

HELPING HAND HOME FOR CHILDREN, INC  
AND  
HELPING HAND HOME FOUNDATION, INC.  
JUNE 30, 2010 and 2009  
COMBINED FINANCIAL STATEMENTS AND  
AND  
REPORT OF INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANTS

HELPING HAND HOME FOR CHILDREN, INC.  
AND HELPING HAND HOME FOUNDATION, INC.  
TABLE OF CONTENTS

Report of Independent Certified Public Accountants	1
Combined Statement of Financial Position	
As of June 30, 2010	2
As of June 30, 2009	3
Combined Statement of Activities and Changes in Net Assets	
For the year ended June 30, 2010	4
For the year ended June 30, 2009	6
Combined Statement of Functional Expenses	
For the year ended June 30, 2010	8
For the year ended June 30, 2009	9
Combined Statement of Cash Flows	
For the year ended June 30, 2010	10
For the year ended June 30, 2009	11
Notes to Combined Financial Statements	12



## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To The Board of Directors  
Helping Hand Home for Children, Inc., and  
Helping Hand Home Foundation, Inc.

We have audited the accompanying combined statements of financial position of the Helping Hand Home for Children, Inc. and the Helping Hand Home Foundation, Inc., (collectively, Helping Hand), as of June 30, 2010 and 2009, and the related combined statements of activities and changes in net assets, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Helping Hand'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 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of Helping Hand as of June 30, 2010 and 2009, and the results of their combined operations and their combined cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Atchley & Associates, LLP*

Austin, Texas  
September 23, 2010

HELPING HAND HOME FOR CHILDREN, INC.  
AND HELPING HAND HOME FOUNDATION, INC.  
COMBINED STATEMENT OF FINANCIAL POSITION  
AS OF JUNE 30, 2010

	Helping Hand Home	Foundation	Total
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 451,915	\$ 470,796	\$ 922,711
Investments	-	4,622,630	4,622,630
Accounts receivable	238,996	-	238,996
Prepaid expense	62,838	-	62,838
Due to/from home	8,726	(8,726)	-
Total current assets	762,475	5,084,700	5,847,175
 <b>Property and Equipment</b>			
Land	659,380	-	659,380
Buildings and Equipment	4,059,950	-	4,059,950
Vehicles	108,914	-	108,914
Accumulated depreciation	(1,668,281)	-	(1,668,281)
Total property and equipment	3,159,963	-	3,159,963
Total assets	\$ 3,922,438	\$ 5,084,700	\$ 9,007,138
 <b>LIABILITIES AND NET ASSETS</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 57,049	\$ -	\$ 57,049
Accrued liabilities	98,157	-	98,157
Deferred revenue	388,892	-	388,892
Total current liabilities	544,098	-	544,098
 <b>Net Assets</b>			
Unrestricted net assets	3,258,857	5,084,700	8,343,557
Temporarily restricted net assets	119,483	-	119,483
Total net assets	3,378,340	5,084,700	8,463,040
Total liabilities and net assets	\$ 3,922,438	\$ 5,084,700	\$ 9,007,138

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

HELPING HAND HOME FOR CHILDREN, INC.  
AND HELPING HAND HOME FOUNDATION, INC.  
COMBINED STATEMENT OF FINANCIAL POSITION  
AS OF JUNE 30, 2009

	Helping Hand Home	Foundation	Total
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 346,499	\$ 868,218	\$ 1,214,717
Investments	-	3,783,906	3,783,906
Accounts receivable	313,781	-	313,781
Prepaid expense	58,885	-	58,885
Due to/from home	(11,748)	11,748	-
<b>Total current assets</b>	<u>707,417</u>	<u>4,663,872</u>	<u>5,371,289</u>
<b>Property and Equipment</b>			
Land	659,380	-	659,380
Buildings and Equipment	4,020,667	-	4,020,667
Vehicles	108,914	-	108,914
Accumulated depreciation	(1,531,457)	-	(1,531,457)
<b>Total property and equipment</b>	<u>3,257,504</u>	<u>-</u>	<u>3,257,504</u>
<b>Total assets</b>	<u>\$ 3,964,921</u>	<u>\$ 4,663,872</u>	<u>\$ 8,628,793</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 56,187	\$ -	\$ 56,187
Accrued liabilities	150,124	-	150,124
Deferred revenue	359,358	-	359,358
<b>Total current liabilities</b>	<u>565,669</u>	<u>-</u>	<u>565,669</u>
<b>Net Assets</b>			
Unrestricted net assets	3,328,970	4,663,872	7,992,842
Temporarily restricted net assets	70,282	-	70,282
<b>Total net assets</b>	<u>3,399,252</u>	<u>4,663,872</u>	<u>8,063,124</u>
<b>Total liabilities and net assets</b>	<u>\$ 3,964,921</u>	<u>\$ 4,663,872</u>	<u>\$ 8,628,793</u>

