

BE AN ANGEL FUND, INC.

FINANCIAL STATEMENTS

August 31, 2022 and 2021

BE AN ANGEL FUND, INC.
Houston, Texas

FINANCIAL STATEMENTS
August 31, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements***Opinion***

We have audited the financial statements of Be An Angel Fund, Inc. (a nonprofit corporation), which comprise the statement of financial position as of August 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Be An Angel Fund, Inc. as of August 31, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Be An Angel Fund, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of Be An Angel Fund, Inc. for the year ended August 31, 2021 were audited by other auditors, who expressed an unmodified opinion on those statements on December 22, 2021.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Be An Angel Fund, Inc.'s ability to continue as a going concern for one year from the date the financial statements are available to be issued.

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Be An Angel Fund, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Be An Angel Fund, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.


Crowe LLP

The Woodlands, Texas
December 22, 2022

BE AN ANGEL FUND, INC.
STATEMENTS OF FINANCIAL POSITION
August 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 470,275	\$ 345,133
Investments	26,754	24,372
Pledges receivable	64,000	4,100
Prepaid expenses and other assets	65,326	51,290
Fixed assets, net	<u>1,619</u>	<u>4,598</u>
 Total assets	 <u>\$ 627,974</u>	 <u>\$ 429,493</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 14,471	\$ 8,452
Notes payable	<u>145,312</u>	<u>146,054</u>
Total liabilities	159,783	154,506
Net assets		
Without donor restrictions	468,191	270,046
With donor restrictions	<u>-</u>	<u>4,941</u>
Total net assets	<u>468,191</u>	<u>274,987</u>
 Total liabilities and net assets	 <u>\$ 627,974</u>	 <u>\$ 429,493</u>

See accompanying notes to financial statements.

BE AN ANGEL FUND, INC.
STATEMENT OF ACTIVITIES
Year ended August 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
Christmas program	\$ 436,431	\$ -	\$ 436,431
Donations	1,117,985	173,820	1,291,805
Gain on sale of investment	2,382	-	2,382
Golf tournaments	206,150	-	206,150
In-kind donations	-	245,850	245,850
Other fundraisers	238,105	-	238,105
Partnership	4,747	-	4,747
SUCCESS Golf	-	50,103	50,103
Special events	17,262	-	17,262
Net assets released from restrictions	<u>474,714</u>	<u>(474,714)</u>	<u>-</u>
Total support and revenue	2,497,776	(4,941)	2,492,835
 Expenses			
Programs	1,800,885	-	1,800,885
Supporting services			
Management and general	154,636	-	154,636
Fundraising	<u>344,110</u>	<u>-</u>	<u>344,110</u>
Total expenses	<u>2,299,631</u>	<u>-</u>	<u>2,299,631</u>
 Change in net assets	198,145	(4,941)	193,204
 Net assets, beginning of year	<u>270,046</u>	<u>4,941</u>	<u>274,987</u>
 Net assets, end of year	<u><u>\$ 468,191</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 468,191</u></u>

See accompanying notes to financial statements.

BE AN ANGEL FUND, INC.
STATEMENT OF ACTIVITIES
Year ended August 31, 2021

	Without Donor <u>Restrictions</u>	With Donor <u>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>	<u>-</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>-</u>	<u>369,702</u>
Total expenses	<u>1,930,036</u>	<u>-</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 year	<u>\$ 270,046</u>	<u>\$ 4,941</u>	<u>\$ 274,987</u>

See accompanying notes to financial statements.

BE AN ANGEL FUND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended August 31, 2022

