

HOUSTON ACHIEVEMENT PLACE

FINANCIAL STATEMENTS

DECEMBER 31, 2008

**HOUSTON ACHIEVEMENT PLACE
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DECEMBER 31, 2008**

	<u>Page (s)</u>
FINANCIAL STATEMENTS	
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
SUPPLEMENTARY INFORMATION	
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

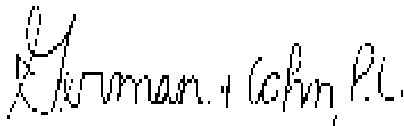
INDEPENDENT AUDITOR'S REPORT

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, 2008, 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, 2008, 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.



July 31, 2009

**HOUSTON ACHIEVEMENT PLACE
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2008**

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$1,191,320
Investments	661,941
Accounts receivable	
State and county agencies	224,980
Others	24,136
Prepaid expenses	<u>73,226</u>

TOTAL CURRENT ASSETS 2,175,603

PROPERTY AND EQUIPMENT, NET 1,167,879

TOTAL ASSETS \$3,343,482

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ <u>142,160</u>
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TOTAL CURRENT LIABILITIES 142,160

NET ASSETS, Unrestricted 3,201,322

**TOTAL LIABILITIES AND
NET ASSETS** \$3,343,482

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

**HOUSTON ACHIEVEMENT PLACE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008**

REVENUES FROM OPERATIONS	
GOVERNMENT SOURCES	
TDFPS, Harris County	\$1,807,273
TDFPS, other counties	399,875
TDFPS, adoptions	19,000
NHIC, Medicaid	<u>140,464</u>
TOTAL GOVERNMENT SOURCES	2,366,612
OTHER SOURCES	
School program services	376,574
Contributions	632,954
Investment income	56,656
Gala event	321,549
Sales to the public	122,700
Unrealized and realized losses from investments	(183,529)
Rental and miscellaneous	<u>44,963</u>
TOTAL OTHER SOURCES	<u>1,371,867</u>
TOTAL UNRESTRICTED REVENUES AND GAINS	3,738,479
PROGRAM, MANAGEMENT AND GENERAL EXPENSES	<u>3,993,034</u>
DECREASE IN NET ASSETS	(254,555)
NET ASSETS AT BEGINNING OF YEAR, Unrestricted As previously reported	3,545,610
Adjustments for prior year asset purchase and marketable security correction	<u>(89,733)</u>
Balance at beginning of year, as restated	<u>3,455,877</u>
NET ASSETS AT END OF YEAR, Unrestricted	<u>\$3,201,322</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, 2008**

	<u>FOSTER CARE</u>	<u>PROJECT CLASS</u>	<u>MGMT AND GENERAL</u>	<u>FUND RAISING</u>	<u>TOTAL</u>
Personnel	\$ 756,770	\$ 710,991	\$204,140	\$	\$1,671,901
Fringe benefits and payroll taxes	120,817	113,508	32,594		266,919
Assistance to clients	19,981				19,981
Equipment	17,718	260	11,912		29,890
Meetings	5,995	11,433	6,259	76	23,763
Occupancy	145,859	3,082	17,574		166,515
Utilities	60,977	1,145	8,638		70,760
Postage and delivery	4,195	180	2,430		6,805
Printing	216	6,304	1,318	968	8,806
Professional fees	180,151	46,767	80,455	26,200	333,573
Foster care payments	1,187,578				1,187,578
Supplies	10,338	2,882	11,501		24,721
Telephone	5,667	1,637	12,076		19,380
Transportation	15,277	26,124	2,273		43,674
Miscellaneous	4,263	2,738	6,958		13,959
Gala expenses				64,113	64,113
Depreciation	<u>11,152</u>	<u> </u>	<u>29,544</u>	<u> </u>	<u>40,696</u>
TOTAL	<u>\$2,546,954</u>	<u>\$927,051</u>	<u>\$427,672</u>	<u>\$91,357</u>	<u>\$3,993,034</u>
PERCENTAGE	<u>63.79%</u>	<u>23.21%</u>	<u>10.71%</u>	<u>2.29%</u>	<u>100.00%</u>
		<u>87.00%</u>			

