

HELPING HAND HOME FOR CHILDREN, INC.
AND
THE HELPING HAND HOME FOR CHILDREN FOUNDATION
COMBINED AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

HELPING HAND HOME FOR CHILDREN, INC.
AND THE HELPING HAND HOME FOR CHILDREN FOUNDATION

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Combined Statement of Financial Position	2
Combined Statement of Activities and Changes in Net Assets	3 - 4
Combined Statement of Functional Expenses	5
Combined Statement of Cash Flows	6
Notes to Combined Financial Statements	7 - 15

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying combined statement of financial position of Helping Hand Home for Children, Inc. and The Helping Hand Home for Children Foundation (collectively, Helping Hand) as of June 30, 2011, and the related combined statements of activities and changes in net assets, functional expenses and cash flows for the year then ended. These combined financial statements are the responsibility of Helping Hand's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Helping Hand as of June 30, 2011 and the results of their combined operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Faske Lay & Co., L.L.P.

Austin, Texas
October 25, 2011

HELPING HAND HOME FOR CHILDREN, INC.
AND THE HELPING HAND HOME FOR CHILDREN FOUNDATION
COMBINED STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2011

	Helping Hand Home	Foundation	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 626,183	\$ 872,375	\$ 1,498,558
Investments	-	5,383,383	5,383,383
Accounts receivable	280,724	-	280,724
Prepaid expenses	59,531	-	59,531
Total Current Assets	966,438	6,255,758	7,222,196
Property and Equipment			
Land	659,380	-	659,380
Building and equipment	4,055,207	-	4,055,207
Vehicles	108,914	-	108,914
Accumulated depreciation	(1,785,634)	-	(1,785,634)
Total Property and Equipment	3,037,867	-	3,037,867
Total Assets	\$ 4,004,305	\$ 6,255,758	\$ 10,260,063
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable	\$ 36,435	\$ -	\$ 36,435
Accrued liabilities	173,327	-	173,327
Deferred revenue	434,342	-	434,342
Total Current Liabilities	644,104	-	644,104
Net Assets			
Unrestricted	3,236,860	6,255,758	9,492,618
Temporarily restricted	123,341	-	123,341
Total Net Assets	3,360,201	6,255,758	9,615,959
Total Liabilities and Net Assets	\$ 4,004,305	\$ 6,255,758	\$ 10,260,063

The accompanying notes are an integral part of this financial statement.

HELPING HAND HOME FOR CHILDREN, INC.
AND THE HELPING HAND HOME FOR CHILDREN FOUNDATION
COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Helping Hand Home</u>	<u>Foundation</u>	<u>Total</u>
CHANGES IN UNRESTRICTED NET ASSETS			
Public support and revenue			
Program revenue	\$ 2,729,722	\$ -	\$ 2,729,722
Contributions and public support	267,647	277,335	544,982
Fundraising events	1,203,813	-	1,203,813
In-kind support	274,795	-	274,795
Other revenue	22,977	-	22,977
Investment income	137	973,116	973,253
Gain (loss) on sale of assets	(804)	-	(804)
Total unrestricted public support and revenue	<u>4,498,287</u>	<u>1,250,451</u>	<u>5,748,738</u>
Contributions from Foundation to Home	86,424	(86,424)	-
Contributions from Home to Foundation	(75,000)	75,000	-
Expenses paid from Foundation to Home	12,000	(12,000)	-
Net assets released from restrictions			
Restrictions satisfied by payments	<u>431,991</u>	<u>-</u>	<u>431,991</u>
Total unrestricted public support, revenue and net assets released from restrictions	<u>4,953,702</u>	<u>1,227,027</u>	<u>6,180,729</u>
Expenses			
Program services			
Residential Treatment Center	3,166,077	-	3,166,077
Foster Care	514,776	-	514,776
UT Charter School	283,674	-	283,674
Total program expenses	<u>3,964,527</u>	<u>-</u>	<u>3,964,527</u>
Supporting services			
Management and general	444,854	55,969	500,823
Fundraising	592,086	-	592,086
Total supporting services	<u>1,036,940</u>	<u>55,969</u>	<u>1,092,909</u>
Total expenses	<u>5,001,467</u>	<u>55,969</u>	<u>5,057,436</u>
Increase (decrease) in unrestricted net assets	<u>\$ (47,765)</u>	<u>\$ 1,171,058</u>	<u>\$ 1,123,293</u>

The accompanying notes are an integral part of this financial statement.

