

**SUMMARY REPORT OF TECH PREP ACCOUNTS  
FY2010 ACTIVE CONTRACTS  
FOR TOTAL CONTRACT PERIOD  
As of December 31, 2009**

Account	Contract Term	Total Budget	Total Expended	Total Encumbered	Balance	Actual % Expended	Actual % Encumbered	Should be at % Expended
Tech Prep Carl Perkins - Title III	9/1/09-8/31/10	\$380,278	\$103,774	\$101,152	\$175,352	27%	27%	33%
Local Fund	9/1/09-8/31/10	\$79,035	\$9,977	\$5,750	\$63,308	13%	7%	
Education & Career Expo.	9/1/09-8/31/10	\$4,250	\$4,250	\$0	\$0	100%	0%	
Club Account	9/1/09-8/31/10	\$3.86	\$0	\$0	\$3.86	0%	0%	
Academic Leadership Alliance	5/1/09-4/31/10	\$29,000	\$22,435	\$100	\$6,465	77%	0%	67%
21st Century-PSJA ISD	8/1/09-7/31/10	\$45,000	\$15,298	\$3,325	\$26,377	34%	7%	42%
TP College, Career & Tech Academy (Los Fresnos CISD)	8/1/08-5/31/10	\$22,083	\$10,254	\$6,775	\$5,054	46%	31%	77%
Harlingen Economic Development Corporation	12/1/08-11/30/09	\$75,000	\$74,200	\$0	\$800	99%	0%	100%
Workforce Solutions Cameron Summer Internship	5/22/09-9/15/09	\$34,815	\$30,743	\$0	\$4,072	88%	0%	100%
Harlingen Economic Development Corporation II	12/1/09-11/31/10	\$75,000	\$3,030	\$0	\$71,970	4%	0%	8%
<b>TOTAL</b>		<b>\$744,465</b>	<b>\$273,960</b>	<b>\$117,102</b>	<b>\$353,402</b>			

**SUMMARY REPORT OF TECH PREP ACCOUNTS  
FOR FISCAL YEAR 2010  
9/1/09 - 8/31/10  
As of December 31, 2009**

Account	Contract Term	FY10 Budget	FY10 Expended	FY10 Encumbered	FY10 Balance	Actual % Expended	Actual % Encumbered	Should be at % Expended
Tech Prep Carl Perkins - Title III	9/1/09-8/31/10	\$380,278	\$103,774	\$101,152	\$175,352	27%	27%	33%
Local Fund	9/1/09-8/31/10	\$79,035	\$9,977	\$5,750	\$63,308	13%	7%	
Education & Career Expo.	9/1/09-8/31/10	\$4,250	\$4,250	\$0	\$0	100%	0%	
Club Account	9/1/09-8/31/10	\$3.86	\$0	\$0	\$3.86	0%	0%	
Academic Leadership Alliance	5/1/09-4/31/10	\$11,665	\$5,100	\$100	\$6,465	44%	1%	13%
21st Century-PSJA ISD	8/1/09-7/31/10	\$45,000	\$15,298	\$3,325	\$26,377	34%	7%	36%
TP College, Career & Tech Academy (Los Fresnos CISD)	8/1/08-5/31/10	\$16,111	\$4,282	\$6,775	\$5,054	27%	42%	44%
Harlingen Economic Development Corporation	12/1/08-11/30/09	\$24,140	\$23,340	\$0	\$800	97%	0%	100%
Workforce Solutions Cameron Summer Internship	5/22/09-9/15/09	\$6,552	\$2,480	\$0	\$4,072	38%	0%	100%
Harlingen Economic Development Corporation II	12/1/09-11/31/10	\$75,000	\$3,030	\$0	\$71,970	4%	0%	8%
<b>TOTAL</b>		<b>\$642,036</b>	<b>\$171,531</b>	<b>\$117,102</b>	<b>\$353,402</b>			

