

Be An Angel Fund, Inc.
Financial Statements
For the Fiscal Years Ended August 31, 2021 and 2020

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Be An Angel Fund, Inc. (a nonprofit corporation), which comprise the statements of financial position as of August 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the fiscal years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditors' 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 auditors consider 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.

To the Board of Directors of
Be An Angel Fund, Inc.
Re: Independent Auditors' Report

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, 2021 and 2020, and the changes in its net assets and its cash flows for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.


Briggs & Veselka Co.
The Woodlands, Texas

December 22, 2021

BE AN ANGEL FUND, INC.
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 345,133	\$ 343,045
Investments	24,372	13,554
Pledges receivable	4,100	-
Prepaid expenses and other assets	51,290	3,050
Fixed assets, net	<u>4,598</u>	<u>9,777</u>
TOTAL ASSETS	<u>\$ 429,493</u>	<u>\$ 369,426</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 8,452	\$ 5,905
Notes payable	<u>146,054</u>	<u>219,159</u>
Total liabilities	154,506	225,064
Net assets		
Without donor restrictions	270,046	139,039
With donor restrictions	<u>4,941</u>	<u>5,323</u>
Total net assets	<u>274,987</u>	<u>144,362</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 429,493</u>	<u>\$ 369,426</u>

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

BE AN ANGEL FUND, INC.
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED AUGUST 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
Christmas program	\$ 378,717	\$ -	\$ 378,717
PPP loan forgiveness income	69,900	-	69,900
Donations	914,316	208,842	1,123,158
Gain on sale of investment	7,726	-	7,726
Golf tournaments	201,006	-	201,006
In-kind donations	-	116,100	116,100
Interest	404	-	404
Other fundraisers	108,903	-	108,903
Partnership	4,747	-	4,747
SUCCESS Golf	-	50,000	50,000
Net assets released from restrictions	<u>375,324</u>	<u>(375,324)</u>	-
Total support and revenue	2,061,043	(382)	2,060,661
Expenses			
Programs	1,405,405	-	1,405,405
Supporting services			
Management and general	154,929	-	154,929
Fundraising	<u>369,702</u>	-	<u>369,702</u>
Total expenses	<u>1,930,036</u>	-	<u>1,930,036</u>
Change in net assets	131,007	(382)	130,625
Net assets, beginning of fiscal year	<u>139,039</u>	<u>5,323</u>	<u>144,362</u>
NET ASSETS, END OF FISCAL YEAR	<u>\$ 270,046</u>	<u>\$ 4,941</u>	<u>\$ 274,987</u>

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

BE AN ANGEL FUND, INC.
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED AUGUST 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
Christmas program	\$ 346,819	\$ -	\$ 346,819
Donations	559,807	320,415	880,222
Gain on sale of investment	5,624	-	5,624
Golf tournaments	128,585	-	128,585
In-kind donations	-	72,850	72,850
Interest	88	-	88
Other fundraisers	137,624	-	137,624
Partnership	4,747	-	4,747
SUCCESS Golf	-	50,000	50,000
Net assets released from restrictions	<u>449,025</u>	<u>(449,025)</u>	<u>-</u>
Total support and revenue	1,632,319	(5,760)	1,626,559
Expenses			
Programs	1,203,950	-	1,203,950
Supporting services			
Management and general	145,035	-	145,035
Fundraising	<u>200,611</u>	<u>-</u>	<u>200,611</u>
Total expenses	<u>1,549,596</u>	<u>-</u>	<u>1,549,596</u>
Change in net assets	82,723	(5,760)	76,963
Net assets, beginning of fiscal year	<u>56,316</u>	<u>11,083</u>	<u>67,399</u>
NET ASSETS, END OF FISCAL YEAR	<u>\$ 139,039</u>	<u>\$ 5,323</u>	<u>\$ 144,362</u>

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

BE AN ANGEL FUND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED AUGUST 31, 2021