HELPING HAND HOME FOR CHILDREN, INC.
AND THE HELPING HAND HOME FOR CHILDREN FOUNDATION
COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Helping Hand Home</u>	<u>Foundation</u>	<u>Total</u>
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS			
Public support and revenue			
Contributions and public support	\$ 18,332	\$ -	\$ 18,332
Grants and contracts	<u>471,037</u>	<u>-</u>	<u>471,037</u>
Total public support and revenue	489,369	-	489,369
Net assets released from restrictions			
Restrictions satisfied by payments	<u>(431,991)</u>	<u>-</u>	<u>(431,991)</u>
Increase in temporarily restricted net assets	<u>57,378</u>	<u>-</u>	<u>57,378</u>
Increase in net assets	9,613	1,171,058	1,180,671
Net assets at beginning of year	<u>3,350,588</u>	<u>5,084,700</u>	<u>8,435,288</u>
Net assets at end of year	<u>\$ 3,360,201</u>	<u>\$ 6,255,758</u>	<u>\$ 9,615,959</u>

The accompanying notes are an integral part of this financial statement.

HELPING HAND HOME FOR CHILDREN, INC.
 AND THE HELPING HAND HOME FOR CHILDREN FOUNDATION
 COMBINED STATEMENT OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED JUNE 30, 2011

	Program Services				Supporting Services		
	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	\$2,387,324	\$ 146,370	\$ 250,662	\$2,784,356	\$ 293,401	\$ 180,587	\$ 473,988
Direct care costs	231,321	341,202	16,446	588,969	-	-	-
Operations costs	14,288	2,863	2,130	19,281	4,038	389,492	393,530
Administrative expenses	37,924	6,888	-	44,812	166,262	2,067	168,329
Payroll taxes	156,830	9,048	5,715	171,593	19,963	12,470	32,433
Facility costs	153,413	6,767	7,855	168,035	622	5,302	5,924
Workers compensation expense	46,565	1,638	866	49,069	1,300	783	2,083
Transportation costs	16,518	-	-	16,518	-	-	-
Total expenses before depreciation	3,044,183	514,776	283,674	3,842,633	485,586	590,701	1,076,287
Depreciation	121,894	-	-	121,894	15,237	1,385	16,622
Total expenses	\$3,166,077	\$ 514,776	\$ 283,674	\$3,964,527	\$ 500,823	\$ 592,086	\$1,092,909
							\$5,057,436

The accompanying notes are an integral part of this financial statement.

HELPING HAND HOME FOR CHILDREN, INC.
AND THE HELPING HAND HOME FOR CHILDREN FOUNDATION
COMBINED STATEMENT OF CASH FLOWS
AS OF JUNE 30, 2011

	Helping Hand Home	Foundation	Total
Cash flows from operating activities			
Increase (decrease) in net assets	\$ 9,613	\$ 1,171,058	\$ 1,180,671
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities			
Depreciation	138,516	-	138,516
Realized gain on investments	-	(137,018)	(137,018)
Unrealized gain on investments	-	(689,284)	(689,284)
Loss on the disposal of property and equipment	804	-	804
Changes in assets and liabilities			
(Increase) decrease in accounts receivable	(41,728)	-	(41,728)
(Increase) decrease in prepaid expenses	3,307	-	3,307
(Increase) decrease in due from Home	8,726	(8,726)	-
Increase (decrease) in accounts payable	(20,614)	-	(20,614)
Increase (decrease) in accrued payroll	(18,545)	-	(18,545)
Increase (decrease) in deferred revenue	111,413	-	111,413
Net cash provided (used) by operating activities	<u>191,492</u>	<u>336,030</u>	<u>527,522</u>
Cash flows from investing activities			
Purchase of investments	-	(932,062)	(932,062)
Proceeds from sales of investments	-	997,611	997,611
Purchase of property and equipment	<u>(17,224)</u>	<u>-</u>	<u>(17,224)</u>
Net cash provided (used) by investing activities	<u>(17,224)</u>	<u>65,549</u>	<u>48,325</u>
Cash flows from financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	174,268	401,579	575,847
Beginning of year cash and cash equivalents	<u>451,915</u>	<u>470,796</u>	<u>922,711</u>
End of year cash and cash equivalents	<u>\$ 626,183</u>	<u>\$ 872,375</u>	<u>\$ 1,498,558</u>

The accompanying notes are an integral part of this financial statement.

