

**HOUSTON ACHIEVEMENT PLACE**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2009**

**HOUSTON ACHIEVEMENT PLACE  
FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

---

	<u>Page (s)</u>
<b>FINANCIAL STATEMENTS</b>	
Auditor's report	1
Statement of financial position	2
Statement of activities	3
Statement of functional expenses	4
Statement of cash flows	5
Notes to financial statements	6-8
<b>SUPPLEMENTARY INFORMATION</b>	
Auditor's report	9
Schedule of unrestricted revenues and gains	10
Schedule of program, management and general expenses	11
Reconciliation of cash basis to accrual basis statement of financial position	12
Reconciliation of cash basis to accrual basis statement of activities	13
Reconciliation of cash basis to accrual basis schedule of program, management and general expenses	14
Changes to property and equipment and accumulated depreciation	15

# German & Cohn, P.C.

## Certified Public Accountants

---

Mark A. German, CPA

### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Houston Achievement Place

We have audited the accompanying statement of financial position of Houston Achievement Place (a nonprofit organization) as of December 31, 2009, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Houston Achievement Place as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

*German & Cohn, P.C.*

August 11, 2010

**HOUSTON ACHIEVEMENT PLACE  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2009**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$1,020,327
Investments	758,743
Accounts receivable	
State and county agencies	239,745
Others	35,355
Prepaid expenses	<u>67,683</u>

**TOTAL CURRENT ASSETS** 2,121,853

**PROPERTY AND EQUIPMENT, NET** 1,137,878

**TOTAL ASSETS** \$3,259,731

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable and accrued expenses	\$ <u>149,550</u>
---------------------------------------	-------------------

**TOTAL CURRENT LIABILITIES** 149,550

**NET ASSETS, Unrestricted** 3,110,181

**TOTAL LIABILITIES AND NET ASSETS** \$3,259,731

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

**HOUSTON ACHIEVEMENT PLACE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

<b>UNRESTRICTED REVENUES AND GAINS</b>	
<b>GOVERNMENT SOURCES</b>	
TDFPS, Harris County	\$1,723,640
TDFPS, other counties	409,091
TDFPS, adoptions	19,000
NHIC, Medicaid	<u>125,569</u>
<b>TOTAL GOVERNMENT SOURCES</b>	<b>2,277,300</b>
<b>OTHER SOURCES</b>	
School program services	355,709
Contributions	588,418
Investment income	16,084
Gala event	341,752
Sales to the public	150,731
Unrealized and realized gains from investments	91,339
Rental and miscellaneous	<u>31,005</u>
<b>TOTAL OTHER SOURCES</b>	<b><u>1,575,038</u></b>
<b>TOTAL UNRESTRICTED REVENUES AND GAINS</b>	<b>3,852,338</b>
<b>PROGRAM, MANAGEMENT AND GENERAL EXPENSES</b>	<b><u>3,943,479</u></b>
<b>DECREASE IN NET ASSETS</b>	<b>(91,141)</b>
<b>NET ASSETS AT BEGINNING OF YEAR, Unrestricted</b>	<b><u>3,201,322</u></b>
<b>NET ASSETS AT END OF YEAR, Unrestricted</b>	<b><u><u>\$3,110,181</u></u></b>

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

**HOUSTON ACHIEVEMENT PLACE  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>FOSTER CARE</u>	<u>PROJECT CLASS</u>	<u>MGMT AND GENERAL</u>	<u>FUND RAISING</u>	<u>TOTAL</u>
Personnel	\$ 712,967	\$773,133	\$230,817	\$	\$1,716,917
Fringe benefits and payroll taxes	113,908	123,515	37,054		274,477
Assistance to clients	20,151				20,151
Equipment	14,610		7,636		22,246
Meetings	4,077	9,789	7,021		20,887
Occupancy	155,118		15,173		170,291
Utilities	37,186		8,922		46,108
Postage and delivery	3,779	237	3,173		7,189
Printing	1,476	6,760	1,618		9,854
Professional fees	161,488	4,672	89,423	32,882	288,465
Foster care payments	1,151,305				1,151,305
Supplies	12,107	3,537	17,318		32,962
Telephone	6,314	1,547	11,311		19,172
Transportation	13,628	38,317	1,244		53,189
Miscellaneous	8,629	3,027	2,387		14,043
Gala expenses				59,627	59,627
Depreciation	<u>10,187</u>	<u>          </u>	<u>26,409</u>	<u>          </u>	<u>36,596</u>
<b>TOTAL</b>	<b><u>\$2,426,930</u></b>	<b><u>\$964,534</u></b>	<b><u>\$459,506</u></b>	<b><u>\$92,509</u></b>	<b><u>\$3,943,479</u></b>
<b>PERCENTAGE</b>	<b><u>61.54%</u></b>	<b><u>24.46%</u></b>	<b><u>11.65%</u></b>	<b><u>2.35%</u></b>	<b><u>100.00%</u></b>