**STATEMENT OF OPERATIONS**  
**LIFE OF CONTRACT**  
**FISCAL YEAR 2010 REPORTS**  
**As of December 31, 2009**

Account Description	Budget 09/09	Budget Adjustment 1/27/10	Total Budget 1/10 (A)	Expended (B)	Encumbered (C)	Total (D)=B+C	Balance (A-D)	Actual % Expended	Actual % Encumbered	Should be at % Expended
<b>TECH PREP 62623</b> 9/1/09-8/31/10										
Personnel - Salaries	\$155,936	\$0	\$155,936	\$50,438		\$50,438	\$105,498			
Personnel - Benefits/Taxes	\$49,900	\$0	\$49,900	\$16,045		\$16,045	\$33,855			
Travel	\$9,500	\$0	\$9,500	\$3,760	\$2,072	\$5,832	\$3,668			
Operating	\$149,731	\$0	\$149,731	\$29,728	\$99,080	\$128,809	\$20,922			
Capital			\$0			\$0	\$0			
Contract for fiscal agency & human resource services	\$15,211	\$0	\$15,211	\$3,803		\$3,803	\$11,408			
<b>TOTAL</b>	<b>\$380,278</b>	<b>\$0</b>	<b>\$380,278</b>	<b>\$103,774</b>	<b>\$101,152</b>	<b>\$204,926</b>	<b>\$175,352</b>	<b>27%</b>	<b>27%</b>	<b>33%</b>

<b>Local Fund 33450</b> 9/1/09-8/31/10										
Personnel - Salaries	\$29,360	\$0	\$29,360	\$3,322		\$3,322	\$26,038			
Personnel - Benefits/Taxes	\$9,400	\$0	\$9,400	\$959		\$959	\$8,441			
Travel			\$0			\$0	\$0			
Operating	\$9,642	\$30,633	\$40,275	\$5,696	\$5,750	\$11,446	\$28,829			
Capital			\$0			\$0	\$0			
Contract for fiscal agency & human resource services			\$0			\$0	\$0			
Transferred Out			\$0			\$0	\$0			
<b>TOTAL</b>	<b>\$48,402</b>	<b>\$30,633</b>	<b>\$79,035</b>	<b>\$9,977</b>	<b>\$5,750</b>	<b>\$15,727</b>	<b>\$63,308</b>	<b>12.6%</b>	<b>7.3%</b>	
<b>\$48,625</b>										

<b>Education &amp; Career Expo. 33890</b> 9/1/09-8/31/10										
Personnel - Salaries			\$0			\$0	\$0			
Personnel - Benefits/Taxes			\$0			\$0	\$0			
Travel			\$0			\$0	\$0			
Operating	\$7,847	(\$3,597)	\$4,250	\$4,250	\$0	\$4,250	\$0			
Capital			\$0			\$0	\$0			
Contract for fiscal agency & human resource services			\$0			\$0	\$0			
<b>TOTAL</b>	<b>\$7,847</b>	<b>(\$3,597)</b>	<b>\$4,250</b>	<b>\$4,250</b>	<b>\$0</b>	<b>\$4,250</b>	<b>\$0</b>	<b>100%</b>	<b>0%</b>	

<b>Club 71362</b> 9/1/09-8/31/10										
Personnel - Salaries						\$0	\$0			
Personnel - Benefits/Taxes						\$0	\$0			
Travel						\$0	\$0			
Operating	\$3.86		\$3.86			\$0	\$3.86			
Capital						\$0	\$0			
Contract for fiscal agency & human resource services						\$0	\$0			
<b>TOTAL</b>	<b>\$3.86</b>	<b>\$0</b>	<b>\$3.86</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3.86</b>	<b>0%</b>	<b>0%</b>	
Balance forward to FY10 \$3.86 (Income)										

<b>Academic Leadership Alliance 64161</b> 5/1/09-4/31/10										
Personnel - Salaries	\$11,018	\$0	\$11,018	\$7,162		\$7,162	\$3,856			
Personnel - Benefits/Taxes	\$3,678	(\$400)	\$3,278	\$1,526		\$1,526	\$1,752			
Travel	\$317	\$400	\$717	\$340	\$100	\$440	\$277			
Operating	\$12,827	\$0	\$12,827	\$12,827	\$0	\$12,827	\$0			
Capital						\$0	\$0			
Contract for fiscal agency & human resource services	\$1,160	\$0	\$1,160	\$580		\$580	\$580			
<b>TOTAL</b>	<b>\$29,000</b>	<b>\$0</b>	<b>\$29,000</b>	<b>\$22,435</b>	<b>\$100</b>	<b>\$22,535</b>	<b>\$6,464.81</b>	<b>77%</b>	<b>0%</b>	<b>67%</b>

