

FINANCIAL STATEMENTS
OF

HELP THEM GROW, INC.
**Financial Statements
and Independent Auditors' Report**
December 31, 2006 and 2005



ACCOUNTANCY CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS & MANAGEMENT CONSULTANTS

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HELP THEM GROW, INC.

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Independent Auditors' Report

To the Board of Directors
Help Them Grow, Inc.
Santa Clara, California

We have audited the accompanying statement of financial position of Help Them Grow, Inc., a New Jersey Nonprofit Corporation, as of December 31, 2006 and 2005 and the related statements of activities and changes in net assets 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 Help Them Grow, Inc. at December 31, 2006 and 2005, and the results of its operations and its cash flows for the years then ended, in conformity with generally accepted accounting principles generally accepted in the United States of America.

Neeka Accountancy Corporation
Certified Public Accountants and Management Consultants
Milpitas, California
May 09, 2007

HELP THEM GROW, INC.

STATEMENT OF FINANCIAL POSITION

AS OF DECEMBER 31, 2006 AND 2005

ASSETS

	<u>DECEMBER 31, 2006</u>	<u>DECEMBER 31, 2005</u>
<u>Current Assets</u>		
Cash and cash equivalents	\$ 886,501	\$941,220
Investments (At market value)	16,876	11,901
Total Current Assets	<u>903,377</u>	<u>953,121</u>
Property and Equipment, net	<u>1,050</u>	<u>-</u>
Total Assets	<u><u>\$ 904,427</u></u>	<u><u>\$ 953,121</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities

Accrued Expenses	\$ 8,143	\$ 24,594
Total Current Liabilities	<u>8,143</u>	<u>24,594</u>

Net Assets

Unrestricted General Funds	896,284	928,527
Temporarily Restricted	-	-
Total Net Assets	<u>896,284</u>	<u>928,527</u>
Total Liabilities and Net Assets	<u><u>\$ 904,427</u></u>	<u><u>\$ 953,121</u></u>

See independent auditors' report and accompanying notes to the financial statements

HELP THEM GROW, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

	2006		2005
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL FUNDS
REVENUES			TOTAL FUNDS
Donations			
Program Income	\$ 461,619	\$ -	\$ 461,619
Dividend and Interest Income	24,138	-	24,138
Unrealized Gain (Loss) on Investments	(10)	-	(10)
Product Sale	375	-	375
			0
TOTAL REVENUES	\$ 486,122	\$ -	\$ 486,122
			\$ 663,871
EXPENSES			
Program Services	\$ 373,300	\$ -	\$ 373,300
Management and General	48,852	-	48,852
Fundraising	96,213	-	96,213
			78,917
Total Expenses	518,365	-	518,365
			334,718
Excess (deficit) of Revenue over Expenses	(32,243)	-	(32,243)
			329,153
Net Assets, beginning of the year	928,527	-	928,527
			599,374
Net Assets , end of the year	\$ 896,284	\$ -	\$ 896,284
			\$ 928,527

See independent auditors' report and accompanying notes to financial statements

HELP THEM GROW, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005

	2,006			2005	
	Program Services	Support Services		Total	Total
		Management & General	Fundraising		
Advertising	\$ -	\$ -	\$ 9,063	\$ 9,063	\$ 114
Annual general meeting	-	2,554	-	2,554	-
Bank charges	-	814	-	814	640
Echo service Fee	-	431	-	431	-
Child relief program	304,973	-	-	304,973	220,354
Event expenses	-	-	86,697	86,697	76,894
Depreciation	-	263	-	263	-
Funds to local projects	25,070	-	-	25,070	10,949
Insurance	3,546	3,546	-	7,092	9,359
Accounting and auditing	4,187	4,187	-	8,374	5,365
Administrative services	21,320	21,320	-	42,640	3,605
Legal and Professional fees	-	5,313	-	5,313	1,580
Website fee	-	-	453	453	684
Project and program support	12,734	-	-	12,734	222
Stationery & printing	873	-	-	873	2,537
Rent	-	3,789	-	3,789	-
Utility	-	1,587	-	1,587	-
Mailbox	-	1,611	-	1,611	-
Telephone	-	797	-	797	382
Program software	597	-	-	597	-
Service charges	-	1,244	-	1,244	-
Supplies	-	881	-	881	147
State registration fee	-	515	-	515	1,129
Miscellaneous	-	-	-	-	757
TOTAL EXPENSES	\$ 373,300	\$ 48,852	\$ 96,213	\$ 518,365	\$ 334,718

