, 2017.

**NOTE 6 – Advertising**

The Organization expenses advertising costs as incurred. Advertising expense incurred for the year ended August 31, 2017 was \$86,796.

**NOTE 7 – Donated 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, 2017, \$13,200 has been recorded as in-kind contributions for rent and utilities.

**NOTE 8 – Temporarily Restricted Net Assets**

The balance of temporarily restricted net assets of \$62,687 is available as of August 31, 2017 for use as directed. This balance is to be used as follows:

<u>Purpose</u>	<u>Amount Restricted</u>
Success Golf	\$ 19,024
American Sign Language	3,663
Gala	<u>40,000</u>
	<u><u>\$ 62,687</u></u>

**Be An Angel Fund, Inc.**  
**Notes to Financial Statement**  
**August 31, 2017**

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There was \$336,349 of net assets released from donor restriction during the year ended August 31, 2017, by incurring expenses to satisfy the purpose of the restriction, by the passage of time, or by the occurrence of other specific events.

**NOTE 9 – 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 make matching non-elective 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 10 – Commitments and Contingencies**

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

The Organization entered into a contract with the Hotel ZaZa in Houston for arrangements associated with a gala fundraising event scheduled for April 2018. The contract has tiered cancellation liabilities. Per the contract, cancellation of the event more than six-months in advance would obligate the Organization to a maximum liability in the amount of \$8,750 as of August 31, 2017.

The Organization entered into a contract with Camp For All in Burton, Texas for arrangements associated with Camp Be An Angel scheduled for September 2017. Per the contract, cancellation of the event would obligate the Organization to a maximum liability in the amount of \$16,038 as of August 31, 2017.

**NOTE 11 – 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 \$50,000. 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, 2017.