

**Houston's Amazing Place, Inc.**

Financial Statements  
and Independent Auditors' Report  
for the years ended December 31, 2010 and 2009

**Independent Auditors' Report**

To the Board of Directors of  
Houston's Amazing Place, Inc.:

We have audited the accompanying statements of financial position of Houston's Amazing Place, Inc. (formerly The Seniors Place, Inc.) as of December 31, 2010 and 2009 and the related statements of activities, of functional expenses, and of cash flows for the years then ended. These financial statements are the responsibility of Houston's Amazing Place, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform our audits 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 audits provide 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's Amazing Place, Inc. as of December 31, 2010 and 2009 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Blazek & Vetterling*

June 20, 2011

## Houston's Amazing Place, Inc.

Statements of Financial Position as of December 31, 2010 and 2009

---

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash and cash equivalents <i>(Note 2)</i>	\$ 500,983	\$ 507,276
Prepaid and other assets	33,984	126,794
Pledges receivable, net <i>(Note 3)</i>	31,995	8,500
Pledges receivable restricted for property and endowment, net <i>(Note 3)</i>	318,190	553,640
Restricted cash and cash equivalents <i>(Note 2)</i>	388,618	2,184,212
Property and equipment, net <i>(Note 4)</i>	<u>5,602,345</u>	<u>4,254,872</u>
 TOTAL ASSETS	 <u>\$ 6,876,115</u>	 <u>\$ 7,635,294</u>
 LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued liabilities	\$ 57,640	\$ 55,251
Construction payables	<u>                    </u>	<u>386,828</u>
Total liabilities	<u>57,640</u>	<u>442,079</u>
Net assets:		
Unrestricted net assets	5,738,524	1,576,919
Temporarily restricted net assets <i>(Note 5)</i>	372,078	4,919,296
Permanently restricted net assets <i>(Note 6)</i>	<u>707,873</u>	<u>697,000</u>
Total net assets	<u>6,818,475</u>	<u>7,193,215</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 6,876,115</u>	 <u>\$ 7,635,294</u>

*See accompanying notes to financial statements.*

---

## Houston's Amazing Place, Inc.

Statement of Activities for the year ended December 31, 2010

---

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
REVENUE:				
Contributions ( <i>Note 8</i> )	\$ 400,969	\$ 78,036	\$ 10,873	\$ 489,878
Participant revenue, net of scholarships of \$35,514	423,452			423,452
Special events	204,870			204,870
Less direct donor benefit	(30,097)			(30,097)
Investment income	<u>524</u>	<u>1,048</u>		<u>1,572</u>
Total revenue	999,718	79,084	10,873	1,089,675
Net assets released from restrictions:				
Capital expenditures	4,482,925	(4,482,925)		
Program expenditures	<u>143,377</u>	<u>(143,377)</u>		
Total	<u>5,626,020</u>	<u>(4,547,218)</u>	<u>10,873</u>	<u>1,089,675</u>
EXPENSES:				
Program services	888,158			888,158
Management and general	344,885			344,885
Development	<u>231,372</u>			<u>231,372</u>
Total expenses	<u>1,464,415</u>			<u>1,464,415</u>
CHANGES IN NET ASSETS	4,161,605	(4,547,218)	10,873	(374,740)
Net assets, beginning of year	<u>1,576,919</u>	<u>4,919,296</u>	<u>697,000</u>	<u>7,193,215</u>
Net assets, end of year	<u>\$ 5,738,524</u>	<u>\$ 372,078</u>	<u>\$ 707,873</u>	<u>\$ 6,818,475</u>

*See accompanying notes to financial statements.*

---

## Houston's Amazing Place, Inc.

Statement of Activities for the year ended December 31, 2009

---

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
REVENUE:				
Contributions ( <i>Note 8</i> )	\$ 476,396	\$ 352,455		\$ 828,851
Participant revenue, net of scholarships of \$28,059	354,045			354,045
Special events	177,605			177,605
Less direct donor benefit	(29,188)			(29,188)
Investment income	<u>1,731</u>	<u>7,096</u>		<u>8,827</u>
Total revenue	980,589	359,551		1,340,140
Net assets released from restrictions:				
Program expenditures	<u>79,084</u>	<u>(79,084)</u>		
Total	<u>1,059,673</u>	<u>280,467</u>		<u>1,340,140</u>
EXPENSES:				
Program services	552,088			552,088
Management and general	247,838			247,838
Development	<u>242,647</u>			<u>242,647</u>
Total expenses	<u>1,042,573</u>			<u>1,042,573</u>
CHANGES IN NET ASSETS	17,100	280,467		297,567
Net assets, beginning of year	<u>1,559,819</u>	<u>4,638,829</u>	<u>\$ 697,000</u>	<u>6,895,648</u>
Net assets, end of year	<u>\$ 1,576,919</u>	<u>\$ 4,919,296</u>	<u>\$ 697,000</u>	<u>\$ 7,193,215</u>