**STATEMENT OF OPERATIONS**  
**LIFE OF CONTRACT**  
**FISCAL YEAR 2010 REPORTS**  
**As of December 31, 2009**

Account Description	Budget 09/09	Budget Adjustment 1/27/10	Total Budget 1/10 (A)	Expended (B)	Encumbered (C)	Total (D)=B+C	Balance (A-D)	Actual % Expended	Actual % Encumbered	Should be at % Expended
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**PSJA 21ST CENTURY**  
**62185**  
**8/1/09-7/31/10**

Personnel - Salaries	\$18,841	\$0	\$18,841	\$5,677		\$5,677	\$13,164			
Personnel - Benefits/Taxes	\$6,029	\$0	\$6,029	\$1,813		\$1,813	\$4,216			
Travel	\$1,700	(\$516)	\$1,184	\$0	\$50	\$50	\$1,134			
Operating	\$16,630	\$516	\$17,146	\$7,808	\$3,275	\$11,083	\$6,063			
Capital			\$0			\$0	\$0			
Contract for fiscal agency & human resource services	\$1,800		\$1,800	\$0		\$0	\$1,800			
<b>TOTAL</b>	<b>\$45,000</b>	<b>\$0</b>	<b>\$45,000</b>	<b>\$15,298</b>	<b>\$3,325</b>	<b>\$18,623</b>	<b>\$26,377</b>	<b>34%</b>	<b>7%</b>	<b>42%</b>

**TP College, Career & Tech Academy**  
**(Los Fresonos CISD)**  
**61342**  
**8/1/08-5/31/2010**

Personnel - Salaries	\$5,748	\$2,100	\$7,848	\$5,326		\$5,326	\$2,522			
Personnel - Benefits/Taxes	\$1,622	\$889	\$2,511	\$1,478		\$1,478	\$1,033			
Travel	\$0	\$702	\$702	\$0	\$0	\$0	\$702			
Operating	\$13,490	(\$3,691)	\$9,799	\$2,899	\$6,775	\$9,674	\$125			
Capital			\$0			\$0	\$0			
Contract for fiscal agency & human resource services	\$1,223		\$1,223	\$551		\$551	\$672			
<b>TOTAL</b>	<b>\$22,083</b>	<b>\$0</b>	<b>\$22,083</b>	<b>\$10,254</b>	<b>\$6,775</b>	<b>\$17,029</b>	<b>\$5,054</b>	<b>46%</b>	<b>31%</b>	<b>77%</b>

**Harlingen Economic Development Corporation**  
**63212**  
**12/1/08-11/30/09**

Revenue										
Personnel - Salaries	\$22,651	\$4,249	\$26,900	\$26,900		\$26,900	\$0			
Personnel - Benefits/Taxes	\$7,250	\$1,722	\$8,972	\$8,972		\$8,972	\$0			
Travel	\$4,500	(\$3,521)	\$979	\$979	\$0	\$979	\$0			
Operating	\$37,599	(\$2,451)	\$35,148	\$34,348	\$0	\$34,348	\$800			
Capital			\$0			\$0	\$0			
Contract for fiscal agency & human resource services	\$3,000	\$0	\$3,000	\$3,000		\$3,000	\$0			
<b>TOTAL</b>	<b>\$75,000</b>	<b>(\$0)</b>	<b>\$75,000</b>	<b>\$74,200</b>	<b>\$0</b>	<b>\$74,200</b>	<b>\$800</b>	<b>99%</b>	<b>0%</b>	<b>100%</b>

