

GIVE CHILDREN A CHOICE, INC.  
AUDITED FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009

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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, 2010 and 2009, 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, 2010 and 2009 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.

May 18, 2011

*Moyer, Smith + Roller, P.A.*

GIVE CHILDREN A CHOICE, INC.  
 Statements of Financial Position  
 For The Year Ended December 31, 2010  
 With Comparative Totals For The Year Ended 2009

ASSETS

	2010	2009
<b>Current Assets</b>		
Cash	\$ 41,467	\$ 76,564
<b>Total Current Assets</b>	<b>\$ 41,467</b>	<b>\$ 76,564</b>
<b>Property and Equipment</b>		
Building	25,000	25,000
Building Improvements	31,767	10,975
Equipment	1,357	1,357
Land	5,000	5,000
Total Property and Equipment	63,124	42,332
Less: Accumulated Depreciation	3,870	2,550
<b>Net Property and Equipment</b>	<b>59,254</b>	<b>39,782</b>
 <b>TOTAL ASSETS</b>	 <b>\$ 100,721</b>	 <b>\$ 116,346</b>

**LIABILITIES AND NET ASSETS**

	<u>2010</u>	<u>2009</u>
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ -	\$ 235
<b>Total Current Liabilities</b>	<u>\$ -</u>	<u>235</u>
<b>TOTAL LIABILITIES</b>	<u>\$ -</u>	<u>\$ 235</u>
<b>NET ASSETS</b>		
Unrestricted Net Assets	\$ 88,242	\$ 95,814
Restricted Net Assets	<u>12,479</u>	<u>20,297</u>
<b>Total Net Assets</b>	<u>100,721</u>	<u>116,111</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 100,721</u>	<u>\$ 116,346</u>

GIVE CHILDREN A CHOICE, INC.  
 Statements of Activities and Net Assets  
 For The Year Ended December 31, 2010  
 With Comparative Totals For The Year Ended 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2010</u>	<u>Total 2009</u>
<b>Revenues:</b>				
Contributions	\$ 34,424	16,320	\$ 50,744	\$ 147,922
In-Kind Contributions	-	130,358	130,358	-
Dividend Income	16	-	16	13
Gain on Investment	-	-	-	1,050
Total Revenues	<u>34,440</u>	<u>146,678</u>	<u>181,118</u>	<u>148,985</u>
<b>Expenses:</b>				
Program Services	23,358	154,496	177,854	139,658
Management & General	18,654	-	18,654	14,088
Total Expenses	<u>42,012</u>	<u>154,496</u>	<u>196,508</u>	<u>153,746</u>
Excess of revenues over expense	<u>(7,572)</u>	<u>(7,818)</u>	<u>(15,390)</u>	<u>(4,761)</u>
Net Assets, beginning of year	<u>95,814</u>	<u>20,297</u>	<u>116,111</u>	<u>120,872</u>
Net Assets, end of year	<u>\$ 88,242</u>	<u>\$ 12,479</u>	<u>\$ 100,721</u>	<u>\$ 116,111</u>

**GIVE CHILDREN A CHOICE, INC.**  
**Statements of Functional Expenses**  
**For The Year Ended December 31, 2010**  
**With Comparative Totals for the Years Ended December 31, 2009**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2010</u>	<u>Total 2009</u>
<b>Program Services:</b>				
Preschool Project	\$ 23,008	\$ 15,673	\$ 38,681	\$ 102,158
Vitamin Angels	-	133,983	133,983	-
Miscellaneous Projects	350	4,840	5,190	37,500
Total Programs	<u>23,358</u>	<u>154,496</u>	<u>177,854</u>	<u>139,658</u>
<b>Management &amp; General:</b>				
Depreciation Expense	1,320	-	1,320	1,455
Bank Service Charges	983	-	983	1,324
Office Supplies	-	-	-	59
Postage and Delivery	56	-	56	54
Marketing	200	-	200	199
Professional fees	5,000	-	5,000	5,660
Contributions	-	-	-	1,550
Printing and Copying	-	-	-	233
Travel	10,583	-	10,583	3,554
Loss on Investment	512	-	512	-
Total Management & General	<u>18,654</u>	<u>-</u>	<u>18,654</u>	<u>14,088</u>
<b>Total Functional Expenses</b>	<u>\$ 42,012</u>	<u>\$ 154,496</u>	<u>\$ 196,508</u>	<u>\$ 153,746</u>