HELPING HAND HOME FOR CHILDREN, INC.
AND THE HELPING HAND HOME FOR CHILDREN FOUNDATION
NOTES TO COMBINED FINANCIAL STATEMENTS
AS OF JUNE 30, 2011

NOTE 1 - 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 a residential treatment center, 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.

The residential treatment center focuses on supplanting the self-protective beliefs and socially inappropriate behaviors of the children with pro-social beliefs and collaborative behaviors. The children reside at the home and all of their needs are met through the Home. The UT Charter School is in partnership with the University of Texas, which began 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.

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 for Children 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 board designated funds for the benefit of the Home, and second, to help pay operating expenses incurred by the Home.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Date of Management's Review of Subsequent Events

Management has evaluated subsequent events through the date of the auditors' report, the date which the combined financial statements were available to be issued.

Combined Financial Statements

The accompanying combined financial statements include the financial statements of the Home and the Foundation (collectively, Helping Hand). The Home is the sole corporate member of the Foundation.

HELPING HAND HOME FOR CHILDREN, INC.
AND THE HELPING HAND HOME FOR CHILDREN FOUNDATION
NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED
AS OF JUNE 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Cash and Cash Equivalents

For purposes of the combined statement of cash flows, Helping Hand considers all highly liquid investments with a maturity of twelve months or less to be cash equivalents.

Basis of Presentation

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

As required by the Presentation of Financial Statements Subtopic of the Not-for-Profit Entities Topic of FASB ASC, Helping Hand reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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 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

Helping Hand accounts for contributions in accordance with the requirements of the Revenue Recognition Subtopic of the Not-for Profit Entities Topic of FASB ASC. In accordance with this FASB ASC Topic, 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 THE HELPING HAND HOME FOR CHILDREN FOUNDATION
NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED
AS OF JUNE 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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. Helping Hand considers 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.

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 the 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 has lapsed.

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 combined financial statements.

Use of Estimates

The preparation of combined 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.

HELPING HAND HOME FOR CHILDREN, INC.
AND THE HELPING HAND HOME FOR CHILDREN FOUNDATION
NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED
AS OF JUNE 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Investments

The Foundation has adopted the Investments-Debt and Equity subtopic of the Not-for-Profit Entities topic of FASB ASC. Under this FASB ASC Topic, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the combined statement of financial position. All interest, dividends and realized and unrealized gains and losses are reported in the combined statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law. Any investment received as a gift is recorded at the fair value on the date of receipt.

Accounts Receivable

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

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:

Building and equipment	7 - 39 years
Vehicles	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 \$138,516 was charged to operations for the year ended June 30, 2011. The Home capitalized all fixed assets with a cost greater than or equal to \$5,000 and a useful life greater than one year.

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 activities of the Home.

HELPING HAND HOME FOR CHILDREN, INC.
 AND THE HELPING HAND HOME FOR CHILDREN FOUNDATION
 NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED
 AS OF JUNE 30, 2011

NOTE 3 - INVESTMENTS

The Foundation's investment securities at June 30, 2011 are as follows:

	Cost	Market Value
Common stock	\$ 3,146,483	\$ 3,803,662
Corporate bonds	974,427	1,046,776
Governmental agencies	509,409	532,945
	<u>\$ 4,630,319</u>	<u>\$ 5,383,383</u>

The Foundation's investment returns for the year ended June 30, 2011 are as

Interest and dividend income	\$ 146,814
Realized gain	137,018
Unrealized gain	689,284
	<u>\$ 973,116</u>

NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes as of June 30, 2011:

Grants specified for program services	\$ 94,404
Gifts specified for program services	22,712
Benevolent fund - society members	6,225
	<u>\$ 123,341</u>

NOTE 5 - BOARD DESIGNATED NET ASSETS

The Foundation's Board designated the Foundation's unrestricted net assets as follows as of June 30, 2011. The Board monitors the balance of the net assets of the Foundation and with the approval of the Home's Board may change the designation at its discretion.

Home Fund	\$ 2,333,508
Reserve Fund	3,015,290
Capital Improvement Fund	659,424
Scholarship Fund	247,536
	<u>\$ 6,255,758</u>

HELPING HAND HOME FOR CHILDREN, INC.
AND THE HELPING HAND HOME FOR CHILDREN FOUNDATION
NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED
AS OF JUNE 30, 2011

NOTE 6 - REVOLVING LINE OF CREDIT

The Home has a revolving line of credit of \$150,000 at June 30, 2011. The line had no outstanding balance at June 30, 2011. Interest payments on the credit line are due monthly at a rate equal to the Prime Rate plus 2.6%. The credit line is secured by deposit accounts held by the lender and certain real property owned by the Home. The credit line does not expire until canceled by the Home.