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

HELPING HAND HOME FOR CHILDREN, INC.  
AND HELPING HAND HOME FOUNDATION, INC.  
COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2010

	Helping Hand Home	Foundation	Total
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>			
<b>Public support and revenue:</b>			
Program Revenue	\$ 2,483,732	\$ -	\$ 2,483,732
Contributions and public support	248,742	29,838	278,580
Grants	2,928	-	2,928
Fundraising events	1,270,586	-	1,270,586
In-kind support	68,324	-	68,324
Investment income (loss)	1,445	521,774	523,219
Gain (loss) on sale of assets	-	-	-
Total unrestricted public support and revenue	<u>4,075,757</u>	<u>551,612</u>	<u>4,627,369</u>
Contributions from Foundation to Home	70,929	(70,929)	-
Contributions from Home to Foundation	-	-	-
<b>Net assets released from restrictions:</b>			
Restrictions satisfied by payments	<u>230,891</u>	<u>-</u>	<u>230,891</u>
Total unrestricted public support, revenue and net assets released from restrictions	<u>4,377,577</u>	<u>480,683</u>	<u>4,858,260</u>
<b>Expenses</b>			
<b>Program services:</b>			
Residential Treatment Center	2,877,469	-	2,877,469
Foster Care	459,211	-	459,211
UT Charter School	142,339	-	142,339
Total program expenses	<u>3,479,019</u>	<u>-</u>	<u>3,479,019</u>
<b>Supporting services:</b>			
Management and general	428,868	59,855	488,723
Fundraising	561,584	-	561,584
Total supporting services	<u>990,452</u>	<u>59,855</u>	<u>1,050,307</u>
Total expenses	<u>4,469,471</u>	<u>59,855</u>	<u>4,529,326</u>
Increase (decrease) in unrestricted net assets	<u>(91,894)</u>	<u>420,828</u>	<u>328,934</u>

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

HELPING HAND HOME FOR CHILDREN, INC.  
 AND HELPING HAND HOME FOUNDATION, INC.  
 COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)  
 FOR THE YEAR ENDED JUNE 30, 2010

	Helping Hand Home	Foundation	Total
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS</b>			
<b>Public support and revenue:</b>			
Contributions and public support	\$ -	\$ -	\$ -
Grants and contracts	301,873	-	301,873
Total temporarily restricted public support and revenue	301,873	-	301,873
<b>Net assets released from restrictions:</b>			
Restrictions satisfied by payments	(230,891)	-	(230,891)
Increase (decrease) in temporarily restricted net assets	70,982	-	70,982
Increase (decrease) in net assets	(20,912)	420,828	399,916
Net assets at beginning of year	3,399,252	4,663,872	8,063,124
Net assets at end of year	\$ 3,378,340	\$ 5,084,700	\$ 8,463,040

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

HELPING HAND HOME FOR CHILDREN, INC.  
AND HELPING HAND HOME FOUNDATION, INC.  
COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2009

	Helping Hand Home	Foundation	Total
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>			
<b>Public support and revenue:</b>			
Program Revenue	\$ 2,839,602	\$ -	\$ 2,839,602
Contributions and public support	126,929	72,671	199,600
Grants	78,627	-	78,627
Fundraising events	1,289,668	-	1,289,668
In-kind support	93,703	-	93,703
Investment income (loss)	2	(574,306)	(574,304)
Gain (loss) on sale of assets	(34,446)	-	(34,446)
Total unrestricted public support and revenue	<u>4,394,085</u>	<u>(501,635)</u>	<u>3,892,450</u>
Contributions from Foundation to Home	265,749	(265,749)	-
Contributions from Home to Foundation	(150,000)	150,000	-
<b>Net assets released from restrictions:</b>			
Restrictions satisfied by payments	<u>269,531</u>	<u>-</u>	<u>269,531</u>
Total unrestricted public support, revenue and net assets released from restrictions	<u>4,779,365</u>	<u>(617,384)</u>	<u>4,161,981</u>
<b>Expenses</b>			
<b>Program services:</b>			
Residential Treatment Center	3,003,382	-	3,003,382
Foster Care	435,047	-	435,047
UT Charter School	330,508	-	330,508
Total program expenses	<u>3,768,937</u>	<u>-</u>	<u>3,768,937</u>
<b>Supporting services:</b>			
Management and general	405,585	45,990	451,575
Fundraising	545,299	-	545,299
Total supporting services	<u>950,884</u>	<u>45,990</u>	<u>996,874</u>
Total expenses	<u>4,719,821</u>	<u>45,990</u>	<u>4,765,811</u>
Increase (decrease) in unrestricted net assets	<u>59,544</u>	<u>(663,374)</u>	<u>(603,830)</u>

