

nonPAREIL INSTITUTE

Plano, Texas

FINANCIAL STATEMENTS

As of

DECEMBER 31, 2011

TOGETHER WITH

INDEPENDENT AUDITORS' REPORT

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

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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, 2011 and the related statements of activities and cash flows for the year 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 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 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 audit 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, 2011 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Schnauffer & Walker, P.C.

Dallas, Texas
January 25, 2012

nonPAREIL INSTITUTE
STATEMENT OF FINANCIAL POSITION
December 31, 2011

ASSETS

Current assets:

Cash and cash equivalents	\$	50,561
Accounts receivable		14,592
Prepaid expenses		7,894
Total current assets		<u>73,047</u>

Long-term assets:

Property and equipment, - net of accumulated depreciation		112,846
Total long-term assets		<u>112,846</u>

TOTAL ASSETS \$ 185,893

LIABILITIES

Current liabilities:

Accounts payable and accrued expenses	\$	28,726
Deferred revenue		17,000
TOTAL LIABILITIES		<u>45,726</u>

Commitments and contingencies -

NET ASSETS

Unrestricted		128,867
Temporarily restricted net assets		11,300
TOTAL NET ASSETS		<u>140,167</u>

TOTAL LIABILITIES AND NET ASSETS \$ 185,893

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

nonPAREIL INSTITUTE
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2011

CHANGES IN UNRESTRICTED NET ASSETS

Revenue and other support:	
Training fees	\$ 233,050
Texas Department for Assistive and Rehabilitative Services	135,347
Contributions	109,237
Gifts in kind	65,646
Fundraising	29,313
Miscellaneous income	956
Interest income	146
Net assets released from restrictions	66,067
Total revenue and other support	<u>639,762</u>
Expenses:	
Program services	483,505
Supporting services:	
Management and general	109,516
Fundraising	3,584
Total supporting services	<u>113,100</u>
Total expenses	<u>596,605</u>
Increase in unrestricted net assets	<u>43,157</u>
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS	
Temporarily restricted contributions	6,200
Net assets released from restrictions	(66,067)
Decrease in temporarily restricted net assets	<u>(59,867)</u>
DECREASE IN NET ASSETS	(16,710)
NET ASSETS AT BEGINNING OF YEAR	156,877
NET ASSETS AT END OF YEAR	<u>\$ 140,167</u>

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

nonPAREIL INSTITUTE
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended December 31, 2011

	Program services		Supporting services			Totals
	Programs	Management and general	Fundraising	Total	Totals	
Bad debt	\$ 125	-	-	\$ -	\$ -	125
Bank charges	87	850	11		861	948
Books, subscriptions and reference	181	181	-		181	362
Compensation and benefits	346,492	83,776	1,604		85,380	431,872
Contract services	-	750	-		750	750
Cost of goods sold	30,865	-	-		-	30,865
Depreciation	30,706	358	1		359	31,065
Donated facilities	12,360	30	-		30	12,390
Donated furniture	1,020	223			223	1,243
Fundraising	-	-	1,784		1,784	1,784
Hardware	15,810	1,574	-		1,574	17,384
Insurance	707	2,209	-		2,209	2,916
Internet services	4,418	33	99		132	4,550
Office supplies	5,135	3,071	-		3,071	8,206
Professional fees	-	8,705	-		8,705	8,705
Postage and mailing	3	336	20		356	359
Printing and copying	221	446	-		446	667
Promotional items	3,785	307	-		307	4,092
Repairs and maintenance	717	162	-		162	879
Rent	20,474	2,263	21		2,284	22,758
Scholarship	1,900	-	-		-	1,900
Software and licenses	2,540	570	-		570	3,110
Telephone	3,045	1,301	-		1,301	4,346
Travel and meetings	2,914	2,371	44		2,415	5,329
Totals	\$ 483,505	\$ 109,516	\$ 3,584	\$ 113,100	\$ 596,605	

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

nonPAREIL INSTITUTE
STATEMENT OF CASH FLOWS
For The Year Ended December 31, 2011

CASH FLOWS FROM OPERATING ACTIVITIES:

Decrease in net assets	\$ (16,710)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:	
Depreciation	31,065
Change in operating assets and liabilities:	
Increase in accounts receivable	(2,842)
Increase in prepaid expenses	(3,651)
Increase in accounts payable and accrued expenses	15,016
Increase in deferred revenue	2,000
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>24,878</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of property and equipment	<u>(68,319)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(68,319)</u>

NET DECREASE IN CASH	(43,441)
BEGINNING CASH AND CASH EQUIVALENTS	94,002
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 50,561</u>

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

nonPAREIL INSTITUTE
NOTES TO FINANCIAL STATEMENTS – Page 1 of 4

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 a 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, 2011.

Basis of Presentation

Financial statement presentation follows the recommendations of FASB ASC 958, *Revenue Recognition – Contributions Received*, where 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.

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NOTES TO FINANCIAL STATEMENTS – Page 2 of 4

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.

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NOTES TO FINANCIAL STATEMENTS – Page 3 of 4

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, 2011:

Property and equipment:	
Computer hardware	\$ 68,733
Computer software	60,126
Furniture and equipment	16,112
Leasehold improvements	9,781
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	154,752
Accumulated depreciation	<hr/>
	(41,906)
	<hr/>
Property and equipment, net	\$ 112,846

The Organization expensed \$31,065 to depreciation expense for the years ended December 31, 2011.

NOTE D – 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, 2011 there was \$6,200 of temporarily restricted contributions given to the Organization for scholarships.

NOTE E – NET ASSETS RELEASED FROM RESTRICTIONS

Temporarily restricted net assets of \$66,067 were released from donor restrictions by incurring expenses satisfying the restricted purposes for the year ended December 31, 2011. The temporarily restricted net assets spent were \$64,167 on officers' salaries and \$1,900 on scholarships.

NOTE F – SUBSEQUENT EVENTS

FASB ASC 855-10 requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date. That is, whether that date represents the date the financial statements were issued or were available to be issued. The Organization has evaluated subsequent events for potential recognition and/or disclosure in these financial statements through January 25, 2012, the date that the financial statements were available to be issued.