	Programs							Supporting Services		Total Expenses	
	Camp Be An Angel	Christmas Program	Respite Care	Child/Family Assistance	Institutional Assistance	SUCCESS Golf	Other	Total	Management and General		Fundraising
Salaries and payroll taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 267,591	\$ 267,591	\$ 78,053	\$ 105,628	\$ 451,272
Advertising and public awareness	-	-	-	-	-	-	65,705	65,705	-	6,997	72,702
Awards and appreciation	-	10,031	-	-	-	-	4,610	14,641	596	20,808	36,045
Bank service charges	-	-	-	-	-	-	4,983	4,983	12,472	9,594	27,049
Contract labor	-	8,967	8,180	-	-	-	-	17,147	-	8,907	26,054
Facility rental	-	-	-	-	-	-	-	-	-	60,958	60,958
Depreciation	-	-	-	-	-	-	-	-	5,179	-	5,179
Entertainment	-	-	-	-	-	-	-	-	-	2,758	2,758
Equipment and maintenance	-	-	-	-	-	18,526	2,775	21,301	2,812	-	24,113
Individual requests	-	-	-	345,233	-	-	-	345,233	-	-	345,233
In-kind donations	8,000	68,000	-	-	-	-	37,100	113,100	-	3,000	116,100
Insurance – general	-	-	-	-	-	-	11,081	11,081	9,945	-	21,026
International	-	-	-	80,201	-	-	-	80,201	-	-	80,201
Materials and supplies	3,433	8,501	-	-	-	-	62	11,996	-	99,828	111,824
Meetings and dues	-	-	-	-	-	-	46	46	10,774	1,549	12,369
Office and postage	-	6,019	-	-	-	-	45	6,064	3,203	213	9,480
Playgrounds	-	-	-	-	93,427	-	-	93,427	-	-	93,427
Professional services	-	-	-	-	-	-	42,588	42,588	14,380	13,246	70,214
Storage and rent	-	-	-	-	-	2,340	-	2,340	-	-	2,340
Student activities	48,531	-	-	-	-	-	-	48,531	-	-	48,531
Telephone and internet	-	-	-	-	-	-	52,148	52,148	9,260	-	61,408
Toys	-	192,938	-	-	-	-	-	192,938	-	-	192,938
Travel and transportation	-	263	-	-	-	8	7,240	7,511	3,486	2,041	13,038
Other	182	-	-	-	5,776	-	875	6,833	4,769	34,175	45,777
Total functional expenses	\$ 60,146	\$ 294,719	\$ 8,180	\$ 425,434	\$ 99,203	\$ 20,874	\$ 496,849	\$ 1,405,405	\$ 154,929	\$ 369,702	\$ 1,930,036

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

BE AN ANGEL FUND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED AUGUST 31, 2020

	Programs								Supporting Services		Total Expenses	
	Camp Be An Angel	Christmas Events	Christmas Program	Respite Care	Child/Family Assistance	Institutional Assistance	SUCCESS Golf	Other	Total	Management and General		Fundraising
Salaries and payroll taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 284,631	\$ 284,631	\$ 63,814	\$ 95,482	\$ 443,927
Advertising and public awareness	-	-	3,656	-	-	-	-	81,272	84,928	-	5,600	90,528
Awards and appreciation	-	-	18,507	-	-	-	-	268	18,775	2,483	2,300	23,558
Bank service charges	-	-	-	-	-	-	-	6,308	6,308	6,608	-	12,916
Contract labor	-	-	2,885	13,256	-	-	-	-	16,141	-	-	16,141
Depreciation	-	-	-	-	-	-	-	-	-	6,340	-	6,340
Entertainment	-	-	-	-	-	-	-	-	-	-	9,369	9,369
Equipment and maintenance	-	-	-	-	-	-	80	2,025	2,105	1,663	-	3,768
Hearing aid program	-	-	-	-	6,950	-	-	-	6,950	-	-	6,950
Individual requests	-	-	-	-	223,034	-	-	-	223,034	-	-	223,034
In-kind donations	-	-	-	-	-	-	-	72,850	72,850	-	-	72,850
Insurance – general	-	-	-	-	-	-	-	3,402	3,402	16,915	-	20,317
International	-	-	-	-	92,090	-	-	-	92,090	-	-	92,090
Materials and supplies	6,646	-	16,066	-	-	-	10,531	622	33,865	-	30,937	64,802
Meetings and dues	-	-	-	-	-	-	-	161	161	4,357	2,000	6,518
Office and postage	-	-	4,940	-	-	-	-	-	4,940	5,362	43	10,345
Playgrounds	-	-	-	-	-	24,090	-	-	24,090	-	-	24,090
Professional services	-	-	-	-	-	-	-	13,590	13,590	17,415	23,087	54,092
Storage and rent	-	-	-	-	-	-	2,444	-	2,444	-	-	2,444
Student activities	68,539	-	-	-	-	-	-	-	68,539	-	-	68,539
Telephone and internet	-	-	-	-	-	-	-	25,866	25,866	12,878	-	38,744
Toys	-	2,770	206,667	-	-	-	-	-	209,437	-	-	209,437
Travel and transportation	-	-	587	-	-	-	-	7,019	7,606	2,892	1,820	12,318
Other	238	-	-	-	-	-	73	1,887	2,198	4,308	29,973	36,479
Total functional expenses	\$ 75,423	\$ 2,770	\$ 253,308	\$ 13,256	\$ 322,074	\$ 24,090	\$ 13,128	\$ 499,901	\$ 1,203,950	\$ 145,035	\$ 200,611	\$ 1,549,596

