

**DEPRESSION AND BIPOLAR SUPPORT  
ALLIANCE GREATER HOUSTON**  
(A Texas Non-Profit Organization)

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FINANCIAL STATEMENTS – MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2011

GAINERDONNELLY&DESROCHES



DEPRESSION AND BIPOLAR SUPPORT ALLIANCE  
GREATER HOUSTON  
(A Texas Non-Profit Organization)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Depression and Bipolar Support  
Alliance Greater Houston  
Houston, Texas

We have audited the accompanying statement of assets, liabilities, and net assets - modified cash basis of Depression and Bipolar Support Alliance Greater Houston (a Texas non-profit organization) (the "Organization") as of December 31, 2011, and the related statement of revenues, expenses, and other changes in net assets - modified cash basis 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 provides a reasonable basis for our opinion.

As described in Note 2, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Depression and Bipolar Support Alliance Greater Houston as of December 31, 2011, and its revenue and expenses for the year then ended, on the basis of accounting described in Note 2.

*Gainer, Donnelly & Desroches, LLP*

May 11, 2012



DEPRESSION AND BIPOLAR SUPPORT ALLIANCE GREATER HOUSTON  
(A Texas Non-Profit Organization)  
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS  
DECEMBER 31, 2011

ASSETS

|                             |                   |
|-----------------------------|-------------------|
| CURRENT ASSETS:             |                   |
| Cash                        | \$ 497,975        |
| Money Market Fund           | <u>250,081</u>    |
| Total Current Assets        | 748,056           |
| PROPERTY AND EQUIPMENT, NET | 36,719            |
| OTHER ASSET - DEPOSIT       | <u>6,075</u>      |
| TOTAL ASSETS                | <u>\$ 790,850</u> |

LIABILITIES AND NET ASSETS

COMMITMENTS AND CONTINGENCIES

|                                  |                   |
|----------------------------------|-------------------|
| NET ASSETS:                      |                   |
| Unrestricted                     | \$ 782,775        |
| Temporarily Restricted           | <u>8,075</u>      |
| Total Net Assets                 | <u>790,850</u>    |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 790,850</u> |

The accompanying notes are an integral part of these financial statements - modified cash basis.



DEPRESSION AND BIPOLAR SUPPORT ALLIANCE GREATER HOUSTON  
(A Texas Non-Profit Organization)  
STATEMENT OF REVENUES, EXPENSES, AND OTHER  
CHANGES IN NET ASSETS - MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2011

UNRESTRICTED NET ASSETS:

|  |                   |
|--|-------------------|
| Revenue and Other Support:   |                   |
| Contributions  | \$ 748,820        |
| Investment Income  | 808               |
| Other Revenue  | <u>8,688</u>      |
| Total Unrestricted Revenue and Other Support   | 758,316           |
| Net Assets Released from Restrictions:   |                   |
| Satisfaction of Program Restrictions   | <u>30,525</u>     |
| Total Unrestricted Revenue, Other Support and Net Assets<br>Released from Restrictions | 788,841           |
| Expenses:  |                   |
| Salaries, Wages and Benefits   | 307,521           |
| Insurance  | 8,052             |
| Legal and Professional Fees  | 59,690            |
| Office Expense   | 15,306            |
| Other Expenses   | 12,351            |
| Postage and Shipping   | 5,928             |
| Printing and Publications  | 20,272            |
| Professional Fees - Development  | 95,536            |
| Program Facilitators and CPS   | 112,923           |
| Rent   | 30,038            |
| Telephone  | 8,577             |
| Training and Education   | 4,058             |
| Travel and Entertainment   | 1,469             |
| Volunteer Support  | 3,403             |
| Fundraising  | 1,318             |
| Depreciation   | <u>3,253</u>      |
| Total Expenses   | <u>689,695</u>    |
| INCREASE IN UNRESTRICTED NET ASSETS  | 99,146            |
| UNRESTRICTED NET ASSETS, BEGINNING OF YEAR   | <u>683,629</u>    |
| UNRESTRICTED NET ASSETS, END OF YEAR   | \$ <u>782,775</u> |

The accompanying notes are an integral part of these financial statements - modified cash basis.