86.00%

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

**HOUSTON ACHIEVEMENT PLACE  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Decrease in net assets	\$( 91,141)
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Depreciation	36,596
Unrealized gains from investments	( 107,994)
Realized losses from sale of investments	16,655
(Increase) decrease in operating assets	
Accounts receivable	( 25,984)
Prepaid expenses	5,543
Increase (decrease) in operating liabilities	
Accounts payable and accrued expenses	<u>7,390</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>( 158,935)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from sales of investments	439,766
Purchase of investments	( 445,228)
Purchase of fixed assets	<u>( 6,596)</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>( 12,058)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>( 170,993)</b>
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	<b><u>1,191,320</u></b>
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<b><u>\$ 1,020,327</u></b>

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

**HOUSTON ACHIEVEMENT PLACE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**

**NOTE 1 - TYPE OF ORGANIZATION**

Houston Achievement Place operates as a nonprofit, social service agency, organized and incorporated under the laws of the State of Texas. The Agency is licensed to carry on its services by the Texas Department of Family and Protective Services and operates residential, training and other service programs for children, adolescents and families in the Greater Houston, Texas metropolitan area.

Houston Achievement Place is tax exempt under Section 501(c)(3) of the Internal Revenue Code.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Financial Statement Presentation**

The financial statements of the Agency have been prepared utilizing the accrual basis of accounting.

To ensure observance of limitations and certain restrictions placed on the use of resources available to the Agency and to provide sufficient net assets for future operations, the financial statements are reported according to classes of net assets; unrestricted, temporarily restricted and permanently restricted.

Unrestricted net assets include funds that are available for support and general operations of the Agency and have no donor restrictions. Restricted support has been treated as unrestricted as all restrictions from donors have been met during the reporting period.

Temporarily restricted net assets include resources which have either donor restrictions or have been designated by the Agency's Board of Directors and are not currently available for general operations.

Permanently restricted net assets include resources received which have been designated for specific purposes only and must be maintained permanently.

At the balance sheet date there were no temporarily or permanently restricted net assets.

**Property and Equipment**

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over estimated useful lives of from three to forty years. Expenditures for major renewals and betterments which extend the useful lives of property and equipment are capitalized; expenditures for maintenance and repairs are charged to expense as incurred.

**HOUSTON ACHIEVEMENT PLACE**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**DECEMBER 31, 2009**

Accounts Receivable

Accounts receivable are uncollateralized. Management continually evaluates collectibility based on historical experience and has determined that no allowance for doubtful accounts is necessary at year end.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Agency considers cash in banks, brokerage firms, money market funds and certificates of deposit with a maturity of less than three months to be cash equivalents.

NOTE 3 - INVESTMENTS

At December 31, 2009, the Agency had invested in various corporate fixed income and government securities, stocks and mutual funds. The Agency has adopted SFAS No. 124 and has reflected the fair market value in its statement of financial position and the unrealized gains and losses in the statement of activities. At December 31, 2009, the investments are summarized as follows:

Total market value of bonds	\$ 182,257
Total market value of stocks	153,673
Total market value of mutual funds	<u>422,813</u>
Total market value	758,743
Total cost of investments	<u>( 814,266)</u>
 Unrealized losses	 <u>\$ ( 55,523)</u>

NOTE 4 - CONCENTRATION OF CREDIT RISK AND ACCOUNTS RECEIVABLE

Houston Achievement Place maintains several bank accounts at institutions that are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 and by private insurance. At the balance sheet date and throughout the year, cash balances at these institutions routinely exceed Federal insured limits. Accounts receivable are primarily from state and local entities.

NOTE 5 - PROMISES TO GIVE

At December 31, 2009, the Agency has determined there were no unconditional promises to give. Unconditional promises to give reflect commitments by donors before the balance sheet date which will be received in a future period.

