

HOUSTON ACHIEVEMENT PLACE

FINANCIAL STATEMENTS

DECEMBER 31, 2010

**HOUSTON ACHIEVEMENT PLACE
FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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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, 2010, 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, 2010, 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.

June 30, 2011

HOUSTON ACHIEVEMENT PLACE
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2010

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 362,734
Investments	1,224,962
Accounts receivable	
State and county agencies	257,110
Others	15,759
Mortgage notes receivable	18,455
Prepaid expenses	<u>62,299</u>

TOTAL CURRENT ASSETS 1,941,319

PROPERTY AND EQUIPMENT, NET 1,037,645

OTHER ASSETS

Mortgage notes receivable 778,949

TOTAL ASSETS \$3,757,913

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 148,064
Mortgage escrow	<u>14,044</u>

TOTAL CURRENT LIABILITIES 162,108

NET ASSETS, Unrestricted 3,595,805

TOTAL LIABILITIES AND
NET ASSETS \$3,757,913

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

**HOUSTON ACHIEVEMENT PLACE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010**

UNRESTRICTED REVENUES AND GAINS	
GOVERNMENT SOURCES	
TDFPS, Harris County	\$1,743,329
TDFPS, other counties	390,862
TDFPS, adoptions	22,000
NHIC, Medicaid	<u>144,128</u>
TOTAL GOVERNMENT SOURCES	2,300,319
OTHER SOURCES	
School program services	371,102
Contributions	504,754
Investment income	33,988
Mortgage interest	28,305
Gala event	304,647
Sales to the public	184,031
Unrealized and realized gains from investments	7,992
Capital gains from sale of real estate	709,092
Rental and miscellaneous	<u>13,931</u>
TOTAL OTHER SOURCES	<u>2,157,842</u>
TOTAL UNRESTRICTED REVENUES AND GAINS	4,458,161
PROGRAM, MANAGEMENT AND GENERAL EXPENSES	<u>3,972,537</u>
INCREASE IN NET ASSETS	485,624
NET ASSETS AT BEGINNING OF YEAR, Unrestricted	<u>3,110,181</u>
NET ASSETS AT END OF YEAR, Unrestricted	<u>\$3,595,805</u>

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

**HOUSTON ACHIEVEMENT PLACE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>FOSTER CARE</u>	<u>PROJECT CLASS</u>	<u>MGMT AND GENERAL</u>	<u>FUND RAISING</u>	<u>TOTAL</u>
Personnel	\$ 707,254	\$ 813,394	\$232,493	\$	\$1,753,141
Fringe benefits and payroll taxes	109,934	126,448	36,136		272,518
Assistance to clients	19,354				19,354
Equipment	11,212		7,130		18,342
Meetings	6,167	10,414	5,615		22,196
Occupancy	148,883		21,054		169,937
Utilities	33,232		9,242		42,474
Postage and delivery	3,049	114	2,860		6,023
Printing	521	896	2,962		4,379
Professional fees	172,556	10,930	92,584	17,400	293,470
Foster care payments	1,155,912				1,155,912
Supplies	10,102	1,938	11,967		24,007
Telephone	4,635	1,980	10,510		17,125
Transportation	11,430	40,467	1,719		53,616
Miscellaneous	6,030	2,834	7,814		16,678
Gala expenses				68,464	68,464
Depreciation	34,901				34,901
TOTAL	<u>\$2,435,172</u>	<u>\$1,009,415</u>	<u>\$442,086</u>	<u>\$85,864</u>	<u>\$3,972,537</u>
PERCENTAGE	<u>61.30%</u>	<u>25.41%</u>	<u>11.13%</u>	<u>2.16%</u>	<u>100.00%</u>

86.71%

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

**HOUSTON ACHIEVEMENT PLACE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010**

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 485,624
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Depreciation	34,901
Unrealized gains from investments	(44,368)
Realized losses from sale of investments	36,376
Realized gains from sale of real estate	(709,092)
(Increase) decrease in operating assets	
Accounts receivable	2,231
Prepaid expenses	5,384
Increase (decrease) in operating liabilities	
Accounts payable and accrued expenses	(1,486)
Mortgage escrow	<u>14,044</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	(176,386)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales of investments	824,289
Proceeds from sale of real estate	47,596
Purchase of investments	(1,325,865)
Purchase of fixed assets	<u>(27,227)</u>
NET CASH USED BY INVESTING ACTIVITIES	(481,207)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(657,593)
BEGINNING CASH AND CASH EQUIVALENTS	<u>1,020,327</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 362,734</u>

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

HOUSTON ACHIEVEMENT PLACE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

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, 2010

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, 2010, the Agency had invested in various publically-traded 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, 2010, the investments are summarized as follows:

Total market value of mutual funds	\$ 1,224,962
Total cost of mutual funds	<u>(1,236,118)</u>
Unrealized losses	\$ <u>(11,156)</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. During the year, the balances in these accounts have exceeded insurance limits.