**Workforce Solutions Cameron Summer Internship**  
**62614**  
**5/22/09-9/15/09**

Personnel - Salaries	\$17,371	\$0	\$17,371	\$17,106		\$17,106	\$265			
Personnel - Benefits/Taxes	\$5,532	\$0	\$5,532	\$4,344		\$4,344	\$1,188			
Travel	\$1,200	\$0	\$1,200	\$642	\$0	\$642	\$558			
Operating	\$9,390	\$0	\$9,390	\$7,494	\$0	\$7,494	\$1,896			
Capital			\$0			\$0	\$0			
Contract for fiscal agency & human resource services	\$1,322	\$0	\$1,322	\$1,157		\$1,157	\$165			
<b>TOTAL</b>	<b>\$34,815</b>	<b>\$0</b>	<b>\$34,815</b>	<b>\$30,743</b>	<b>\$0</b>	<b>\$30,743</b>	<b>\$4,072</b>	<b>88%</b>	<b>0.0%</b>	<b>100%</b>

**Harlingen Economic Development Corporation II**  
**63265**  
**12/1/09-11/30/10**

Personnel - Salaries		\$29,071	\$29,071	\$2,254		\$2,254	\$26,817			
Personnel - Benefits/Taxes		\$9,303	\$9,303	\$736		\$736	\$8,567			
Travel		\$4,500	\$4,500	\$0	\$0	\$0	\$4,500			
Operating		\$29,126	\$29,126	\$40	\$0	\$40	\$29,086			
Capital		\$0	\$0			\$0	\$0			
Contract for fiscal agency & human resource services		\$3,000	\$3,000	\$0		\$0	\$3,000			
<b>TOTAL</b>	<b>\$0</b>	<b>\$75,000</b>	<b>\$75,000</b>	<b>\$3,030</b>	<b>\$0</b>	<b>\$3,030</b>	<b>\$71,970</b>	<b>4%</b>	<b>0%</b>	<b>8%</b>

FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT

**TECH PREP OF THE RIO GRANDE VALLEY, INC.**

August 31, 2009 and 2008

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INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Tech Prep of the Rio Grande Valley, Inc.

We have audited the accompanying statements of financial position of the Tech Prep of the Rio Grande Valley, Inc. (a non-profit organization) as of August 31, 2009 and 2008, and the related statements of activities, functional expenses 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of 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 Organization'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 Tech Prep of the Rio Grande Valley, Inc. as of August 31, 2009 and 2008, 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.

LONG CHILTON, LLP  
*Certified Public Accountants*

Harlingen, Texas  
January 7, 2010

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# **FINANCIAL SECTION**

Tech Prep of the Rio Grande Valley, Inc.  
**STATEMENTS OF FINANCIAL POSITION**  
August 31,

**ASSETS**

	<u>2009</u>	<u>2008</u>
Current assets		
Accounts receivable	\$ 112,489	\$ 146,350
Noncurrent assets		
Property and equipment	62,994	75,615
Accumulated depreciation	<u>(48,938)</u>	<u>(53,443)</u>
Total noncurrent assets	<u>14,056</u>	<u>22,172</u>
Total assets	<u>\$ 126,545</u>	<u>\$ 168,522</u>

**LIABILITIES AND NET ASSETS**

Current liabilities		
Accounts payable	\$ 47,634	\$ 53,990
Refundable advance	-	73,787
Compensated absences	<u>16,478</u>	<u>16,478</u>
Total current liabilities	64,112	144,255
Noncurrent liabilities		
Compensated absences (noncurrent portion)	<u>5,408</u>	<u>7,646</u>
Total liabilities	69,520	151,901
Net assets		
Unrestricted net assets	<u>57,025</u>	<u>16,621</u>
Total liabilities and net assets	<u>\$ 126,545</u>	<u>\$ 168,522</u>

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

Tech Prep of the Rio Grande Valley, Inc.  
**STATEMENTS OF ACTIVITIES**  
Year Ended August 31,

	<u>2009</u>	<u>2008</u>
Increase in net assets:		
Support and revenues		
Services and contracts	\$ 563,262	\$ 457,659
Grants	281,578	556,465
Donations	<u>5,225</u>	<u>13,825</u>
Total support and revenues	850,065	1,027,949
 Decrease in net assets:		
Expenses		
Program services	803,293	1,017,099
Support services		
Administrative	<u>6,368</u>	<u>3,511</u>
Total expenses	<u>809,661</u>	<u>1,020,610</u>
 Changes in net assets	40,404	7,339
 Net assets at beginning of year	<u>16,621</u>	<u>9,282</u>
 Net assets at end of year	<u>\$ 57,025</u>	<u>\$ 16,621</u>