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

BE AN ANGEL FUND, INC.
STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED AUGUST 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 130,625	\$ 76,963
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	5,179	6,340
Gain on PPP loan forgiveness	(69,900)	-
Unrealized (gain) loss on investments	(7,892)	975
Changes in operating assets and liabilities:		
Pledges receivable	(4,100)	3,000
Prepaid expenses and other assets	(48,241)	(3,050)
Accounts payable and accrued expenses	2,547	2,969
Grant payable	-	(100,000)
Net cash from operating activities	<u>8,218</u>	<u>(12,803)</u>
Cash flows from investing activities		
Purchase of investments	<u>(2,926)</u>	<u>(1,105)</u>
Net cash from investing activities	<u>(2,926)</u>	<u>(1,105)</u>
Cash flows from financing activities		
Proceeds from notes payable	-	219,800
Payment on note payable	<u>(3,204)</u>	<u>(641)</u>
Net cash from financing activities	<u>(3,204)</u>	<u>219,159</u>
Net change in cash and cash equivalents	2,088	205,251
Cash and cash equivalents, beginning of fiscal year	<u>343,045</u>	<u>137,794</u>
Cash and cash equivalent, end of fiscal year	<u>\$ 345,133</u>	<u>\$ 343,045</u>

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

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Be An Angel Fund, Inc. (the “Organization”) is a 501(c)(3) nonprofit corporation founded in 1986 and was incorporated in October 1988 for the purpose of improving the quality of life for children living in the Houston, Dallas, and Fort Worth, Texas 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** – Weekend family camping retreat designed to allow entire families to enjoy their time spent together.
- **Christmas Events** – Creating a winter wonderland for disabled and profoundly deaf children with the help of a signing Santa, petting zoo, and train rides at T.H. Rogers School and K-5 graders in the Aldine ISD MO Campbell Building.
- **Christmas Program** – Providing 4,873 disabled children from low-income homes with Christmas gifts.
- **Respite Care** – Offering daycare with trained staff so that family caregivers can work, and their children can continue their development outside of normal school hours, including summer.
- **Child/Family Assistance** – Providing wheelchairs, power wheelchairs, hearing aids, nutritional supplements, medical tricycles, automobile lifts, medical strollers, and other miscellaneous adaptive 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.

Basis of Accounting – In accordance with accounting principles generally accepted in the United States of America (GAAP), the financial statements have been prepared on the accrual basis and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation – The Organization is required to report information regarding its financial position and activities according to classifications based on the existence or absence of donor-imposed restrictions.

- **Net Assets Without Donor Restrictions** – Net assets that are not subject to donor-imposed stipulations.
- **Net Assets With Donor Restrictions** – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

BE AN ANGEL FUND, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

Use of Estimates – The preparation of financial statements in conformity with 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 an 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 net assets without donor restrictions 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 statements of financial position for cash, cash equivalents, investments, and pledges receivable approximate their fair value.

Contributions – Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence or absence of donor-imposed restrictions. If restrictions are met in the same reporting period as when the contribution is received, contributions without donor restrictions are recognized.

Pledges Receivable – Pledges receivable represent amounts receivable from individual donors for the Organization’s annual end of year giving campaign. For the fiscal years ended August 31, 2021 and 2020, the Organization had pledges receivable for the end of year campaign of \$4,100 and \$0-, respectively. 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 had not provided an allowance for uncollectible amounts as management believed at August 31, 2021 that all pledges were collectible.

Fixed Assets and Depreciation – The Organization capitalizes fixed assets with a life over one year and a cost over \$500. Lesser amounts are expensed. Purchased 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 without restriction unless the donor has restricted the donated assets to a special purpose. The cost of ordinary maintenance and repairs and expenditures 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 services are reflected as contributions in the accompanying financial statements at their estimated fair values at date of receipt. Donations of materials are reported as without restrictions unless the donor has restricted the donated assets to a specific purpose. The Organization recognizes the fair value of donated services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills, and would typically be purchased, if not donated.

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 and do not meet the criteria for recognition as contributed services under GAAP. However, a substantial number of volunteers, including the Board of Directors, have donated significant amounts of their time in the Organization’s efforts.

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.

Uncertain tax positions are recognized in the financial statements only if that position is more-likely-than-not of being sustained upon examination by taxing authorities, based on the technical merits of the position. The Organization has concluded that there are no uncertain tax positions, or any interest and penalties related to uncertain tax positions requiring recognition in the financial statements.

