nonPAREIL INSTITUTE

Plano, Texas

FINANCIAL STATEMENTS

AS OF

DECEMBER 31, 2010 and 2009

TOGETHER WITH

INDEPENDENT AUDITORS' REPORT

Schnaufer & Walker, P.C.
Certified Public Accountants
Dallas, Texas

Schnaufer & Walker, P.C.
Certified Public Accountants
2695 Villa Creek Drive, Suite 268
Dallas, Texas 75234
www.TheNonprofitCPA.org
Office: (972) 798-2046 Fax: (866) 334-1362

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
nonPareil Institute
Plano, Texas

We have audited the accompanying statements of financial position of **nonPareil Institute** (a Texas not-for-profit corporation) as of December 31, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization'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 financial position of **nonPareil Institute** 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.

Schnaufer & Walker, P.C.

Dallas, Texas
February 7, 2011

nonPAREIL INSTITUTE
STATEMENTS OF FINANCIAL POSITION
December 31, 2010 and 2009

	2010	2009
ASSETS		
Current assets:		
Cash and cash equivalents	$ 94,002	$ 4,657
Accounts receivable	11,750	-
Prepaid assets	4,243	-
Total current assets	109,995	4,657
Long-term assets:		
Property and equipment, - net of accumulated depreciation	75,592	6,444
Total long-term assets	75,592	6,444
TOTAL ASSETS	$ 185,587	$ 11,101
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	$ 13,710	$ 275
Deferred revenue	15,000	-
TOTAL LIABILITIES	28,710	275
Commitments and contingencies	-	-
NET ASSETS		
Unrestricted	85,710	10,826
Temporarily restricted net assets	71,167	-
TOTAL NET ASSETS	156,877	10,826
TOTAL LIABILITIES AND NET ASSETS	$ 185,587	$ 11,101

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

nonPAREIL INSTITUTE
STATEMENTS OF ACTIVITIES
For The Years Ended December 31, 2010 and 2009

	2010	2009
CHANGES IN UNRESTRICTED NET ASSETS		
Revenue and other support:		
Contributions	$ 123,252	$ 11,833
Gifts in kind	71,047	15,565
Training fees	40,500	-
Contributed skilled services	5,950	5,410
Fundraising	2,728	-
Interest income	476	-
Temporarily restricted net assets released	45,833	
Total revenue and other support	289,786	32,808
Expenses:		
Program services:	134,809	16,751
Supporting services:		
Management	65,990	4,742
Fundraising	14,103	489
Total supporting services	80,093	5,231
Total expenses	214,902	21,982
Increase in unrestricted net assets	74,884	10,826
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Temporarily restricted contributions	117,000	-
Net assets released from restrictions	(45,833)	-
Increase in temporarily restricted net assets	71,167	-
INCREASE IN NET ASSETS	146,051	10,826
NET ASSETS AT BEGINNING OF YEAR	10,826	-
NET ASSETS AT END OF YEAR	$ 156,877	$ 10,826

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

nonPAREIL INSTITUTE
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended December 31, 2010

	Program services	Supporting services			
	Programs	Management and general	Fundraising	Total	Total
Accounting	$ -	$ 3,000	$ -	$ 3,000	$ 3,000
Bank charges	269	81	-	81	350
Books, subscriptions, and reference materials	260	35	102	137	397
Compensation and benefits	68,923	46,910	11,823	58,733	127,656
Contract services	9,950	-	-	-	9,950
Depreciation	9,416	269	-	269	9,685
Hardware	6,356	1,079	362	1,441	7,797
Insurance	229	26	-	26	255
Internet services	717	743	-	743	1,460
Legal fees	-	1,334	-	1,334	1,334
Moving expenses	-	1,359	-	1,359	1,359
Office supplies	2,206	1,958	102	2,060	4,266
Postage and mailing	24	99	67	166	190
Printing and copying	186	742	-	742	928
Promotional items	1,577	1,898	48	1,946	3,523
Rent	16,323	1,353	-	1,353	17,676
Software and licenses	13,961	698	-	698	14,659
Telephone	853	852	149	1,001	1,854
Travel and meetings	3,559	3,554	1,450	5,004	8,563
	$ 134,809	$ 65,990	$ 14,103	$ 80,093	$ 214,902

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

nonPAREIL INSTITUTE
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended December 31, 2009

	Program services	Supporting services			
	Programs	Management and general	Fundraising	Total	Total
Accounting	$ -	$ 175	$ -	$ 175	$ 175
Bank charges	-	-	15	15	15
Books, subscriptions, and reference materials	77	-	-	-	77
Contract services	4,600	1,016	-	1,016	5,616
Depreciation	1,156	-	-	-	1,156
Hardware	2,447	11	-	11	2,458
Internet services	-	51	-	51	51
Legal fees	-	1,000	-	1,000	1,000
Office supplies	682	98	-	98	780
Postage and mailing	-	98	-	98	98
Printing and copying	-	459	153	612	612
Promotional items	248	-	-	-	248
Registration fees	-	952	-	952	952
Rent	7,360	-	-	-	7,360
Software and licenses	181	-	-	-	181
Travel and meetings	-	882	321	1,203	1,203
	$ 16,751	$ 4,742	$ 489	$ 5,231	$ 21,982