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

Tech Prep of the Rio Grande Valley, Inc.  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended August 31, 2009

	Program Services					
	<u>Local</u>	<u>21st Century</u>	<u>TSTC</u>	<u>CCT Academy Los Fresnos</u>	<u>ARRA Summer Internship</u>	<u>Harlingen EDC</u>
Salaries, wages and benefits	\$ 3,107	\$ 4,075	\$ 213,695	\$ 4,521	\$ 19,009	\$ 23,667
Grants to others	1,025	-	-	100	3,000	-
Operating and travel	1,327	161	12,971	-	642	4,422
Services and professional fees	1,675	-	104,786	800	-	19,941
Office and occupancy	1,441	988	25,062	-	2,016	566
Other costs	<u>30,314</u>	<u>820</u>	<u>30,032</u>	<u>551</u>	<u>3,595</u>	<u>2,264</u>
Total expenses before depreciation	38,889	6,044	386,546	5,972	28,262	50,860
Depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>\$ 38,889</u>	<u>\$ 6,044</u>	<u>\$ 386,546</u>	<u>\$ 5,972</u>	<u>\$ 28,262</u>	<u>\$ 50,860</u>

*The accompanying notes are an integral part of this statement.*

Academic Leadership Alliance	Program Services				Support Services	Total Functional Expenses
	First Generation	Brownsville Chamber Comm Advocacy	Rio Grande RCIC	Total Program Services	Admin.	
\$ 3,804	\$ 98,455	\$ 15,314	\$ 319	\$ 385,966	\$ -	\$ 385,966
-	18,575	-	-	22,700	-	22,700
124	3,580	510	-	23,737	-	23,737
10,027	101,276	325	-	238,830	-	238,830
-	10,224	1,579	-	41,876	-	41,876
<u>2,289</u>	<u>19,104</u>	<u>1,215</u>	<u>-</u>	<u>90,184</u>	<u>-</u>	<u>90,184</u>
16,244	251,214	18,943	319	803,293	-	803,293
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,368</u>	<u>6,368</u>
<u>\$ 16,244</u>	<u>\$ 251,214</u>	<u>\$ 18,943</u>	<u>\$ 319</u>	<u>\$ 803,293</u>	<u>\$ 6,368</u>	<u>\$ 809,661</u>

Tech Prep of the Rio Grande Valley, Inc.  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended August 31, 2008

	Program Services				
	Local	21st Century	TSTC	Ready for the Real World	AmeriCorp Planning
Salaries, wages and benefits	\$ 28,852	\$ 4,012	\$ 215,884	\$ 24,863	\$ 2,725
Grants to others	3,950	-	-	10,000	-
Operating and travel	268	632	13,286	543	62
Services and professional fees	5,204	750	106,182	6,245	100
Office and occupancy	2,439	2,111	24,982	2,669	-
Other costs	<u>30,887</u>	<u>1,240</u>	<u>31,534</u>	<u>6,545</u>	<u>-</u>
Total expenses before depreciation	71,600	8,745	391,868	50,865	2,887
Depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>\$ 71,600</u>	<u>\$ 8,745</u>	<u>\$ 391,868</u>	<u>\$ 50,865</u>	<u>\$ 2,887</u>

*The accompanying notes are an integral part of this statement.*

<u>Program Services</u>					<u>Support Services</u>	<u>Total Functional Expenses</u>
<u>Adv Manufac Cont</u>	<u>First Generation</u>	<u>Brownsville Chamber Comm Advocacy</u>	<u>Rio Grande RCIC</u>	<u>Total Program Services</u>	<u>Admin.</u>	
\$ 18,034	\$ 140,930	\$ 9,089	\$ 3,567	\$ 447,956	\$ -	\$ 447,956
600	70,690	-	-	85,240	-	85,240
1,472	6,125	267	46	22,701	-	22,701
14,712	111,363	-	-	244,556	-	244,556
1,416	10,376	-	-	43,993	-	43,993
<u>1,707</u>	<u>100,050</u>	<u>483</u>	<u>207</u>	<u>172,653</u>	<u>-</u>	<u>172,653</u>
37,941	439,534	9,839	3,820	1,017,099	-	1,017,099
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,511</u>	<u>3,511</u>
<u>\$ 37,941</u>	<u>\$ 439,534</u>	<u>\$ 9,839</u>	<u>\$ 3,820</u>	<u>\$ 1,017,099</u>	<u>\$ 3,511</u>	<u>\$ 1,020,610</u>

