



**TRAVELERS AID AND HOMELESS ASSISTANCE CENTER, INC.
DBA UPWARD TRANSITIONS**

FINANCIAL STATEMENTS

JUNE 30, 2011 and 2010

WITH

INDEPENDENT AUDITORS' REPORT

CONTENTS

Independent Auditors' Report.....	1
Statements of Financial Position.....	2
Statements of Activities.....	3
Statements of Cash Flows.....	4
Notes to Financial Statements.....	5

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Travelers Aid and Homeless Assistance Center, Inc.

We have audited the accompanying statement of financial position of Travelers Aid and Homeless Assistance Center, Inc. dba Upward Transitions (the Center) as of June 30, 2011, and the related statements of activities and cash flows for the year 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. The summarized comparative information as of June 30, 2010, and for the year then ended, has been derived from the Center's 2010 financial statements which were audited by other auditors whose report, dated February 16, 2011, expressed an unqualified opinion on those statements.

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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center at June 30, 2011, and the changes in its net assets and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

HoganTaylor LLP

November 7, 2011

**TRAVELERS AID AND HOMELESS ASSISTANCE CENTER, INC.
DBA UPWARD TRANSITIONS**

STATEMENTS OF FINANCIAL POSITION

June 30, 2011 and 2010

	2011	2010
Assets		
Current assets:		
Cash and cash equivalents:		
Operating funds	\$ 70,615	\$ 114,679
Board-designated funds	47,588	-
Restricted cash	44,355	44,173
Certificates of deposit	79,989	79,989
Accounts receivable:		
United Way of Central Oklahoma	342,263	332,537
Others	44,281	36,825
Prepaid expenses	2,831	3,327
	631,922	611,530
Total current assets		
Beneficial interest in assets held by others	8,274	8,274
Funds designated for acquisition of property and equipment	50,000	-
Property and equipment, net	281,666	324,260
Total assets	\$ 971,862	\$ 944,064
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 6,655	\$ 6,225
Deferred revenues	-	23,696
Long-term debt due within one year	13,376	12,679
	20,031	42,600
Total current liabilities		
Long-term debt due after one year	68,426	81,548
Net assets:		
Unrestricted:		
Board-designated	97,588	-
Undesignated	390,925	434,932
	488,513	434,932
Total unrestricted		
Temporarily restricted	386,618	376,710
Permanently restricted	8,274	8,274
	883,405	819,916
Total net assets		
Total liabilities and net assets	\$ 971,862	\$ 944,064

See notes to financial statements.

**TRAVELERS AID AND HOMELESS ASSISTANCE CENTER, INC.
DBA UPWARD TRANSITIONS**

STATEMENTS OF ACTIVITIES

Year ended June 30, 2011

(with summarized totals for year ended June 30, 2010)

	2011			2010 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Operating revenues and support				
Annual campaign and fundraisers:				
Revenues	\$ 81,076	\$ -	\$ -	\$ 81,076
Expenses	(29,835)	-	-	(29,835)
Contributions:				
United Way of Central Oklahoma	-	382,263	-	382,263
Others	38,395	-	-	38,395
Grants and contracts from government agencies	356,512	-	-	356,512
Rental income	17,455	-	-	17,455
Increase in value of beneficial interest in assets held by others	-	-	-	556
Interest income	615	-	-	615
Net assets released from restrictions	372,355	(372,355)	-	-
Total operating revenues and support	836,573	9,908	-	846,481
Operating expenses				
Programs:				
Community outreach	389,285	-	-	389,285
Homeless prevention and rapid re-housing	224,292	-	-	224,292
Airport	65,066	-	-	65,066
Transition housing and family outreach	132,762	-	-	132,762
Total programs	811,405	-	-	811,405
Fund raising	5,662	-	-	5,662
General and administrative	38,503	-	-	38,503
Total operating expenses	855,570	-	-	855,570
Increase (decrease) in net assets from operations	(18,997)	9,908	-	(9,089)
Gain on sale of property	72,578	-	-	72,578
Increase in net assets	53,581	9,908	-	63,489
Net assets at beginning of year	434,932	376,710	8,274	819,916
Net assets at end of year	\$ 488,513	\$ 386,618	\$ 8,274	\$ 883,405

See notes to financial statements.