**HOUSTON ACHIEVEMENT PLACE**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**DECEMBER 31, 2009**

**NOTE 6 - TRADEMARK**

The Agency is the owner of a trademark for a program called "Project CLASS." Project CLASS teaches care-providers to teach core social skills to children 3-10 years old for school and life success.

**NOTE 7 - AFFILIATED ORGANIZATION**

Houston Achievement Place is the beneficiary of an affiliated organization named the Foundation for Houston Achievement Place. The Foundation holds certain investments in marketable securities and real estate. There is an operating agreement which allows the Foundation to make contributions annually to Houston Achievement Place based on the average market value of investments each June 30. Contributions of \$200,000 were made in 2009. The Foundation's financial statements are not included in the accompanying financial statements. The Foundation's board of directors is independent from the board of Houston Achievement Place.

**NOTE 8 - RETIREMENT PLAN**

The Agency has established a 403(b) retirement plan for its employees. During 2009 there were no employer contributions to the plan.

**NOTE 9 - LEASES**

The Agency has entered into four leases for apartments which are used for foster care. All four leases call for monthly rentals of \$250 and are month to month or annual expiring during 2010.

SUPPLEMENTARY INFORMATION

# German & Cohn, P.C.

## Certified Public Accountants

---

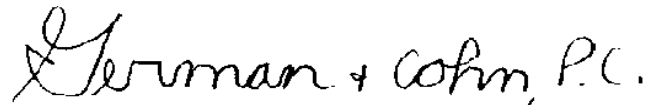
---

Mark A. German, CPA

### INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors  
Houston Achievement Place  
Houston, Texas

Our report on our audit of the basic financial statements of Houston Achievement Place for 2009 appears on page 1. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for 2009 on pages 10 through 15 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied to the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



August 11, 2010

**HOUSTON ACHIEVEMENT PLACE**  
**SCHEDULE OF UNRESTRICTED REVENUES AND GAINS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

Government sources	\$2,277,300
School program services	355,709
Contributions	588,418
Investment income	16,084
Gala event	341,752
Sales to the public	150,731
Unrealized and realized gains from investments	91,339
Rental and miscellaneous	<u>31,005</u>
<b>TOTAL</b>	<b><u>\$3,852,338</u></b>

**HOUSTON ACHIEVEMENT PLACE  
SCHEDULE OF PROGRAM, MANAGEMENT  
AND GENERAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

Personnel	\$1,716,917
Fringe benefits and payroll taxes	274,477
Assistance to clients	20,151
Equipment	22,246
Meetings	20,887
Occupancy	170,291
Utilities	46,108
Postage and delivery	7,189
Printing	9,854
Professional fees	288,465
Foster care payments	1,151,305
Supplies	32,962
Telephone	19,172
Transportation	53,189
Miscellaneous	14,043
Gala expenses	59,627
Depreciation	<u>36,596</u>
 TOTAL	 <u>\$3,943,479</u>

**HOUSTON ACHIEVEMENT PLACE  
RECONCILIATION OF CASH BASIS TO ACCRUAL BASIS  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2009**

	<u>CASH</u> <u>BASIS</u>	NET <u>ACCRUAL</u> <u>ADJUSTMENTS</u>	<u>ACCRUAL</u> <u>BASIS</u>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$1,020,327		\$1,020,327
Investments	758,743		758,743
Accounts receivable			
State and county agencies		\$ 239,745	239,745
Others		35,355	35,355
Prepaid expenses	<u>67,683</u>		<u>67,683</u>
<b>TOTAL CURRENT ASSETS</b>	<b>1,846,753</b>	<b>275,100</b>	<b>2,121,853</b>
<b>PROPERTY AND EQUIPMENT, NET</b>	<b><u>1,137,878</u></b>		<b><u>1,137,878</u></b>
<b>TOTAL ASSETS</b>	<b><u>\$2,984,631</u></b>	<b><u>\$ 275,100</u></b>	<b><u>\$3,259,731</u></b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued expenses	\$ <u>          </u>	\$ <u>149,550</u>	\$ <u>149,550</u>
<b>TOTAL CURRENT LIABILITIES</b>		<b>149,550</b>	<b>149,550</b>
<b>NET ASSETS</b>	<b><u>2,984,631</u></b>	<b><u>125,550</u></b>	<b><u>3,110,181</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$2,984,631</u></b>	<b><u>\$ 275,100</u></b>	<b><u>\$3,259,731</u></b>