See independent auditors' report and accompanying notes to the financial statements

HELP THEM GROW, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005

	UNRESTRICTED	TEMPORARILY RESTRICTED	December 31, 2006 TOTAL	December 31, 2005 TOTAL FUNDS
<u>Cash Flow from Operating activities</u>				
Excess (deficit) of revenue over expenses	\$ (32,243)	\$ -	\$ (32,243)	\$ 329,153
Adjustments to reconcile change in Net Assets to net cash provided by operating activities				
Depreciation expense	263	-	263	
Increase (Decrease) in accrued expense	(16,451)	-	(16,451)	20,094
Prior Period Adjustment	-	-	0	(5,058)
Net Cash used by operating activities	<u>(48,431)</u>	<u>-</u>	<u>(48,431)</u>	<u>344,189</u>
<u>Cash Flow from Investing activities</u>				
Purchase of property and equipment	(1,313)	-	(1,313)	-
Net change in investments	(4,975)	-	(4,975)	-
Net Cash used by Investing activities	<u>(6,288)</u>	<u>-</u>	<u>(6,288)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(54,719)	-	(54,719)	344,189
Cash and cash equivalents at beginning of year	<u>941,220</u>	<u>-</u>	<u>941,220</u>	<u>597,031</u>
Cash and cash equivalents at end of year	<u>\$ 886,501</u>	<u>\$ -</u>	<u>\$ 886,501</u>	<u>\$ 941,220</u>

See independent auditors' report and accompanying notes to the financial statements

HELP THEM GROW, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2006 AND 2005

Note 1. Organization and Summary of Significant Accounting Policies

This summary of significant accounting policies of Help Them Grow, Inc. (a New Jersey non-profit corporation) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, which is responsible for their integrity and objectivity. These accounting principles conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

A. The Organization

Help Them Grow, Inc. ("the Organization"), was incorporated in 1991 under the laws of the State of New Jersey to help propagate its vision to ensure that every underprivileged child attains his or her right to education, health, and opportunity.

In 2002, the Organization changed its name to Help Them Grow, Inc. as part of ending its affiliation with the India based charitable organization, Cry India. Help Them Grow Inc. also ceased to use the Cry brand name.

In 2004, the Organization transferred \$928,203 of funds to Cry India that had been collected under the Cry brand name for projects funded by Cry India in India.

B. Basis of Presentation

The organization prepares its financial statements using the accrual basis method of accounting in accordance with Financial Accounting Standards Board (FASB) Statement 116, Accounting for Contributions Received and Made, and Statement 117, Financial Statements of Not-For-Profit Organizations.

C. Classes of Net Assets

In accordance with FASB Statement 117, where applicable, the financial statements report amounts separated by class of net assets:

- Unrestricted amounts are those currently available at the discretion of the Board for use in the Organization's programs.
- Board-designated amounts are unrestricted net assets that are presently designated by the Board to a specific purpose. These amounts can be returned to an unrestricted status by action of the same Board.
- Temporarily restricted amounts are those, which are restricted by donors for specific operating purposes or for the acquisition of land, buildings and equipment.
- Permanently restricted net assets are those amounts in which the donor has stipulated that the principal remains intact in perpetuity. Income from the principal is considered unrestricted unless further restricted by the donor.
- As of December 31, 2006 all of the net assets of the Organization were unrestricted.

HELP THEM GROW, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2006 AND 2005

Note 1. Organization and Summary of Significant Accounting Policies - continued

D. Revenue and Expenses

Support is recognized when cash is received or ownership of donated assets is transferred to the Organization. Revenue is recognized when earned.

Temporarily restricted contributions are recognized as contribution income in the Statement of Activities when cash or ownership of donated assets is transferred to the Organization. These contributions are subsequently transferred to the unrestricted fund to cover expenses that have been incurred in satisfaction of those restrictions.

As of December 31, 2006 all of the Organization's contributions were unrestricted.

E. Fund Income Allocations- Unrestricted and Temporarily Restricted

All gains and losses arising from the sale, collection or other disposition of investments and fixed assets are accounted for in the fund that owned such assets, according to restrictions placed on the original gift. Ordinary income derived from investments, receivables, and the like, is accounted for in the unrestricted fund.