Tech Prep of the Rio Grande Valley, Inc.  
**STATEMENTS OF CASH FLOWS**  
Year Ended August 31,

	2009	2008
Cash flows from operating activities		
Changes in net assets	\$ 40,404	\$ 7,339
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation expense	6,368	3,511
Loss on disposal of equipment	5,034	-
(Increase) decrease in accounts receivable	33,861	(45,617)
Increase (decrease) in accounts payable	(6,356)	27,456
Increase (decrease) in refundable advance	(73,787)	20,167
Increase (decrease) in compensated absences	(2,238)	5,351
Net cash provided (used) by operating activities:	3,286	18,207
 Cash flows from investing activities:		
Purchase of equipment and improvement	(3,286)	(18,207)
 Cash flows from financing activities:	-	-
 Net (decrease) increase in cash and cash equivalent:	-	-
 Cash and cash equivalents at beginning of year	-	-
 Cash and cash equivalents at end of year	\$ -	\$ -

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

Tech Prep of the Rio Grande Valley, Inc.  
**NOTES TO FINANCIAL STATEMENTS**  
August 31, 2009 and 2008

**NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

*Nature of Activities*

Tech Prep of the Rio Grande Valley, Inc., is a non-profit corporation which provides a partnership between education and business that prepares young people for today's skilled workforce. This partnership involves high schools, colleges, large and small businesses and governmental agencies - all working together. The Organization is supported primarily through grants, funds from services provided to Texas State Technical College and contributions. Approximately \$387,651 and \$393,585 of the Organization's support for the years ended August 31, 2009 and 2008 respectively, came from services provided to Texas State Technical College. Texas State Technical College acts as the fiscal agent for the Organization, receiving and disbursing funds and employing personnel as required by the Organization.

*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.

*Property and Equipment*

It is the Organization's policy to capitalize property and equipment for controlled items and items over \$5,000. All other items are expensed in the period incurred. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method.

	<u>Useful Life</u>
Equipment	5-7 years

*Financial Statement Presentation*

The Organization has adopted Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization 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. As permitted by the statement, the Organization does not use fund accounting.

*Contributions and Grants*

The Organization has also adopted SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Tech Prep of the Rio Grande Valley, Inc.  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
August 31, 2009 and 2008

**NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - Continued**

Grants are considered to be exchange transactions. Accordingly, revenue is recognized as the related expenses are incurred.

*Income Taxes*

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for Federal income taxes has been made in these statements.

*Cash and Cash Equivalents*

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

*Compensated Absences*

Full-time employees earn annual leave from eight to twenty-one hours per month depending on the respective employee's years of State employment. The State's policy is that an employee may carry his accrued leave forward from one fiscal year to another fiscal year with a maximum number of hours up to 532 for those employees with 35 or more years of State service. Employees with at least six months of State service who terminate their employment are entitled to payment for all accumulated annual leave up to the maximum allowed. The Organization recognizes the accrued liability for the unpaid annual leave in the Statement of Financial Position. For the year ended August 31, 2009 and 2008, the accrued liability totaled \$21, 886 and \$24,124.

Sick leave, the accumulation of which is unlimited, is earned at the rate of eight hours per month and is paid only when an employee is off due to illness or to the estate of an employee in the event of his/her death. The maximum sick leave that may be paid an employee's estate is one-half of the employee's accumulated entitlement or 336 hours, whichever is less. The Organization's policy is to recognize the cost of sick leave when paid and the liability is not shown in the financial statements since experience indicates the expenditure for sick leave to be minimal.

*Prior Year Reclassifications*

The financial statements for the fiscal year ended August 31, 2008, have been reclassified to conform with the presentation of the statements for the fiscal year ended August 31, 2009.

