

**ALPHA HOUSE OF TAMPA, INC.
TAMPA, FLORIDA
FINANCIAL STATEMENTS
AND REPORT ON INTERNAL CONTROL
AND COMPLIANCE
DECEMBER 31, 2011 AND 2010**



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ALPHA HOUSE OF TAMPA, INC.

TAMPA, FLORIDA

DECEMBER 31, 2011 AND 2010

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**INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND THE SCHEDULE OF EXPENDITURES OF
FEDERAL, STATE AND LOCAL AWARDS**

**To the Board of Directors
Alpha House of Tampa, Inc.
Tampa, Florida**

I have audited the accompanying statements of financial position of Alpha House of Tampa, Inc. (Alpha House) (a non-profit organization) as of December 31, 2011 and 2010, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of Alpha House of Tampa, Inc.'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the 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 Alpha House of Tampa, Inc. as of December 31, 2011 and 2010, 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.

In accordance with *Government Auditing Standards*, I have also issued a report dated February 29, 2012 on my consideration of Alpha House's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal, state and local awards are presented for purposes of additional analysis and are 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.



Antoinette J. Wheat,
Certified Public Accountant
Tampa, Florida
February 29, 2012

ALPHA HOUSE OF TAMPA, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2011 AND 2010

ASSETS	<u>2011</u>	<u>2010</u>
CURRENT ASSETS		
Cash and Cash equivalents	\$ 108,718	\$ 111,753
Pledges receivable - net of allowance for doubtful accounts of \$4,198 and \$12,427 respectively	73,338	103,810
Grants receivable	42,544	55,247
Client receivables - net of allowance for doubtful accounts of \$640 and \$640, respectively	27,942	40,318
Prepaid and other current assets	26,940	23,144
Total Current Assets	<u>279,482</u>	<u>334,272</u>
NON-CURRENT ASSETS		
Pledges receivable - Net of allowance for doubtful noncurrent accounts of \$3,078 and \$10,188 respectively	9,750	34,679
COMMUNITY FOUNDATION INVESTMENTS	1,180,299	1,278,441
PROPERTY AND EQUIPMENT, AT COST		
Land	560,512	560,512
Building	2,382,219	2,345,281
Furniture and fixtures	176,162	101,333
Machinery and equipment	194,566	193,049
Vehicles	40,659	47,932
Total Property and Equipment	<u>3,354,118</u>	<u>3,248,107</u>
Accumulated depreciation	(1,192,799)	(1,159,039)
Property and equipment, net	<u>2,161,319</u>	<u>2,089,068</u>
TOTAL ASSETS	<u>\$ 3,630,850</u>	<u>\$ 3,736,460</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 28,531	\$ 20,553
Line of credit	12,000	
Current maturities of capitalized lease obligation	1,813	1,579
Total Current Liabilities	<u>42,344</u>	<u>22,132</u>
LONG-TERM DEBT		
Capitalized lease obligation	4,839	
Payable to City of Tampa	38,960	39,960
Total Long-term Debt	<u>43,799</u>	<u>39,960</u>
TOTAL LIABILITIES	86,143	62,092
NET ASSETS		
Unrestricted, undesignated Net Assets	237,722	353,446
Designated for Property and Equipment	2,154,667	2,087,489
Board Designated Unrestricted Net Assets	1,142,318	1,225,933
Total Unrestricted Net Assets	<u>3,534,707</u>	<u>3,666,868</u>
Temporarily Restricted Net Assets	10,000	7,500
Total Net Assets	<u>3,544,707</u>	<u>3,674,368</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,630,850</u>	<u>\$ 3,736,460</u>

