

GIVE CHILDREN A CHOICE, INC.

**AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

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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, 2009 and 2008, 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 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, 2009 and 2008 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 22, 2010

Moyer, Smith + Roller

GIVE CHILDREN A CHOICE, INC.
Statements of Financial Position
For The Year Ended December 31, 2009
With Comparative Totals For The Year Ended 2008

ASSETS

	2009	2008
Current Assets		
Cash	\$ 76,564	\$ 91,967
Total Current Assets	\$ 76,564	\$ 91,967
 Property and Equipment		
Building	25,000	25,000
Building Improvements	10,975	-
Equipment	1,357	-
Land	5,000	5,000
Total Property and Equipment	42,332	30,000
Less: Accumulated Depreciation	2,550	1,095
Net Property and Equipment	39,782	28,905
 TOTAL ASSETS	 \$ 116,346	 \$ 120,872

LIABILITIES AND NET ASSETS

	<u>2009</u>	<u>2008</u>
CURRENT LIABILITIES		
Accounts Payable	\$ 235	\$ -
Total Current Liabilities	<u>235</u>	<u>-</u>
	<u>\$ 235</u>	<u>\$ -</u>
TOTAL LIABILITIES		
NET ASSETS		
Unrestricted Net Assets	\$ 95,814	\$ 107,645
Restricted Net Assets	<u>20,297</u>	<u>13,227</u>
Total Net Assets	<u>116,111</u>	<u>120,872</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 116,346</u>	<u>\$ 120,872</u>

GIVE CHILDREN A CHOICE, INC.
Statements of Activities and Net Assets
For The Year Ended December 31, 2009
With Comparative Totals For The Year Ended 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2009</u>	<u>Total 2008</u>
Revenues:				
Contributions	\$ 7,136	140,786	\$ 147,922	\$ 178,384
Net assets released from restrictions (Note 2)				
Satisfaction of purpose restrictions	133,716	(133,716)	-	-
Interest Income	13	-	13	9
Gain on Investment	1,050	-	1,050	-
Total Revenues	<u>141,915</u>	<u>7,070</u>	<u>148,985</u>	<u>178,393</u>
Expenses:				
Program Services	139,658	-	139,658	136,899
Management & General	14,088	-	14,088	7,741
Total Expenses	<u>153,746</u>	<u>-</u>	<u>153,746</u>	<u>144,640</u>
Excess of revenues over expense	<u>(11,831)</u>	<u>7,070</u>	<u>(4,761)</u>	<u>33,753</u>
Net Assets, beginning of year	<u>107,645</u>	<u>13,227</u>	<u>120,872</u>	<u>87,119</u>
Net Assets, end of year	<u>\$ 95,814</u>	<u>\$ 20,297</u>	<u>\$ 116,111</u>	<u>\$ 120,872</u>

GIVE CHILDREN A CHOICE, INC.
Statements of Functional Expenses
For The Year Ended December 31, 2009
With Comparative Totals For The Year Ended 2008

	Unrestricted	Temporarily Restricted	Total 2009	Total 2008
Program Services:				
Preschool Project	\$ 102,158	\$ -	\$ 102,158	\$ 126,115
Project Expenses	37,500	-	37,500	5,000
Sponsorship Project	-	-	-	5,784
Total Programs	<u>139,658</u>	<u>-</u>	<u>139,658</u>	<u>136,899</u>
Management & General:				
Depreciation Expense	1,455	-	1,455	641
Bank Service Charges	1,324	-	1,324	1,195
Taxes and Licenses	-	-	-	25
Office Supplies	59	-	59	5
Postage and Delivery	54	-	54	52
Marketing	199	-	199	1,120
Professional fees	5,660	-	5,660	3,665
Contributions	1,550	-	1,550	-
Printing and Copying	233	-	233	-
Travel	3,554	-	3,554	-
Loss on Investment	-	-	-	1,038
Total Management & General	<u>14,088</u>	<u>-</u>	<u>14,088</u>	<u>7,741</u>
Total Functional Expenses	<u>\$ 153,746</u>	<u>\$ -</u>	<u>\$ 153,746</u>	<u>\$ 144,640</u>

GIVE CHILDREN A CHOICE, INC.
Statements of Cash Flows
For The Year Ended December 31, 2009
With Comparative Totals For The Year Ended 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income/(Loss)	\$ (4,761)	\$ 33,753
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation Expense	1,455	641
Increase/(Decrease) in Accounts Payable	235	-
NET CASH USED BY OPERATING ACTIVITIES	(3,071)	34,394
 CASH FLOWS FROM INVESTING ACTIVITIES		
Building Improvements	(10,975)	-
Purchase of Equipment	(1,357)	-
 NET CASH USED BY INVESTING ACTIVITIES	(12,332)	-
 NET INCREASE IN CASH AND CASH EQUIVALENTS	(15,403)	34,394
 CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	91,967	57,573
 CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 76,564	\$ 91,967

GIVE CHILDREN A CHOICE, INC.
Notes to Financial Statements
For the Years Ended December 31, 2009 and 2008

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 Organizations funds of \$2,297 and \$12,086 at December 31, 2009 and 2008, respectively, were not insured by the Central Bank of Laos. The Organization also has cash balances on deposit with Luang Prabang in Cambodia. 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.

This is an error. We only have one foreign bank account and that is at BCEL in Luang Prabang, Laos.

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, 2009 and 2008 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, 2009 and 2008

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>2009</u>	<u>2008</u>
Beginning Balance	<u>\$ 13,227</u>	<u>\$ -</u>
<u>Additions</u>		
Sponsorship	-	7,232
Preschools	100,807	70,845
Sri Lanka Project	37,383	-
Vitamins	<u>2,596</u>	<u>-</u>
Total additions to temporarily restricted net assets	<u>154,013</u>	<u>78,077</u>
Total Available	<u>154,013</u>	<u>78,077</u>
 Restricted Assets released from donor restrictions		
Sponsorship	-	7,232
Preschool	95,781	57,618
Sri Lanka Project	37,383	-
Vitamins	<u>552</u>	<u>-</u>
Total restrictions released	<u>133,716</u>	<u>64,850</u>
 Net Restricted Assets	 <u>\$ 20,297</u>	 <u>\$ 13,227</u>

GIVE CHILDREN A CHOICE, INC.
Notes to Financial Statements (Continued)
December 31, 2009 and 2008

NOTE 3 – SUBSEQUENT EVENTS

In May 2010, the Organization leased the Mano House to the Laos coordinator, Thongchanh Vilayvong. The lease begins on May 31, 2010 and commences May 31, 2012, with the option to renegotiate the term of the lease. The tenant will live on the property rent free and will assume responsibility for the utilities and the overall maintenance and security of the building and grounds.

Management has evaluated subsequent events through July 22, 2010, the date the financial statements were available to be issued.