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

HELPING HAND HOME FOR CHILDREN, INC.  
 AND HELPING HAND HOME FOUNDATION, INC.  
 COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)  
 FOR THE YEAR ENDED JUNE 30, 2009

	Helping Hand Home	Foundation	Total
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS</b>			
Public support and revenue:			
Contributions and public support	\$ 25,121	\$ -	\$ 25,121
Grants and contracts	245,270	-	245,270
Total temporarily restricted public support and revenue	270,391	-	270,391
Net assets released from restrictions:			
Restrictions satisfied by payments	(269,531)	-	(269,531)
Increase (decrease) in temporarily restricted net assets	860	-	860
Increase (decrease) in net assets	60,404	(663,374)	(602,970)
Net assets at beginning of year	3,338,848	5,327,246	8,666,094
Net assets at end of year	\$ 3,399,252	\$ 4,663,872	\$ 8,063,124

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

HELPING HAND HOME FOR CHILDREN, INC.  
AND HELPING HAND HOME FOUNDATION, INC.  
COMBINED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2010

	Program Services				Supporting Services			Total
	Residential Treatment Center	Foster Care	UT Charter School	Total Program Services	Management and General	Fund Raising	Total Supporting Services	
Expenses:								
Salaries, benefits, and contract labor	\$2,173,763	\$ 117,274	\$ 106,096	\$2,397,133	\$ 296,941	\$ 134,913	\$ 431,854	\$2,828,987
Payroll taxes	141,903	7,540	7,249	156,692	19,070	9,453	28,523	185,215
Direct care costs	224,342	304,999	-	529,341	11,561	-	11,561	540,902
Educational services costs	-	-	11,235	11,235	-	-	-	11,235
Transportation costs	17,322	-	-	17,322	-	-	-	17,322
Facility costs	99,421	11,146	6,020	116,587	6,454	3,596	10,050	126,637
Operations costs	42,386	4,749	5,692	52,827	-	401,348	401,348	454,175
Administrative expenses	14,357	12,165	4,682	31,204	138,658	10,307	148,965	180,169
Workers compensation expense	43,570	1,338	1,365	46,273	988	599	1,587	47,860
Total expenses before depreciation	2,757,064	459,211	142,339	3,358,614	473,672	560,216	1,033,888	4,392,502
Depreciation	120,405	-	-	120,405	15,051	1,368	16,419	136,824
Total expenses	<u>\$2,877,469</u>	<u>\$ 459,211</u>	<u>\$ 142,339</u>	<u>\$3,479,019</u>	<u>\$ 488,723</u>	<u>\$ 561,584</u>	<u>\$1,050,307</u>	<u>\$4,529,326</u>

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

HELPING HAND HOME FOR CHILDREN, INC.  
AND HELPING HAND HOME FOUNDATION, INC.  
COMBINED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2009