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

**HOUSTON ACHIEVEMENT PLACE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008**

CASH FLOWS FROM OPERATING ACTIVITIES	
Decrease in net assets	\$(254,555)
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Depreciation	40,696
Unrealized losses from investments	171,769
Realized losses from sale of investments	11,760
(Increase) decrease in operating assets	
Accounts receivable	171,668
Prepaid expenses	(3,683)
Increase (decrease) in operating liabilities	
Accounts payable and accrued expenses	<u>16,893</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	154,548
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales of investments	2,375,996
Purchase of investments	(1,905,060)
Purchase of fixed assets	<u>(11,839)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	459,097
NET INCREASE IN CASH AND CASH EQUIVALENTS	613,645
BEGINNING CASH AND CASH EQUIVALENTS	<u>577,675</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 1,191,320</u>

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

**HOUSTON ACHIEVEMENT PLACE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008**

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, 2008

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, 2008, 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, 2008, the investments are summarized as follows:

Total market value of bonds	\$	188,901
Total market value of stocks		127,253
Total market value of mutual funds		<u>345,787</u>
Total market value		661,941
Total cost of investments		<u>(825,457)</u>
Unrealized losses	\$	<u>(163,516)</u>

NOTE 4 - CONCENTRATION OF CREDIT RISK

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.

NOTE 5 - PROMISES TO GIVE

At December 31, 2008, 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, 2008

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.

NOTE 8 - PRIOR PERIOD ADJUSTMENTS

The financial statements include two prior period adjustments related to corrections of a fixed asset that was expensed in 2007 which met the requirements for capitalization. In addition, marketable securities were corrected for two bonds that were sold at the end of 2007 but included in the market value report.

NOTE 9 - RETIREMENT PLAN

The Agency has established a 403(b) retirement plan for its employees. During 2008 there were no employer contributions to the plan.

NOTE 10 - LEASES

The Agency has entered into five leases for apartments which are used for foster care. All five leases call for monthly rentals of \$250 and are month to month or annual expiring during 2009.

SUPPLEMENTARY INFORMATION

German & Cohn, P.C.

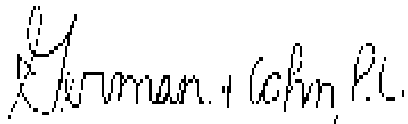
Certified Public Accountants

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 2008 appears on page 1. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for 2008 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.



July 31, 2009

HOUSTON ACHIEVEMENT PLACE
SCHEDULE OF UNRESTRICTED REVENUES AND GAINS
FOR THE YEAR ENDED DECEMBER 31, 2008

Government sources	\$2,366,612
School program services	376,574
Contributions	632,954
Investment income	56,656
Gala event	321,549
Sales to the public	122,700
Unrealized and realized losses from investments	(183,529)
Rental and miscellaneous	<u>44,963</u>
 TOTAL	 <u>\$3,738,479</u>

**HOUSTON ACHIEVEMENT PLACE
SCHEDULE OF PROGRAM, MANAGEMENT
AND GENERAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2008**

Personnel	\$1,671,901
Fringe benefits and payroll taxes	266,919
Assistance to clients	19,981
Equipment	29,890
Meetings	23,763
Occupancy	166,515
Utilities	70,760
Postage and delivery	6,805
Printing	8,806
Professional fees	333,573
Foster care payments	1,187,578
Supplies	24,721
Telephone	19,380
Transportation	43,674
Miscellaneous	13,959
Gala expenses	64,113
Depreciation	<u>40,696</u>
TOTAL	<u>\$3,993,034</u>

**HOUSTON ACHIEVEMENT PLACE
RECONCILIATION OF CASH BASIS TO ACCRUAL BASIS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2008**

	<u>CASH</u> <u>BASIS</u>	<u>NET</u> <u>ACCRUAL</u> <u>ADJUSTMENTS</u>	<u>ACCRUAL</u> <u>BASIS</u>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$1,191,320		\$1,191,320
Investments	661,941		661,941
Accounts receivable			
State and county agencies		\$ 224,980	224,980
Others		24,136	24,136
Prepaid expenses	<u>73,226</u>		<u>73,226</u>
TOTAL CURRENT ASSETS	1,926,487	249,116	2,175,603
PROPERTY AND EQUIPMENT, NET	<u>1,167,879</u>		<u>1,167,879</u>
TOTAL ASSETS	<u>\$3,094,366</u>	<u>\$ 249,116</u>	<u>\$3,343,482</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accrued expenses	\$ <u> </u>	\$ <u>142,160</u>	\$ <u>142,160</u>
TOTAL CURRENT LIABILITIES		142,160	142,160
NET ASSETS	<u>3,094,366</u>	<u>106,956</u>	<u>3,201,322</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$3,094,366</u>	<u>\$ 249,116</u>	<u>\$3,343,482</u>