**NOTE B - PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

	<u>09/01/08</u>	<u>Additions</u>	<u>Deletions</u>	<u>08/31/09</u>
Equipment	\$75,614	\$ 3,286	\$(15,906)	\$62,994
Accumulated depreciation	<u>(53,442)</u>	<u>(6,368)</u>	<u>10,872</u>	<u>(48,938)</u>
	<u>\$22,172</u>	<u>\$ (3,082)</u>	<u>\$ (5,034)</u>	<u>\$14,056</u>

Tech Prep of the Rio Grande Valley, Inc.  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
August 31, 2009 and 2008

**NOTE C - ACCOUNTS RECEIVABLE**

Tech Prep receives funds from grantors and contract service partners on a reimbursement basis; therefore, there is a large accounts receivable balance at the end of each year. The accounts receivable balance is made up of the following amounts:

	August 31,	
	<u>2009</u>	<u>2008</u>
First Generation	\$ -	\$ 29,985
Brownsville Community Advocacy	-	2,939
21 <sup>st</sup> Century	2,577	2,766
TSTC	78,273	103,513
United Migrant Opportunity Services	-	5,000
Rio Grande RCIC	-	2,147
CCT Academy Los Fresnos	1,370	-
Harlingen EDC	18,750	-
ARRA Summer Internship	10,482	-
Other	<u>1,037</u>	<u>-</u>
	<u>\$112,489</u>	<u>\$146,350</u>

**NOTE D - ACCOUNTS PAYABLE**

Tech Prep has a payable to TSTC for the amount of money that TSTC has paid on Tech Prep's behalf. TSTC performs this service for Tech Prep for a small fee based on a percentage of the revenues of each program. For the fiscal year ending August 31, 2009 and 2008, Tech Prep's accounts payable to TSTC for payments made on behalf of Tech Prep is \$9,592 and \$17,500, respectively.

**NOTE E - FEDERAL FINANCIAL ASSISTANCE**

The Organization has been awarded grants to provide services to students. The grants are considered to be exchange transactions. Accordingly, revenue is recognized as the related expenses are incurred. Grant activity for the years ended August 31, are as follows:

	<u>CFDA</u>	<u>2009</u>	<u>2008</u>
WIA Youth Activities	17.259	\$ 28,263	\$128,844
WIA Dislocated Workers	17.260	247,271	378,048
WIA Pilots, Demonstrations and Reserved Projects	17.261	-	37,941
21 <sup>st</sup> Century Community Learning Centers	84.287	6,044	8,745
Americorp	94.006	<u>-</u>	<u>2,887</u>
		<u>\$281,578</u>	<u>\$556,465</u>

Tech Prep of the Rio Grande Valley, Inc.  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
August 31, 2009 and 2008

**NOTE F - PENSION PLAN OBLIGATIONS**

*Plan Description*

The Organization contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing multiple employer defined benefit pension plan. The Organization also contributes to a 403(b) Optional Retirement Plan (ORP). Tech Prep is allowed to contribute to TRS as a result of their association with Texas State Technical College. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit transfers under Texas Government Code, Title 8, Chapters 803 and 805, respectively. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet website, [www.trs.state.tx.us](http://www.trs.state.tx.us), under the TRS Publications heading.

*Funding Policy*

State law provides for fiscal years 2009 and 2008 a state contribution rate of 6.0% and a member contribution rate of 6.4%. In certain instances the reporting entity is required to make all or a portion of the state's 6.0% contribution. Contribution requirements are not actuarially determined but are legally established each biennium pursuant to the following state funding policy: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10.0% of the aggregate annual compensation of all members of the system during that fiscal year. (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

**NOTE G - MAJOR CONTRACT**

The Organization has entered into a services contract with Texas State Technical College for the implementation of Tech Prep curriculum in the Lower Rio Grande Valley of Texas, as authorized and funded under the Carl D. Perkins Vocational and Applied Technology Act of 1990. The total amount of expenditures for this contract in 2009 and 2008 was \$387,651 and \$393,585, respectively. This amount includes \$1,104 and \$1,717 in capital asset purchases in 2009 and 2008 that will be depreciated over the life of the asset.