	Program Services			Supporting Services			Total	
	Residential Treatment Center	Foster Care	UT Charter School	Total Program Services	Management and General	Fund Raising		Total Supporting Services
Expenses:								
Salaries, benefits, and contract labor	\$2,263,264	\$ 136,931	\$ 251,270	\$2,651,465	\$ 236,443	\$ 143,739	\$ 380,182	\$3,031,647
Payroll taxes	150,651	8,537	17,252	176,440	23,946	10,349	34,295	210,735
Direct care costs	230,628	262,028	-	492,656	5,917	-	5,917	498,573
Educational services costs	-	-	53,928	53,928	-	-	-	53,928
Transportation costs	18,622	-	-	18,622	-	-	-	18,622
Facility costs	102,470	7,948	3,086	113,504	6,450	4,453	10,903	124,407
Operations costs	26,929	1,876	-	28,805	-	372,749	372,749	401,554
Administrative expenses	33,194	16,362	1,847	51,403	160,982	11,891	172,873	224,276
Workers compensation expense	42,485	1,365	3,125	46,975	943	582	1,525	48,500
Total expenses before depreciation	2,868,243	435,047	330,508	3,633,798	434,681	543,763	978,444	4,612,242
Depreciation	135,139	-	-	135,139	16,894	1,536	18,430	153,569
Total expenses	<u>\$3,003,382</u>	<u>\$ 435,047</u>	<u>\$ 330,508</u>	<u>\$3,768,937</u>	<u>\$ 451,575</u>	<u>\$ 545,299</u>	<u>\$ 996,874</u>	<u>\$4,765,811</u>

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

HELPING HAND HOME FOR CHILDREN, INC.  
AND HELPING HAND HOME FOUNDATION, INC.  
COMBINED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2010

	Helping Hand Home	Foundation	Total
Cash flows from operating activities:			
Increase (decrease) in net assets	\$ (20,912)	\$ 420,828	\$ 399,916
Adjustments to reconcile increase in net assets to net cash provided by operating activities:			
Depreciation	136,824	-	136,824
Realized gain on investments	-	(112,799)	(112,799)
Unrealized gain on investments	-	(276,320)	(276,320)
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	66,059	-	66,059
(Increase) decrease in prepaid expenses	(3,953)	-	(3,953)
(Increase) decrease in due from Home	(11,748)	20,474	8,726
Increase (decrease) in accounts payable	862	-	862
Increase (decrease) in accrued expenses	(51,967)	-	(51,967)
Increase (decrease) in deferred revenue	29,534	-	29,534
Net cash provided by operating activities	144,699	52,183	196,882
Cash flows from investing activities:			
Purchase of investments	-	(899,406)	(899,406)
Proceeds from sales of investments	-	449,801	449,801
Disposal of property and equipment, net	-	-	-
Purchase of property and equipment	(39,283)	-	(39,283)
Net cash used in investing activities	(39,283)	(449,605)	(488,888)
Cash flows from financing activities			
	-	-	-
Net increase (decrease) in cash and cash equivalents	105,416	(397,422)	(292,006)
Beginning of year cash and cash equivalents	346,499	868,218	1,214,717
End of year cash and cash equivalents	\$ 451,915	\$ 470,796	\$ 922,711
Supplemental disclosure of cash flow information			
Interest paid	\$ -	\$ -	\$ -
Federal income taxes paid	\$ -	\$ -	\$ -

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

HELPING HAND HOME FOR CHILDREN, INC.  
AND HELPING HAND HOME FOUNDATION, INC.  
COMBINED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2009

	Helping Hand Home	Foundation	Total
Cash flows from operating activities:			
Increase (decrease) in net assets	\$ 60,404	\$ (663,374)	\$ (602,970)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:			
Depreciation	153,569	-	153,569
Realized loss on investments	-	220,829	220,829
Unrealized loss on investments	-	468,361	468,361
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(3,500)	-	(3,500)
(Increase) decrease in prepaid expenses	(11,494)	-	(11,494)
(Increase) decrease in due from Home	12,466	(11,748)	718
Increase (decrease) in accounts payable	(110,088)	(11,674)	(121,762)
Increase (decrease) in accrued expenses	29,689	-	29,689
Increase (decrease) in deferred revenue	105,562	-	105,562
Net cash provided by operating activities	<u>236,608</u>	<u>2,394</u>	<u>239,002</u>
Cash flows from investing activities:			
Purchase of investments	-	(1,052,972)	(1,052,972)
Proceeds from sales of investments	-	758,411	758,411
Disposal of property and equipment, net	131,004	-	131,004
Purchase of property and equipment	<u>(353,512)</u>	<u>-</u>	<u>(353,512)</u>
Net cash used in investing activities	<u>(222,508)</u>	<u>(294,561)</u>	<u>(517,069)</u>
Cash flows from financing activities			
	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	14,100	(292,167)	(278,067)
Beginning of year cash and cash equivalents	<u>332,399</u>	<u>1,160,385</u>	<u>1,492,784</u>
End of year cash and cash equivalents	<u>\$ 346,499</u>	<u>\$ 868,218</u>	<u>\$ 1,214,717</u>
Supplemental disclosure of cash flow information			
Interest paid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Federal income taxes paid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