**TRAVELERS AID AND HOMELESS ASSISTANCE CENTER, INC.
DBA UPWARD TRANSITIONS**

STATEMENTS OF CASH FLOWS

Years ended June 30, 2011 and 2010

	2011	2010
Cash Flows from Operating Activities		
Increase in net assets	\$ 63,489	\$ 25,562
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	17,402	17,292
Increase in value of beneficial interest in assets held by others	-	(556)
Interest income added to certificates of deposit	-	(851)
Gain on sale of property	(72,578)	-
Change in operating assets and liabilities:		
Accounts receivable	(17,182)	(29,657)
Prepaid expenses	496	561
Accounts payable and accrued liabilities	430	(1,365)
Deferred revenues	(23,696)	2,671
Net cash provided by (used in) operating activities	(31,639)	13,657
Cash Flows from Investing Activities		
Increase in restricted cash	(182)	(14,385)
Purchases of property and equipment	-	(13,202)
Proceeds from sale of property	97,770	-
Net cash provided by (used in) investing activities	97,588	(27,587)
Cash Flows from Financing Activities		
Payments on debt	(12,425)	(11,972)
Net cash used in financing activities	(12,425)	(11,972)
Net increase (decrease) in cash and cash equivalents	53,524	(25,902)
Cash and cash equivalents at beginning of year	114,679	140,581
Cash and cash equivalents at end of year	\$ 168,203	\$ 114,679
Cash and Cash Equivalents		
Current assets:		
Operating funds	\$ 70,615	\$ 114,679
Board-designated funds	47,588	-
Noncurrent assets - funds designated for acquisition of property and equipment	50,000	-
Total cash and cash equivalents	\$ 168,203	\$ 114,679

See notes to financial statements.

**TRAVELERS AID AND HOMELESS ASSISTANCE CENTER, INC.
DBA UPWARD TRANSITIONS**

NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

Note 1 – Nature of Operations and Summary of Significant Accounting Policies

Nature of operations

Travelers Aid and Homeless Assistance Center, Inc. dba Upward Transitions (the Center) is a nonprofit organization whose mission is to serve those who are homeless and impoverished by providing case management and stabilizing resources to meet basic social needs. The ultimate goal is to assist individuals and families so they reach their potential with the ability to support themselves and contribute back to their community. The community outreach program assesses client's needs and develops a plan to help clients become or remain self-sufficient. The airport program consists of volunteers who assist the traveling public at Will Rogers World Airport by providing information about airport services and the Oklahoma City metro area. The family outreach program consists of comprehensive case management and transitional housing and homeless prevention services.

Summarized comparative financial information

The accompanying financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Center's financial statements for fiscal year 2010 from which the summarized information was derived.

Basis of presentation

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. These classes of net assets are comprised of the following:

Unrestricted net asset – Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets are comprised of board-designated (Note 3) and undesignated.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Center or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. The Center reports temporarily restricted support as unrestricted if restrictions are met in the same reporting period.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that such resources be maintained permanently by the Center. Generally, the donors of these assets permit the Center to use all or part of the income earned on any related investments for general or specific purposes.

Expiration of donor-imposed restrictions

The expiration of a donor-imposed restriction on a contribution is recognized in the year in which the restriction expires and at that time the related resources are reclassified to unrestricted net assets. A restriction expires when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contributions of property and equipment without donor stipulations concerning the use of long-lived assets are reported as revenues of the unrestricted net asset class. Contributions of cash or other assets to be used to acquire property and equipment with such donor stipulations are reported as revenues of the temporarily restricted net asset class. The restrictions are considered to be released at the time of acquisition of such long-lived assets.

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes, by occurrence of events specified by the donors, or by the change of restriction specified by the donors.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposit bank accounts and temporary investments with maturities of 90 days or less when purchased by the Center.