**HOUSTON ACHIEVEMENT PLACE  
RECONCILIATION OF CASH BASIS TO ACCRUAL BASIS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>CASH BASIS</u>	<u>NET ACCRUAL ADJUSTMENTS</u>	<u>ACCRUAL BASIS</u>
<b>UNRESTRICTED REVENUES AND GAINS</b>			
<b>GOVERNMENT SOURCES</b>			
TDFPS, Harris County	\$1,721,244	\$ 2,396	\$1,723,640
TDFPS, other counties	422,026	( 12,935)	409,091
TDFPS, adoptions	19,000		19,000
NHIC, Medicaid	<u>121,496</u>	<u>4,073</u>	<u>125,569</u>
<b>TOTAL GOVERNMENT SOURCES</b>	<b>2,283,766</b>	<b>( 6,466)</b>	<b>2,277,300</b>
<b>OTHER SOURCES</b>			
School program services	334,479	21,230	355,709
Contributions	588,418		588,418
Investment income	16,905	( 821)	16,084
Gala event	341,752		341,752
Sales to the public	139,219	11,512	150,731
Unrealized and realized losses from investments	91,339		91,339
Rental and miscellaneous	<u>30,477</u>	<u>528</u>	<u>31,005</u>
<b>TOTAL OTHER SOURCES</b>	<b><u>1,542,589</u></b>	<b><u>32,449</u></b>	<b><u>1,575,038</u></b>
<b>TOTAL UNRESTRICTED REVENUES AND GAINS</b>	<b>3,826,355</b>	<b>25,983</b>	<b>3,852,338</b>
<b>PROGRAM, MANAGEMENT AND GENERAL EXPENSES</b>	<b><u>3,936,087</u></b>	<b><u>7,392</u></b>	<b><u>3,943,479</u></b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b><u>\$ (109,732)</u></b>	<b><u>\$ 18,591</u></b>	<b><u>\$ (91,141)</u></b>

**HOUSTON ACHIEVEMENT PLACE  
RECONCILIATION OF CASH BASIS TO ACCRUAL BASIS  
STATEMENT OF PROGRAM, MANAGEMENT AND  
GENERAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>CASH</u> <u>BASIS</u>	NET <u>ACCRUAL</u> <u>ADJUSTMENTS</u>	<u>ACCRUAL</u> <u>BASIS</u>
Personnel	\$1,716,080	\$ 837	\$1,716,917
Fringe benefits and payroll taxes	274,477		274,477
Assistance to clients	20,526	( 375)	20,151
Equipment	21,760	486	22,246
Meetings	20,407	480	20,887
Occupancy	168,532	1,759	170,291
Utilities	46,112	( 4)	46,108
Postage and delivery	7,184	5	7,189
Printing	9,744	110	9,854
Professional fees	289,067	( 602)	288,465
Foster care payments	1,149,486	1,819	1,151,305
Supplies	31,386	1,576	32,962
Telephone	19,272	( 100)	19,172
Transportation	52,116	1,073	53,189
Miscellaneous	13,690	353	14,043
Gala expenses	59,627		59,627
Depreciation	<u>36,596</u>		<u>36,596</u>
<b>TOTAL</b>	<b><u>\$3,936,062</u></b>	<b><u>\$ 7,417</u></b>	<b><u>\$3,943,479</u></b>

**HOUSTON ACHIEVEMENT PLACE  
CHANGES TO PROPERTY AND EQUIPMENT  
AND ACCUMULATED DEPRECIATION  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	BALANCE DECEMBER 31, <u>2008</u>	NET ADDITIONS <u>(RETIREMENTS)</u>	BALANCE DECEMBER 31, <u>2009</u>
<b>PROPERTY AND EQUIPMENT</b>			
Residential properties	\$1,827,929		\$1,827,929
Building improvements	624,735	\$ 6,596	631,331
Equipment	181,236		181,236
Furniture and fixtures	<u>71,633</u>	<u>          </u>	<u>71,633</u>
	<u>2,705,533</u>	<u>6,596</u>	<u>2,712,129</u>
<b>ACCUMULATED DEPRECIATION</b>			
Residential properties	699,696	24,758	724,454
Building improvements	585,434	11,562	596,996
Equipment	180,993	174	181,167
Furniture and fixtures	<u>71,532</u>	<u>102</u>	<u>71,634</u>
	<u>1,537,655</u>	<u>36,596</u>	<u>1,574,251</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	<u>\$1,167,878</u>	<u>\$ ( 30,000)</u>	<u>\$1,137,878</u>