HELPING HAND HOME FOR CHILDREN, INC. AND  
HELPING HAND HOME FOUNDATION  
NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2010 and 2009

NOTE A - NATURE OF OPERATIONS

Helping Hand Home for Children, Inc. (the Home), is a private nonprofit corporation formed in 1893 under the laws of the State of Texas, and governed by the membership of the Helping Hand Society. The Home provides a place to heal for abused, neglected and abandoned children. The Home provides residential treatment services, foster care, adoption services, and a charter school for emotionally disturbed children and advocates for greater public support of early prevention, intervention and treatment. The Home is the oldest continuously operating residential childcare agency in Travis County, a priceless resource kept strong and viable through community support.

Funding is provided primarily by state and local governments and contributions from the general public.

The costs of providing the various programs and other activities have been summarized on a functional basis in the Combined Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The Helping Hand Home Foundation (the Foundation) was incorporated January 7, 1994, for the purpose of receiving and maintaining a fund or funds of real or personal property, or both, for the Home. It is the goal of the Foundation to raise funds; first, to establish an endowment for the benefit of the Home, and second, to help pay operating expenses incurred by the Home.

NOTE B - SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies of the Home and the Foundation applied in the preparation of the accompanying combined statements follows:

Combined Financial Statements

The accompanying combined financial statements include the financial statements of the Home and the Foundation. The Home is the sole corporate member of the Foundation.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Home and the Foundation consider all highly liquid investments with a maturity of twelve months or less to be cash equivalents.

HELPING HAND HOME FOR CHILDREN, INC. AND  
HELPING HAND HOME FOUNDATION  
NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2010 and 2009

NOTE B - SUMMARY OF ACCOUNTING POLICIES - Continued

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

Net assets of the organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the organization. Generally, the donors of these assets permit the organization to use all or part of the income earned on any related investments for general or specific purposes.

Revenue Recognition

The Home has adopted Accounting Standards Codification (ASC) 958-605-25 (SFAS No. 116, *Accounting for Contributions Received and Contributions Made*). Under ASC 958-605-25, contributions (grants) received from federal, state, and local governments that are conditioned upon the Home incurring certain qualifying costs are considered to be exchange transactions and therefore are recognized as revenue as those costs are incurred. The Home earns revenue on state contracts monthly based on the number of children served.

HELPING HAND HOME FOR CHILDREN, INC. AND  
HELPING HAND HOME FOUNDATION  
NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2010 and 2009

NOTE B - SUMMARY OF ACCOUNTING POLICIES - Continued

Property and Equipment

Expenditures for land, building, and equipment are recorded at cost. Donated assets are recorded at their estimated fair market values at the date of donation. Depreciation expense is calculated using the straight-line method and the following estimated useful lives:

Buildings & Improvement	10 - 39 years
Furniture & Equipment	3 - 10 years
Vehicles	3 - 5 years

Maintenance and repairs, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred. Depreciation expense totaling \$136,824 and \$153,569 was charged to operations for the years ended June 30, 2010 and 2009, respectively. The Home capitalizes all fixed assets with a cost greater than or equal to \$5,000 and a useful life greater than one year.

Recognition of Donor Restrictions

Unconditional promises to give are recognized as revenues or gains in the period received, and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The Home and the Foundation consider all contributions (unconditional promises to give) to be unrestricted contributions unless the restriction is a donor-imposed stipulation specifying a use for the contribution that is more specific than the broad limits resulting from the nature and purpose of the organization and its continuing programs. Unrestricted contributions are recorded as an increase in unrestricted net assets available in the period in which the notice of the unconditional promise to give is received.

Contributions or grants which result in new and nonrecurring programs as well as contributions received as the result of a capital campaign for the acquisition or rehabilitation of property and equipment are considered temporarily restricted contributions.

HELPING HAND HOME FOR CHILDREN, INC. AND  
HELPING HAND HOME FOUNDATION  
NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2010 and 2009

NOTE B - SUMMARY OF ACCOUNTING POLICIES - Continued

Recognition of Donor Restrictions - continued

Contributions or grants which contain a donor-imposed stipulation that the contributions cannot be used until a future period are recorded as time restricted contributions. Contributions, which are time restricted with respect to the expenditure of the funds, are recorded as increases in temporarily restricted net assets available in the period in which the notice of grant award is received.