Concentration of Credit Risk – Financial instruments that potentially subject the Organization to concentrations of credit risk consist of principally of cash and cash equivalents and investments. The Organization maintains its cash and cash equivalents in bank accounts and a broker-dealer account that, at times, may exceed federally insured limits. The Organization’s cash and cash equivalent accounts have been placed with high credit quality financial institutions and has not experienced, nor does it anticipate, any losses with respect to such accounts.

Risks and Uncertainties – During the fiscal years ended August 31, 2020 and 2021, many countries around the world, including the United States of America, were impacted by the coronavirus (the “virus” or COVID-19) outbreak. While the virus is continuing to evolve, its implications could involve interruptions to supply chains, unavailability of personnel, and reductions in revenues. In addition, the Organization may be impacted by the broader effects of COVID-19 as a result of the negative impact the virus has had on the global economy and major financial markets.

Functional Allocation of Expenses – The costs of providing programs and supporting services have been summarized on a functional basis in the statements of functional expenses. Expenses can generally be directly identified with the program or support to which they relate and are charged accordingly. Compensation and related expenses are allocated on the basis of time and effort expended.

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 fiscal year. As such, no liability for compensated absences has been established.

Advertising and Public Awareness – The Organization expenses advertising and public awareness costs as incurred. Advertising and public awareness expense incurred for the fiscal years ended August 31, 2021 and 2020 was \$72,702 and \$90,528, respectively.

Recently Implemented Accounting Pronouncement – In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Updated (ASU) No. 2014-09, *Revenue From Contracts With Customers (Topic 606)*, establishing a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. This update provides a five-step analysis in determining when and how revenue is recognized. The new model will require revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration a company expects to receive in exchange for those goods or services and will supersede most of the existing revenue recognition guidance, including industry-specific guidance. In June 2020, the FASB issued ASU No. 2020-05, *Revenue From Contracts With Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*, to defer these two standards. On September 1, 2020, the Organization adopted Topic 606 using the modified retrospective method applied to those contracts which were not completed as of September 1, 2020. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue. The presentation and disclosures of revenue have been reviewed in accordance with the standard and no significant changes were required as a result of implementation of this pronouncement.

NOTE 2 – UPCOMING ACCOUNTING PRONOUNCEMENT

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statements of activities, apart from contributions of cash or other financial assets. It also requires a not-for-profit to disclose contributed nonfinancial assets recognized within the statements of activities disaggregated by category that depicts the type of contributed nonfinancial assets and includes additional disclosure requirements for each category of contributed nonfinancial assets recognized. The ASU is effective for a not-for-profit entity for annual periods beginning after June 15, 2021. Early adoption is permitted. The Organization is currently evaluating the potential impact of this standard on its financial statements and related disclosures.

NOTE 3 – LIQUIDITY AND AVAILABILITY

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be met. In order to determine these reserves, the Board of Directors analyzes the current year budgeted to actual amounts and the approved forecast for the upcoming year.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of the statement of financial position dates, comprise the following at August 31:

	<u>2021</u>	<u>2020</u>
Financial assets at fiscal year-end:		
Cash and cash equivalents	\$ 345,133	\$ 343,045
Investments	24,372	13,554
Pledges receivable	<u>4,100</u>	<u>-</u>
Total financial assets at fiscal year-end	373,605	356,599
Less: amounts not available for general expenditure:		
Net assets with donor restrictions	<u>(4,941)</u>	<u>(5,323)</u>
Total financial assets at fiscal year-end available for general expenditure over the next 12 months	<u>\$ 368,664</u>	<u>\$ 351,276</u>

The Organization receives contributions restricted by donors for its programs. A significant amount of the contributions received are considered donations for programs which are ongoing, major, and central to its annual operations and are available to meet cash needs for general expenditures.

For the fiscal years ended August 31, 2021 and 2020, restricted contributions of \$4,941 and \$5,323, respectively, were excluded from financial assets available to meet cash needs for general expenditures within one year.

NOTE 4 – FAIR VALUE MEASUREMENTS

GAAP defines fair value, establishes a framework for measuring fair value, and establishes 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.

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

- **Level 1** – Quoted prices (unadjusted) in active markets for identical assets or liabilities the Organization has the ability to access.
- **Level 2** – Inputs (other than quoted prices included within Level 1) that are observable for the asset or liability, either directly or indirectly.
- **Level 3** – 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 the Organization’s own data.

