

**CHILDREN'S CENTER FOR SELF-ESTEEM, INC.**

REPORT OF EXAMINATION

YEARS ENDED DECEMBER 31, 2011 AND 2010

**HAJOVSKY, JONES & CO., P.C.**

CERTIFIED PUBLIC ACCOUNTANTS  
Houston, Texas

**HAJOVSKY, JONES & CO., P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS  
14405 WALTERS ROAD, SUITE 825  
HOUSTON, TEXAS 77014  
(281) 440-0142  
FAX (281) 440-9409

MICHAEL J. HAJOVSKY, C.P.A.  
RICHARD A. JONES, C.P.A.

MEMBERS  
AMERICAN INSTITUTE  
CERTIFIED PUBLIC ACCOUNTANTS

July 31, 2012

INDEPENDENT AUDITORS' REPORT

Board of Directors  
Children's Center for Self-Esteem, Inc.  
Houston, Texas

We have audited the accompanying statements of financial position of the Children's Center for Self-Esteem, Inc. as of December 31, 2011 and 2010 and the related statements of activity, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States. 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 provides 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 the Children's Center for Self-Esteem, Inc. as of December 31, 2011 and 2010, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Hajovsky, Jones & Co., P.C.*  
CERTIFIED PUBLIC ACCOUNTANTS

**CHILDREN'S CENTER FOR SELF-ESTEEM, INC.**  
**STATEMENTS OF FINANCIAL POSITION**

ASSETS

	December 31,	
	2011	2010
Current assets:		
Cash and cash equivalents	\$48,289	\$44,972
Accounts receivable	1,709	609
Total current assets	49,998	45,581
Property and equipment:		
Computer and software	12,730	12,730
Office equipment	5,006	5,006
Furniture & fixtures	1,435	1,435
	19,171	19,171
Less accumulated depreciation	18,121	18,121
	1,050	1,050
Total assets	\$51,048	\$46,631

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$44	\$106
Total current liabilities	44	106
Net assets:		
Unrestricted	(14,496)	46,525
Temporarily restricted	65,500	0
Total net assets	51,004	46,525
Total liabilities and net assets	\$51,048	\$46,631

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

**CHILDREN'S CENTER FOR SELF-ESTEEM, INC.**  
**STATEMENTS OF ACTIVITIES**

	For the Year Ended December 31, 2011		
	Unrestricted	Temporarily Restricted	Total
Revenues and support:			
Education and training	\$31,390		\$31,390
Educational publications	8,312		8,312
Grants and contributions	12,246	321,712	333,958
Interest income	203		203
Fundraising and other	27,300		27,300
Reclassification of temporarily restricted net assets satisfied by payments	256,212	(256,212)	0
Total revenues and support	335,663	65,500	401,163
Expenses:			
Program services			
Education and training	274,684		274,684
Education publications	61,753		61,753
Education promotion activities	3,115		3,115
	339,552	0	339,552
Supporting services			
Administration	56,932	0	56,932
Fundraising	200	0	200
	57,132	0	57,132
Total expenses	396,684	0	396,684
Increase in net assets	(61,021)	65,500	4,479
Net assets at beginning of year	46,525	0	46,525
Net assets at end of year	(\$14,496)	\$65,500	\$51,004

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

**CHILDREN'S CENTER FOR SELF-ESTEEM, INC.**  
**STATEMENTS OF ACTIVITIES**

	For the Year Ended December 31, 2010		
	Unrestricted	Temporarily Restricted	Total
Revenues and support:			
Education and training	\$67,412		\$67,412
Educational publications	12,107		12,107
Grants and contributions	73,169		73,169
Interest income	199		199
Fundraising and other	30,263		30,263
Reclassification of temporarily restricted net assets satisfied by payments	54,130	(54,130)	0
Total revenues and support	237,280	(54,130)	183,150
Expenses:			
Program services			
Education and training	173,744		173,744
Education publications	21,194		21,194
Education promotion activities	29,093		29,093
	224,031	0	224,031
Supporting services			
Administration	24,473	0	24,473
Fundraising	305	0	305
	24,778	0	24,778
Total expenses	248,809	0	248,809
Increase in net assets	(11,529)	(54,130)	(65,659)
Net assets at beginning of year	58,054	54,130	112,184
Net assets at end of year	\$46,525	\$0	\$46,525

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

**CHILDREN'S CENTER FOR SELF-ESTEEM, INC.**  
**STATEMENTS OF CASH FLOWS**

	Years Ended December 31,	
	2011	2010
Cash flows from operating activities:		
Increase (decrease) in net assets	\$4,479	(\$65,659)
Adjustment to reconcile increase (decrease) in net assets to net cash provided by operations:		
(Increase) decrease in receivables	(1,100)	649
Increase (decrease) in accounts payable	(62)	(301)
Net cash provided by (used for) operating activities	3,317	(65,311)
Cash flows from investing activities:		
Net cash provided by (used for) investing activities	0	0
Cash flows from financing activities:		
Net cash provided by (used for) financing activities	0	0
Net increase (decrease) in cash	3,317	(65,311)
Cash and cash equivalents at beginning of year	44,972	110,283
Cash and cash equivalents at end of year	\$48,289	\$44,972

