

HOUSTON ACHIEVEMENT PLACE

FINANCIAL STATEMENTS

DECEMBER 31, 2020

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German & Cohn, P.C.

Certified Public Accountants

Mark A. German, CPA

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Houston Achievement Place
Houston, Texas

We have reviewed the accompanying financial statements of Houston Achievement Place, (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

The supplementary information included with the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

German & Cohn, P.C.

Houston, Texas
June 25, 2021

HOUSTON ACHIEVEMENT PLACE
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 890,660
Short-term investments	1,683,988
Accounts receivable	
State and county agencies	106,000
Others	23,650
Interest receivable	2,185
Prepaid expenses	<u>30,843</u>

TOTAL CURRENT ASSETS 2,737,326

PROPERTY AND EQUIPMENT, NET 705,766

TOTAL ASSETS \$3,443,092

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 40,896
Note payable	<u>306,855</u>

TOTAL CURRENT LIABILITIES 347,751

NET ASSETS, WITHOUT DONOR RESTRICTIONS 3,095,341

**TOTAL LIABILITIES AND
NET ASSETS** \$3,443,092

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

**HOUSTON ACHIEVEMENT PLACE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT			
GOVERNMENT REVENUES			
TDFPS, Harris County	\$ 113,802		\$ 113,802
TDFPS, other counties	134,664		134,664
TDFPS, adoptions	8,000		8,000
NHIC, Medicaid	<u>4,425</u>	\$ <u>0</u>	<u>4,425</u>
TOTAL GOVERNMENT REVENUES	<u>260,891</u>	<u>0</u>	<u>260,891</u>
OTHER REVENUES			
School program services	395,714		395,714
Contributions	623,361		623,361
Investment return	119,983		119,983
Sales to the public	134,016		134,016
Rental and miscellaneous	<u>17,925</u>	<u>0</u>	<u>17,925</u>
TOTAL OTHER REVENUES	<u>1,290,999</u>	<u>0</u>	<u>1,290,999</u>
TOTAL REVENUES, GAINS AND OTHER SUPPORT	1,551,890		1,551,890
PROGRAM, MANAGEMENT AND GENERAL EXPENSES	<u>1,853,845</u>	<u>0</u>	<u>1,853,845</u>
DECREASE IN NET ASSETS	(301,955)		(301,955)
NET ASSETS AT BEGINNING OF YEAR	<u>3,397,296</u>	<u>0</u>	<u>3,397,296</u>
NET ASSETS AT END OF YEAR	<u>\$3,095,341</u>	<u>\$ 0</u>	<u>\$3,095,341</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, 2020**

	<u>FOSTER</u>	<u>PROJECT</u>	<u>MGMT AND</u>	<u>FUND</u>	
	<u>CARE</u>	<u>CLASS</u>	<u>GENERAL</u>	<u>RAISING</u>	<u>TOTAL</u>
Personnel	\$ 185,808	\$ 832,609	\$122,765	\$ 12,941	\$1,154,123
Fringe benefits and payroll taxes	35,062	157,114	23,166	2,442	217,784
Equipment	3,461	2,206	10,188	0	15,855
Meetings	555	809	675	0	2,039
Occupancy	60,264	37,431	9,611	0	107,306
Utilities	6,211	5,103	6,916	0	18,230
Postage and delivery	30	37	1,776	0	1,843
Printing	0	9,844	1,746	0	11,590
Professional fees	8,682	46,000	45,728	0	100,410
Foster care payments	132,189	0	0	0	132,189
Supplies	561	2,725	3,182	0	6,468
Telephone	650	2,440	6,611	0	9,701
Transportation	695	14,423	890	0	16,008
Miscellaneous	385	1,872	19,961	0	22,218
Gala expenses	0	0	0	1,657	1,657
Depreciation	<u>36,424</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>36,424</u>
TOTAL	<u>\$ 470,977</u>	<u>\$1,112,613</u>	<u>\$253,215</u>	<u>\$ 17,040</u>	<u>\$1,853,845</u>
PERCENTAGE	<u>25.41%</u>	<u>60.02%</u>	<u>13.66%</u>	<u>0.91%</u>	<u>100.00%</u>

