

Be An Angel Fund, Inc.
Financial Statements
For the Fiscal Years Ended August 31, 2018 and 2017

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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 statement of financial position as of fiscal August 31, 2018, and the related statements of activities, functional expenses, and cash flows for the fiscal 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.

Auditors' 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 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 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.

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 fiscal August 31, 2018, and the changes in its net assets and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Be An Angel Fund, Inc. as of August 31, 2017, were audited by other auditors whose report dated December 18, 2017, expressed an unmodified opinion on those statements.



Briggs & Veselka Co.
The Woodlands, Texas

January 7, 2019

BE AN ANGEL FUND, INC.
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 196,931	\$ 163,541
Investments	1,200	5,450
Accounts receivable	-	50,010
Pledges receivable	30,000	13,078
Fixed assets, net	<u>23,287</u>	<u>31,843</u>
TOTAL ASSETS	<u>\$ 251,418</u>	<u>\$ 263,922</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Grants payable	<u>\$ 150,000</u>	<u>\$ 200,000</u>
Total liabilities	150,000	200,000
Net assets		
Unrestricted	97,220	1,235
Temporarily restricted	<u>4,198</u>	<u>62,687</u>
Total net assets	<u>101,418</u>	<u>63,922</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 251,418</u>	<u>\$ 263,922</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, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total Net Assets</u>
Support and revenue			
All Ears!	\$ -	\$ -	\$ -
Americans Sign Language	-	200	200
Christmas program	238,313	84,330	322,643
Donations	852,868	189,348	1,042,216
Gain on sale of investment	1,059	-	1,059
Golf tournaments	72,000	-	72,000
In-kind donations	-	98,301	98,301
Interest	3,142	-	3,142
Other fundraisers	72,123	-	72,123
Partnership	4,747	-	4,747
SUCCESS Golf	-	50,258	50,258
Net assets released from donor restrictions	<u>480,926</u>	<u>(480,926)</u>	<u>-</u>
Total support and revenue	1,725,178	(58,489)	1,666,689
Expenses			
Programs	1,206,971	-	1,206,971
Supporting services			
Management and general	121,341	-	121,341
Fundraising	<u>300,881</u>	<u>-</u>	<u>300,881</u>
Total expenses	<u>1,629,193</u>	<u>-</u>	<u>1,629,193</u>
Change in net assets	95,985	(58,489)	37,496
Net assets, beginning of year	<u>1,235</u>	<u>62,687</u>	<u>63,922</u>
NET ASSETS, END OF YEAR	<u><u>\$ 97,220</u></u>	<u><u>\$ 4,198</u></u>	<u><u>\$ 101,418</u></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, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total Net Assets</u>
Support and revenue			
All Ears!	\$ -	\$ 57,764	\$ 57,764
Americans 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>
Total support and revenue	1,841,813	40,431	1,882,244
Expenses			
Programs	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>
Total expenses	<u>2,032,902</u>	<u>-</u>	<u>2,032,902</u>
Change in net assets	(191,089)	40,431	(150,658)
Net assets, beginning of year	<u>192,324</u>	<u>22,256</u>	<u>214,580</u>
NET ASSETS, END OF YEAR	<u>\$ 1,235</u>	<u>\$ 62,687</u>	<u>\$ 63,922</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, 2018

	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
Advertising and public awareness	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,086	\$ 42,161	\$ 43,247	\$ -	\$ 11,358	\$ 54,605
Awards and appreciation	-	-	11,314	-	-	-	-	851	12,165	1,107	9,715	22,987
Bank service charges	-	-	-	-	-	-	-	-	-	10,341	5,531	15,872
Contract labor	-	-	2,905	40,750	-	-	-	-	43,655	-	-	43,655
Delivery	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	8,556	-	8,556
Entertainment	-	-	-	-	-	-	-	-	-	-	77,064	77,064
Equipment and maintenance	-	-	-	-	-	-	2,567	3,508	6,075	2,648	-	8,723
Hearing aid program	-	-	-	-	53,167	-	-	-	53,167	-	-	53,167
Individual requests	-	-	-	-	155,949	-	-	-	155,949	-	-	155,949
In-kind	-	-	-	-	-	-	-	99,893	99,893	1,101	-	100,994
Insurance – general	-	-	-	-	-	-	-	12,142	12,142	5,204	-	17,346
International	-	-	-	-	152,134	-	-	-	152,134	-	-	152,134
Materials and supplies	8,329	-	214	-	-	-	7,417	-	15,960	-	51,915	67,875
Meetings and dues	-	-	-	-	-	-	-	-	-	2,342	6,826	9,168
Office and postage	-	-	17,013	-	-	-	-	2,483	19,496	2,891	10,314	32,701
Playgrounds	-	-	-	-	-	1,200	-	-	1,200	-	-	1,200
Professional services	-	-	-	-	-	-	-	-	-	10,775	33,195	43,970
Salaries and payroll taxes	-	-	-	-	-	-	-	267,472	267,472	60,974	86,655	415,101
Storage and rent	-	-	-	-	-	-	2,145	-	2,145	-	2,980	5,125
Student activities	59,520	-	-	-	-	-	-	-	59,520	-	-	59,520
Telephone and internet	-	-	-	-	-	-	-	14,667	14,667	9,866	-	24,533
Toys	-	1,635	224,373	-	-	-	-	-	226,008	-	-	226,008
Travel and transportation	-	-	38	-	-	-	7,380	8,309	15,727	4,075	1,708	21,510
Other	1,614	-	-	-	-	-	1,840	2,895	6,349	1,461	3,620	11,430
Total functional expenses	\$ 69,463	\$ 1,635	\$ 255,857	\$ 40,750	\$ 361,250	\$ 1,200	\$ 22,435	\$ 454,381	\$ 1,206,971	\$ 121,341	\$ 300,881	\$ 1,629,193

