

HELP THEM GROW INC.

**Financial Statements
and Independent Auditors' Report**

December 31, 2005



ACCOUNTANCY CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS & MANAGEMENT CONSULTANTS

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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, 2005 and the related statements of activities and changes in net assets and cash flows for the year 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, 2005, and the results of its operations and its cash flows for the year then ended, in conformity with generally accepted accounting principles generally accepted in the United States of America.

Neeka Corporation

Neeka Accountancy Corporation
Certified Public Accountants and Management Consultants
Milpitas, California
May 31, 2006

HELP THEM GROW, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2005

ASSETS

Current Assets

Cash and cash equivalents	\$941,220
Investments (At market value)	11,901
Total Current Assets	<u>\$953,121</u>

LIABILITIES AND NET ASSETS

Current Liabilities

Accrued expenses	\$24,594
Total Current Liabilities	<u>\$24,594</u>

Net Assets

Unrestricted General Funds	\$928,527
Temporarily Restricted	0
Total Net Assets	<u>928,527</u>
Total Liabilities and Net Assets	<u>\$953,121</u>

See accompanying notes to the financial statements

HELP THEM GROW, INC
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2005

<u>REVENUES</u>	<u>UNRESTRICTED</u>	TEMPORARILY <u>RESTRICTED</u>	<u>TOTAL</u>
Donations			
General Contributions	\$351,615	\$0	\$351,615
Dividend and Interest Income	12,728	0	12,728
Program Income	299,671	0	299,671
Unrealized Gain (Loss) on Investments	(143)	0	(143)
	<u>\$663,871</u>	<u>\$0</u>	<u>\$663,871</u>
 <u>EXPENSES</u>			
Program Services	\$242,704	\$0	\$242,704
Management and general	13,097	0	13,097
Fundraising	78,917	0	78,917
	<u>\$334,718</u>	<u>\$0</u>	<u>\$334,718</u>
Total Expenses			
Excess (deficit) of Revenue over Expenses	329,153	0	329,153
Net Assets, beginning of the year	599,374	0	599,374
Net Assets , end of the year	<u>\$928,527</u>	<u>\$0</u>	<u>\$928,527</u>

See accompanying notes to financial statements

HELP THEM GROW INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2005

	Year ended December 31, 2005			<u>Total</u>
	<u>Program</u>	<u>Supporting Services</u>		
	<u>Services</u>	Management & General	Fundraising	
Advertising	\$0	\$0	\$114	\$114
Bank Charges	0	640	0	640
Child relief program	220,354	0	0	220,354
Event expenses	0	0	76,894	76,894
Funds to local projects	10,950	0	0	10,949
Insurance	4,679	4,679	0	9,359
State registration fees	0	1,129	0	1,129
Accounting & audit services	2,682	2,682	0	5,365
Administrative services	1,803	1,803	0	3,605
Office expenses	790	790	0	1,580
Project and program support	222	0	0	222
Stationery & printing	846	846	846	2,537
Website fees	0	0	684	684
Telephone	0	382	0	382
Supplies	0	147	0	147
Miscellaneous	378	0	379	757
TOTAL EXPENSES	<u>\$ 242,704</u>	<u>\$ 13,097</u>	<u>\$ 78,917</u>	<u>\$ 334,718</u>

See accompanying notes to the financial statements

HELP THEM GROW, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
<u>Cash Flow from Operating activities</u>			
Excess (deficit) of revenue over expenses	\$329,153	\$0	\$329,153
Adjustments to reconcile change in Net Assets to net cash provided by operating activities			
Increase,(Decrease) in accrued expense	20,094	0	20,094
Prior Period Adjustment	(5,058)	0	(5,058)
Net Cash used by operating activities	<u>344,189</u>	<u>0</u>	<u>344,189</u>
<u>Cash Flow from Investing activities</u>			
Sale of Investments	<u>0</u>	<u>0</u>	<u>0</u>
Net Cash used by Investing activities	<u>0</u>	<u>0</u>	<u>0</u>
Net increase (decrease) in cash and cash equivalents	344,189	0	344,189
Cash and cash equivalents ,beginning of year	597,031	0	597,031
Cash and cash equivalents ,end of year	<u><u>\$941,220</u></u>	<u><u>\$0</u></u>	<u><u>\$941,220</u></u>

See accompanying notes to the financial statements

HELP THEM GROW INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 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 representation 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.

HELP THEM GROW INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2005

- 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, 2005 all of the net assets of the Organization were unrestricted.

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, 2005 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 Definition

For the Statement of Cash Flows purposes, cash includes all monies in the banks and highly liquid investments with original maturity dates of less than three months.

HELP THEM GROW INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2005

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.

I. Property and Equipment

The Organization has not acquired, nor received, as donation land, buildings or equipment during 2005 or any prior year and accordingly does not carry any depreciable assets on its Statement of Financial Position.

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 2005 exclusive of any interest or penalties that may also be imposed.

The Organization has ample cash reserves to cover this potential liability as of the balance sheet date.

HELP THEM GROW INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2005

Note 2. Cash

As of December 31, 2005 , 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. Of the cash balances, one account was over this limit by \$584,683 and was therefore uninsured as of December 31, 2005.

Note 3. Marketable Securities

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

	<u>2005</u>
Cash Equivalents	\$ 113,509
Publicly traded stocks	<u>11,902</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 2005.

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, 2005.

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.

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NOTES TO THE FINANCIAL STATEMENTS

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Note 7. Related Party Transactions

During 2005 there were no related party transactions.