*See accompanying notes to financial statements.*

---

## Houston's Amazing Place, Inc.

### Statement of Functional Expenses for the year ended December 31, 2010

---

	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>DEVELOPMENT</u>	<u>TOTAL EXPENSES</u>
Payroll and related payroll expenses	\$ 534,107	\$ 189,526	\$ 145,816	\$ 869,449
Building maintenance	65,783	33,336	7,588	106,707
Depreciation	61,152	22,521	12,408	96,081
Office supplies and expenses	26,603	26,181	8,705	61,489
Food service	59,473			59,473
Postage, printing, and reproduction	1,802	1,802	42,680	46,284
Program equipment and supplies	42,214			42,214
Marketing and advertising	8,850	27,905	4,915	41,670
Utilities	33,000	4,183	2,178	39,361
Insurance	19,084	11,118	2,222	32,424
Transportation	19,248			19,248
Rent	14,000	2,200	800	17,000
Professional services		16,132		16,132
Other	<u>2,842</u>	<u>9,981</u>	<u></u>	<u>12,823</u>
Subtotal	888,158	344,885	227,312	1,460,355
Building for Generations	<u></u>	<u></u>	<u>4,060</u>	<u>4,060</u>
Total	<u>\$ 888,158</u>	<u>\$ 344,885</u>	<u>\$ 231,372</u>	1,464,415
Direct donor benefit				<u>30,097</u>
Total expenses				<u>\$1,494,512</u>

*See accompanying notes to financial statements.*

---

## Houston's Amazing Place, Inc.

### Statement of Functional Expenses for the year ended December 31, 2009

---

	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>DEVELOPMENT</u>	<u>TOTAL EXPENSES</u>
Payroll and related payroll expenses	\$ 350,966	\$ 122,575	\$ 148,723	\$ 622,264
Building maintenance	11,690	1,299		12,989
Depreciation	29,578	5,450	6,004	41,032
Office supplies and expenses	15,513	8,112	7,502	31,127
Food service	47,411			47,411
Postage, printing, and reproduction	1,658	1,400	33,176	36,234
Program equipment and supplies	10,988			10,988
Marketing and advertising	8,006	40,299	6,030	54,335
Utilities	18,970	2,108		21,078
Insurance	5,692	6,917	1,632	14,241
Transportation	20,627			20,627
Rent	27,000	12,731	5,290	45,021
Professional services		21,155	337	21,492
Taxes and utilities for site of new facility		23,242		23,242
Other	<u>3,989</u>	<u>2,550</u>	<u>2,323</u>	<u>8,862</u>
Subtotal	552,088	247,838	211,017	1,010,943
Building for Generations:				
Professional services			25,500	25,500
Printing			4,806	4,806
Other			<u>1,324</u>	<u>1,324</u>
Total	<u>\$ 552,088</u>	<u>\$ 247,838</u>	<u>\$ 242,647</u>	1,042,573
Direct donor benefit				<u>29,188</u>
Total expenses				<u>\$1,071,761</u>

*See accompanying notes to financial statements.*

---

## Houston's Amazing Place, Inc.

### Statements of Cash Flows for the years ended December 31, 2010 and 2009

---

	<u>2010</u>	<u>2009</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ (374,740)	\$ 297,567
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Depreciation	96,086	41,032
Contributions restricted for Building for Generations Campaign	(60,609)	(248,150)
Contributions restricted for endowment	(10,873)	
Changes in operating assets and liabilities:		
Prepaid and other assets	92,810	(115,962)
Pledges receivable (excluding capital campaign)	(23,495)	28,395
Accounts payable and accrued liabilities	<u>2,389</u>	<u>(3,868)</u>
Net cash used by operating activities	<u>(278,432)</u>	<u>(986)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net change in restricted cash and cash equivalents	1,795,594	862,903
Purchase of property and equipment	<u>(1,830,387)</u>	<u>(2,543,677)</u>
Net cash used by investing activities	<u>(34,793)</u>	<u>(1,680,774)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from contributions restricted for Building for Generations Campaign	296,059	1,682,751
Proceeds from contributions restricted for endowment	<u>10,873</u>	<u>5,000</u>
Net cash provided by financing activities	<u>306,932</u>	<u>1,687,751</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(6,293)</b>	<b>5,991</b>
Cash and cash equivalents, beginning of year	<u>507,276</u>	<u>501,285</u>
Cash and cash equivalents, end of year	<u>\$ 500,983</u>	<u>\$ 507,276</u>

*See accompanying notes to financial statements.*

---

## **Houston's Amazing Place, Inc.**

Notes to Financial Statements for the years ended December 31, 2010 and 2009

---

### **NOTE 1 – ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES**

Organization – Houston's Amazing Place, Inc., formerly The Seniors Place, Inc., is a Texas non-profit member corporation chartered in September 1998 and located in Houston, Texas. In May 2009, the Board of Directors approved changing the name of The Seniors Place, Inc. to Houston's Amazing Place, Inc. to do business as Amazing Place effective October 14, 2009.