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

nonPAREIL INSTITUTE
STATEMENTS OF CASH FLOWS
For The Years Ended December 31, 2010 and 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	$ 146,051	$ 10,826
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	9,685	1,156
Change in operating assets and liabilities:		
(Increase) in accounts receivable	(11,750)	-
(Increase) in prepaid expenses	(4,243)	-
Increase in accounts payable and accrued liabilities	13,435	275
Increase in deferred revenue	15,000	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	168,178	12,257
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(78,833)	(7,600)
NET CASH USED IN INVESTING ACTIVITIES	(78,833)	(7,600)
NET INCREASE IN CASH	89,345	4,657
BEGINNING CASH AND CASH EQUIVALENTS	4,657	-
ENDING CASH AND CASH EQUIVALENTS	$ 94,002	$ 4,657

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

NOTE A – ORGANIZATION AND NATURE OF ACTIVITIES

nonPareil Institute (the Organization) is a Texas not-for-profit corporation and is located in Plano, Texas. The Organization is dedicated to providing technical and other training to students who have been diagnosed with autism. The focus of its programs will be to prepare these individuals for the possibility to enter into employment at some point in their future. **nonPareil Institute** hopes to help them learn teamwork, create s sense of community, and achieve fulfilled lives. The programs at **nonPareil Institute** are technology-based and make use of artistic software, code generation products, 3D animation studio tools, digital sound applications, and other creativity enabling tools. The Organization's revenue consists of free-will donations, gifts in kind, training fees, fundraising, and interest income.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. Under the accrual method of accounting, revenues are recorded when earned and expenses are recorded when incurred. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

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 Service as other than a private foundation. The Organization is required to file annual reports to the Internal Revenue Service, Form 990, Return of Organizations Exempt From Federal Income Tax. nonPareil Institute is in compliance with all federal tax filings as of December 31, 2010.

Basis of Presentation

Financial statement presentation follows the recommendations of the Statement of Financial Accounting Standards No. 117, *Financial Statements of Not-for-Profit Organizations* (SFAS No. 117), superseded by FASB ASC 958 - codified September 15, 2009. Under FASB ASC 958, the Organization is required to report 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.

Fair Value of Financial Instruments

The Organization's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses. Accounts receivable, accounts payable, and accrued expenses are stated at cost which approximates fair value. Cash and cash equivalents are stated at fair value.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less, when purchased, to be cash equivalents.

Property and Equipment

It is the Organization's policy to capitalize property and equipment over $1,000. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Property and equipment are depreciated using the straight-line method, ranging from three to seven years. Expenditures for repairs and maintenance are charged to operating expense as incurred.

Net Assets

The Organization's net assets, revenues and gains, and expenses are classified as temporarily restricted and unrestricted net assets based on the existence or absence of donor imposed restrictions. Temporarily restricted net assets contain donor imposed restrictions that permit the Organization to use or expend the donated assets as specified and are satisfied by either the passage of time or the actions of the Organization, depending upon the stipulation of the donor. Unrestricted net assets are not restricted by donors, or the donor imposed restrictions have expired.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of the contribution is accomplished, temporarily restricted net assets are classified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Noncash Donations and Contributed Services

Donated materials, fixed assets, and certain services are reflected as contributions at their estimated fair values on the date of receipt and are recorded in the appropriate asset or expense account. Services are recorded if they create or enhance nonfinancial assets or require special skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Classification of Revenue and Expense

Operating activities include items which are directly related to the Organization or are essential support elements of those programs. The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program activities and supporting services in the statement of functional expenses. Depreciation expense has been allocated to the related operating activities.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles generally accepted in the United States of America 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE C – PROPERTY AND EQUIPMENT

The Organization's property and equipment consists of the following at December 31:

	2010	2009
Property and equipment:		
Computer software	**$ 33,712**	$ -
Computer hardware	**29,928**	7,600
Furniture and equipment	**14,570**	-
Leasehold improvements	**8,222**	-
	86,433	7,600
Accumulated depreciation	**(10,841)**	(1,156)
Property and equipment, net	**$ 75,592**	$ 6,444

The Organization expensed $9,685 and $1,156 to depreciation expense for the years ended December 31, 2010 and 2009, respectively.

NOTE D – CONCENTRATION OF REVENUE

In 2010, the Organization had one family with a child with autism donate about $210,000. This was 58% of the approximately $361,000 in total revenue received by the Organization for the fiscal year ending December 31, 2010.

NOTE E – TEMPORARILY RESTRICTED CONTRIBUTIONS

Temporarily restricted contributions are net assets subject to restrictions imposed by the Organization or donor that may or will be met by actions of the Board and/or passage of time. When the restriction expires (i.e., when a stipulated time restriction ends or the Board fulfills the purpose for which the net assets were restricted), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. For the year ended December 31, 2010, there was $110,000 of temporarily restricted contributions given to the Organization to help pay for officers' salaries. For the year ended December 31, 2010 there was $7,000 of temporarily restricted contributions given to the Organization for tuition scholarships.

NOTE F – NET ASSETS RELEASED FROM RESTRICTIONS

Temporarily restricted net assets of $45,833 were released from donor restrictions by incurring expenses satisfying the restricted purposes for the year ended December 31, 2010. The temporarily restricted net assets were spent on officers' salaries.