

**BO'S PLACE**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2010 and 2009

with

REPORT OF INDEPENDENT AUDITORS

**John T. Jones & Company, P.L.L.C.**  
*Certified Public Accountants*

**BO'S PLACE  
FOR THE YEARS ENDED JUNE 30, 2010 and 2009**

**Table of Contents**

Independent Auditors' Report .....	1
Financial Statements	
Statements of Financial Position .....	2
Statement of Activities (Year Ended June 30, 2010).....	3
Statement of Activities (Year Ended June 30, 2009).....	4
Statements of Cash Flows .....	5
Notes to Financial Statements .....	6-12
Supplementary Information	
Schedules of Functional Expenses .....	13



### Independent Auditors' Report

To the Board of Directors of  
Bo's Place

We have audited the accompanying statements of financial position of Bo's Place, (a nonprofit organization) as of June 30, 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 Bo's Place as of June 30, 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 13 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*John T. Jones & Co. PLLC*

Certified Public Accountants  
Houston, Texas

October 26, 2010

**BO'S PLACE**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2010 and 2009**

	2010	2009
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ 1,491,229	\$ 1,714,463
Unconditional promises to give, net	73,947	59,248
Prepaid and other assets	33,537	39,276
Total Current Assets	1,598,713	1,812,987
Cash restricted	413,377	405,885
Property and equipment, net	3,181,433	3,319,936
Total Non Current Assets	3,594,810	3,725,821
<b>Total Assets</b>	<b>\$ 5,193,523</b>	<b>\$ 5,538,808</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 10,664	\$ 45,752
Deferred event contributions	-	88,959
Total Current Liabilities	10,664	134,711
Net Assets:		
Unrestricted	4,769,482	4,998,212
Temporarily restricted	413,377	405,885
Total Net Assets	5,182,859	5,404,097
<b>Total Liabilities and Net Assets</b>	<b>\$ 5,193,523</b>	<b>\$ 5,538,808</b>

See accompanying notes.

**BO'S PLACE**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenues:</b>			
Contributions	\$ 695,455	\$ 23,945	\$ 719,400
Special events, net of cost of benefits provided to donors of \$49,891	518,075	-	518,075
Interest and dividend income	7,403	-	7,403
Other income	9,291	-	9,291
Total revenues	<u>1,230,224</u>	<u>23,945</u>	<u>1,254,169</u>
Net assets released from restrictions:			
Expenditures for program purposes	<u>16,453</u>	<u>(16,453)</u>	<u>-</u>
Total	<u>1,246,677</u>	<u>7,492</u>	<u>1,254,169</u>
<b>Expenses:</b>			
Program services	1,034,076	-	1,034,076
Management and general	122,215	-	122,215
Fundraising	319,116	-	319,116
Total expenses	<u>1,475,407</u>	<u>-</u>	<u>1,475,407</u>
Change in net assets	(228,730)	7,492	(221,238)
<b>Net Assets, beginning of year</b>	<u>4,998,212</u>	<u>405,885</u>	<u>5,404,097</u>
<b>Net Assets, end of year</b>	<u><u>\$ 4,769,482</u></u>	<u><u>\$ 413,377</u></u>	<u><u>\$ 5,182,859</u></u>

**BO'S PLACE**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenues:</b>			
Contributions	\$ 685,146	\$ 40,786	\$ 725,932
Special events, net of cost of benefits provided to donors of \$42,423	518,263	-	518,263
Interest and dividend income	14,606	-	14,606
Other income	22,388	-	22,388
Total revenues	<u>1,240,403</u>	<u>40,786</u>	<u>1,281,189</u>
Net assets released from restrictions:			
Expenditures for program purposes	<u>30,517</u>	<u>(30,517)</u>	<u>-</u>
Total	<u>1,270,920</u>	<u>10,269</u>	<u>1,281,189</u>
<b>Expenses:</b>			
Program services	1,033,940	-	1,033,940
Management and general	141,815	-	141,815
Fundraising	332,660	-	332,660
Total expenses	<u>1,508,415</u>	<u>-</u>	<u>1,508,415</u>
Change in net assets	(237,495)	10,269	(227,226)
<b>Net Assets</b> , beginning of year	<u>5,235,707</u>	<u>395,616</u>	<u>5,631,323</u>
<b>Net Assets</b> , end of year	<u><u>\$ 4,998,212</u></u>	<u><u>\$ 405,885</u></u>	<u><u>\$ 5,404,097</u></u>