The mission of Amazing Place is to provide fellowship, memory care and wellness for adults with mild to moderate memory loss and support to their families and the community. Amazing Place provides a faith-based professional day program specifically focused upon the needs of individuals with early to moderate memory loss in a structured, holistic environment with enriching social interaction, physical movement and cognitive activities recommended by physicians.

Amazing Place is governed by a board of directors which is comprised of representatives from local area churches, referred to as the sponsoring churches. The following churches are represented on the Board of Amazing Place: Bellaire United Methodist, Bethany Christian, Chapelwood United Methodist, River Oaks Baptist, South Main Baptist, St. Anne Catholic, The Church of St. John the Divine, St. Luke's United Methodist, St. Martin's Episcopal, St. Michael Catholic, St. Paul's United Methodist, St. Philip's Presbyterian, and St. Stephen's Episcopal.

In July 2010, Amazing Place began operations in its new facility. The facility was constructed from funds raised from the Building for Generations Campaign, launched in the fall of 2006. The purpose of the \$7.2 million campaign was to (a) build a non-residential, 13,700 square foot facility, (b) establish an endowment fund to be used to supplement operating income, and (c) create a scholarship fund so Amazing Place can continue to provide financial assistance to participants.

Federal income tax status – Amazing Place is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code and is classified as a public charity under §509(a)(2).

Cash equivalents include highly liquid financial instruments with original maturities of three months or less.

Pledges receivable that are expected to be collected within one year are recorded at net realizable value. Amounts expected to be collected in future years are discounted to the present value of their estimated future cash flows.

Property and equipment are reported at cost if purchased or at fair value at the date of gift if donated. Amazing Place capitalizes property and equipment that have a cost or fair value of \$500 or greater and an estimated useful life of more than one year. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, which range from four to forty years.

Net asset classification – Contributions, investment return and the related net assets are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Unrestricted net assets* include those net assets whose use is not restricted by donor-imposed stipulations even though their use may be limited in other respects such as by contract or board designation.
- *Temporarily restricted net assets* include contributions and investment return restricted by the donor for specific purposes or time periods. When a purpose restriction is accomplished or a time restriction ends, temporarily restricted net assets are released to unrestricted net assets.
- *Permanently restricted net assets* include contributions that donors have restricted in perpetuity.

Contributions are recognized at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are recognized as restricted support. Conditional contributions are recognized when the conditions are substantially met.

In-kind contributions – Donated materials and use of facilities are recorded as contributions at fair value when an unconditional commitment is received from the donor. The related expense is recognized as the item is used. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Volunteers provide more than 4,800 volunteer hours a year to assist Amazing Place in providing program services for which no amount has been recorded in the financial statements because the services did not meet the criteria for recognition under generally accepted accounting principles.

Participant revenue is recognized when services are provided to the participant. Scholarships are available to participants who otherwise cannot afford to attend, ranging from 25% to 75% of the tuition costs. Scholarships granted in 2010 and 2009 were \$35,514 and \$28,059, respectively.

Advertising costs are expensed as incurred.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts of reported revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

Reclassifications – Certain reclassifications have been made to the prior year financial statements to conform with the current presentation.

## NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	<u>2010</u>	<u>2009</u>
Demand deposits	\$ 705,522	\$ 2,468,441
Money market mutual funds	<u>184,079</u>	<u>223,047</u>
Total cash and cash equivalents	<u>\$ 889,601</u>	<u>\$ 2,691,488</u>

Bank deposits exceed the federally insured limit per depositor per institution. Amazing Place monitors such balances on a regular basis.

Money market mutual funds are valued at the net asset value of shares held at year end. This valuation method may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while Amazing Place believes its valuation method is appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date.

## NOTE 3 – PLEDGES RECEIVABLE

Pledges receivable are as follows:

	<u>2010</u>	<u>2009</u>
Pledges receivable restricted for property and endowment	\$ 336,909	\$ 602,564
Pledges receivable – other	<u>33,495</u>	<u>8,499</u>
Total pledges receivable	370,404	611,063
Discount to net present value at 1.55% to 3.25%	(8,879)	(18,923)
Allowance for uncollectible accounts	<u>(11,340)</u>	<u>(30,000)</u>
Pledges receivable, net	<u>\$ 350,185</u>	<u>\$ 562,140</u>

Pledges receivable at December 31, 2010 are expected to be collected as follows:

2011	\$ 209,221
2012	145,850
2013	13,667
2014	<u>1,666</u>
Total pledges receivable	<u>\$ 370,404</u>

At December 31, 2010, approximately 54% of pledges are due from one foundation.

#### NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2010</u>	<u>2009</u>
Land	\$ 903,813	\$ 903,813
Building	4,367,461	
Office equipment	108,895	75,001
Furniture and fixtures	344,542	39,073
Leasehold improvements		99,218
Construction in progress	<u>                    </u>	<u>3,290,716</u>
Total property and equipment, at cost	5,724,711	4,407,821
Accumulated depreciation	<u>(122,366)</u>	<u>(152,949)</u>
Property and equipment, net	<u>\$ 5,602,345</u>	<u>\$ 4,254,872</u>

#### NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2010</u>	<u>2009</u>
Building for Generations Campaign	\$ 57,484	\$ 4,800,971
Time restricted	21,000	100,000
Tuition scholarships	<u>293,594</u>	<u>18,325</u>
Total temporarily restricted net assets	<u>\$ 372,078</u>	<u>\$ 4,919,296</u>

#### NOTE 6 – PERMANENTLY RESTRICTED NET ASSETS

Amazing Place has a donor-restricted endowment fund to support the operations of Amazing Place which is maintained in accordance with explicit donor stipulations. The Board of Directors of Amazing Place has interpreted the Texas Uniform Prudent Management of Institutional Funds Act (TUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, Amazing Place classifies the original value of gifts donated to the permanent endowment as permanently restricted net assets. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by Amazing Place in a manner consistent with the standard of prudence prescribed by TUPMIFA. In accordance with TUPMIFA, Amazing Place considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of Amazing Place and the donor-restricted endowment fund
- General economic conditions

- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of Amazing Place
- The investment policies of Amazing Place

### **Investment Objectives**

Amazing Place has adopted investment and spending policies for endowment assets that attempt to provide for preservation of its endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in U. S. Treasuries, government agencies and certificates of deposit with maturities of less than three years. Given the current market conditions, the anticipated earnings rate of these investments is expected to be 1% to 2%.

### **Spending Policy and How the Investment Objectives Relate to Spending Policy**

Amazing Place has a policy of appropriating for distribution each year up to 50% of the earnings of the endowment funds, not to exceed 4% of the endowment funds average market value for the previous twelve quarters. It is expected that there will be minimal or no distributions through 2010. In establishing this policy, Amazing Place considered the long-term expected return on its endowment, the nature and duration of the endowment fund, and the possible effects on inflation.

Changes in the donor-restricted endowment funds at December 31, 2010 and 2009 are as follows:

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
Endowment net assets, January 1, 2009	\$ 0	\$ 0	\$ 697,000	\$ 697,000
Endowment net assets, December 31, 2009	0	0	697,000	697,000
Contributions	<u>          </u>	<u>          </u>	<u>10,873</u>	<u>10,873</u>
Endowment net assets, December 31, 2010	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 707,873</u>	<u>\$ 707,873</u>

### **NOTE 7 – COMMITMENTS**

In February 2007, Amazing Place entered into a long-term ground-lease. The total ground-lease payments were approximately \$3,550 in 2010 and 2009. Future minimum rental payments due under the lease are as follows:

2011	\$ 3,550
2012	3,550
2013	3,550
2014	3,550
2015	3,550
Thereafter through 2067	<u>181,640</u>
Total	<u>\$ 199,390</u>

Amazing Place leases equipment under noncancellable operating leases. Future minimum lease payments are as follows:

2011	\$ 23,496
2012	23,496
2013	11,860
2014	7,982
2015	<u>665</u>
Total	<u>\$ 67,499</u>

Equipment lease expense was approximately \$20,000 and \$4,000 in 2010 and 2009, respectively.

#### **NOTE 8 – TRANSACTIONS WITH SPONSORING CHURCHES**

In 2010 and 2009, contributions from the sponsoring churches were \$107,173 and \$82,265, respectively. Amazing Place paid St. Luke's United Methodist Church, one of the sponsoring churches, rent of \$17,000 in 2010 and \$36,000 in 2009.

#### **NOTE 9 – SUBSEQUENT EVENTS**

In February 2011, Amazing Place entered into a line of credit with a bank for \$250,000 to be used for operations. The line of credit is unsecured and expires February 3, 2012.

Management has evaluated subsequent events through June 20, 2011, which is the date that the financial statements were available for issuance. As a result of this evaluation, no other events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.

---