The Notes are an Integral Part of These Financial Statements

ALPHA HOUSE OF TAMPA, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011			2010		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT						
Contributions	\$ 360,798	\$ 10,000	\$ 370,798	\$ 297,310	\$ 35,000	\$ 332,310
US Department of Housing and Urban Development	316,133		316,133	304,878		304,878
Government grants and contracts	451,739		451,739	460,851		460,851
United Way	135,618		135,618	129,040		129,040
Special events, net of direct costs	26,026	10,107	36,133	47,232	31,932	79,164
of \$25,430 and \$14,271 respectively						
Net assets released from restrictions due to satisfaction of program restrictions	17,607	(17,607)		106,410	(106,410)	
Total Support	<u>1,307,921</u>	<u>2,500</u>	<u>1,310,421</u>	<u>1,345,721</u>	<u>(39,478)</u>	<u>1,306,243</u>
REVENUE						
Program fees	14,279		14,279	4,176		4,176
Interest income	73		73	327		327
Net earnings (unrealized loss) on investments	(37,696)		(37,696)	133,616		133,616
Other income	7,261		7,261	2,079		2,079
Total Revenue	<u>(16,083)</u>		<u>(16,083)</u>	<u>140,198</u>		<u>140,198</u>
Total Support and Revenue	<u>1,291,838</u>	<u>2,500</u>	<u>1,294,338</u>	<u>1,485,919</u>	<u>(39,478)</u>	<u>1,446,441</u>
EXPENSES						
Program Services:						
Maternity residence	758,770		758,770	746,905		746,905
Transitional housing	377,793		377,793	397,915		397,915
Total Program Services	<u>1,136,563</u>		<u>1,136,563</u>	<u>1,144,820</u>		<u>1,144,820</u>
Support Services:						
Management and general	118,067		118,067	112,080		112,080
Fundraising	169,369		169,369	126,077		126,077
Total Support Services	<u>287,436</u>		<u>287,436</u>	<u>238,157</u>		<u>238,157</u>
Total Expenses	<u>1,423,999</u>		<u>1,423,999</u>	<u>1,382,977</u>		<u>1,382,977</u>
CHANGES IN NET ASSETS	<u>(132,161)</u>	<u>2,500</u>	<u>(129,661)</u>	<u>102,942</u>	<u>(39,478)</u>	<u>63,464</u>
Net Assets, Beginning of Year	<u>3,666,868</u>		<u>3,674,368</u>	<u>3,563,926</u>		<u>3,610,904</u>
Net Assets, End of Year	<u>\$ 3,534,707</u>	<u>\$ 10,000</u>	<u>\$ 3,544,707</u>	<u>\$ 3,666,868</u>	<u>\$ 7,500</u>	<u>\$ 3,674,368</u>

The Notes are an Integral Part of These Financial Statements

ALPHA HOUSE OF TAMPA, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2011 AND 2010

	Program Services			Support Services			Total Expenses
	Maternity Residence	Transitional Housing	Total Program Services	Management and General	Fundraising	Total Support Services	
2011							
Salaries and related expenses	\$ 563,929	\$ 202,130	\$ 766,059	\$ 52,810	\$ 93,696	\$ 146,506	\$ 912,565
Occupancy	50,248	77,129	127,377	36,416		36,416	163,793
Insurance	24,439	9,919	34,358	1,334	2,307	3,641	37,999
Supplies	3,385	892	4,277	3,107	2,342	5,449	9,726
Direct client expense	67,785	38,575	106,360		5,366	6,318	106,360
Professional fees	4,381	4,887	9,268	15,833	18,225	34,058	45,711
Miscellaneous	11,578	75	11,653	1,682		1,682	1,682
Interest				5,933	405	6,338	83,549
Depreciation	33,025	44,186	77,211				
Total expenses before write off of uncollectible pledges	758,770	377,793	1,136,563	118,067	122,341	240,408	1,376,971
Uncollectible pledges					47,028	47,028	47,028
TOTAL EXPENSES	\$ 758,770	\$ 377,793	\$ 1,136,563	\$ 118,067	\$ 169,369	\$ 287,436	\$ 1,423,999

	Program Services			Support Services			Total Expenses
	Maternity Residence	Transitional Housing	Total Program Services	Management and General	Fundraising	Total Support Services	
2010							
Salaries and related expenses	\$ 540,527	\$ 211,516	\$ 752,043	\$ 49,848	\$ 91,823	\$ 141,671	\$ 893,714
Occupancy	61,242	75,656	136,898	36,059		36,059	172,957
Insurance	32,535	14,744	47,279	1,854	2,659	4,513	51,792
Supplies	4,605	973	5,578	2,487	3,655	6,142	11,720
Direct client expense	64,978	43,848	108,826	29		29	108,855
Professional fees	4,390	4,685	9,075	6,500	22,557	6,500	15,575
Miscellaneous	8,745	922	9,667	8,830		31,387	41,054
Interest				1,530		1,530	1,530
Depreciation	29,883	45,571	75,454	4,943	423	5,366	80,820
Total expenses before write off of uncollectible pledges	746,905	397,915	1,144,820	112,080	121,117	233,197	1,378,017
Uncollectible pledges					4,960	4,960	4,960
TOTAL EXPENSES	\$ 746,905	\$ 397,915	\$ 1,144,820	\$ 112,080	\$ 126,077	\$ 238,157	\$ 1,382,977