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 324,094	\$ 324,094	\$ 78,599	\$ 85,469	\$ 488,162
Advertising and public awareness	-	542	-	-	-	-	177,264	177,806	-	6,244	184,050
Awards and appreciation	269	13,241	-	-	-	7,835	15,134	36,479	94	4,434	41,007
Bank service charges	-	-	-	-	-	-	15,089	15,089	7,748	13,676	36,513
Contract labor	-	8,040	8,560	-	-	-	-	16,600	-	-	16,600
Facility rental	-	-	-	-	-	-	-	-	-	102,098	102,098
Depreciation	-	-	-	-	-	-	-	-	2,979	-	2,979
Entertainment	-	-	-	-	-	-	-	-	-	4,125	4,125
Equipment and maintenance	-	-	-	-	-	446	2,981	3,427	4,173	-	7,600
Hearing aid program	-	-	-	29,486	-	-	-	29,486	-	-	29,486
Individual requests	-	-	-	271,371	-	-	-	271,371	-	-	271,371
In-kind donations	20,000	63,500	-	-	-	-	137,350	220,850	15,000	10,000	245,850
Insurance – general	-	-	-	-	-	-	14,096	14,096	4,991	-	19,087
International	-	-	-	120,500	-	-	-	120,500	-	-	120,500
Materials and supplies	9,643	8,384	1,147	-	-	3,338	3,387	25,899	-	61,093	86,992
Meetings and dues	-	-	-	-	-	-	1,251	1,251	5,789	1,586	8,626
Office and postage	-	6,391	-	-	-	-	1,130	7,521	3,169	184	10,874
Playgrounds	-	-	-	-	56,711	-	-	56,711	-	-	56,711
Professional services	-	-	-	-	-	-	45,176	45,176	14,520	30,217	89,913
Storage and rent	-	-	-	-	-	5,125	-	5,125	-	-	5,125
Student activities	46,616	-	-	-	-	-	4,711	51,327	-	-	51,327
Telephone and internet	-	-	-	-	-	-	85,248	85,248	9,316	-	94,564
Toys	-	204,732	-	-	-	-	-	204,732	-	-	204,732
Travel and transportation	-	-	-	-	-	24,864	9,328	34,192	4,708	8,304	47,204
Other	217	18	19,686	-	22,500	218	11,266	53,905	3,550	16,680	74,135
Total functional expenses	\$ 76,745	\$ 304,848	\$ 29,393	\$ 421,357	\$ 79,211	\$ 41,826	\$ 847,505	\$ 1,800,885	\$ 154,636	\$ 344,110	\$ 2,299,631

See accompanying notes to financial statements.

BE AN ANGEL FUND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
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
Depreciation	-	-	-	-	-	-	-	-	-	60,958	60,958
Entertainment	-	-	-	-	-	-	-	-	5,179	-	5,179
Equipment and maintenance	-	-	-	-	-	-	-	-	-	2,758	2,758
Hearing aid program	-	-	-	-	-	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

See accompanying notes to financial statements.

BE AN ANGEL FUND, INC.
STATEMENTS OF CASH FLOWS
Years ended August 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	\$ 193,204	\$ 130,625
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	2,979	5,179
Gain on PPP loan forgiveness	-	(69,900)
Unrealized gain on investments	(2,382)	(7,892)
Changes in operating assets and liabilities:		
Pledges receivable	(59,900)	(4,100)
Prepaid expenses and other assets	(14,036)	(48,241)
Accounts payable and accrued expenses	6,019	2,547
Net cash from operating activities	<u>125,884</u>	<u>8,218</u>
Cash flows from investing activities		
Purchase of investments	<u>-</u>	<u>(2,926)</u>
Net cash from investing activities	-	(2,926)
Cash flows from financing activities		
Payment on note payable	<u>(742)</u>	<u>(3,204)</u>
Net cash from financing activities	<u>(742)</u>	<u>(3,204)</u>
Net change in cash and cash equivalents	125,142	2,088
Cash and cash equivalents, beginning of year	<u>345,133</u>	<u>343,045</u>
Cash and cash equivalent, end of year	<u><u>\$ 470,275</u></u>	<u><u>\$ 345,133</u></u>
Supplemental disclosures of cash flow information:		
Interest paid	\$ 1,822	\$ -

See accompanying notes to 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 5,114 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.

(Continued)

BE AN ANGEL FUND, INC.
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

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 years ended August 31, 2022 and 2021, the Organization had pledges receivable for the end of year campaign of \$64,000 and \$4,100, respectively. Pledges receivable are stated at the amount management expects to collect. The balance of pledges receivable is expected to be collected within the next year. 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, 2022 and 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.

(Continued)

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

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.

Concentrations 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 years ended August 31, 2021 and 2022, 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 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 years ended August 31, 2022 and 2021 was \$184,050 and \$72,702, respectively.

