

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

FINANCIAL STATEMENTS – MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

GAINER DONNELLY & DESROCHES

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

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT.....	1
FINANCIAL STATEMENTS	
Statement of Assets, Liabilities and Net Assets - Modified Cash Basis.....	2
Statement of Activities and Changes in Net Assets - Modified Cash Basis.....	3
Notes to the Financial Statements	5

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, 2010, and the related statement of activities and 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, 2010, and its support, revenue, and expenses for the year then ended, on the basis of accounting described in Note 2.

Gainer Donnelly & Desroches LLP

May 19, 2011

DEPRESSION AND BIPOLAR SUPPORT ALLIANCE GREATER HOUSTON
(A Texas Non-Profit Organization)
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2010

ASSETS

CURRENT ASSETS:

Cash	\$ 221,655
Money Market Fund	<u>498,027</u>
Total Current Assets	719,682

PROPERTY AND EQUIPMENT, NET	<u>2,548</u>
-----------------------------	--------------

TOTAL ASSETS	<u><u>\$ 722,230</u></u>
--------------	--------------------------

LIABILITIES AND NET ASSETS

COMMITMENTS AND CONTINGENCIES

NET ASSETS:

Unrestricted	\$ 683,630
Temporarily Restricted	<u>38,600</u>
Total Net Assets	<u>722,230</u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 722,230</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)
STATEMENT OF ACTIVITIES AND
CHANGES IN NET ASSETS - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

UNRESTRICTED NET ASSETS:

Revenue and Other Support:

Contributions	\$ 618,546
Investment Income	475
Other Revenue	<u>5,340</u>

Total Unrestricted Revenue and Other Support 624,361

Net Assets Released from Restrictions:

Satisfaction of Program Restrictions	<u>54,513</u>
--------------------------------------	---------------

Total Unrestricted Revenue, Other Support and Net Assets
Released from Restrictions 678,874

Expenses:

Salaries, Wages and Benefits	360,991
Contract Labor	225
Insurance	9,143
Legal and Professional	26,643
Office Expense	16,230
Other Expenses	2,039
Postage and Shipping	5,127
Printing and Publications	20,334
Program Facilitators and CPS	105,423
Rent	38,069
Telephone	4,938
Training and Education	6,672
Travel and Entertainment	2,017
Volunteer Support	2,053
Fundraising	921
Depreciation	<u>1,607</u>

Total Expenses 602,432

INCREASE IN UNRESTRICTED NET ASSETS 76,442

UNRESTRICTED NET ASSETS, BEGINNING OF YEAR 607,188

UNRESTRICTED NET ASSETS, END OF YEAR \$ 683,630

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 ACTIVITIES AND
 CHANGES IN NET ASSETS - MODIFIED CASH BASIS - CONTINUED
 FOR THE YEAR ENDED DECEMBER 31, 2010

TEMPORARILY RESTRICTED NET ASSETS:	
Contributions	\$ 63,400
Net Assets Released from Restrictions	<u>(54,513)</u>
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	8,887
TEMPORARILY RESTRICTED NET ASSETS, BEGINNING OF YEAR	<u>29,713</u>
TEMPORARILY RESTRICTED NET ASSETS, END OF YEAR	<u>38,600</u>
TOTAL UNRESTRICTED AND TEMPORARILY RESTRICTED NET ASSETS, END OF YEAR	<u><u>\$ 722,230</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 School. Generally, the donors of these assets permit the School to use all of, or part of, the income earned on the related investments for specific purposes.

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
(A Texas Non-Profit Organization)
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.

Contributed Services

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, 2010, approximately 32% of the Organization's contributions were concentrated in four 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, 2010 totaled \$7,526.

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, 2007 through December 31, 2010 for U.S. Federal tax years which principally remain subject to examination by major tax jurisdictions as of December 31, 2010.

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 19, 2011. No matters were identified affecting the accompanying financial statements.

NOTE 3 - PROPERTY AND EQUIPMENT

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

	<u>Lives (Years)</u>	
Office Equipment	5	\$ 8,229
Furniture and Fixtures	7	<u>675</u>
		8,904
Less: Accumulated Depreciation		<u>(6,356)</u>
Net Property and Equipment		\$ <u>2,548</u>

Depreciation expense for the year ended December 31, 2010 totaled \$1,607.

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

NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2010, temporarily restricted net assets are available for various purposes including senior citizen support groups, adolescent support groups, program coordinator salaries and performance of an exit study. During the year ended December 31, 2010, \$54,513 was released from donor restrictions.

NOTE 5 - OPERATING LEASE

The Organization subleases office space under an operating lease which expires in July 2011. The organization also leases certain office equipment under a month-to-month lease. Rent expense related to these operating leases totaled \$38,069 for the year ended December 31, 2010. Minimum lease payments remaining under the office space lease are \$22,383.

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, 2010 totaled \$8,315 and is included in salaries, wages and benefits in the accompanying financial statements.