The following sets forth by level, within the fair value hierarchy, Organization’s assets at fair value:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
August 31, 2021				
Equities	\$ 8,709	\$ -	\$ -	\$ 8,709
Mutual funds	14,463	-	-	14,463
Land	<u>1,200</u>	<u>-</u>	<u>-</u>	<u>1,200</u>
Total investments at fair value	<u>\$ 24,372</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,372</u>
August 31, 2020				
Equities	\$ 7,554	\$ -	\$ -	\$ 7,554
Mutual funds	4,800	-	-	4,800
Land	<u>-</u>	<u>-</u>	<u>1,200</u>	<u>1,200</u>
Total investments at fair value	<u>\$ 12,354</u>	<u>\$ -</u>	<u>\$ 1,200</u>	<u>\$ 13,554</u>

The fair value for the Organization’s investment in land is determined based on assessments provided annually by the San Jacinto County Appraisal District.

BE AN ANGEL FUND, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 5 – FIXED ASSETS

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

	<u>2021</u>	<u>2020</u>
Building	\$ 74,471	\$ 74,471
Furniture and office equipment	55,640	55,640
Other equipment and vehicle	<u>34,582</u>	<u>34,582</u>
Total fixed assets	164,693	164,693
Less: accumulated depreciation	<u>(160,095)</u>	<u>(154,916)</u>
 Total fixed assets, net	 <u>\$ 4,598</u>	 <u>\$ 9,777</u>

Depreciation expense was \$5,179 and \$6,340 for the fiscal years ended August 31, 2021 and 2020, respectively.

NOTE 6 – NOTES PAYABLE

In response to the COVID-19 pandemic, the U.S. Small Business Association (SBA) made available low-interest rate loans to qualified small businesses and certain tax-exempt entities, including under its Economic Injury Disaster Loan (EIDL). The Organization’s EIDL application was approved for \$150,000 and proceeds in the amount of \$149,900, after a \$100 administrative fee, were received in July 2020. The EIDL has monthly payments of \$641 beginning on July 1, 2021, an interest rate of 3.75% per annum and matures in July 2050. The Organization made four voluntary payments of \$641 during the fiscal year. At August 31, 2021, the EIDL balance was \$146,054. It is the Organization’s intent to apply for loan forgiveness under the provisions of Section 1106 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Loan forgiveness is subject to the sole approval of the SBA.

The following represent the future scheduled maturities for the loan as of the fiscal year ended August 31, 2021:

<u>For the Fiscal Year Ending August 31,</u>	<u>Amount</u>
2022	\$ 1,924
2023	2,978
2024	3,092
2025	3,210
2026	3,332
Thereafter	<u>131,518</u>
 Total	 <u>\$ 146,054</u>

The Organization incurred \$5,625 and \$-0- in interest expense for the fiscal years ended August 31, 2021, and 2020, respectively.

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In response to the COVID-19 pandemic, the United States Government passed the CARES Act in March 2020 and the Economic Aid Act in December 2020. One component of the CARES Act, the Paycheck Protection Program (PPP), provided the Organization an opportunity to apply for a forgivable loan from the SBA to assist in funding payroll and other costs including rent and utilities. The Organization’s PPP loan application was approved and proceeds in the amount of \$69,900 were received in April 2020. On May 29, 2021, the loan was forgiven. The PPP forgiveness is recognized as PPP loan forgiveness income on the statement of activities.

NOTE 7 – DONATED OFFICE FACILITIES

During the fiscal 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. In-kind donations for rent and utilities recorded for the fiscal years ended August 31, 2021 and 2020 were \$13,200.

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

The balance of net assets with donor restrictions of \$4,941 and \$5,323 is available as of the fiscal years ended August 31, 2021 and 2020, respectively, for use as directed.

This balance is to be used as follows at August 31:

	<u>2021</u>	<u>2020</u>
Purpose		
Hearing Program	\$ 1,079	\$ -
American Sign Language	3,862	3,862
Child/Family Assistance	<u>-</u>	<u>1,461</u>
Total net assets with donor restrictions	<u>\$ 4,941</u>	<u>\$ 5,323</u>

There was \$375,324 and \$449,025 of net assets released from donor restrictions during the fiscal years ended August 31, 2021 and 2020, respectively, 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 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 10 – 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. For the fiscal years ended August 31, 2021 and 2020, the fair value of the donation was recorded as in-kind revenue and expense in the amount of \$-0- and \$6,500, respectively. The Organization does not have any commitments from the aforementioned contributor to continue such activities in the future.

The Organization commonly receives donations from the Board of Directors, employees, and affiliated businesses. No donations represented a material concentration to the Organization for the fiscal years ended August 31, 2021 and 2020.

NOTE 11 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through December 22, 2021, the date the financial statements were available to be issued.