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**LINDA TENEYUQUE GONZALEZ**  
Certified Public Accountant

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Admission Control

I have audited the accompanying statement of financial position of Admission Control (a nonprofit organization) as of June 30, 2005, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Admission Control's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Admission Control as of June 30, 2005, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Linda Teneyuque Gonzalez, CPA

Kyle, Texas  
January 11, 2006

**Admission Control**  
**Statement of Financial Position**  
**As of June 30, 2005**

	<b>Unrestricted</b>	<b>Temporarily</b>	<b>Total All</b>
	<b>Funds</b>	<b>Restricted</b>	<b>Funds</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 78,767	\$ 24,335	\$ 103,102
Prepaid Expenses	992	-	992
Property, Plant and Equipment, net of Accumulated Depreciation of \$44	1,794	-	1,794
<b>TOTAL ASSETS</b>	<u>\$ 81,553</u>	<u>\$ 24,335</u>	<u>\$ 105,888</u>
 <b>LIABILITIES AND NET ASSETS</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 2,335	-	\$ 2,335
<b>TOTAL LIABILITIES</b>	<u>2,335</u>	<u>-</u>	<u>2,335</u>
<b>NET ASSETS</b>			
Unrestricted	79,218	-	79,218
Temporarily Restricted	-	24,335	24,335
<b>TOTAL NET ASSETS</b>	<u>79,218</u>	<u>24,335</u>	<u>103,553</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 81,553</u>	<u>\$ 24,335</u>	<u>\$ 105,888</u>

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

**Admission Control  
Statement of Activities  
For The Year Ended June 30, 2005**

	<b>Unrestricted Funds</b>	<b>Temporarily Restricted Funds</b>	<b>Total All Funds</b>
<b>PUBLIC SUPPORT AND REVENUE</b>			
Contributions	\$ 124,208	\$ 24,335	\$ 148,543
In-Kind Support	33,260	-	33,260
 Total Contributions	 157,468	 24,335	 181,803
 Interest Revenue	 397	 -	 397
Miscellaneous Revenue	277	-	277
	158,142	24,335	182,477
 Net Assets Released from Restrictions - Program Expenditures	 - -	 - -	 - -
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<b>158,142</b>	<b>24,335</b>	<b>182,477</b>
<b>EXPENSES</b>			
Program Services:			
Program Expenses	72,260	-	72,260
 Supporting Services:			
Administrative	10,521	-	10,521
Fundraising	-	-	-
 Total Supporting Services	 10,521	 -	 10,521
<b>TOTAL EXPENSES</b>	<b>82,781</b>	<b>-</b>	<b>82,781</b>
<b>INCREASE IN NET ASSETS</b>	<b>75,361</b>	<b>24,335</b>	<b>99,696</b>
<b>BEGINNING NET ASSETS</b>	<b>3,857</b>	<b>-</b>	<b>3,857</b>
<b>ENDING NET ASSETS</b>	<b>\$ 79,218</b>	<b>\$ 24,335</b>	<b>\$ 103,553</b>

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

**Admission Control**  
**Statement of Functional Expenses**  
**For The Year Ended June 30, 2005**

	Supporting Services				Total Expenses
	Program Services	Management and General	Fundraising	Total Supporting Services	
Member Expenses	\$ 385	\$ -	\$ -	\$ -	\$ 385
Supplies	3,903	1,145	-	1,145	5,048
Telephone & Telecommunications	3,195	1,383	-	1,383	4,578
Postage	254	132	-	132	386
Printing	1,222	150	-	150	1,372
Books and Subscriptions	1,340	244	-	244	1,584
Lease Expense	12,750	2,250	-	2,250	15,000
Utilities	1,170	206	-	206	1,376
Repair and Maintenance	-	255	-	255	255
Bank Charges	-	158	-	158	158
Travel Expenses	9,537	-	-	-	9,537
Conference Expenses	490	-	-	-	490
Liability Insurance	992	1,280	-	1,280	2,272
Membership Dues	-	350	-	350	350
Staff Development	2,221	497	-	497	2,718
Computer Services	758	-	-	-	758
Advertising Expenses	484	-	-	-	484
In-Kind Expenses	33,260	-	-	-	33,260
Other Expenses	-	1,876	-	1,876	1,876
Miscellaneous Expenses	299	551	-	551	850
<b>Total Expenses before Depreciation</b>	<b>\$ 72,260</b>	<b>\$ 10,477</b>	<b>\$ -</b>	<b>\$ 10,477</b>	<b>\$ 82,737</b>
Depreciation		44	-	44	44
<b>TOTAL EXPENSES</b>	<b>\$ 72,260</b>	<b>\$ 10,521</b>	<b>\$ -</b>	<b>\$ 10,521</b>	<b>\$ 82,781</b>

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

**Admission Control**  
**Statement of Cash Flows**  
**For The Year Ended June 30, 2005**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Increase in Net Assets	\$	99,696
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation		44
(Increase) decrease in prepaid expenses		40
Increase (decrease) in accounts payable		<u>2,335</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		<u>102,115</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Acquisition of Property and Equipment		<u>(1,838)</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>		<u>(1,838)</u>

**NET INCREASE IN CASH AND CASH EQUIVALENTS** 100,277

**CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR** 2,825

**CASH AND CASH EQUIVALENTS AT END OF YEAR** \$ 103,102

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

**ADMISSION CONTROL**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2005**

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**NOTE 1: REPORTING ENTITY**

Admission Control is a 501(C) (3) educational nonprofit organization whose purpose is to positively impact the college attendance rate of economically disadvantage youth in Texas. Admission Control was incorporated as a voluntary non-profit corporation of the State of Texas on March 12, 2003.