Temporarily restricted net assets are reclassified to unrestricted net assets in the period in which the use restriction has been met or the time restriction lapses.

Income Taxes

The Home and the Foundation are both exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Neither entity is classified as a private foundation. Therefore, no provision for income taxes is made in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounts Receivable

The Home considers accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts is required.

HELPING HAND HOME FOR CHILDREN, INC. AND  
HELPING HAND HOME FOUNDATION  
NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2010 and 2009

NOTE B - SUMMARY OF ACCOUNTING POLICIES - Continued

Investments

The Foundation has adopted Accounting Standards Codification (ASC) 958-320 (SFAS No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*). Under ASC 958-320, investments in marketable securities with readily determinable fair values are valued at their fair values in the statement of financial position. During the year ended June 30, 2009, the Foundation also adopted ASC 820 (SFAS No. 157, *Fair Value Measurements*), which establishes a framework for measuring fair value (See Note H).

NOTE C - RESTRICTIONS ON NET ASSETS

Allocation of Common Costs

The Home allocates common costs among program services, management and general, and fundraising by a study of the Home's activities at the start of each grant or contract. The resulting allocations are reviewed periodically, and the allocations revised, if necessary, to reflect changes in the activities of the Home.

At June 30, 2010 and 2009, the total amount of restricted net assets for time restricted gifts for future program expenditures was \$119,483 and \$70,282, respectively.

NOTE D - IN-KIND DONATIONS

For the years ended June 30, 2010 and 2009, the Home recorded contribution income resulting from donations received during each year totaling \$68,324 and \$93,703, respectively. The Home utilized all of these donations including clothing, furniture, and gifts during the years ended June 30, 2010 and 2009. In addition, professional services, which otherwise would have been paid for by the Home, were contributed as well.

The Home also received 8,400 and 2,354 volunteer hours for the years ended June 30, 2010 and 2009, for which no value has been assigned. In accordance with ASC 958-605 (SFAS No. 116 *Accounting for Contributions Received and Contributions Made*), the value of these donated services were not recorded in the accompanying financial statements.

HELPING HAND HOME FOR CHILDREN, INC. AND  
 HELPING HAND HOME FOUNDATION  
 NOTES TO COMBINED FINANCIAL STATEMENTS  
 JUNE 30, 2010 and 2009

NOTE E - RELEASE OF DONOR RESTRICTIONS

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes, by occurrence of events specified by the donors, by the passage of time, or by the change of restrictions specified by the donors. Net assets released are as follows for the years ended June 30:

	2010	2009
Grants specified program expenditures	\$ 211,848	\$ 223,658
Gifts for program expenditures	19,043	45,873
	\$ 230,891	\$ 269,531

NOTE F - COMMITMENTS AND CONTINGENCIES

Grants and Contracts

The Home is funded by grants and contracts that are subject to review and audit by the grantor agencies. These grants and contracts have certain compliance requirements and, should audits by the grantor agencies disclose any areas of substantial noncompliance, the Home may be required to refund any disallowed costs.

Operating Lease

The Home leases its copier under an operating lease agreement expiring in February 2013. Lease expense totaled \$7,593 and \$7,287 for the years ended June 30, 2010 and 2009, respectively. Minimum future annual rental payments under the lease are as follows at June 30,

June 30,	Amount
2011	\$ 7,212
2012	7,212
2013	5,409
	\$ 19,833

HELPING HAND HOME FOR CHILDREN, INC. AND  
 HELPING HAND HOME FOUNDATION  
 NOTES TO COMBINED FINANCIAL STATEMENTS  
 JUNE 30, 2010 and 2009

NOTE G - PENSION CONTRIBUTION

The Home established a pension plan in 1991, which they later converted to a 401(k) retirement plan for the benefit of employees. The plan allows for bi-weekly contributions through payroll deductions. Individual employee contributions vary. The Home makes discretionary contributions to the plan determined annually by the Board of Directors. The Home's contributions for the years ended June 30, 2010 and 2009, were \$49,373 and \$42,420, respectively.