**HOUSTON ACHIEVEMENT PLACE
RECONCILIATION OF CASH BASIS TO ACCRUAL BASIS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>CASH</u> <u>BASIS</u>	NET <u>ACCRUAL</u> <u>ADJUSTMENTS</u>	<u>ACCRUAL</u> <u>BASIS</u>
REVENUES FROM OPERATIONS			
GOVERNMENT SOURCES			
TDFPS, Harris County	\$1,820,288	\$ (13,015)	\$1,807,273
TDFPS, other counties	396,573	3,302	399,875
TDFPS, adoptions	23,000	(4,000)	19,000
NHIC, Medicaid	<u>137,414</u>	<u>3,050</u>	<u>140,464</u>
TOTAL GOVERNMENT SOURCES	2,377,275	(10,663)	2,366,612
OTHER SOURCES			
School program services	480,732	(104,158)	376,574
Contributions	682,954	(50,000)	632,954
Investment income	64,663	(8,007)	56,656
Gala event	321,549		321,549
Sales to the public	121,688	1,012	122,700
Unrealized and realized losses from investments	(183,529)		(183,529)
Rental and miscellaneous	<u>44,816</u>	<u>147</u>	<u>44,963</u>
TOTAL OTHER SOURCES	<u>1,532,873</u>	<u>(161,006)</u>	<u>1,371,867</u>
TOTAL UNRESTRICTED REVENUES AND GAINS	3,910,148	(171,669)	3,738,479
PROGRAM, MANAGEMENT AND GENERAL EXPENSES	<u>3,976,141</u>	<u>(16,893)</u>	<u>3,993,034</u>
INCREASE (DECREASE) IN NET ASSETS	<u>\$ (65,993)</u>	<u>\$ (188,562)</u>	<u>\$ (254,555)</u>

**HOUSTON ACHIEVEMENT PLACE
RECONCILIATION OF CASH BASIS TO ACCRUAL BASIS
STATEMENT OF PROGRAM, MANAGEMENT AND
GENERAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>CASH</u> <u>BASIS</u>	<u>NET</u> <u>ACCRUAL</u> <u>ADJUSTMENTS</u>	<u>ACCRUAL</u> <u>BASIS</u>
Personnel	\$1,669,862	\$ 2,039	\$1,671,901
Fringe benefits and payroll taxes	266,919		266,919
Assistance to clients	19,327	654	19,981
Equipment	30,035	(145)	29,890
Meetings	23,765	(2)	23,763
Occupancy	167,113	(598)	166,515
Utilities	65,761	4,999	70,760
Postage and delivery	6,805		6,805
Printing	8,806		8,806
Professional fees	319,330	14,243	333,573
Foster care payments	1,191,694	(4,116)	1,187,578
Supplies	25,295	(574)	24,721
Telephone	18,685	695	19,380
Transportation	44,652	(978)	43,674
Miscellaneous	13,283	676	13,959
Gala expenses	64,113		64,113
Depreciation	<u>40,696</u>		<u>40,696</u>
TOTAL	<u>\$3,976,141</u>	<u>\$ 16,893</u>	<u>\$3,993,034</u>

**HOUSTON ACHIEVEMENT PLACE
CHANGES TO PROPERTY AND EQUIPMENT
AND ACCUMULATED DEPRECIATION
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>BALANCE</u> DECEMBER 31, <u>2007</u>	<u>NET</u> ADDITIONS <u>(RETIREMENTS)</u>	<u>BALANCE</u> DECEMBER 31, <u>2008</u>
PROPERTY AND EQUIPMENT			
Residential properties	\$1,827,929		\$1,827,929
Building improvements	612,896	\$ 11,839	624,735
Equipment	181,236		181,236
Furniture and fixtures	<u>71,634</u>		<u>71,634</u>
	<u>2,693,695</u>	<u>11,839</u>	<u>2,705,534</u>
ACCUMULATED DEPRECIATION			
Residential properties	674,939	24,757	699,696
Building improvements	571,612	13,822	585,434
Equipment	179,284	1,709	180,993
Furniture and fixtures	<u>71,124</u>	<u>408</u>	<u>71,532</u>
	<u>1,496,959</u>	<u>40,696</u>	<u>1,537,655</u>
PROPERTY AND EQUIPMENT, NET	<u>\$1,196,736</u>	<u>\$ (28,857)</u>	<u>\$1,167,879</u>