The Notes are an Integral Part of These Financial Statements

**ALPHA HOUSE OF TAMPA, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
OPERATING ACTIVITIES:		
Change in net assets	\$ (129,661)	\$ 63,464
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	83,549	80,821
Unrealized (gains) losses on investments	67,611	(116,243)
Donated property and equipment included in donations	(102,818)	
Decrease (increase) in receivables, net	80,480	(26,854)
Decrease (increase) in prepaids and other current assets	(3,795)	451
Increase (decrease) in accounts payable and accrued expenses	7,979	(29,177)
Net cash provided (used) by operating activities	<u>3,345</u>	<u>(27,538)</u>
INVESTING ACTIVITIES:		
Acquisition of property and equipment	(52,981)	(14,060)
Transfers to Alpha House endowment	(29,916)	(18,636)
Transfers from Alpha House endowment	60,446	
Net cash used in investing activities	<u>(22,451)</u>	<u>(32,696)</u>
FINANCING ACTIVITIES:		
Principal payments on capital lease obligations	(2,710)	(1,579)
New capital lease obligation	7,781	
Line of credit	12,000	
City of Tampa forgiveness of debt	(1,000)	(20,000)
Net cash provided (used) in financing activities	<u>16,071</u>	<u>(21,579)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(3,035)</u>	<u>(81,813)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>111,753</u>	<u>193,566</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 108,718</u>	<u>\$ 111,753</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Noncash transaction - donation of services	<u>\$ 28,868</u>	<u>\$ 32,366</u>
Noncash transaction - City of Tampa Non-interest loan Imputed Interest	<u>\$ 1,267</u>	<u>\$ 1,299</u>
Noncash transaction - City of Tampa Forgiveness of Debt	<u>\$ 1,000</u>	<u>\$ 20,000</u>
Interest Paid	<u>\$ 415</u>	<u>\$ 231</u>
Income Tax Expense	<u>\$ -</u>	<u>\$ -</u>

The Notes are an Integral Part of These Financial Statements

**ALPHA HOUSE OF TAMPA, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

1. ORGANIZATION

Alpha House of Tampa, Inc. (Alpha House) was incorporated on March 7, 1986, as a not-for-profit corporation. Alpha House provides opportunities for pregnant and parenting women in crisis to create promising lives for themselves and their babies through safe housing, education and counseling, parenting and life skills training, vocational assistance, and spiritual support. Program services include maternity residential, transitional housing, semi-independent living and aftercare. The maternity residential program requires women to participate in self-improvement program activities while in the program. These activities include classes in labor and delivery, parenting skills, employability skills, life skills and education advancement. The transitional housing program provides women and babies a safe place to go after the baby is born. The goal of transitional housing is to enable the families to live independently once they leave Alpha House. Semi-independent living is a program for foster care teens who are parenting their babies. Teens must participate in school, tutoring, leadership skill development, parenting classes, counseling, case management and other identified activities. Aftercare services are provided for Alpha House residents at discharge. They consist of counseling, case management, and parent education. The goal of the aftercare program is to assist the resident in continuing the progress made toward independent living made during her residency.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The financial statements are prepared on the accrual basis of accounting, which recognizes revenues when earned and expenses when incurred.

Categories presented in the statement of activities are as follows:

- **Unrestricted – Net assets** that are free of donor-imposed restrictions; all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted assets. Alpha House reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the 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. All other contributions are considered unrestricted. Additionally, Alpha House reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

**ALPHA HOUSE OF TAMPA, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

- **Temporarily Restricted – Net assets whose use by Alpha House is limited by donor-imposed stipulations that either expires by passage of time or that can be fulfilled by actions of Alpha House pursuant to the stipulations. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, Alpha House reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. Temporarily Restricted Net Assets consist of the donations and fund raising activities received that remain unspent:**

	<u>2011</u>	<u>2010</u>
Temporarily Restricted	<u>\$ 10,000</u>	<u>\$ 7,500</u>

Donations and Pledge Receivables – All donations are considered to be available for unrestricted use unless specifically restricted by the donor. Legally enforceable pledges, less an allowance for uncollectible amounts, are recorded as receivables in the year made. Donated materials and equipment, if received, are reflected at their estimated fair value at the date of donation. 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 those amounts are computed using risk-free interest rates applicable to the years in which the promises are received plus 5%. Amortization of the discounts is included in contributions. Conditional promises to give are not included as support until the conditions are substantially met.