NOTE H - INVESTMENTS

Cost and Market Value

Investment securities at June 30, 2010, are as follows:

	<u>Cost</u>	<u>Market Value</u>
Common Stock	\$ 2,940,805	\$ 2,872,269
Corporate Bonds	1,074,718	1,154,863
Governmental Agencies	563,335	595,498
	<u>\$ 4,578,858</u>	<u>\$ 4,622,630</u>

Investment securities at June 30, 2009, are as follows:

	<u>Cost</u>	<u>Market Value</u>
Common Stock	\$ 2,381,686	\$ 2,108,447
Corporate Bonds	1,074,718	1,082,455
Governmental Agencies	563,637	593,004
	<u>\$ 4,020,041</u>	<u>\$ 3,783,906</u>

Investment returns are as follows at June 30:

	<u>2010</u>	<u>2009</u>
Interest and dividend income	\$ 135,111	\$ 114,886
Realized gain (loss)	112,799	(220,829)
Unrealized gain (loss)	275,309	(468,361)
	<u>\$ 523,219</u>	<u>\$ (574,304)</u>

HELPING HAND HOME FOR CHILDREN, INC. AND  
HELPING HAND HOME FOUNDATION  
NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2010 and 2009

NOTE H - INVESTMENTS - Continued

Fair Value Measurements

During the year ended June 30, 2009, the Foundation implemented ASC 820 (SFAS No. 157, Fair Value Measurements), which establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 Inputs to the valuation methodology include:

Quoted prices for similar assets or liabilities in active markets;

Quoted prices for identical or similar assets or liabilities in inactive markets;

Inputs other than quoted prices that are observable for the asset or liability;

Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

HELPING HAND HOME FOR CHILDREN, INC. AND  
 HELPING HAND HOME FOUNDATION  
 NOTES TO COMBINED FINANCIAL STATEMENTS  
 JUNE 30, 2010 and 2009

NOTE H - INVESTMENTS - Continued

Fair Value Measurements - continued

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2010.

Common stocks, corporate bonds, and government agencies: Valued at the closing price reported on the active market on which the individual securities are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2010:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stock	\$ 2,872,269	\$ -	\$ -	\$ 2,872,269
Corporate Bonds	1,154,863	-	-	1,154,863
Government agencies	<u>595,498</u>	<u>-</u>	<u>-</u>	<u>595,498</u>
	<u>\$ 4,622,630</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,622,630</u>

HELPING HAND HOME FOR CHILDREN, INC. AND  
 HELPING HAND HOME FOUNDATION  
 NOTES TO COMBINED FINANCIAL STATEMENTS  
 JUNE 30, 2010 and 2009

NOTE H - INVESTMENTS - Continued

Fair Value Measurements - continued

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2009:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stock	\$ 2,108,447	\$ -	\$ -	\$ 2,108,447
Corporate Bonds	1,082,455	-	-	1,082,455
Government agencies	593,004	-	-	593,004
	<u>\$ 3,783,906</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,783,906</u>

NOTE I - CONCENTRATION OF RISK

The Home maintains cash deposits at banks, which at times exceed the federally insured limits. Periodic excess deposits are due primarily to the timing of contributions and grant collections. Management monitors balances and the Home has not experienced any losses on its deposits at banks. The Home did not have any cash deposits at one bank at June 30, 2010 or 2009 which were not insured by the FDIC.

The Foundation maintains investments at a brokerage firm. The accounts contain cash and securities. The balance is insured up to \$500,000, with a limit of \$100,000 for cash, by the Securities Investor Protection Corporation (SIPC). At June 30, 2010 and 2009, the Foundation had approximately \$134,300 and \$488,000 of cash in excess of of SIPC insured limits. The value of securities in the account at June 30, 2010 and 2009, was \$4,622,630 and \$3,783,906, respectively, which is insured up to \$400,000 in the event of theft by a broker, or put at risk when a brokerage fails for other reasons.

HELPING HAND HOME FOR CHILDREN, INC. AND  
HELPING HAND HOME FOUNDATION  
NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2010 and 2009

NOTE J - UT CHARTER SCHOOL

The Home opened the UT Charter School in partnership with the University of Texas in August 2008. The school, which is located on the campus of the Home, enhances the treatment plans of the children for their academic and behavioral needs. The school helps the most socially and academically challenged children by equipping them with the skills they need to succeed in the public school system.

NOTE K - SUBSEQUENT EVENTS

Management of the Home and the Foundation have evaluated subsequent events for disclosure through the date of the report of independent certified public accountants, the date the financial statements were available to be issued.