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

**CHILDREN'S CENTER FOR SELF-ESTEEM, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**

Year Ended December 31, 2011

	<u>Total Expenses</u>	<u>Program</u>	<u>Administration</u>	<u>Fundraising</u>
Salaries and wages and related taxes	\$219,353	\$193,030	\$26,323	
Payroll service fees	1,825		1,825	
Dues and subscriptions	2,889		2,889	
Insurance	7,110		7,110	
Office and miscellaneous	28,114	19,955	7,959	200
Professional and facilitators' fees	31,164	28,854	2,310	
Program expenses	36,118	36,118		
Rent	135		135	
Reproduction and printing	21,919	17,662	4,257	
Telephone and utilities	4,124		4,124	
Video production	39,896	39,896		
Website	4,036	4,036		
	<u>\$396,683</u>	<u>\$339,551</u>	<u>\$56,932</u>	<u>\$200</u>

Year Ended December 31, 2010

	<u>Total Expenses</u>	<u>Program</u>	<u>Administration</u>	<u>Fundraising</u>
Salaries and wages and related taxes	\$119,086	\$119,086		
Payroll service fees	2,056		2,056	
Insurance	4,296		4,296	
Office and miscellaneous	13,587	5,466	7,921	200
Professional and facilitators' fees	2,408		2,408	
Program expenses	46,331	46,331		
Rent and facilities	31,031	31,031		
Repairs and maintenance	80		80	
Reproduction and printing	4,588		4,483	105
Telephone and utilities	3,229		3,229	
Training materials	14,671	14,671		
Travel and transportation	923	923		
Video production	3,377	3,377		
Website	3,146	3,146		
	<u>\$248,809</u>	<u>\$224,031</u>	<u>\$24,473</u>	<u>\$305</u>

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

**CHILDREN'S CENTER FOR SELF-ESTEEM, INC.**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2011 and 2010

**NOTE A - Organization and Summary of Significant Accounting Policies:**

Nature of Activities -

The Children's Center for Self-Esteem, Inc. (the Center) is organized to create a climate of awareness and to develop principles and methodology whereby the foundation for high self-esteem and unconditional love may be given by caregivers to children. The Center accomplishes its mission exclusively by educational activities enabling parents, teachers, and other adult caregivers with the skills and nurturing abilities needed to create healthy, loving relationships with children. The Center is supported primarily through public contributions and training contributions paid by attendees to cover the expense of training facilities and materials.

Contributed services -

During the years ended December 31, 2011 and 2010, the value of contributed services have not been recorded in the financial statements as no reliable basis exists for determining an appropriate amount. Many individuals volunteer their time and perform a variety of tasks that assist the Center.

Estimates -

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents -

For purposes of the statements of cash flows, the Center considers cash to include all bank accounts.



**CHILDREN'S CENTER FOR SELF-ESTEEM, INC.**

NOTES TO FINANCIAL STATEMENTS

December 31, 2011 and 2010

**NOTE A - Organization and Summary of Significant Accounting Policies (cont'd.):**

Property and equipment -

All assets with an estimated useful life exceeding one year are capitalized and depreciated over the estimated expected life using the straight-line method. All assets purchased are stated at cost. Donated assets are recorded as support at their estimated fair value. There were no restrictions placed on any donations or purchases. Depreciation expense is generally computed over a five and seven year period but there was no depreciation expense for 2011 and 2010.

Financial statement presentation -

The Center prepares its financial statements in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the Center reports 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. As of December 31, 2011 and 2010, the Center has had no permanently restricted net assets.

Contributions designated by the donor for a particular purpose are separately accounted for in the financial statements as temporarily restricted net assets. As these amounts are expended for the designated purpose they are reclassified as unrestricted net assets. All other contributions are shown as unrestricted net assets.

Income taxes -

The Center is a not-for-profit organization, exempt under §501(a) of the Internal Revenue Code, as an organization described in §501(c)(3), and treated as a publicly supported organization. The Center's forms 990, Return of Organization Exempt from Income Tax, for the years ending December 31, 2011, 2010 and 2009 are subject to examination by the Internal Revenue Service, generally for a period of three years after they were filed.

**CHILDREN'S CENTER FOR SELF-ESTEEM, INC.**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2011 and 2010

**NOTE B - Related Party Transactions:**

The Center has an active managing volunteer Board of Directors. The Center had an agreement with a member of the Board to pay royalty fees in the amount of \$2,174 for 2010, in return for the use of core training materials the Center uses in its training program. The terms of the agreement are those typical in the industry.

**NOTE C – Functional Allocation of Expenses:**

The costs of providing the various ministries of the Center have been summarized on a functional basis in the statement of activity. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**NOTE D – Subsequent Events:**

Subsequent events were evaluated through July 31, 2012, which is the date the financial statements were available to be issued.