Property – Property is carried at cost and capitalized if it benefits more than one period. Depreciation, which includes amortization of assets under capital leases, is provided on a straight – line basis over the estimated useful lives of the assets as follows:

<u>Assets</u>	<u>Years</u>
Building	20-40
Furniture and fixtures	3-5
Machinery and equipment	3-5
Vehicles	3-5

**ALPHA HOUSE OF TAMPA, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Fair Value Measurements

U.S. Generally Accepted Accounting Principles require disclosure of an estimate of fair value of certain financial instruments. The Organization's significant financial instruments are cash, grants and client receivables, pledges receivable, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value. The fair value of long term pledges receivable is determined at the present value of expected future cash flows using a discount rate on when the pledge was made.

Use of Estimates

The preparation of the 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 of support, revenues, and expenses during the reporting period. Actual results could differ from those estimates.

Income Tax Status

Income taxes are not provided for in the financial statements since the Organization is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code and similar state provisions. The Organization is treated as a public supported organization, and not as a private foundation. Management is not aware of any activities that would jeopardize the Organization's tax-exempt status.

The Organization accounts for uncertain tax positions, if any, in accordance with ASC Section 740. In accordance with these professional standards, the Organization recognizes tax positions only to the extent that Management believes it is "more likely than not" that its tax positions will be sustained upon IRS examination. Management believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements for the years ended December 31, 2011 and 2010.

The Organization believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Organization's financial condition, results of operations or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2011 and 2010.

**ALPHA HOUSE OF TAMPA, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Income Tax Status-continued

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for fiscal years ending prior to December 31, 2008.

The Organization's policy is to classify income tax related interest and penalties in interest expense and other expenses, respectively.

3. PLEDGES RECEIVABLE

Alpha House has a New Lives Breakfast fund raising campaign. Campaign participants are solicited for five year pledges. Pledges receivable are to be collected from the date of the pledge through the end of the five year pledge period. Long-term contributions to be received in future periods have been discounted at the rate which approximates Treasury bill returns ranging from 5.12% to 5.89% in 2011 and 5.29% to 7.00% in 2010. Pledges receivable are net of an allowance for doubtful accounts of \$4,198 in 2011 and \$12,427 in 2010.

Net pledges made related to future periods are expected to be received as follows:

Amounts due in:	<u>2011</u>	<u>2010</u>
One year	\$ 73,338	\$ 103,810
Two to five years	<u>9,750</u>	<u>34,679</u>
Total	<u>\$ 83,088</u>	<u>\$ 138,489</u>

4. CONTRIBUTED SERVICES

Contributed services are recognized and recorded only to the extent they create or enhance non-financial assets or require specialized skills, are provided by individuals possessing these skills, and would typically need to be purchased if not provided by donations. A substantial number of volunteers have donated significant amounts of their time toward the objectives of Alpha House; however, no amounts are recorded in the accompanying financial statements for non-specialist services. Specialized medical laboratory services provided to residents totaling approximately \$ 28,868 and \$ 32,366 were contributed to Alpha House in 2011 and 2010, respectively. These contributed services are valued based on invoices received from the contributing organizations and the amounts are recognized as support and expense.

**ALPHA HOUSE OF TAMPA, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

5. PAYABLE TO CITY OF TAMPA

Alpha House received several loans from the City of Tampa for properties located at 200 and 205 South Tampania and 2508 Cleveland Street.

Repayment of these loans is deferred while Alpha House remains the fee simple owner and is the occupier of certain property. During the deferment period, Alpha House is not required to pay interest to the City. Interest expense, recorded at prime (3.25% at December 31, 2011 and 2010) was \$ 1,267 for 2011 and \$1,299 for 2010. The City of Tampa forgave \$1,000 and \$ 20,000 of the outstanding debt during 2011 and 2010, respectively.

6. CAPITALIZED LEASE OBLIGATION

Alpha House leases copying equipment that extends to the end of the equipment's estimated useful life. This agreement has been accounted for as a capital lease.