Accounts receivable are primarily from state and local entities.

NOTE 5 - PROMISES TO GIVE

At December 31, 2010, 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, 2010

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 \$150,000 were made in 2010. 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 2010 there were no employer contributions to the plan.

NOTE 9 - LEASES

The Agency has entered into three leases for apartments which are used for foster care. All three leases call for monthly rentals of \$350 and all are month to month agreements.

NOTE 10 - MORTGAGE NOTES RECEIVABLE

During 2010, the Agency sold two foster care homes. The Agency is carrying both notes and the notes are secured by the related real estate. Monthly note payments amount to \$3,262 at 8.0% and \$3,280 at 7.25%. The notes run through February and November 2030. At December 31, 2010 the balances of these notes were \$383,177 and \$414,227 respectively.

NOTE 11 - FAIR VALUE MEASUREMENTS

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at December 31, 2010 are as follows:

<u>Description</u>	<u>Fair Value</u>	Quoted Prices In Active Markets for Identical Assets (Level 1)
Mutual Funds	<u>\$1,224,962</u>	<u>\$1,224,962</u>

HOUSTON ACHIEVEMENT PLACE
NOTES TO FINANCIAL STATEMENTS, Continued
DECEMBER 31, 2010

NOTE 11 - FAIR VALUE MEASUREMENTS, Continued

The Agency follows FASB ASC 820-10 which establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than the quoted prices included in Level 1.

Level 3 - Unobservable inputs.

The hierarchy only prioritizes the inputs, not the valuation techniques that are used. The inputs used in a given valuation may fall in different levels of the hierarchy. The level in the hierarchy in which the resulting fair value measurement falls is based on the lowest level input that is significant to the overall valuation, regardless of the valuation technique(s) used. Determining whether an input is significant is a judgemental matter requiring consideration of factors specific to the asset or liability.

NOTE 12 - RECENT ACCOUNTING PRONOUNCEMENTS

The Agency does not believe recent accounting pronouncements that are not yet effective will have a material effect on its financial statements.

NOTE 13 - EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through June 30, 2011, the date which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

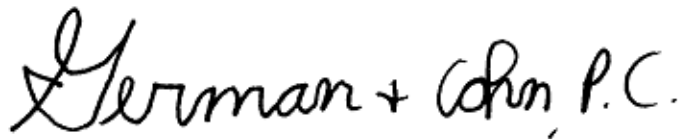
German & Cohn, P.C. Certified Public Accountants

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 2010 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 2010 on pages 10 through 16 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.



June 30, 2011

HOUSTON ACHIEVEMENT PLACE
SCHEDULE OF UNRESTRICTED REVENUES AND GAINS
FOR THE YEAR ENDED DECEMBER 31, 2010

Government sources	\$2,300,319
School program services	371,102
Contributions	504,754
Investment income	33,988
Mortgage interest	28,305
Gala event	304,647
Sales to the public	184,031
Unrealized and realized gains from investments	7,992
Capital gains from sale of real estate	709,092
Rental and miscellaneous	<u>13,931</u>
 TOTAL	 <u>\$4,458,161</u>

**HOUSTON ACHIEVEMENT PLACE
SCHEDULE OF PROGRAM, MANAGEMENT
AND GENERAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2010**

Personnel	\$1,753,141
Fringe benefits and payroll taxes	272,518
Assistance to clients	19,354
Equipment	18,342
Meetings	22,196
Occupancy	169,937
Utilities	42,474
Postage and delivery	6,023
Printing	4,379
Professional fees	293,470
Foster care payments	1,155,912
Supplies	24,007
Telephone	17,125
Transportation	53,616
Miscellaneous	16,678
Gala expenses	68,464
Depreciation	<u>34,901</u>
 TOTAL	 <u>\$3,972,537</u>

HOUSTON ACHIEVEMENT PLACE
RECONCILIATION OF CASH BASIS TO ACCRUAL BASIS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2010

	<u>CASH</u> <u>BASIS</u>	NET <u>ACCRUAL</u> <u>ADJUSTMENTS</u>	<u>ACCRUAL</u> <u>BASIS</u>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 362,734		\$ 362,734
Investments	1,224,962		1,224,962
Accounts receivable			
State and county agencies		\$ 257,110	257,110
Others		15,759	15,759
Mortgage notes receivable	18,455		18,455
Prepaid expenses	<u>62,299</u>		<u>62,299</u>
TOTAL CURRENT ASSETS	1,668,450	272,869	1,941,319
PROPERTY AND EQUIPMENT, NET	1,037,645		1,037,645
OTHER ASSETS			
Mortgage notes receivable	<u>778,949</u>		<u>778,949</u>
TOTAL ASSETS	<u>\$3,485,044</u>	<u>\$ 272,869</u>	<u>\$3,757,913</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accrued expenses		\$ 148,064	\$ 148,064
Mortgage escrow	<u>\$ 14,044</u>		<u>14,044</u>
TOTAL CURRENT LIABILITIES	14,044	148,064	162,108
NET ASSETS	<u>3,471,000</u>	<u>124,805</u>	<u>3,595,805</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$3,485,044</u>	<u>\$ 272,869</u>	<u>\$3,757,913</u>

