

GIVE CHILDREN A CHOICE, INC.

**AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

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To the Board of Directors
Give Children a Choice, Inc.
Matthews, North Carolina

We have audited the accompanying statements of financial position of Give Children a Choice, Inc. (a nonprofit organization) as of December 31, 2008 and 2007, and the related statements of activities and net assets, function 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 the assessing of 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, 2008 and 2007 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in The United States of America.

July 24, 2009

Moyer, Smith & Roller, P.A.

GIVE CHILDREN A CHOICE, INC.
Statements of Financial Position
For The Year Ended December 31, 2008
With Comparative Totals For The Year Ended 2007

ASSETS

	2008	2007
Current Assets		
Cash	\$ 91,967	\$ 57,573
Total Current Assets	91,967	57,573
 Property and Equipment		
Building	25,000	25,000
Land	5,000	5,000
Total Property and Equipment	30,000	30,000
Less: Accumulated Depreciation	1,095	454
Net Property and Equipment	28,905	29,546
 TOTAL ASSETS	 \$ 120,872	 \$ 87,119

LIABILITIES AND STOCKHOLDER'S EQUITY

NET ASSETS		
Unrestricted Net Assets	\$ 107,645	\$ 87,119
Restricted Net Assets	13,227	-
Total Stockholder's Equity	120,872	87,119
 TOTAL LIABILITIES AND NET ASSETS	 \$ 120,872	 \$ 87,119

GIVE CHILDREN A CHOICE, INC.
Statements of Activities and Net Assets
For The Year Ended December 31, 2008
With Comparative Totals For The Year Ended 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2008</u>	<u>Total 2007</u>
Revenues:				
Contributions	\$ 100,307	78,077	\$ 178,384	\$ 160,253
Net assets released from restrictions (Note 2)				
Satisfaction of purpose restrictions	64,850	(64,850)	-	-
Interest Income	9	-	9	-
Total Revenues	<u>165,166</u>	<u>13,227</u>	<u>178,393</u>	<u>160,253</u>
Expenses:				
Program Services	136,899	-	136,899	84,629
Management & General	7,741	-	7,741	5,832
Total Expenses	<u>144,640</u>	<u>-</u>	<u>144,640</u>	<u>90,461</u>
Excess of revenues over expense	<u>20,526</u>	<u>13,227</u>	<u>33,753</u>	<u>69,792</u>
Net Assets, beginning of year	<u>87,119</u>	<u>-</u>	<u>87,119</u>	<u>17,327</u>
Net Assets, end of year	<u>\$ 107,645</u>	<u>\$ 13,227</u>	<u>\$ 120,872</u>	<u>\$ 87,119</u>

GIVE CHILDREN A CHOICE, INC.
Statements of Functional Expenses
For The Year Ended December 31, 2008
With Comparative Totals For The Year Ended 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2008</u>	<u>Total 2007</u>
Program Services:				
Preschool Project	\$ 126,115	\$ -	\$ 126,115	\$ 74,648
Project Expenses	5,000	-	5,000	4,741
Sponsorship Project	5,784	-	5,784	5,240
Total Programs	<u>136,899</u>	<u>-</u>	<u>136,899</u>	<u>84,629</u>
Management & General:				
Depreciation Expense	641	-	641	454
Bank Service Charges	1,195	-	1,195	1,356
Taxes and Licenses	25	-	25	-
Office Supplies	5	-	5	5
Postage and Delivery	52	-	52	138
Marketing	1,120	-	1,120	254
Professional fees	3,665	-	3,665	3,625
Loss on Investment	1,038	-	1,038	-
Total Management & General	<u>7,741</u>	<u>-</u>	<u>7,741</u>	<u>5,832</u>
Total Functional Expenses	<u>\$ 144,640</u>	<u>\$ -</u>	<u>\$ 144,640</u>	<u>\$ 90,461</u>

GIVE CHILDREN A CHOICE, INC.
Statements of Cash Flows
For The Year Ended December 31, 2008
With Comparative Totals For The Year Ended 2007

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income/(Loss)	\$ 33,753	\$ 69,792
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation Expense	641	454
NET CASH USED BY OPERATING ACTIVITIES	<u>34,394</u>	<u>70,246</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Land	-	(5,000)
Purchase of Building	-	(25,000)
NET CASH USED BY INVESTING ACTIVITIES	<u>-</u>	<u>(30,000)</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	34,394	40,246
 CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>57,573</u>	<u>17,327</u>
 CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 91,967</u>	<u>\$ 57,573</u>

GIVE CHILDREN A CHOICE, INC.
Notes to Financial Statements
For the Years Ended December 31, 2008 and 2007

NOTE 1 – SUMMARY OF 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 the 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. Incorporated March 27, 2002, the organization is recognized as a 501(c)(3) non-profit organization by the Internal Revenue Service and is exempt from federal and state income taxes.

A summary of the Organization’s significant accounting policies follows:

Basis of Accounting

The accompanying financial statements follow 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 the three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

Operating Cycles

Assets and liabilities related to long-term contracts are included in current assets and current liabilities in the accompanying statements of financial position, as they will be liquidated in the normal course of contract completion, although this may require more than one year.

Recognition of Restricted Contributions

Contributions are recognized when the donor makes the promise to give to the Organization unconditionally. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are received. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions as permitted by Statement of Financial Accounting Standards (SFAS) No. 116.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 Organization maintains its cash account primarily with Fifth Third Bank and an investment account with Fidelity Investments. The total cash balances are insured by the FDIC up to \$250,000. The Organization also has cash balances on deposit with Luang Prabang in Cambodia of \$12,086 US dollars as of December 31, 2008. The Organization maintains this account and transfers money from the United States to this account on an as-needed basis to cover purchases and expenses for programs being operated in Laos. These deposits are not insured by the FDIC.

Property and Equipment

The Organization capitalized all property and equipment acquisitions in excess of \$500. Purchased property and equipment are recorded at cost. Donations of property and equipment are recorded as support at their estimated fair value at the date of the donation. Such donations are reported as unrestricted support 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 support. 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.

The Organization owns land and a building in Mano Village, Luang Prabang with a basis of \$5,000 and \$25,000, respectively. The building is being depreciated over 39 years using the straight line method of depreciation. Depreciation expense for the years ending December 31, 2008 and 2007 totaled \$641 and \$454, respectively.

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.

GIVE CHILDREN A CHOICE, INC.
Notes to Financial Statements (Continued)
December 31, 2008 and 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expenses

Expenses are charged directly to program or management and general categories based on specific identification. Indirect expenses have been allocated based on salary expenditures.

Income Taxes

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

NOTE 2 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2008</u>	<u>2007</u>
Beginning Balance	<u>\$ -</u>	<u>\$ -</u>
<u>Additions</u>		
Sponsorship	7,232	2,370
Preschool	<u>70,845</u>	<u>-</u>
Total additions to temporarily restricted net assets	<u>78,077</u>	<u>2,370</u>
Total Available	<u>78,077</u>	<u>2,370</u>
Restricted Assets released from donor restrictions		
Sponsorship	7,232	2,370
Preschool	<u>57,618</u>	<u>-</u>
Total restrictions released	<u>64,850</u>	<u>2,370</u>
Net Restricted Assets	<u>\$ 13,227</u>	<u>\$ -</u>