Financial instruments valuation

Certificates of deposit are valued at cost plus accrued interest, which approximates fair value. Beneficial interest in assets held by others are stated at fair value as determined by the foundation who holds the assets based on the fair value of the underlying investments. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 8 for discussion of fair value measurements.

New accounting pronouncements

In January 2010, the Financial Accounting Standards Board (FASB) issued new guidance, improving disclosures and fair value measurements to add new requirements for disclosures about transfers into and out of Levels 1 and 2 and separate disclosures of purchases, sales, issuances, and settlements relating to Level 3 measurements. The new guidance also clarifies existing fair value disclosures about the level of disaggregation and about inputs and valuation techniques used to measure fair value. The new guidance is effective for periods beginning after December 15, 2009, except for the requirement to provide Level 3 activity of purchases, sales, issuances, and settlements on a gross basis, which will be effective for fiscal years beginning after December 15, 2010. The new guidance was adopted for the year ended June 30, 2011, except for the Level 3 reconciliation disclosures, which is required in fiscal year 2012. The adoption in fiscal year 2011 did not materially affect, and the future adoption is not expected to materially affect, the Center's financial statements.

Property and equipment

Property and equipment are recorded at cost, if purchased, or at fair value at the date of contribution, if contributed. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, which range from 2 to 30 years.

Impairment of long-lived assets

Periodically, the Center assesses the recoverability of its long-lived assets. Provisions for impairment of long-lived assets used in operations are recorded when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amount of those assets.

Revenue recognition

Revenues generated from exchange transactions are recognized when the service or goods have been provided and the earnings process is significantly complete. Unconditional promises to make a contribution are recognized as revenue in the period the pledge is received. Grant revenue is recognized when all applicable contingencies have been met.

Donated services

Donated services have not been reflected in the accompanying financial statements because no objective basis is available to measure the value of such services. A substantial number of volunteers have donated significant amounts of time to further the objectives of the Center.

Income tax reporting

The Center is a not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code (the Code) and is exempt from federal and state income taxes on related income pursuant to Section 501(a) of the Code. The Center could be subject to taxation if it generates income unrelated to its exempt purpose, pursuant to the Code.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Center and recognize a tax liability (or asset) if the Center has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service or other taxing authorities. Management has analyzed the tax positions taken by the Center, and has concluded that as of June 30, 2011, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Center is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2008.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to the fiscal year 2010 financial statements to conform to the fiscal year 2011 presentation.

Subsequent events

Management has evaluated events through November 7, 2011, the date the financial statements were available to be issued.

Note 2 – Beneficial Interest in Assets Held by Others

The Center has transferred funds to Oklahoma City Community Foundation, Inc. (the Foundation), and specified itself as the beneficiary of the funds. Annually, distributions from the funds are paid to the Center according to the Foundation's spending policy. The Foundation maintains variance power over these funds. Variance power assures donors that if the charitable purpose of their contribution becomes impractical or impossible, the distributions will be directed to similar purposes in the community. The Foundation also maintains legal ownership of the funds.

In addition to these funds, the Foundation maintains other funds that have been contributed by various donors to the Foundation for the benefit of the Center. The funds contributed by various donors are not included as assets of the Center. The earnings from these funds are paid to the Center each year. For fiscal years 2011 and 2010, the Center received \$3,531 and \$4,376, respectively, from the funds both contributed from the Center and from various donors. At June 30, 2011 and 2010, the fair value of the funds contributed by the Center was \$8,274. The Center has no remainder interest in the corpus of the funds. The fair value of the entire endowment, which includes contributions received from members of the community, was \$88,678 and \$76,857 at June 30, 2011 and 2010, respectively.

Note 3 – Property and Equipment

Property and equipment consists of the following as of June 30:

	2011	2010
Land	\$ 30,816	\$ 35,396
Buildings	368,645	409,869
Office furniture and equipment	44,187	44,188
Other	1,700	1,700
Total property and equipment	445,348	491,153
Accumulated depreciation	(163,682)	(166,893)
Property and equipment, net	\$ 281,666	\$ 324,260

In fiscal year 2011, the Board of Directors designated property sales proceeds of \$97,770 for refurbishment of the Center's facilities. As of June 30, 2011, the balance of board-designated, unrestricted net assets (consisting of cash equivalents) was \$97,588. The portion of these net assets that have been designated for future property and equipment purchases have been classified in the accompanying statements of financial position as funds designated for acquisition of property and equipment.