DEPRESSION AND BIPOLAR SUPPORT ALLIANCE GREATER HOUSTON  
 (A Texas Non-Profit Organization)  
 STATEMENT OF REVENUES, EXPENSES, AND OTHER  
 CHANGES IN NET ASSETS - MODIFIED CASH BASIS - CONTINUED  
 FOR THE YEAR ENDED DECEMBER 31, 2011

|  |                          |
|--|--------------------------|
| TEMPORARILY RESTRICTED NET ASSETS:                                       |                          |
| Net Assets Released from Restrictions                                    | \$ (30,525)              |
| TEMPORARILY RESTRICTED NET ASSETS, BEGINNING OF YEAR                     | <u>38,600</u>            |
| TEMPORARILY RESTRICTED NET ASSETS, END OF YEAR                           | <u>8,075</u>             |
| TOTAL UNRESTRICTED AND TEMPORARILY RESTRICTED<br>NET ASSETS, END OF YEAR | \$ <u><u>790,850</u></u> |

The accompanying notes are an integral part of these financial statements - modified cash basis.



DEPRESSION AND BIPOLAR SUPPORT ALLIANCE GREATER HOUSTON  
(A Texas Non-Profit Organization)  
NOTES TO THE FINANCIAL STATEMENTS – MODIFIED CASH BASIS

NOTE 1 - ORGANIZATION

Depression and Bipolar Support Alliance Greater Houston, a Texas non-profit organization (the "Organization") was organized in the state of Texas in October 2003 to provide free, volunteer-facilitated support groups for people with depression and bipolar disorders and for their families and friends. The Organization also provides educational information to further understanding of these treatable diseases.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under that basis, certain revenues and the related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligations are incurred. Consequently, the Organization has not recognized pledges receivable from donors, recorded accounts payable to vendors, and the related effects on the change in net assets are not reflected in the accompanying financial statements.

Financial Statement Presentation

The Organization's resources are reported for accounting purposes in separate classes of net assets based on the existence or absence of donor-imposed restrictions. Accordingly, 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. Unrestricted net assets may be designated for specific purpose by action of the Board.
- Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the School and/or passage of time. This classification includes contributions and unconditional promises to give for which the ultimate purpose of the proceeds is not permanently restricted.
- Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. At December 31, 2011, the Organization had no permanently restricted net assets.

Cash Concentration

At various times during the year, the Organization may have bank deposits in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits. Management believes any credit risk is low due to the overall financial strength of the financial institution.

Property and Equipment

Property and equipment are recorded at cost, or if donated, at the approximate fair value on the date of donation. The cost of property and equipment purchased in excess of \$1,000 is capitalized. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets. Routine maintenance, repair, renewal and replacement costs are charged against operations in the year incurred.



DEPRESSION AND BIPOLAR SUPPORT ALLIANCE GREATER HOUSTON  
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NOTES TO THE FINANCIAL STATEMENTS – MODIFIED CASH BASIS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Contributions

The Organization records contributions and grants when they are received. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions.

Donated Assets and Services

Donated assets, including contributions of materials, furniture and equipment, are recorded as support at their fair market values at date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. In 2011, the Organization received \$28,402 in donated materials and furniture and equipment which have been recorded as contributions in the statement of revenue, expenses, and other changes net assets – modified cash basis.

Many individuals volunteer their time and perform a variety of tasks that assist the Organization with its programs. The value of the contributed time is not reflected in these statements because it does not require specialized skills or create or enhance a nonfinancial asset.

Concentration of Credit Risk

For the year ended December 31, 2011, approximately 42% of the Organization's contributions were concentrated in five donors.

Functional Allocation of Expenses

The costs of providing various program and other activities have been summarized on a natural basis in the statement of activities and changes in net assets – modified cash basis. Approximately 85% of the Organization's expenses related to program services, 10% to supporting services, and 5% to fundraising and development activities.

Advertising Costs

Advertising costs are charged to earnings as paid. Advertising costs for the year ended December 31, 2011 totaled \$7,357.