85.43%

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

**HOUSTON ACHIEVEMENT PLACE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020**

CASH FLOWS FROM OPERATING ACTIVITIES	
Decrease in net assets	\$(301,955)
Adjustments to reconcile increase in net assets to net cash used by operating activities	
Depreciation	36,424
Unrealized gains from investments	(41,833)
Realized losses from investments	1,407
(Increase) decrease in operating assets	
Accounts receivable	27,192
Interest receivable	614
Prepaid expenses	30,387
Increase (decrease) in operating liabilities	
Accounts payable and accrued expenses	<u>(57,347)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	(305,111)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale of short-term investments	718,864
Purchase of short-term investments	<u>(366,982)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	351,882
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from SBA Paycheck Protection Program loan	<u>306,855</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>306,855</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	353,626
BEGINNING CASH AND CASH EQUIVALENTS	<u>537,034</u>
ENDING CASH AND CASH EQUIVALENTS	<u><u>\$ 890,660</u></u>

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

HOUSTON ACHIEVEMENT PLACE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - NATURE OF ACTIVITIES

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

During 2020, after an in-depth process of review over several years, Houston Achievement Place made the decision to discontinue providing Foster Care and Adoption services. The decision was made to concentrate program services on what Houston Achievement Place does best and where there is the greatest ability to be of service to the most children, teachers, parents, and care-providers. This change involved commitment to expand Project CLASS services for both schools and the community.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The financial statements of the Organization have been prepared utilizing the accrual basis of accounting under which revenues are recorded when earned and expenses are recognized when incurred.

To ensure observance of limitations and certain restrictions placed on the use of resources available to the Organization and to provide sufficient net assets for future operations, the financial statements are reported according to two classes of net assets; without donor restrictions and with donor restrictions.

Net assets without donor restrictions include funds that are available for support and general operations of the Organization and have no donor restrictions.

Net assets with donor restrictions are generally contributions that have been restricted by donors. All restrictions have been met at the balance sheet date.

Property and Equipment

The Organization capitalizes property and equipment over \$5,000. Lesser amounts are expensed. Property and equipment are stated at cost. Depreciation is computed using the straight-line method over estimated useful lives of from three to thirty 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, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

Accounts receivable are primarily from state and county agencies.

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 Organization considers cash in bank, brokerage firm, money market funds and all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Code as other than a private foundation.

The Organization's Forms 990, Return of Organization Exempt from Income Tax, for the years ending 2017, 2018 and 2019 are subject to examination by the IRS, generally for three years after they were filed.

Contributed Services

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

Cost Allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied.

HOUSTON ACHIEVEMENT PLACE
NOTES TO FINANCIAL STATEMENTS, Continued
DECEMBER 31, 2020

NOTE 3 - INVESTMENTS

Investments in marketable securities with readily determinable fair values are reported at their fair values in the statement of financial position. At December 31, 2020, the Organization had invested in various publicly-traded mutual funds and government notes which are summarized as follows:

Total market value of mutual funds	\$ 1,683,988
Total cost of mutual funds	<u>(1,638,951)</u>
Unrealized gains	\$ <u>45,037</u>

Investment return includes interest and dividends of \$79,557, realized loss of \$1,407 and change in net unrealized gains of \$41,833.

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. During the year, the balances in these accounts have exceeded insurance limits.

NOTE 5 - PROMISES TO GIVE

At December 31, 2020, the Organization 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.

NOTE 6 - RESTRICTIONS ON NET ASSETS

The Organization received funds from charitable contributions with donor restrictions related to Project CLASS and Foster Care during 2020. All funds were released from restrictions at the balance sheet date because they were appropriated for expenditure.

NOTE 7 - GOVERNING BOARD DESIGNATIONS

The Houston Achievement Place governing board had not made any designations of net assets from net assets without donor restrictions during the year.

NOTE 8 - TRADEMARK

The Organization is the owner of a trademark for a program called "Project CLASS". Project CLASS teaches educators and care-providers to teach core social skills to children primarily 3-12 years old for school and life success.