**BO'S PLACE**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2010 and 2009**

	<b>2010</b>	<b>2009</b>
<b>Cash Flows from Operating Activities:</b>		
Changes in net assets	\$ (221,238)	\$ (227,226)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	149,223	155,256
(Increase) Decrease in:		
Unconditional promises to give, net	(14,699)	85,259
Prepaid and other assets	5,739	7,789
Increase (Decrease) in:		
Accounts payable and accrued expenses	(35,088)	(25,785)
Deferred event contributions	(88,959)	(1,191)
<b>Net cash used by operating activities</b>	<b>(205,022)</b>	<b>(5,898)</b>
 <b>Cash Flows from Investing Activities:</b>		
Net increase in cash restricted	(7,492)	(10,269)
Purchase of property	(10,720)	-
<b>Net cash used in investing activities</b>	<b>(18,212)</b>	<b>(10,269)</b>
 <b>Cash Flows from Financing Activities:</b>		
Borrowings (payments) on line of credit	-	-
<b>Net cash provided by financing activities</b>	<b>-</b>	<b>-</b>
 <b>Net change in cash and cash equivalents</b>	<b>(223,234)</b>	<b>(16,167)</b>
 <b>Cash and Cash Equivalents, beginning of year</b>	<b>1,714,463</b>	<b>1,730,630</b>
 <b>Cash and Cash Equivalents, end of year</b>	<b>\$ 1,491,229</b>	<b>\$ 1,714,463</b>

**BO'S PLACE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2010 and 2009**

**Note 1 – Organization and Summary of Significant Accounting Policies**

**Organization**

Bo's Place is a Texas nonprofit organization that operates in the Houston, Texas area. The mission of Bo's Place is to enhance the lives of those who have experienced the death of a loved one. Program services include an information and referral line, community training, outreach programs, and a research component. The on-site children and family grief support program is provided at no charge. These support groups provide a comfortable and safe place for children and families to talk about feelings and heal from one of life's greatest tragedies – the death of a loved one. At Bo's Place, "Children are Heard and Hearts are Healed."

**Basis of Accounting**

The accompanying financial statements of Bo's Place are prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

**Basis of Presentation**

Financial statement presentation follows the recommendations of Financial Accounting Standards Board ('FASB') Accounting Standards Codification ('ASC') 958-205; 958-210; 958-225; 958-720 (formerly the Financial Accounting Statement of Financial Standards (SFAS) No. 117, *Financial Statements of Not-For-Profit Organizations*). Under ASC 958-205; 958-210; 958-225; 958-720, Bo's Place 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. These net assets classifications are described as follows:

Unrestricted Net Assets – not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes or locations by action of the Board of Directors.

Temporarily Restricted Net Assets – subject to donor-imposed stipulations that may be fulfilled by actions of Bo's Place to meet the stipulations or become unrestricted at the date specified by the donor.

Permanently Restricted Net Assets – subject to donor-imposed stipulations that they be retained and invested permanently by Bo's Place.

**Federal Income and State Taxes**

Bo's Place is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is also exempt from Texas state franchise taxes. Bo's Place is classified as a public charity under Section 509(a)(1).

**BO'S PLACE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2010 and 2009**

**Note 1 – Organization and Summary of Significant Accounting Policies, continued**

**Cash and Cash Equivalents**

Bo's Place considers cash and cash equivalents to include all time deposits, certificates of deposit, U.S. Treasury bills, and all highly liquid instruments with original maturities of three months or less. Short-term investments consist primarily of short-term U.S. Treasury bills and a portfolio of highly rated bank deposits and are stated at fair market value. Bo's Place invests its temporary cash funds with what it believes to be high credit quality financial institutions. Cash exceeded federally insured limits by \$4,197 and \$1,110,371 at June 30, 2010 and 2009, respectively.

**Financial Instruments**

Debt securities owned by the Company at June 30, 2009 were classified as available-for-sale. Securities available-for-sale are carried at their fair value with unrealized gains and losses reported in unrestricted net assets. Gains and losses on sale of securities are determined on the specific identification method. Declines in fair value of individual available-for-sale securities below their cost that are other than temporary result in the write-down of the individual securities to their fair value. The related write-downs are included in earnings as realized losses. The securities owned by Bo's Place at June 30, 2009 held a maturity date of less than three months therefore were presented as a cash and cash equivalent. The securities were redeemed upon maturity in September 2009 and diversified into certificates of deposit.

The recorded values of cash and accounts payable approximate their fair values based on their short-term nature. Unconditional promises to give are discounted to net present value (see Contributions below and Note 2).