As of December 31, 2011 and 2010 the capitalized lease obligation consists of:

	<u>2011</u>	<u>2010</u>
Capitalized lease obligation	\$ 6,652	\$ 1,579
Less current portion	<u>1,813</u>	<u>1,579</u>
Long-term portion	<u>\$ 4,839</u>	<u>\$ -0-</u>

Future minimum lease payments on the capital lease are as follows as of December 31, 2011:

Year ended December 31	
2012	\$ 1,813
2013	1,964
2014	2,127
2015	<u>748</u>
	<u>\$ 6,652</u>

7. FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, in instances where costs relate to various funds, the costs have been allocated among the programs and supporting services benefited.

8. CONCENTRATIONS OF CASH

Alpha House maintains its cash in two financial institutions which are insured by the FDIC up to \$ 250,000 for 2011 and 2010. At December 31, 2011 and 2010, there were no deposits in excess of insured amounts.

ALPHA HOUSE OF TAMPA, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010

9. LINE OF CREDIT

On August 16, 2010, Alpha House renewed its \$350,000 secured, revolving line of credit agreement with a financial institution. The agreement expires on August 16, 2013. Advances under this agreement accrue interest at a variable rate of prime plus 3%. Borrowings under the agreement are payable in monthly installments of interest only. At December 31, 2011 and 2010, the outstanding balance on the line \$12,000 and \$0, respectively. The line of credit is secured by real properties owned by Alpha House.

10. RETIREMENT BENEFITS

Alpha House has a qualified 401(K) plan available to all employees who meet certain eligibility requirements. The 401(K) plan allows the employee to contribute 1 to 60% of the employee's salary up to the federal maximum allowed under the Internal Revenue Code. Alpha House makes 50% matching contributions up to \$1,000 per participating employee per year. Alpha House's contributions to the plan were \$3,206 and \$3,217 during the years ended December 31, 2011 and 2010, respectively.

11. CASH AND CASH EQUIVALENTS

For purposes of the Statement of Cash Flows, Alpha House considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

12. INVESTMENTS

Financial instruments measured at fair value are classified and disclosed in the following categories:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access. The types of investments included are equities, corporate bonds, U.S. Treasury notes, mutual funds and cash and cash equivalents.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and, inputs that are derived principally from or corroborated by observable market data by correlation or other means. Investments which are generally included in this category include agency obligations and certificates of deposit. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

**ALPHA HOUSE OF TAMPA, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

12. INVESTMENTS-CONTINUED

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Investments held at the Community Foundation of Tampa Bay (Community Foundation) are pooled with other organizations' funds and invested in a diversified portfolio of marketable equity and fixed income securities, as well as limited marketability investments and real estate. A substantial portion of the underlying assets at the Community Foundation are measured at fair value using Level 1 inputs. The Organization's ownership in such investments is represented by an undivided interest in investment portfolios managed by the Community Foundation, not in the underlying assets themselves. The undivided interest in these portfolios are not themselves publicly traded nor can they be valued based on observable direct or indirect inputs as defined by ASC 820. Accordingly, they are reported as Level 3 measurements.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable input and minimize the use of unobservable inputs.

The following table summarizes the Organization's investments that were accounted for at fair value within the fair value hierarchy of ASC 820, as of December 31, 2011:

	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Investments at Community Foundation of Tampa Bay	\$1,180,299			\$1,180,299
Total	\$ 1,180,299			\$1,180,299
Long Term Pledge Receivable	\$9,750			\$9,750
Total	\$9,750			\$9,750

**ALPHA HOUSE OF TAMPA, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

12. INVESTMENTS – CONTINUED

The following table summarizes the Organization’s investments that were accounted for at fair value within the fair value hierarchy of ASC 820, as of December 31, 2010:

	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Investments at Community Foundation of Tampa Bay	<u>\$1,278,441</u>			<u>\$1,278,441</u>
Total	<u>\$ 1,278,441</u>			<u>\$1,278,441</u>
Long Term Pledge Receivable	<u>\$34,679</u>			<u>\$34,679</u>
Total	<u>\$34,679</u>			<u>\$34,679</u>

Net earnings (loss) on the Community Foundation investment accounts are as follows:

	<u>2011</u>	<u>2010</u>
Interest and Dividends	\$ 39,047	\$ 27,188
Realized and Unrealized Gains(Losses)	(66,100)	116,243
Administrative Fee	(7,801)	(6,089)
Investment Managers Fees	<u>(2,842)</u>	<u>(3,726)</u>
Net Investment Gain(Loss)	<u><u>\$(37,696)</u></u>	<u><u>\$ 133,616</u></u>

13. ENDOWMENT FUNDS

The Organization’s endowment consists of a few individual funds held at the Community Foundation of Tampa Bay (Community Foundation). Its endowment includes funds designated by the Board of Directors to function as endowments. As required by U.S. Generally Accepted Accounting Principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**ALPHA HOUSE OF TAMPA, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

13. ENDOWMENT FUNDS-CONTINUED

The Organization has interpreted the wishes of donors and state law as requiring the preservation of the fair value of the original gift as of the gift date. No donor restrictions exist for the endowment funds as of December 31, 2011 and 2010.

