

**HOUSTON ACHIEVEMENT PLACE**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

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# German & Cohn, P.C.

## Certified Public Accountants

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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, 2021, 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.

We are required to be independent of Houston Achievement Place and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

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 20, 2022

**HOUSTON ACHIEVEMENT PLACE**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2021**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 339,010
Short-term investments	2,594,483
Accounts receivable	
State and county agencies	102,000
Others	94,041
Prepaid expenses	<u>33,554</u>

**TOTAL CURRENT ASSETS** 3,163,088

**PROPERTY AND EQUIPMENT, NET** 693,072

**TOTAL ASSETS** \$3,856,160

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable and accrued expenses	\$ 38,915
Note payable	<u>306,855</u>

**TOTAL CURRENT LIABILITIES** 345,770

**NET ASSETS, WITHOUT DONOR RESTRICTIONS** 3,510,390

**TOTAL LIABILITIES AND  
NET ASSETS** \$3,856,160

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

**HOUSTON ACHIEVEMENT PLACE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT			
OTHER REVENUES			
School program services	\$ 300,262		\$ 300,262
Contributions	761,918		761,918
Investment return	87,011		87,011
Sales to the public	125,250		125,250
PPP loan forgiveness	306,855		306,855
Employee retention credit	139,101		139,101
Rental and miscellaneous	<u>36,043</u>	\$ <u>0</u>	<u>36,043</u>
 TOTAL OTHER REVENUES	 <u>1,756,440</u>	 <u>0</u>	 <u>1,756,440</u>
 TOTAL REVENUES, GAINS AND OTHER SUPPORT	 1,756,440		 1,756,440
 PROGRAM, MANAGEMENT AND GENERAL EXPENSES	 <u>1,341,391</u>	 <u>0</u>	 <u>1,341,391</u>
 INCREASE IN NET ASSETS	 415,049		 415,049
 NET ASSETS AT BEGINNING OF YEAR	 <u>3,095,341</u>	 <u>0</u>	 <u>3,095,341</u>
 NET ASSETS AT END OF YEAR	 <u>\$3,510,390</u>	 <u>\$ 0</u>	 <u>\$3,510,390</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, 2021**

	<u>PROJECT</u> <u>CLASS</u>	<u>MGMT AND</u> <u>GENERAL</u>	<u>FUND</u> <u>RAISING</u>	<u>TOTAL</u>
Personnel	\$ 799,083	\$ 88,713	\$ 6,090	\$ 893,886
Fringe benefits and payroll taxes	141,533	15,713	1,079	158,325
Equipment	1,151	2,461	0	3,612
Meetings	5,368	279	0	5,647
Occupancy	54,235	25,256	0	79,491
Utilities	11,512	6,813	0	18,325
Postage and delivery	12	478	0	490
Printing	3,507	837	0	4,344
Professional fees	58,396	36,751	0	95,147
Supplies	2,561	5,267	0	7,828
Telephone	2,615	5,616	0	8,231
Transportation	16,783	260	0	17,043
Miscellaneous	7,126	9,697	0	16,823
Depreciation	<u>32,199</u>	<u>0</u>	<u>0</u>	<u>32,199</u>
<b>TOTAL</b>	<b><u>\$1,136,081</u></b>	<b><u>\$198,141</u></b>	<b><u>\$ 7,169</u></b>	<b><u>\$1,341,391</u></b>
<b>PERCENTAGE</b>	<b><u>84.69%</u></b>	<b><u>14.77%</u></b>	<b><u>0.54%</u></b>	<b><u>100.00%</u></b>

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

**HOUSTON ACHIEVEMENT PLACE  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Increase in net assets	\$ 415,049
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Depreciation	32,199
Unrealized loss from investments	4,806
Realized losses from investments	733
Forgiveness of SBA Paycheck Protection Program loan	( 306,855)
(Increase) decrease in operating assets	
Accounts receivable	9,549
Employee retention credit receivable	( 73,754)
Prepaid expenses	( 2,712)
Increase (decrease) in operating liabilities	
Accounts payable and accrued expenses	<u>( 1,980)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>77,035</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Fixed assets purchases	( 19,505)
Proceeds from sale of short-term investments	50,520
Purchase of short-term investments	<u>( 966,555)</u>
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b>( 935,540)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Proceeds from SBA Paycheck Protection Program loan	<u>306,855</u>
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b><u>306,855</u></b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>( 551,650)</b>
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	<b><u>890,660</u></b>
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<b><u>\$ 339,010</u></b>