**Property and Equipment**

It is management's policy to capitalize property and equipment over \$1,000. Property is recorded at cost, if purchased, or at fair value at the date of gift, if donated. Depreciation is calculated when the asset is placed in service using the straight-line method over estimated useful lives. The depreciable lives and depreciation methods used for each class of asset are as follows:

Machinery & equipment	5-7 years
Computer equipment	3-5 years
Furniture and fixtures	5-7 years
Leasehold improvements	10 years
Buildings	30 years

**Accrued Expenses**

An accrual for compensated absences has not been made because the amount cannot be reasonably estimated.

**BO'S PLACE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2010 and 2009**

**Note 1 – Organization and Summary of Significant Accounting Policies, continued**

**Contributions**

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor, even though their use may be limited in other respects, such as by contract or board designation. Amounts received that are designated for further periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a purpose restriction is accomplished or a time restriction ends, temporarily restricted net assets are released to unrestricted net assets. During the year ended June 30, 2010 and 2009, approximately 20% and 16% of total revenue was contributions made by eight (8) and six (6) donors, respectively.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using the prime rate applicable to the years in which the promises are received. Amortization of the discounts is included in contributions revenue.

Unconditional promises to give are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to the allowance for doubtful accounts based on its assessment of the current status of the individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance as a credit to unconditional promises to give. Management has determined that no allowance for doubtful accounts was necessary at June 30, 2010 and 2009.

Gifts of property and equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used are reported as restricted support.

**Special Events**

During the current fiscal year Bo's Place hosted three major special events: the annual Hearts of Hope Luncheon, the annual Guys' and Girls' Night Out, and the Boot Scootin' Bar-B-Que, as well as participated in one local special event: Houston Marathon.

Significant donations and pledges are received each year as a result of the Hearts of Hope Luncheon and the Girls' Night Out events. At each of these events Bo's Place receives a significant portion of donations through underwritings and table seating purchases for the event which can vary by level of donation or by a discretionary donation determined by the donor. Donations for all special events are recorded at the time of receipt or when communication by the donor of a pledge is received by Bo's Place and is included in "Special Events" revenue in the accompanying financial statements.

**BO'S PLACE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2010 and 2009**

**Note 1 – Organization and Summary of Significant Accounting Policies, continued**

**Donated Services and Materials**

Donated materials, use of facilities, and services are recorded at fair value as contributions when an unconditional commitment is received from the donor. The related expense is recognized as the service or material is used. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

**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 the reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Management of Bo's Place believes that these estimates and assumptions provide a reasonable basis for the fair presentation of the financial statements.

**New Accounting Pronouncements**

In June 2009, the Financial Accounting Standards Board ('FASB') issued SFAS No. 168, *The FASB Accounting Standards Codification ('ASC') and the Hierarchy of Generally Accepted Accounting Principles, a replacement of FASB Statement No. 162 ('SFAS 168')*, which establishes the FASB Accounting Standards Codification as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with accounting standards generally accepted in the U.S. This standard is effective for financial statements issued for interim or annual periods ending after September 15, 2009. Bo's Place adopted this standard for the year-ended June 30, 2010. The adoption had no effect on the financial statements and noted thereto.

In May 2009, the FASB issued ASC 855-10 (formerly SFAS No. 165), "Subsequent Events" ('FASB ASC 855-10'). FASB ASC 855-10 establishes the period after the balance sheet date during which management should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements, and the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. Bo's Place adopted FASB ASC 855-10 with regard to events occurring subsequent to June 30, 2009 and the adoption did not have an impact on the disclosures contained in the notes to the financial statements.

**Reclassifications**

Certain reclassifications have been made to prior period amounts to conform to the current year presentation.

**BO'S PLACE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2010 and 2009**

**Note 2 – Unconditional Promises to Give**

At June 30, 2010 and 2009, net unconditional promises to give consist of the following:

	<u>2010</u>	<u>2009</u>
Receivable in less than one year	\$ 20,510	\$ 45,000
Receivable in one to five years	60,000	20,000
Total pledges receivable	80,510	65,000
Discount to net present value at 3.25%*	(6,563)	(5,752)
Unconditional promises to give, net	<u>\$ 73,947</u>	<u>\$ 59,248</u>

\* Discount rates based on the Prime Rate at June 30, 2010 and 2009.

**Note 3 – Capital Campaign**

In 2002, Bo's Place initiated a \$7 million capital campaign, Building Blocks for Bo's Place, to raise funds for the construction of a new facility located at Buffalo Speedway and West Bellfort in Houston to expand its mission and to serve the children and parents on its waiting list. Total pledges and contributions for the capital campaign since inception amounted to approximately \$4.4 million as of June 30, 2010 and 2009. Uncollected pledge contributions included in unconditional promises to give, net in the accompanying statement of financial position as of June 30, 2010 and 2009, amounted to \$0 and \$2,000, respectively.