HOUSTON ACHIEVEMENT PLACE
RECONCILIATION OF CASH BASIS TO ACCRUAL BASIS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>CASH</u> <u>BASIS</u>	NET <u>ACCRUAL</u> <u>ADJUSTMENTS</u>	<u>ACCRUAL</u> <u>BASIS</u>
UNRESTRICTED REVENUES AND GAINS			
GOVERNMENT SOURCES			
TDFPS, Harris County	\$1,761,739	\$ (18,410)	\$1,743,329
TDFPS, other counties	387,570	3,292	390,862
TDFPS, adoptions	13,000	9,000	22,000
NHIC, Medicaid	<u>150,877</u>	<u>(6,749)</u>	<u>144,128</u>
TOTAL GOVERNMENT SOURCES	2,313,186	(12,867)	2,300,319
OTHER SOURCES			
School program services	361,754	9,348	371,102
Contributions	504,754		504,754
Investment income	34,693	(705)	33,988
Mortgage interest	28,305		28,305
Gala event	304,647		304,647
Sales to the public	181,500	2,531	184,031
Unrealized and realized losses from investments	7,992		7,992
Capital gains from sale of real estate	709,092		709,092
Rental and miscellaneous	<u>14,468</u>	<u>(537)</u>	<u>13,931</u>
TOTAL OTHER SOURCES	<u>2,147,205</u>	<u>10,637</u>	<u>2,157,842</u>
TOTAL UNRESTRICTED REVENUES AND GAINS	4,460,391	(2,230)	4,458,161
PROGRAM, MANAGEMENT AND GENERAL EXPENSES	<u>3,974,023</u>	<u>(1,486)</u>	<u>3,972,537</u>
INCREASE (DECREASE) IN NET ASSETS	<u>\$ 486,368</u>	<u>\$ (744)</u>	<u>\$ 485,624</u>

**HOUSTON ACHIEVEMENT PLACE
RECONCILIATION OF CASH BASIS TO ACCRUAL BASIS
STATEMENT OF PROGRAM, MANAGEMENT AND
GENERAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>CASH</u> <u>BASIS</u>	<u>NET</u> <u>ACCRUAL</u> <u>ADJUSTMENTS</u>	<u>ACCRUAL</u> <u>BASIS</u>
Personnel	\$1,754,062	\$ (921)	\$1,753,141
Fringe benefits and payroll taxes	272,200	318	272,518
Assistance to clients	19,175	179	19,354
Equipment	18,511	(169)	18,342
Meetings	22,641	(445)	22,196
Occupancy	165,643	4,294	169,937
Utilities	44,566	(2,092)	42,474
Postage and delivery	5,990	33	6,023
Printing	4,489	(110)	4,379
Professional fees	288,985	4,485	293,470
Foster care payments	1,161,361	(5,449)	1,155,912
Supplies	25,242	(1,235)	24,007
Telephone	17,070	55	17,125
Transportation	53,358	258	53,616
Miscellaneous	17,386	(708)	16,678
Gala expenses	68,443	21	68,464
Depreciation	<u>34,901</u>	<u> </u>	<u>34,901</u>
TOTAL	<u>\$3,974,023</u>	<u>\$ (1,486)</u>	<u>\$3,972,537</u>

**HOUSTON ACHIEVEMENT PLACE
CHANGES TO PROPERTY AND EQUIPMENT
AND ACCUMULATED DEPRECIATION
FOR THE YEAR ENDED DECEMBER 31, 2010**

	BALANCE DECEMBER 31, <u>2009</u>	NET ADDITIONS <u>(RETIREMENTS)</u>	BALANCE DECEMBER 31, <u>2010</u>
PROPERTY AND EQUIPMENT			
Residential properties	\$1,827,929	\$ (258,000)	\$1,569,929
Building improvements	631,331	(146,872)	484,459
Equipment	181,236	8,048	189,284
Furniture and fixtures	<u>71,633</u>	<u>(10,504)</u>	<u>61,129</u>
	<u>2,712,129</u>	<u>(407,328)</u>	<u>2,304,801</u>
ACCUMULATED DEPRECIATION			
Residential properties	724,454	(140,384)	584,070
Building improvements	596,996	(149,570)	447,426
Equipment	181,167	(6,636)	174,531
Furniture and fixtures	<u>71,634</u>	<u>(10,505)</u>	<u>61,129</u>
	<u>1,574,251</u>	<u>(307,095)</u>	<u>1,267,156</u>
PROPERTY AND EQUIPMENT, NET	<u>\$1,137,878</u>	<u>\$ (100,233)</u>	<u>\$1,037,645</u>