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



**HOUSTON ACHIEVEMENT PLACE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 1 - NATURE OF ACTIVITIES**

Houston Achievement Place (Organization) operates as a nonprofit, social service organization, organized and incorporated under the laws of the State of Texas. The Organization provides comprehensive training, support and educational services primarily focused on serving children who are disadvantaged, underserved and from low-income families. Houston Achievement Place is committed to helping children and adults for achievement and success at home, in school and in 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, 2021**

**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 school program services.

**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 2018, 2019 and 2020 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, 2021**

**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, 2021, the Organization had invested in various publicly-traded mutual funds and government notes which are summarized as follows:

Total market value of mutual funds	\$ 2,594,484
Total cost of mutual funds	<u>(2,554,252)</u>
Unrealized gains	\$ <u>40,232</u>

Investment return includes interest and dividends of \$96,908, realized loss of \$733 and change in net unrealized loss of \$9,164.

**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, 2021, 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 during 2021. 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, 2021**

**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 \$150,000 were made in 2021. 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 2021 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, 2021 are as follows:

	<u>Fair Value</u>	Quoted Prices In Active Markets for Identical Assets (Level 1)
Short-term investments		
Mutual Funds	<u>\$2,594,484</u>	<u>\$2,594,484</u>
Total Short-term investments	<u>\$2,594,484</u>	<u>\$2,594,484</u>

**HOUSTON ACHIEVEMENT PLACE**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**DECEMBER 31, 2021**

**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	327,272
Equipment	53,196
Furniture and fixtures	<u>15,752</u>
	1,660,980
Accumulated depreciation	<u>967,908</u>
	<u>\$ 693,072</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	\$3,129,535
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>\$3,129,535</u>

**NOTE 14 - NOTE PAYABLE**

In March 2021, the Organization received a second loan from the SBA Paycheck Protection Program in the amount of \$306,855. The loan and related interest were forgiven in January of 2022.

**NOTE 15 - EVALUATION OF SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through the date of the review 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, 2021**

School program services	\$ 300,262
Contributions	761,918
Investment return	87,011
Sales to the public	125,250
PPP loan forgiveness	306,855
Employee retention credit	139,101
Rental and miscellaneous	<u>36,043</u>
TOTAL	<u>\$1,756,440</u>

**HOUSTON ACHIEVEMENT PLACE  
SCHEDULE OF PROGRAM, MANAGEMENT  
AND GENERAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Personnel	\$ 893,886
Fringe benefits and payroll taxes	158,325
Equipment	3,612
Meetings	5,647
Occupancy	79,491
Utilities	18,325
Postage and delivery	490
Printing	4,344
Professional fees	95,147
Supplies	7,828
Telephone	8,231
Transportation	17,043
Miscellaneous	16,823
Depreciation	<u>32,199</u>
TOTAL	<u>\$1,341,391</u>



**HOUSTON ACHIEVEMENT PLACE  
CHANGES TO PROPERTY AND EQUIPMENT  
AND ACCUMULATED DEPRECIATION  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	BALANCE DECEMBER 31, <u>2020</u>	NET ADDITIONS <u>(RETIREMENTS)</u>	BALANCE DECEMBER 31, <u>2021</u>
<b>PROPERTY AND EQUIPMENT</b>			
Buildings	\$1,264,760	\$	\$1,264,760
Building improvements	307,767	19,505	327,272
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>19,505</u>	<u>1,660,980</u>
<b>ACCUMULATED DEPRECIATION</b>			
Buildings	612,804	17,487	630,291
Building improvements	275,796	10,624	286,420
Equipment	31,357	4,088	35,445
Furniture and fixtures	<u>15,752</u>	<u>0</u>	<u>15,752</u>
	<u>935,709</u>	<u>32,199</u>	<u>967,908</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	<b><u>\$ 705,766</u></b>	<b><u>\$ ( 12,694)</u></b>	<b><u>\$ 693,072</u></b>