**Note 4 – Property and Equipment**

At June 30, 2010 and 2009, property consisted of the following:

	<u>2010</u>	<u>2009</u>
Furniture and equipment	\$ 219,305	\$ 216,406
Building	3,194,583	3,186,763
Land improvements	80,945	80,945
Land	475,892	475,892
Total property and equipment, at cost	3,970,725	3,960,006
Less: Accumulated depreciation	789,292	640,070
Property and equipment, net	<u>\$ 3,181,433</u>	<u>\$ 3,319,936</u>

**Note 5 – Deferred Event Contributions**

At June 30, 2009 the deferred event contributions of \$88,959 were specific to underwriting contributions received for the Hearts of Hope Luncheon held in January 2010 and the Boot Scootin' Bar-B-Que held in October 2009.

**BO'S PLACE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2010 and 2009**

**Note 6 – Temporarily Restricted Net Assets**

Temporarily restricted net assets at June 30, 2010 and 2009 are available for the following purposes:

	<u>2010</u>	<u>2009</u>
Capital campaign projects	\$ 384,702	\$ 396,402
Grounds enhancement	5,435	9,483
Summer intern program	2,140	-
Library	6,500	-
Buddy campaign	14,600	-
Total temporarily restricted net assets	<u>\$ 413,377</u>	<u>\$ 405,885</u>

**Note 7 – Donated Materials and Service**

Bo's Place received the following donated materials and services:

	<u>2010</u>	<u>2009</u>
Professional services volunteers	\$ 74,330	\$ 47,307
Office and program supplies	106,136	71,633
Total donated materials and services	<u>\$ 180,466</u>	<u>\$ 118,940</u>

Professional services volunteers consist of mental health professionals utilized by Bo's Place in order to accomplish the mission of Bo's Place.

**Note 8 – Operating Leases**

Bo's Place leases equipment under noncancellable operating leases. Rent expense under these operating leases for years ended June 30, 2010 and 2009 amounted to \$8,468 and \$12,839, respectively. Minimum future rental payments at June 30, 2010 are due as follows:

<u>For the Year Ending June 30:</u>	
2011	\$ 7,586
2012	7,586
2013	1,264
Thereafter	-
	<u>\$ 16,436</u>

**Note 9 – Pension Plan**

Bo's Place sponsors a defined contribution pension plan under Section 403(b) of the Internal Revenue Code of 1986, as amended. Participants in the plan may elect to make voluntary before-tax contributions based on a percentage of their pay, subject to certain limitations of the Internal Revenue Code. Bo's Place does not make employer contributions to the plan.

**BO'S PLACE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2010 and 2009**

**Note 10 – Related Party Transactions**

Bo's Place received \$100,717 and \$157,623 of contributions from related parties (specifically board and advisory board members) during the years ended June 30, 2010 and 2009, respectively.

Bo's Place has no receivable from or payable to any related parties at June 30, 2010 and 2009.

**Note 11 – Subsequent Events**

The Company evaluated subsequent events through October 26, 2010, the date on which the financial statements were issued, noting no events or transactions occurred requiring potential recognition or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

**BO'S PLACE**  
**SUPPLEMENTARY SCHEDULES OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED JUNE 30, 2010 and 2009**

**2010**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total Expenses</b>
Salaries and related expenses	\$ 552,807	\$ 85,039	\$ 138,304	\$ 776,150
Supplies and office operations	69,054	5,527	117,814	192,395
Donated office and program supplies	84,359	-	21,777	106,136
Contract services	32,245	3,973	8,912	45,130
Donated professional services	74,330	-	-	74,330
Rent, repairs and utilities	100,076	12,609	13,870	126,555
Depreciation	117,886	14,922	16,415	149,223
Miscellaneous	3,319	145	2,024	5,488
	<u>\$ 1,034,076</u>	<u>\$ 122,215</u>	<u>\$ 319,116</u>	<u>\$ 1,475,407</u>

**2009**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total Expenses</b>
Salaries and related expenses	\$ 541,809	\$ 94,056	\$ 155,355	\$ 791,220
Supplies and office operations	90,907	4,199	107,462	202,568
Donated office and program supplies	54,512	-	17,121	71,633
Contract services	55,309	5,380	10,372	71,061
Donated professional services	47,307	-	-	47,307
Rent, repairs and utilities	115,295	14,186	15,605	145,086
Depreciation	122,652	15,526	17,078	155,256
Miscellaneous	6,149	8,468	9,667	24,284
	<u>\$ 1,033,940</u>	<u>\$ 141,815</u>	<u>\$ 332,660</u>	<u>\$ 1,508,415</u>