F. Functional Allocation of Expenses

FASB Statement 117 requires all not-for-profit organizations to classify expenses so that the functional use of resources is shown in the financial statements. Functional classification allocates expenses according to the purpose for which the costs are incurred. Examples of functional classifications are program services (expenses directly related to the purpose for which the organization exists) and supporting activities (those indirectly related to the purposes for which the organization exists but necessary for its operations, i.e., general administrative and fund raising).

In order to comply with FASB requirements, the Organization estimates the costs of providing the various programs and supporting activities of the organization on a functional basis.

G. Cash and cash equivalents

Cash and cash equivalents includes all monies in banks and highly liquid investments with original maturity dates of less than three months.

H. Investments

Investments consist of donated securities and are carried on the books at market value. Donated securities are recorded at the fair market value at the date of gift. All unrealized gains and losses are recorded as income for the year as required by FASB Statement 124.

HELP THEM GROW, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2006 AND 2005

Note 1. Organization and Summary of Significant Accounting Policies – continued

I. Property and Equipment

The Organization has not received any donation land, buildings or equipment during 2006 and in any prior year. Property and Equipment totaling \$1,313 acquired in 2006 is recorded at cost and depreciated of the useful life of the asset. Property and Equipment at December 31, 2006 is as follows:

	<u>Beginning Balance</u>	<u>Addition</u>	<u>Depreciation</u>	<u>Ending Balance</u>
Property and equipment	\$-0-	\$1,313	\$263	\$1,050

Depreciation is computed using the straight-line method over a 5 year period.

J. Non-Cash Contributions and Use of Volunteers

Volunteers have contributed significant amounts of time to the activities of the Organization. The financial statements do not reflect the value of these contributed services because they do not meet the recognition criteria of FASB Statement 116.

Donated goods and services for capital projects are recorded at their fair market value at the date of gift or service.

K. Use of Estimates

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

L. Tax Exempt Status

Help Them Grow Inc. is exempt from Federal income taxes under Internal Revenue Code §501(c) (3). Furthermore, the Organization is not classified as a private foundation. The Organization moved its corporate domicile from New Jersey to California in October 2003 and is currently applying to the California Franchise Tax Board to be exempt on a retroactive basis from State income taxes under Revenue and Taxation Code §23701(d).

While the ultimate impact on the Organization for having operated in California since late 2003 without tax exempt status for California purposes is unknown at this time, it is estimated that if the Organization fails to be granted retroactive status that it may be liable for significant amounts in California franchise taxes on its net income for the years 2003 through 2006 exclusive of any interest or penalties that may also be imposed. The Organization has cash reserves to cover any potential liability as of the balance sheet date.

HELP THEM GROW, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2006 AND 2005

Note 2. Cash

As of December 31, 2006, cash funds were held on deposit at several financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures cash balances up to \$100,000 in the event of financial institution's failure. Uninsured cash balances were \$611,347 at December 31, 2006.

Note 3. Marketable Securities

Marketable securities consist of cash equivalents and various publicly traded stocks on deposit at a national financial institution:

	<u>2006</u>	<u>2005</u>
Cash Equivalents	\$115,050	\$113,509
Publicly traded stocks	<u>16,876</u>	<u>11,902</u>
	<u>\$131,926</u>	<u>\$125,411</u>

The Securities Investor Protection Corporation (SIPC) insures investment balances up to \$500,000 in the event of financial institution failure. Of the cash equivalents and the marketable securities, none was over this limit as of December 2006.

Note 4. Fair Value of Financial Instruments

Cash equivalents and accounts receivable are carried at cost as this approximates fair value due to their short term nature. The fair value of liabilities and debt are carried at cost as this approximates fair value due to their short term nature.

Note 5. Net Assets

Cash set aside by the Board of Directors for a specific purpose are considered designated funds. Designated funds are expended prior to the use of general operating funds. The Organization had not designated any funds for specific uses as of December 31, 2006.

Note 6. Concentrations

The Organization operates primarily in California after the New Jersey office was closed in late 2003. The Organization's donor base is maintained through various fundraising activities held at eight autonomously operated action centers staffed by volunteers throughout the United States.

Note 7. Related Party Transactions

During 2006 there were no related party transactions.