Recently Implemented 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 was effective for a not-for-profit entity for annual periods beginning after June 15, 2021. The Organization adopted the new standard effective September 1, 2021. The presentation and disclosures of the financial statements have been reviewed in accordance with the standard. See Note 6 for a schedule of contributed nonfinancial assets

(Continued)

BE AN ANGEL FUND, INC.
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

NOTE 2 – 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>2022</u>	<u>2021</u>
Financial assets at fiscal year-end:		
Cash and cash equivalents	\$ 470,275	\$ 345,133
Investments	26,754	24,372
Pledges receivable	<u>64,000</u>	<u>4,100</u>
Total financial assets at fiscal year-end	561,029	373,605
Less: amounts not available for general expenditure:		
Net assets with donor restrictions	<u>-</u>	<u>(4,941)</u>
Total financial assets at fiscal year-end available for general expenditure over the next 12 months	<u>\$ 561,029</u>	<u>\$ 368,664</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 years ended August 31, 2022 and 2021, restricted contributions of \$-0- and \$4,941, respectively, were excluded from financial assets available to meet cash needs for general expenditures within one year.

NOTE 3 – 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.

(Continued)

BE AN ANGEL FUND, INC.
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

- *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, 2022				
Equities	\$ 15,173	\$ -	\$ -	\$ 15,173
Mutual funds	10,381	-	-	10,381
Land	<u>1,200</u>	<u>-</u>	<u>-</u>	<u>1,200</u>
 Total investments at fair value	 <u>\$ 26,754</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 26,754</u>
 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>

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

NOTE 4 – FIXED ASSETS

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

	<u>2022</u>	<u>2021</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>(163,074)</u>	<u>(160,095)</u>
 Total fixed assets, net	 <u>\$ 1,619</u>	 <u>\$ 4,598</u>

(Continued)

BE AN ANGEL FUND, INC.
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

NOTE 4 – FIXED ASSETS (Continued)

Depreciation expense was \$2,979 and \$5,179 for the years ended August 31, 2022 and 2021, respectively.

NOTE 5 – 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. At August 31, 2022 and 2021, the EIDL balance was \$145,312 and \$146,054, respectively.

The following represent the future scheduled maturities for the loan as of the year ended August 31, 2022:

2023	\$	2,281
2024		2,369
2025		2,459
2026		2,552
2027		2,651
Thereafter		<u>133,000</u>
Total	\$	<u>145,312</u>

The Organization incurred \$5,470 and \$5,625 in interest expense for the years ended August 31, 2022, and 2021, respectively.

NOTE 6 – CONTRIBUTED NONFINANCIAL ASSETS

The Organization received the following contributions of nonfinancial assets for the year ended August 31:

	<u>2022</u>	<u>2021</u>
Event donations	\$ 177,650	\$ 62,900
Professional services	40,000	35,000
Medical equipment	15,000	5,000
Rent	<u>13,200</u>	<u>13,200</u>
Total contributed nonfinancial assets	<u>\$ 245,850</u>	<u>\$ 116,100</u>

The Organization receives items to be used or to be sold during events. Donated items are recognized as in-kind revenues at their estimated fair value in the accompanying statements of activities.

(Continued)

BE AN ANGEL FUND, INC.
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

NOTE 6 – CONTRIBUTED NONFINANCIAL ASSETS (Continued)

Contributed professional services are recognized as in-kind revenues at their estimated fair value if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated.

Contributed medical equipment and supplies were utilized in the Organization's programs.

Contributed rent is recognized as in-kind revenues. 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. The amount of contributed rent is determined with a use agreement and the related rent expense is recorded straight line over the life of the lease in the accompanying statements of activities.

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

The balance of net assets with donor restrictions of \$-0- and \$4,941 is available as of the years ended August 31, 2022 and 2021, respectively, for use as directed.

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

Purpose	<u>2022</u>	<u>2021</u>
Hearing Program	\$ -	\$ 1,079
American Sign Language	-	3,862
Total net assets with donor restrictions	<u>\$ -</u>	<u>\$ 4,941</u>

There was \$474,714 and \$375,324 of net assets released from donor restrictions during the years ended August 31, 2022 and 2021, 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 8 – 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. Employer contributions for the years ended August 31, 2022 and 2021 amounted to \$11,483 and \$8,138, respectively. 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.

(Continued)

BE AN ANGEL FUND, INC.
NOTES TO FINANCIAL STATEMENTS
August 31, 2022 and 2021

NOTE 9 – RELATED PARTIES

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 years ended August 31, 2022 and 2021.

NOTE 10 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through December 22, 2022, the date the financial statements were available to be issued.