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, 2017

	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
Advertising and public awareness	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 467	\$ 23,490	\$ 23,957	\$ -	\$ 62,839	\$ 86,796
Awards and appreciation	-	-	11,960	-	-	-	-	2,369	14,329	1,281	31,760	47,370
Bank service charges	-	-	-	-	-	-	-	30	30	15,740	-	15,770
Contract labor	-	-	414	91,068	-	-	-	-	91,482	-	-	91,482
Delivery	-	-	34	-	-	-	-	-	34	-	-	34
Depreciation	-	-	-	-	-	-	-	-	-	7,579	-	7,579
Entertainment	-	-	-	-	-	-	-	-	-	-	72,590	72,590
Equipment and maintenance	-	-	-	-	-	-	5,544	4,163	9,707	2,556	-	12,263
Hearing aid program	-	-	-	-	139,081	-	-	-	139,081	-	-	139,081
Individual requests	-	-	240	-	141,116	-	-	-	141,356	-	-	141,356
In-kind	-	-	104,796	-	-	-	-	-	104,796	18,104	-	122,900
Insurance – general	-	-	-	-	-	-	-	-	-	20,613	-	20,613
International	-	-	-	-	76,237	-	-	-	76,237	-	-	76,237
Materials and supplies	20,572	-	4,721	-	-	-	-	-	25,293	6,472	36,008	67,773
Meetings and dues	-	-	-	-	-	-	-	-	-	8,691	97	8,788
Office and postage	-	-	3,811	-	-	-	7,266	4,194	15,271	6,960	1,196	23,427
Playgrounds	-	-	-	-	-	258,283	-	-	258,283	-	-	258,283
Professional services	-	-	-	-	-	-	-	-	-	15,225	20,035	35,260
Salaries and payroll taxes	-	-	-	-	-	-	-	245,005	245,005	59,523	101,833	406,361
Storage and rent	-	-	-	-	-	-	2,350	-	2,350	-	-	2,350
Student activities	95,418	-	-	-	-	-	-	-	95,418	-	-	95,418
Telephone and internet	-	-	-	-	-	-	-	4,777	4,777	6,593	-	11,370
Toys	-	4,221	230,951	-	-	-	-	-	235,172	-	-	235,172
Travel and transportation	-	-	1,979	-	-	-	4,625	6,353	12,957	5,476	2,733	21,166
Other	883	-	-	-	-	-	530	6,956	8,369	17,481	7,613	33,463
Total functional expenses	\$ 116,873	\$ 4,221	\$ 358,906	\$ 91,068	\$ 356,434	\$ 258,283	\$ 20,782	\$ 297,337	\$ 1,503,904	\$ 192,294	\$ 336,704	\$ 2,032,902

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, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Change in net assets	\$ 37,496	\$ (150,658)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	8,556	7,579
Land converted to investment	-	780
Unrealized loss on investment	-	385
Changes in operating assets and liabilities:		
Accounts receivable	50,010	(50,010)
Pledges receivable	(16,922)	40,123
Grants payable	(50,000)	200,000
Net cash from operating activities	<u>29,140</u>	<u>48,199</u>
Cash flows from investing activities		
Purchase of fixed assets	-	(14,773)
Purchase of investments	-	(5,835)
Sale of investments	4,250	-
Net cash from investing activities	<u>4,250</u>	<u>(20,608)</u>
Net change in cash and cash equivalents	33,390	27,591
Cash and cash equivalents, beginning of year	<u>163,541</u>	<u>135,950</u>
Cash and cash equivalent, end of year	<u>\$ 196,931</u>	<u>\$ 163,541</u>

There are no cash flows from financing activities for the fiscal years ended August 31, 2018 and 2017.