NOTE 7 - IN KIND CONTRIBUTIONS

The Home receives various types of in-kind contributions. In-kind contributions are recognized at fair value when received and are reflected in the combined financial statements as in-kind support, which is offset by like amounts included in expenses. Contributed services are recognized at fair market value if the service (a) creates or enhances long-lived assets or (b) requires specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Home received \$80,010 in contributed assets and recognized \$194,785 in contributed services for the year ended June 30, 2011.

In addition, a number of volunteers donated approximately 11,748 hours to the Home's program and support services for the year ended June 30, 2011. These contributed services are not reflected in the combined financial statements since these services do not meet the criteria for recognition.

NOTE 8 - PENSION CONTRIBUTION

The Home established a pension plan in 1991, which was 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 contribution for the year ended June 30, 2011 was \$49,464.

NOTE 9 - 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.

HELPING HAND HOME FOR CHILDREN, INC.
 AND THE HELPING HAND HOME FOR CHILDREN FOUNDATION
 NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED
 AS OF JUNE 30, 2011

NOTE 9 - COMMITMENTS AND CONTINGENCIES (Continued)

Operating Lease

The Home leases its copier under an operating lease agreement expiring in February 2013. Lease expense totaled \$7,212 for the year ended June 30, 2011. Minimum future lease payments under the lease are as follows:

For the year ended:		
June 30, 2012	\$	7,212
June 30, 2013		<u>5,409</u>
	<u>\$</u>	<u>12,621</u>

NOTE 10 - FAIR VALUE MEASUREMENTS

The Foundation has adopted the Fair Value Measurements and Disclosure topic of FASB ASC, which establishes a framework for measuring fair value. That framework provides a fair value hierarchy which 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 the Fair Value Measurements and Disclosure topic of FASB ASC 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 market;

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

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.

HELPING HAND HOME FOR CHILDREN, INC.
 AND THE HELPING HAND HOME FOR CHILDREN FOUNDATION
 NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED
 AS OF JUNE 30, 2011

NOTE 10 - FAIR VALUE MEASUREMENTS - CONTINUED

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

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, 2011.

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 and liabilities measured at fair value on a recurring basis as of June 30, 2011.

	Level 1	Level 2	Level 3
Common stock	\$ 3,803,662	\$ -	\$ -
Corporate bonds	1,046,776	-	-
Government agencies	532,945	-	-
	<u>\$ 5,383,383</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 11 - CONCENTRATION OF RISK

Helping Hand 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 Helping Hand has not experienced any losses on its deposits at banks. Helping Hand had uninsured cash of \$151,156 as of June 30, 2011.

HELPING HAND HOME FOR CHILDREN, INC.
 AND THE HELPING HAND HOME FOR CHILDREN FOUNDATION
 NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED
 AS OF JUNE 30, 2011

NOTE 11 - CONCENTRATION OF RISK - CONTINUED

The Foundation has significant investments in money market funds, stocks, and bonds and is therefore subject to risk. Investments are made by investment managers engaged by the Foundation and are monitored by the Foundation's Board. Though the market value of investments is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of the Home.

The brokerage firm engaged by the Foundation is a member of the Securities Investor Protection Corporation (SIPC). The SIPC helps investors whose money, stocks and other securities are stolen by a broker or put at risk when a brokerage fails for other reasons, up to a ceiling of \$500,000 per investor, including a maximum of \$250,000 for cash claims. The Foundation had cash and investments totaling \$5,507,252 in excess of this ceiling as of June 31, 2011.

NOTE 12 - RESTATEMENT OF PRIOR PERIOD NET ASSETS

Net assets at June 30, 2010 have been restated to properly reflect unrestricted and temporarily restricted net assets per donor instructions and expense accruals. See below:

	<u>June 30, 2010</u>	<u>Adjustments</u>	<u>Adjusted at June 30, 2010</u>
Unrestricted net assets	\$ 8,343,557	\$ 25,768	\$ 8,369,325
Temporarily restricted net assets	<u>119,483</u>	<u>(53,520)</u>	<u>65,963</u>
	<u>\$ 8,463,040</u>	<u>\$ (27,752)</u>	<u>\$ 8,435,288</u>