GIVE CHILDREN A CHOICE, INC.  
 Statements of Cash Flows  
 For The Year Ended December 31, 2010  
 With Comparative Totals For The Years Ended 2009

	<u>2010</u>	<u>2009</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income(Loss)	\$ (15,390)	\$ (4,761)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation Expense	1,320	1,455
Increase(Decrease) in Accounts Payable	(235)	235
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<u>(14,305)</u>	<u>(3,071)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Building Improvements	(20,792)	(10,975)
Purchase of Equipment	-	(1,357)
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>(20,792)</u>	<u>(12,332)</u>
 <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	(35,097)	(15,403)
 <b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<u>76,564</u>	<u>91,967</u>
 <b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<u>\$ 41,467</u>	<u>\$ 76,564</u>

**GIVE CHILDREN A CHOICE, INC.**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2010 and 2009**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

Give Children a Choice, Inc. ("The Organization") is a non-profit organization, incorporated on March 27, 2002, whose purpose is to improve the circumstances of the children's daily environment by enabling them to prepare for, reach, enrich, and support their adulthood. Programs focus on understanding children's needs, designing empowerment programs, and incrementally delivering and monitoring 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 Federal Deposit Insurance Commission (FDIC) insures cash deposits up to \$250,000 at FDIC insured institutions. The Organization's cash balances of \$34,494 and \$74,268 were FDIC insured at December 31, 2010 and 2009.

The Organization had funds at the Banque Pour Le Commerce Exterior Lao in the amount of \$6,974 and \$2,297 at December 31, 2010 and 2009, respectively, which were not FDIC insured. The Organization keeps a minimal balance at this bank and transfers funds on an as needed basis.

**Promises to Give**

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. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

**Property and Equipment**

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment (continued)

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 contributions. 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. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from five to thirty nine years.

Depreciation expense for the years ending December 31, 2010 and 2009 totaled \$1,320 and \$641, respectively.

Contributed Services

The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization in Laos, but do not meet the criteria for recognition as contributed services.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

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. Accordingly, actual results could differ from those estimates.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The Organization's form 990, Return of Organization Exempt From Income Tax, are subject to examination by the IRS, generally for three years after they are filed.

**NOTE 2 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

	<u>2010</u>	<u>2009</u>
Beginning Balance	\$ 20,297	\$ 13,227
Additions:		
Preschools	268	100,807
Sri Lanka Project	-	37,383
Vitamins	140,672	2,596
Health Fairs	4,700	
Miscellaneous Programs	<u>1,038</u>	<u>-</u>
Total additions to temporarily restricted net assets	<u>146,678</u>	<u>154,013</u>
Total Available	<u>166,975</u>	<u>154,013</u>
Restricted Assets released from donor restrictions:		
Preschool	15,673	95,781
Sri Lanka Project	-	37,383
Vitamins	133,983	552
Health Fairs	4,556	-
Miscellaneous Programs	<u>284</u>	<u>-</u>
Total restrictions released	<u>154,496</u>	<u>133,716</u>
Net Restricted Assets	<u>\$ 12,479</u>	<u>\$ 20,297</u>

**NOTE 3 – IN-KIND CONTRIBUTIONS**

In 2010, the Organization received an in-kind contribution of children's daily multivitamins. After extensive research, the Organization has valued the vitamins at \$130,170, or 4 cents per vitamin.

The Organization also received in-kind contributions of vitameals. These meals were valued at a cost of \$168.

**NOTE 4 – COMMITMENTS**

In May 2010, the Organization leased the Mano House to the Laos coordinator, Thongchanh Vilayvong. The lease began 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.

**NOTE 5 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through May 18, 2011, the date the financial statements were available to be issued.