Note 4 – Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following as of June 30:

	<u>2011</u>	<u>2010</u>
Contributions received with donor restricted purpose:		
United Way of Central Oklahoma fiscal year 2012 pledge	\$ 342,263	\$ 332,537
United Way of Central Oklahoma utilities assistance program	3,791	-
Trans-Siberian Orchestra music program	<u>40,564</u>	<u>44,173</u>
Total temporarily restricted net assets	<u>\$ 386,618</u>	<u>\$ 376,710</u>

Note 5 – Long-Term Debt

Long-term debt consists of the following as of June 30:

	<u>2011</u>	<u>2010</u>
Note payable to bank, payable monthly in installments of \$1,003, including interest at a variable rate (effective rate of 4.750% as of June 30, 2011), maturing on February 20, 2017 (A)	\$ 59,678	\$ 69,551
Note payable to local government entity, payable monthly in installments of \$299, including interest at 0.375%, maturing on February 20, 2017 (A)	<u>22,124</u>	<u>24,676</u>
	81,802	94,227
Less: long-term debt due within one year	<u>13,376</u>	<u>12,679</u>
Long-term debt due after one year	<u>\$ 68,426</u>	<u>\$ 81,548</u>

(A) Collateralized by property with a net carrying amount as of June 30, 2011, of \$216,906.

Debt maturities for the five fiscal years subsequent to June 30, 2011 are as follows:

2012	\$ 13,376
2013	14,123
2014	14,924
2015	15,786
2016	16,718
Thereafter	<u>6,875</u>
	<u>\$ 81,802</u>

Note 6 – Grants and Contracts from Government Agencies

Grants and contracts from government agencies consist of the following for fiscal years ended June 30:

	2011	2010
City of Oklahoma City:		
United States Department of Housing and Urban Development (HUD) Emergency Shelter Grant Program	\$ 28,000	\$ 28,000
Social services grant (HUD) Homelessness Prevention and Rapid Re-housing Program	12,000	12,000
Oklahoma City Airport Trust service agreement	208,081	86,704
Oklahoma Housing Finance Agency contract	60,670	57,849
Board of Oklahoma County Commissioners Emergency Utility Assistance Program	3,256	8,451
Federal Emergency Management Act	34,000	36,456
Others	10,505	15,714
	-	8,258
	<u>\$ 356,512</u>	<u>\$ 253,432</u>

Note 7 – Concentrations of Credit Risk

Financial instruments, which potentially subject the Center to credit risk, consist of cash and cash equivalents, certificates of deposit, accounts receivable and beneficial interest in assets held by others. The Federal Government has temporarily (until December 31, 2013) increased the federal insured limit from \$100,000 to \$250,000. Credit risk for all of the Center's accounts receivable is concentrated because the majority of the balances are receivable from organizations located within the same geographic region.

Note 8 – Fair Value Measurements

The Financial Accounting Standards Board Accounting Standards Codification established a consistent framework for measuring fair value and fair value hierarchy based on the observability of inputs used to measure fair value.

These inputs are summarized in the three broad levels listed below:

- Level 1 Quoted prices in active markets for identical assets or liabilities.
- Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The inputs or methodology used for valuing financial instruments are not necessarily an indication of the risk associated with investing in those instruments.

The following tables set forth by level, within the fair value hierarchy, the Center's assets at fair value at June 30:

	2011			
	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ 79,989	\$ -	\$ -	\$ 79,989
Beneficial interest in assets held by others	-	8,274	-	8,274
Total at fair value	\$ 79,989	\$ 8,274	\$ -	\$ 88,263

	2010			
	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ 79,989	\$ -	\$ -	\$ 79,989
Beneficial interest in assets held by others	-	8,274	-	8,274
Total at fair value	\$ 79,989	\$ 8,274	\$ -	\$ 88,263