

GIVE CHILDREN A CHOICE, INC.

**AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

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INDEPENDENT AUDITORS' REPORT

To The Board of Directors
Give Children A Choice, Inc.
Matthews, North Carolina

We have audited the accompanying statement of financial position of Give Children A Choice, Inc. (a nonprofit organization) as of December 31, 2005 and 2004 and the related statements of activities and net assets, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our 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 Give Children A Choice, Inc. as of December 31, 2005 and 2004 and the changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Moyen, Smith + Roller, P.A.

August 1, 2006

GIVE CHILDREN A CHOICE, INC.
Statements of Financial Position
For The Year Ended December 31, 2005
With Comparative Totals For The Year Ended 2004

ASSETS

	<u>2005</u>	<u>2004</u>
Current Assets		
Cash	\$ <u>13,771</u>	\$ <u>7,287</u>
Total Current Assets	<u>13,771</u>	<u>7,287</u>
Total Assets	<u>\$ 13,771</u>	<u>\$ 7,287</u>

LIABILITIES AND NET ASSETS

Unrestricted Net Assets	\$ <u>13,771</u>	\$ <u>7,287</u>
Total Liabilities and Net Assets	<u>\$ 13,771</u>	<u>\$ 7,287</u>

See Accompanying Notes To Financial Statements.

GIVE CHILDREN A CHOICE, INC.
Statements of Activities and Net Assets
For The Year Ended December 31, 2005
With Comparative Totals For The Year Ended 2004

	<u>Unrestricte d</u>	<u>Temporarily Restricted</u>	<u>Total 2005</u>	<u>Total 2004</u>
Revenues:				
Contributions	\$ 38,366	\$ 3,925	\$ 42,291	\$ 31,579
Net assets released from restrictions (Note 2)				
Satisfaction of purpose restrictions	<u>3,925</u>	<u>(3,925)</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>42,291</u>	<u>-</u>	<u>42,291</u>	<u>31,579</u>
Expenses:				
Program Services	31,587	-	31,587	66,118
Management & General	<u>4,220</u>	<u>-</u>	<u>4,220</u>	<u>6,626</u>
Total Expenses	<u>35,807</u>	<u>-</u>	<u>35,807</u>	<u>72,744</u>
Excess (Deficiency) of revenues over expense	6,484	-	6,484	(41,165)
Net Assets, beginning of year	<u>7,287</u>	<u>-</u>	<u>7,287</u>	<u>48,452</u>
Net Assets, end of year	<u>\$ 13,771</u>	<u>\$ -</u>	<u>\$ 13,771</u>	<u>\$ 7,287</u>

See Accompanying Notes To Financial Statements.

GIVE CHILDREN A CHOICE, INC.
Statements of Functional Expenses
For The Year Ended December 31, 2005
With Comparative Totals For The Year Ended 2004

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2005</u>	<u>Total 2004</u>
Program Services:				
Preschool Project	\$ 29,537	\$ -	\$ 29,537	\$ 63,868
Sponsorship Project	<u>2,050</u>	<u>-</u>	<u>2,050</u>	<u>2,250</u>
Total Programs	<u>31,587</u>	<u>-</u>	<u>31,587</u>	<u>66,118</u>
Management & General:				
Bank Service Charge	470	-	470	597
Taxes	25	-	25	25
Office Supplies	146	-	146	188
Postage and Delivery	216	-	216	469
Printing and Reproduction	210	-	210	86
Marketing	329	-	329	2,526
Professional Fees	2,799	-	2,799	2,735
Contributions	<u>25</u>	<u>-</u>	<u>25</u>	<u>-</u>
Total Management & General	<u>4,220</u>	<u>-</u>	<u>4,220</u>	<u>6,626</u>
 Total Functional Expenses	 <u>\$ 35,807</u>	 <u>\$ -</u>	 <u>\$ 35,807</u>	 <u>\$ 72,744</u>

See Accompanying Notes To Financial Statements.

GIVE CHILDREN A CHOICE, INC.
Statements of Cash Flows
For The Year Ended December 31, 2005
With Comparative Totals For The Year Ended 2004

	<u>2005</u>	<u>2004</u>
RESOURCES PROVIDED (USED) BY:		
Operating Activities		
Change in net assets	\$ <u>6,484</u>	\$ <u>(41,165)</u>
Net cash provided (used) by operating activities	<u>6,484</u>	<u>(41,165)</u>
Net increase (decrease) in cash	<u>6,484</u>	<u>(41,165)</u>
Cash - Beginning of year	<u>7,287</u>	<u>48,452</u>
Cash - End of year	<u>\$ 13,771</u>	<u>\$ 7,287</u>

See Accompanying Notes To Financial Statement s.

GIVE CHILDREN A CHOICE, INC.
Notes to Financial Statements
December 31, 2005 and 2004

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Give Children A Choice, Inc. (“the Organization”) is a non-profit organization whose purpose is to improve the circumstances of children’s daily environment by enabling them to reach, prepare and support their adulthood. Programs focus on understanding the children’s needs, designing empowerment programs, incrementally delivering and monitoring the programs that create independence, self-sufficiency and choice.

Cash and Cash Equivalents

The Organization considers all highly liquid unrestricted investments with maturities of three months or less to be cash equivalents for purposes of the statement of cash flows.

The Company maintains its cash account primarily with First Charter Bank. The total cash balances are insured by the FDIC up to \$100,000. The Company also has cash balances on deposit with Krung Thai Bank in Thailand of \$103 and Luang Prabang in Cambodia of \$483 US dollars as of December 31, 2005. The Organization maintains these accounts on an as-needed basis for purchases of expenses for programs being operated in Laos. These deposits are not insured by the FDIC.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions that are restricted for specific purposes, as prescribed by the donor, are recognized as revenue in the year received in the restricted fund as permitted by Statement of Financial Accounting Standards (SFAS) No. 116.

Donated Services

No amounts have been reflected in the financial statements for donated services inasmuch as there is no objective basis available to measure the value of such services; however, a number of volunteers have donated substantial amounts of their time to the Organization’s program services.

Income Tax Status

The Organization qualifies as a tax-exempt entity under section 501(c)(3) of the Internal Revenue Code.

GIVE CHILDREN A CHOICE, INC.
Notes to Financial Statements (continued)
December 31, 2005 and 2004

NOTE 2 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2005</u>	<u>2004</u>
Beginning Balance	\$ <u> -</u>	\$ <u> -</u>
<u>Additions</u>		
Sponsorship	3,925	3,545
Medical	-	-
Preschool	<u> -</u>	<u> -</u>
Total additions to temporarily restricted net assets	<u>3,925</u>	<u>3,545</u>
Total Available	<u>3,925</u>	<u>3,545</u>
Restricted Assets released from donor Restrictions		
Sponsorship	3,925	3,545
Medical	-	-
Preschool	-	-
Land Lease Project	<u> -</u>	<u> -</u>
Total restrictions released	<u>3,925</u>	<u>3,925</u>
Net Restricted Assets	<u>\$ <u> -</u></u>	<u>\$ <u> -</u></u>

The organization operates a sponsorship program to provide educational and living expenses to children of elementary school age. Contributions received for this program have been released from their respective donor restriction through incurring expenses in 2005 and 2004 satisfying the purpose specified by the donors.