**Admission Control Mission Statement**

*Admission Control provides college-preparatory services to motivated, economically-disadvantage high school students who want to earn baccalaureate degrees. Because we believe that access to higher education is the right of a young Texan, we facilitate their transition to college and make the process exciting and rewarding.*

Admission Control provides six essential services:

- Introduction to the college experience
- Intensive SAT-I preparation
- Assistance in completing college applications
- Assistance in applying for financial aid and scholarships
- College retention strategies
- Ongoing support during the college years.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies of the Admission Control applied in the preparation of the accompanying financial statement follows:

Basis of Presentation - The financial statements of the Admission Control have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Financial Statement Presentation - The statements of financial position and of activities focuses on the organization as a whole and reports the amounts of its total assets, liabilities, net assets and changes in net assets in accordance with the Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-For-Profit Organizations*. Accordingly, net assets of the organization and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Property and equipment are included in unrestricted net assets.

Temporarily Restricted Net Assets – Net assets that result from contributions and

**ADMISSION CONTROL**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2005**

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**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

other inflow of assets that are limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the organization pursuant to those stipulations. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets – These net assets are subject to donor-imposed restrictions that such assets be maintained permanently. Generally, the donor permits the organization to expend all or part of the income earned from the related assets for general or specific purposes. Admission Control has no permanently restricted assets.

Cash and Cash Equivalents – For purposes of the statement of cash flows, Admission Control includes both cash deposit accounts and short-term investments with maturities of less than three months from the date they were purchased. Admission Control's cash and cash equivalents include checking and money market accounts.

Revenue Recognition/Contributions - In accordance with the AICPA Audit and Accounting Guide for Not-For-Profit Organizations and using the guidance of SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, contributions (grants) received from federal, state and local governments that are conditioned upon Admission Control incurring certain qualifying costs, are considered to be conditional promises to give and therefore, are recognized as revenue as those costs are incurred.

Support that is not restricted by the donor is reported as an increase in unrestricted net assets in the reporting period in which the support is recognized. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction in the reporting period in which the support is recognized. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Property and Equipment - Fixed assets are valued at historical cost or estimated cost if an actual historical cost is not available. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets using the straight-line method, principally three to seven years.

In-Kind Contributions and Donation Services - Donated materials and services that are material to the financial statements are recorded at their fair market value.

**ADMISSION CONTROL**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2005**

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**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Contributed Services – Contributed services are recognized as contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance non-financial assets, (b) require specialized skills, (c) the services are performed by people with those skills, and (d) Admission Control would otherwise have to pay for such services.

Use of Estimates and Assumptions - 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.

Functional Allocation of Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the program and supporting services benefited as summarized in the statement of functional expenses.

Income Tax Status – Admission Control is exempt from income taxes under Section 501(a) of the Internal Revenue Code of 1986 as a publicly supported charitable organization described in Section 501(c)(3). Consequently, no provision for federal income taxes is required or included in the accompanying financial statements.

**NOTE 3: PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at June 30, 2005:

Furniture and equipment (video camera and computer)	<u>\$ 1,838</u>
	1,838
Accumulated depreciation	<u>44</u>
	<u>\$ 1,794</u>

Depreciation expense was \$44 for the year ended June 30, 2005.

**NOTE 4: LEASE COMMITMENTS**

In August 2003, Admission Control entered into a lease for office space. The term of the lease is for a period of 36 months, commencing on August 21, 2003 ending August 31, 2006.

**ADMISSION CONTROL**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2005**

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**NOTE 4: LEASE COMMITMENTS - CONTINUED**

The following is a schedule of future minimum lease payments required under the above operating lease as of June 30, 2005:

Years ending June 30	Amount
2006	\$ 13,368
Thereafter	2,248
Total	<u>\$ 15,616</u>

Admission Control incurred office rent expense of \$15,000 for the year ended June 30, 2005.

**NOTE 5: TEMPORARILY RESTRICTED NET ASSETS**

At June 30, 2005, temporarily restricted net assets are restricted to balances arising from contributions for which restrictions have not been met and consisted of the following:

Destination Graduation (retention program)	\$ 24,335
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**NOTE 6: IN-KIND DONATIONS**

Admission Control recorded contribution income resulting from the following in-kind donations received in year ended June 30, 2005.

MIS Support	\$ 8,275
Curriculum Development/Training	\$ 12,500
University/College Visits-room & board	<u>12,485</u>
	<u>\$ 33,260</u>

**NOTE 7: STAFFING**

Executive Director and Program Coordinator

The Executive Director and Program Coordinator are full-time, exempt employees of Medical Research Consultants and receive compensation and benefits from Medical Research Consultants.

**ADMISSION CONTROL**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2005**

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**NOTE 7: STAFFING - CONTINUED**

AmeriCorps\*VISTA Members

Admission Control has a Memorandum of Agreement with Corporation for National and Community Service AmeriCorps\*VISTA to provide AmeriCorps\*VISTA members to perform volunteer service for Admission Control. AmeriCorps\*VISTA members are not considered employees of Admission Control and are compensated through Corporation for National and Community Service AmeriCorps\*VISTA.

Volunteers

Volunteers serve as their available time coincides with the needs and operations of Admission Control. Volunteers do not receive benefits and compensation for their service to Admission Control.