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** – Offering 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 4,496 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 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.

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).

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, 2018 or 2017.

BE AN ANGEL FUND, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017

Use of Estimates – The preparation of financial statements in conformity with U.S. 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 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.

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 fiscal years ended August 31, 2018 and 2017, the Organization had pledges receivable for the end of year campaign of \$30,000 and \$13,078, 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 has not provided an allowance for uncollectible amounts as management believes at August 31, 2018 and 2017 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 is charged to expense. Depreciation is provided on a straight-line basis using estimated useful lives ranging from three to 25 years.

Donated Materials and Services – Donated materials and equipment are reflected as contributions in the accompanying financial 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 nonfinancial 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 five years. During the fiscal years ended August 31, 2018 and 2017, the Organization paid \$50,000. Over the next three years, the Organization will pay the remaining \$150,000 in increments of \$50,000 per year.

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 Protection 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 statements 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.

Reclassifications - Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements

NOTE 2 – NEW ACCOUNTING PRONOUNCEMENT

In August 2016, the Financial Accounting Standards Board issued an Accounting Standard Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU, which becomes effective for the Organization fiscal year ended August 31, 2019, focuses on improving the current net asset classification requirements and information presented in the financial statements and related footnotes all for assessing a not-for-profit’s liquidity, financial performance, and cash flows. The Organization is in the process of evaluating the impact the standard will have on future financial statements.

NOTE 3 – FAIR VALUE MEASUREMENTS

U.S. 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.

BE AN ANGEL FUND, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017

The following sets forth by level, within the fair value hierarchy, Organization's assets at fair value as of August 31:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
August 31, 2018				
Land	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,200</u>	<u>\$ 1,200</u>
Total assets at fair value	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,200</u></u>	<u><u>\$ 1,200</u></u>
August 31, 2017				
Stocks	\$ 4,250	\$ -	\$ -	\$ 4,250
Land	<u>-</u>	<u>-</u>	<u>1,200</u>	<u>1,200</u>
Total assets at fair value	<u><u>\$ 4,250</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,200</u></u>	<u><u>\$ 5,450</u></u>

NOTE 4 – PLEDGES RECEIVABLE

Pledges receivable consisted of the following at August 31:

	<u>2018</u>	<u>2017</u>
Less than one year	<u>\$ 30,000</u>	\$ 13,078
One to five years	-	-
More than five years	<u>-</u>	<u>-</u>
Less: allowance	<u>-</u>	<u>-</u>
Total pledges receivable, net	<u><u>\$ 30,000</u></u>	<u><u>\$ 13,078</u></u>

NOTE 5 – FIXED ASSETS

A detail of the Organization's fixed assets costs and related accumulated depreciation expense for fiscal years ended August 31 was as follows:

	<u>2018</u>	<u>2017</u>
Building	<u>\$ 74,471</u>	\$ 74,471
Furniture and office equipment	<u>55,640</u>	55,640
Other equipment and vehicle	<u>34,582</u>	<u>34,582</u>
Total fixed assets	<u><u>164,693</u></u>	164,693
Less: accumulated depreciation	<u><u>(141,406)</u></u>	<u>(132,850)</u>
Total fixed assets, net	<u><u>\$ 23,287</u></u>	<u><u>\$ 31,843</u></u>

Depreciation expense was \$8,556 and \$7,579 for the fiscal years ended August 31, 2018 and 2017, respectively.

NOTE 6 – ADVERTISING

The Organization expenses advertising costs as incurred. Advertising expense incurred for fiscal years ended August 31, 2018 and 2017 was \$54,605 and \$86,796, respectively.

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. For the fiscal years ended August 31, 2018 and 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 \$4,198 is available as of the fiscal year ended August 31, 2018 for use as directed. This balance is to be used as follows:

<u>Purpose</u>	<u>Amount</u>
SUCCESS Golf	\$ 3,863
Playgrounds	<u>335</u>
Total temporarily restricted net assets	<u>\$ 4,198</u>

There was \$480,926 of net assets released from donor restrictions during the fiscal year ended August 31, 2018, 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, 2018 and 2017, the fair value of the donation was recorded as in-kind revenue and expense in the amounts of \$48,000 and \$50,000, respectively. The Organization does not have any commitments from the aforementioned contributor to continue such activities in the future.

BE AN ANGEL FUND, INC.
NOTES TO FINANCIAL STATEMENTS
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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, 2018 or 2017.

NOTE 11 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through January 7, 2019, the date the financial statements were available to be issued.