HOUSTON ACHIEVEMENT PLACE
NOTES TO FINANCIAL STATEMENTS, Continued
DECEMBER 31, 2020

NOTE 9 - 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 \$100,000 were made in 2020. 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 10 - RETIREMENT PLAN

The Organization has established a 403(b) retirement plan for its employees. During 2020 there were no employer contributions to the plan.

NOTE 11 - FAIR VALUE MEASUREMENTS

The Organization 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 judgmental matter requiring consideration of factors specific to the asset or liability.

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, 2020 are as follows:

	<u>Fair Value</u>	Quoted Prices In Active Markets for Identical Assets (Level 1)
Short-term investments		
Mutual Funds	<u>\$1,683,988</u>	<u>\$1,683,988</u>
Total Short-term investments	<u>\$1,683,988</u>	<u>\$1,683,988</u>

HOUSTON ACHIEVEMENT PLACE
NOTES TO FINANCIAL STATEMENTS, Continued
DECEMBER 31, 2020

NOTE 11 - FAIR VALUE MEASUREMENTS, Continued

Short-term investments are reported at fair value on a recurring basis determined by reference to quoted market prices and other relevant information generated by market transactions.

NOTE 12 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Buildings	\$1,264,760
Building improvements	307,767
Equipment	53,196
Furniture and fixtures	<u>15,752</u>
	1,641,475
Accumulated depreciation	<u>935,709</u>
	\$ <u>705,766</u>

NOTE 13 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Financial assets at year-end	\$2,706,483
Less those unavailable for general expenditures within one year	<u>0</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$2,706,483</u>

NOTE 14 - NOTE PAYABLE

In April 2020, the Organization received a loan from the SBA Paycheck Protection Program in the amount of \$306,855. The original terms provided a deferral period of principal and interest payments through July 2021. The loan and related interest was forgiven in January 2021.

NOTE 15 - EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through the date of the auditor's report, the date which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

HOUSTON ACHIEVEMENT PLACE
SCHEDULE OF REVENUES, GAINS AND OTHER SUPPORT
FOR THE YEAR ENDED DECEMBER 31, 2020

Government sources	\$ 260,891
School program services	395,714
Contributions	623,361
Investment return	119,983
Sales to the public	134,016
Rental and miscellaneous	<u>17,925</u>
TOTAL	<u>\$1,551,890</u>

**HOUSTON ACHIEVEMENT PLACE
SCHEDULE OF PROGRAM, MANAGEMENT
AND GENERAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

Personnel	\$1,154,123
Fringe benefits and payroll taxes	217,784
Equipment	15,855
Meetings	2,039
Occupancy	107,306
Utilities	18,230
Postage and delivery	1,843
Printing	11,590
Professional fees	100,410
Foster care payments	132,189
Supplies	6,468
Telephone	9,701
Transportation	16,008
Miscellaneous	22,218
Gala expenses	1,657
Depreciation	<u>36,424</u>
 TOTAL	 <u><u>\$1,853,845</u></u>

**HOUSTON ACHIEVEMENT PLACE
CHANGES TO PROPERTY AND EQUIPMENT
AND ACCUMULATED DEPRECIATION
FOR THE YEAR ENDED DECEMBER 31, 2020**

	BALANCE DECEMBER 31, <u>2019</u>	NET ADDITIONS <u>(RETIREMENTS)</u>	BALANCE DECEMBER 31, <u>2020</u>
PROPERTY AND EQUIPMENT			
Buildings	\$1,264,760		\$1,264,760
Building improvements	307,767		307,767
Equipment	53,196		53,196
Furniture and fixtures	<u>15,752</u>	\$ <u>0</u>	<u>15,752</u>
	<u>1,641,475</u>	<u>0</u>	<u>1,641,475</u>
ACCUMULATED DEPRECIATION			
Buildings	598,492	14,312	612,804
Building improvements	257,771	18,025	275,796
Equipment	27,270	4,087	31,357
Furniture and fixtures	<u>15,752</u>	<u>0</u>	<u>15,752</u>
	<u>899,285</u>	<u>36,424</u>	<u>935,709</u>
PROPERTY AND EQUIPMENT, NET	<u>\$ 742,190</u>	<u>\$ (36,424)</u>	<u>\$ 705,766</u>