If a permanently restricted donation is gifted to the Organization, Management has interpreted the law as requiring donor restricted net assets in an endowment fund to remain restricted until appropriated for expenditure by the Organization for the donor's intended purpose. In accordance with the State Management of Institutional Funds Act, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- **The purposes of the Organization and the donor-restricted endowment fund;**
- **General economic conditions;**
- **The possible effect of inflation and deflation;**
- **The expected total return from income and the appreciation of investments;**
- **Other resources of the Organization;**
- **The investment policies of the Organization**

Investment Return Objectives, Risk Parameters and Strategies - Assets contributed to the Community Foundation for the benefit of the Organization are recorded as assets of the Organization in accordance with professional standards. These funds are pooled with the other assets of the Community Foundation for investment purposes.

Spending Policy - The Community Foundation can make yearly grants to the Organization of no less than 5% of the fund's fair value upon written request from the Organization. For the year ended December 31, 2011, the Organization requested grant funds in the amount of \$60,446 to be used for program operations. In 2010, the Organization reinvested the earnings into the respective funds.

**ALPHA HOUSE OF TAMPA, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

13. ENDOWMENT FUNDS-CONTINUED

Endowment net asset composition by type of fund as of December 31, 2011 and 2010 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Endowment Net Assets
2011:				
Board-designated endowment funds	\$1,180,299	\$-0-	\$-0-	\$1,180,299
2010:				
Board-designated endowment funds	\$1,278,441	\$-0-	\$-0-	\$1,278,441

Changes in Unrestricted Endowment Net Assets for the years ended December 31, 2011 and 2010 are as follows:

	<u>2011</u>	<u>2010</u>
Balance, beginning of year	\$ 1,278,441	\$ 1,143,561
Contributions	-0-	1,262
Realized and Unrealized Gains(Losses)	(66,100)	116,243
Investment Income	39,047	27,189
Fees	(10,643)	(9,814)
Transfers to fund programs	(60,446)	-0-
Balance, end of year	<u>\$ 1,180,299</u>	<u>\$ 1,278,441</u>

14. RECLASSIFICATIONS

Certain amounts in the 2010 financial statements have been reclassified to conform to the 2011 presentation.

15. SUBSEQUENT EVENTS

Alpha House's management has evaluated subsequent events through February 29, 2012, the date the financial statements were available to be issued.