Federal Income Tax

The Organization is a non-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization was granted an individual ruling under the same section and has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code and, as such, qualifies as a charitable deduction for amounts contributed by individual donors.

The Organization follows guidance that clarifies the accounting for uncertainty in income taxes recognized for financial statement reporting purposes. Based on its evaluation, the Organization has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements. The Organization's evaluation was performed for tax periods ended December 31, 2008 through December 31, 2011 for U.S. Federal tax years which principally remain subject to examination by major tax jurisdictions as of December 31, 2011.



DEPRESSION AND BIPOLAR SUPPORT ALLIANCE GREATER HOUSTON  
(A Texas Non-Profit Organization)  
NOTES TO THE FINANCIAL STATEMENTS – MODIFIED CASH BASIS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fair Value Considerations

The Organization uses fair value to measure monetary and certain nonmonetary assets and liabilities. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The fair value hierarchy established and prioritized fair value measurements into three levels based on the nature of the inputs. The hierarchy gives the highest priority to inputs based on market data from independent sources (observable inputs-Level 1) and the lowest priority to a reporting entity's internal assumptions based upon the best information available when external market data is limited or unavailable (unobservable inputs-Level 3).

The fair value option allows entities to choose, at specified election dates, to measure eligible financial assets and financial liabilities at fair value that are not otherwise required to be measured at fair value. If an organization elects the fair value option for an eligible item, changes in that item's fair value in subsequent reporting periods must be recognized in current earnings. The Organization did not elect the fair value option for the measurement of any eligible assets or liabilities.

The Organization's financial instruments consist of cash and cash equivalents. Management believes the carrying amounts of these financial instruments approximate their fair values.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Estimates that have the most impact on financial position and results of operations primarily relate to the useful lives of property and equipment. Management believes these estimates and assumptions provide a reasonable basis for the fair presentation of the financial statements.

Subsequent Events

The Organization has evaluated subsequent events through the time the financial statements are available for issuance on May 11, 2012. No matters were identified affecting the accompanying financial statements and related disclosures.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment and their estimated useful lives are summarized as follows:

|                                | Lives<br>(Years) |                  |
|--------------------------------|------------------|------------------|
| Leasehold Improvements         | 5                | \$ 13,609        |
| Office Equipment               | 5                | 16,402           |
| Furniture and Fixtures         | 7                | <u>16,317</u>    |
|                                |                  | 46,328           |
| Less: Accumulated Depreciation |                  | <u>(9,609)</u>   |
| Net Property and Equipment     |                  | \$ <u>36,719</u> |

Depreciation expense for the year ended December 31, 2011 totaled \$3,253.



DEPRESSION AND BIPOLAR SUPPORT ALLIANCE GREATER HOUSTON  
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NOTES TO THE FINANCIAL STATEMENTS – MODIFIED CASH BASIS

NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2011, temporarily restricted net assets totaling \$8,075 are available for various purposes including senior citizen support groups and adolescent support groups. During the year ended December 31, 2011, \$30,525 was released from donor restrictions.

NOTE 5 - OPERATING LEASE

The Organization leases office space under an operating lease which expires in January 2017. The Organization also leases certain office equipment under a month-to-month lease. Rent expense related to these operating leases totaled \$30,899 for the year ended December 31, 2011. Future minimum lease payments remaining under the office space lease at December 31, 2011 are as follows:

| <u>Year Ending</u><br><u>December 31,</u> |                   |
|---|-------------------|
| 2012                                      | \$ 33,964         |
| 2013                                      | 30,151            |
| 2014                                      | 31,059            |
| 2015                                      | 31,981            |
| 2016                                      | 32,929            |
| Thereafter                                | <u>1,689</u>      |
| Total                                     | \$ <u>161,773</u> |

NOTE 6 - RETIREMENT PLAN

The Organization offers a Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) retirement plan to eligible employees. Employees may contribute to the plan up to the maximum amount allowed by law. The Organization matches an employee's contributions up to a limit of 3% of the employee's contributions. All employer contributions vest immediately. Employer contributions for the year ended December 31, 2011 totaled \$5,100 and is included in salaries, wages and benefits in the accompanying financial statements.