

**HOUSTON ACHIEVEMENT PLACE**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2022**

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DECEMBER 31, 2022**

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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, 2022, 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 7, 2023

HOUSTON ACHIEVEMENT PLACE  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2022

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 436,415
Short-term investments	2,342,863
Accounts receivable	
School program services	94,250
Others	92,504
Prepaid expenses	<u>34,846</u>

TOTAL CURRENT ASSETS 3,000,878

PROPERTY AND EQUIPMENT, NET 666,671

TOTAL ASSETS \$3,667,549

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ <u>36,667</u>
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TOTAL CURRENT LIABILITIES 36,667

NET ASSETS, WITHOUT DONOR RESTRICTIONS 3,630,882

TOTAL LIABILITIES AND  
NET ASSETS \$3,667,549

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



**HOUSTON ACHIEVEMENT PLACE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT			
OTHER REVENUES			
School program services	\$ 252,050		\$ 252,050
Contributions	737,928		737,928
Investment return	(213,735)		(213,735)
Sales to the public	148,950		148,950
Forgiveness of SBA Paycheck Protection Program loan	306,855		306,855
Employee retention credit	103,449		103,449
Rental and miscellaneous	<u>88,925</u>	\$ <u>0</u>	<u>88,925</u>
 TOTAL OTHER REVENUES	 <u>1,424,422</u>	 <u>0</u>	 <u>1,424,422</u>
 TOTAL REVENUES, GAINS AND OTHER SUPPORT	 1,424,422		 1,424,422
 PROGRAM, MANAGEMENT AND GENERAL EXPENSES	 <u>1,303,930</u>	 <u>0</u>	 <u>1,303,930</u>
 INCREASE IN NET ASSETS	 120,492		 120,492
 NET ASSETS AT BEGINNING OF YEAR	 <u>3,510,390</u>	 <u>0</u>	 <u>3,510,390</u>
 NET ASSETS AT END OF YEAR	 <u>\$3,630,882</u>	 <u>\$ 0</u>	 <u>\$3,630,882</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, 2022**

	<u>PROJECT</u> <u>CLASS</u>	<u>MGMT AND</u> <u>GENERAL</u>	<u>FUND</u> <u>RAISING</u>	<u>TOTAL</u>
Personnel	\$ 736,555	\$ 72,374	\$ 19,792	\$ 828,721
Fringe benefits and payroll taxes	130,682	12,840	3,512	147,034
Equipment	1,790	2,373	0	4,163
Meetings	12,052	198	0	12,250
Occupancy	55,315	24,558	0	79,873
Utilities	14,045	7,561	0	21,606
Postage and delivery	29	638	0	667
Printing	6,128	4,603	0	10,731
Professional fees	85,872	32,026	0	117,898
Supplies	3,612	4,634	0	8,246
Telephone	2,465	5,853	0	8,318
Transportation	14,226	376	0	14,602
Miscellaneous	6,179	17,241	0	23,420
Depreciation	<u>26,401</u>	<u>0</u>	<u>0</u>	<u>26,401</u>
 TOTAL	 <u>\$1,095,351</u>	 <u>\$185,275</u>	 <u>\$ 23,304</u>	 <u>\$1,303,930</u>
 PERCENTAGE	 <u>84.00%</u>	 <u>14.21%</u>	 <u>1.79%</u>	 <u>100.00%</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, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 120,492
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Depreciation	26,401
Unrealized losses from investments	240,059
Realized losses from investments	73,139
Forgiveness of SBA Paycheck Protection Program loan	( 306,855)
(Increase) decrease in operating assets	
Accounts receivable	9,287
Prepaid expenses	( 1,292)
Increase (decrease) in operating liabilities	
Accounts payable and accrued expenses	( 2,248)
NET CASH PROVIDED BY OPERATING ACTIVITIES	158,983
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale of short-term investments	1,780,870
Purchase of short-term investments	<u>(1,842,448)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>( 61,578)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	97,405
BEGINNING CASH AND CASH EQUIVALENTS	<u>339,010</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 436,415</u>