ALPHA HOUSE OF TAMPA, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND LOCAL AWARDS
 YEAR ENDED DECEMBER 31, 2011

Federal CFDA Number	State CFSA Number	Entity Number	Major Program	Grants Amount	2010 Grants Receivable	Cash Received	Federal Pass-Through Expenditures	Expenditures		2011 Grants Receivable	Match Required
								Federal	Local		
U.S. Department of Housing and Urban Development											
Direct Program:											
14.235		FL002B4H011003	No	\$ 229,020	\$ 152,680	\$ 171,765				\$ 19,085	\$ 41,224
14.235		FL002B4H010802	No	77,219	25,712	19,284					4,628
14.235		FL002B4H010802	No	83,013	27,677	20,760					6,228
14.235		FL002B4H010802	No	66,819	22,940	17,205					5,162
		Total CFDA # 14.235			229,009	229,014				19,085	57,241
Passed through Emergency Shelter Grants Program											
14.218		FORF12400014	No SP		5,890	8,745				2,915	6,126
14.218		FORF11400002 01	No SP		20,416	18,374					6,126
		Total CFDA # 14.218			26,246	27,119				2,915	12,252
Emergency Shelter Grants Program											
14.231		POBC1170001201	No SP	60,000	60,000	60,000				22,000	60,000
		Total U.S. Department of Housing and Urban Development			315,255	316,133				22,000	123,367
U.S. Department of Health and Human Services											
Passed through Florida Department of Children and Families											
93.657		HKIF03	No SP BY THE DAY		121,561	47,013		\$ 79,455		14,654	
93.658	60.094	HKIF03	No SP BY THE DAY		62,585	62,585					
		RA001-10	No SP BY THE DAY		29,000					1,616	
		ECAO0BC-AHT-FY10	No SP BY THE DAY		6,248			(1) 26,716		1,515	
		FAH01	No SP BY THE DAY		86,393			(1) 12,220		6,262	
		Lakeview Center	No SP BY THE DAY		1,515			(1) 80,119		4,343	
93.667		UAS90	No SP BY THE DAY		33,047	29,369					
93.658	60.094	UAS90	No SP BY THE DAY		44,512	32,687				28,390	
		Total U.S. Department of Health and Human Services			395,576	171,654		211,850		50,390	123,367
TOTAL EXPENDITURE OF FEDERAL, STATE AND LOCAL AWARDS											
Hillsborough County Board of County Commissioners											
		DPMB09348002	No SP BY THE DAY		25,436			\$ 25,436			
		DPHS11976023	No SP BY THE DAY		20,530						
Children's Board of Hillsborough County											
		C01-60501-201-004-01076-079150-11		44,258	43,414				42,799	4,525	43,252
Adolescent Case Management 10/1/10 THRU 9/30/11											
TOTAL EXPENDITURES OF FEDERAL, STATE AND LOCAL AWARDS											
SP - Reimbursed on a service provided basis											
(1) The amount of Federal dollars for these contracts was not provided.											

The Notes are an Integral Part of These financial Statements

**ALPHA HOUSE OF TAMPA, INC.
NOTES TO SCHEDULES
DECEMBER 31, 2011 and 2010**

1. BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal, State and Local Awards is prepared on the accrual basis of accounting.

2. PASS-THROUGH AWARDS

Alpha House of Tampa, Inc. (Alpha House) receives federal financial assistance from the U. S. Department of Housing and Urban Development and from pass-through awards of various entities. The amounts of direct awards and pass-through awards are included on the Schedule of Expenditures of Federal, State and Local Awards.

3. SERVICE PROVIDED CONTRACTS

Contracts that have an SP next to the contract number column on the Schedule of Expenditures of Federal, State and Local Awards are reimbursed on a service provided basis. This means Alpha House is reimbursed a fixed dollar amount per unit of service provided in accordance with the contract terms rather than on the basis of the actual cost of providing the service.

Under the terms of these contracts, Alpha House is required to report expenditures on a contract basis. Accordingly, Alpha House maintains accounting records that enable it to report expenditures on a contract basis in the Schedule of Expenditures of Federal, State and Local Awards.



ANTOINETTE J. WHEAT

Certified Public Accountant

2004 West Busch Boulevard
Tampa, Florida 33612-7568

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Alpha House of Tampa, Inc.
Tampa, Florida

I have audited the financial statements of Alpha House of Tampa, Inc. (Alpha House) (a non-profit organization) as of and for the years ended December 31, 2011 and 2010, and have issued my report thereon dated February 29, 2012. I conducted my audits 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.

Internal Control Over Financial Reporting

In planning and performing my audits, I considered Alpha House's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Alpha House's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Alpha House's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

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Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Alpha House's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audits, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, management, others within the organization and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Antoinette J. Wheat,
Certified Public Accountant
Tampa, Florida
February 29, 2012



ANTOINETTE J. WHEAT

Certified Public Accountant

2004 West Busch Boulevard
Tampa, Florida 33612-7568

**To the Senior Management and
The Board of Directors
Alpha House of Tampa, Inc.**

In planning and performing my audits of the financial statements of Alpha House of Tampa, Inc. (Alpha House) for the years ended December 31, 2011 and 2010, in accordance with auditing standards generally accepted in the United States of America, I considered Alpha House's internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Alpha House's internal control.

During my audit, I did not become aware of any matters that required strengthening internal controls or operating efficiency. This letter does not affect my report dated February 29, 2012, on the financial statements of Alpha House.

I wish to thank Patricia Langford, Executive Director, and David Long, Director of Finance and Facilities, for their support and assistance during the audit process.

This report is intended solely for the information and use of the Board of Directors, management, others within the organization and applicable government agencies and is not intended to be and should not be used by anyone other than these specified parties.

**Antoinette J. Wheat,
Certified Public Accountant
Tampa, Florida
February 29, 2012**