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



**HOUSTON ACHIEVEMENT PLACE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**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, 2022**

**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 2019, 2020 and 2021 are subject to examination by the Internal Revenue Service, 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, 2022**

**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, 2022, the Organization had invested in various publicly-traded mutual funds and government notes which are summarized as follows:

Total market value of mutual funds	\$ 2,342,863
Total cost of mutual funds	<u>(2,536,620)</u>
Unrealized gains (loss)	\$ ( <u>193,757</u> )

Investment return includes interest and dividends of \$99,463, realized losses of \$73,139 and change in net unrealized losses of \$240,059.

**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, 2022, 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 - 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 7 - 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, 2022

NOTE 8 - 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 \$135,000 were made in 2022. 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 9 - RETIREMENT PLAN

The Organization has established a 403(b) retirement plan for its employees. During 2022 there were no employer contributions to the plan.

NOTE 10 - FAIR VALUE MEASUREMENTS

The Organization follows Financial Accounting Standards Board Accounting Standards Codification 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, 2022 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>
Short-term investments		
Mutual Funds	<u>\$2,342,863</u>	<u>\$2,342,863</u>
Total Short-term investments	<u>\$2,342,863</u>	<u>\$2,342,863</u>



HOUSTON ACHIEVEMENT PLACE  
NOTES TO FINANCIAL STATEMENTS, Continued  
DECEMBER 31, 2022

NOTE 10 - 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 11 - 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>994,309</u>
	<u>\$ 666,671</u>

NOTE 12 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	\$2,966,032
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>\$2,966,032</u>

NOTE 13 - 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 14 - 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, 2022**

School program services	\$ 252,050
Contributions	737,928
Investment return	(213,735)
Sales to the public	148,950
Forgiveness of SBA Paycheck	
Protection Program loan	306,855
Employee retention credit	103,449
Rental and miscellaneous	<u>88,925</u>
 TOTAL	 <u>\$1,424,422</u>

**HOUSTON ACHIEVEMENT PLACE  
SCHEDULE OF PROGRAM, MANAGEMENT  
AND GENERAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

Personnel	\$ 828,721
Fringe benefits and payroll taxes	147,034
Equipment	4,163
Meetings	12,250
Occupancy	79,873
Utilities	21,606
Postage and delivery	667
Printing	10,731
Professional fees	117,898
Supplies	8,246
Telephone	8,318
Transportation	14,602
Miscellaneous	23,420
Depreciation	<u>26,401</u>
 TOTAL	 <u>\$1,303,930</u>



**HOUSTON ACHIEVEMENT PLACE  
CHANGES TO PROPERTY AND EQUIPMENT  
AND ACCUMULATED DEPRECIATION  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	BALANCE DECEMBER 31, <u>2021</u>	NET ADDITIONS (RETIREMENTS)	BALANCE DECEMBER 31, <u>2022</u>
PROPERTY AND EQUIPMENT			
Buildings	\$1,264,760	\$	\$1,264,760
Building improvements	327,272		327,272
Equipment	53,196		53,196
Furniture and fixtures	<u>15,752</u>	<u>0</u>	<u>15,752</u>
	<u>1,660,980</u>	<u>0</u>	<u>1,660,980</u>
ACCUMULATED DEPRECIATION			
Buildings	630,291	13,181	643,472
Building improvements	286,420	9,133	295,553
Equipment	35,445	4,087	39,532
Furniture and fixtures	<u>15,752</u>	<u>0</u>	<u>15,752</u>
	<u>967,908</u>	<u>26,401</u>	<u>994,309</u>
PROPERTY AND EQUIPMENT, NET	\$ <u>693,072</u>	\$ ( <u>26,401</u> )	\$ <u>666,671</u>