

**HOPE EDUCATIONAL FOUNDATION INTERNATIONAL, INC.**

**POMPANO BEACH, FLORIDA**

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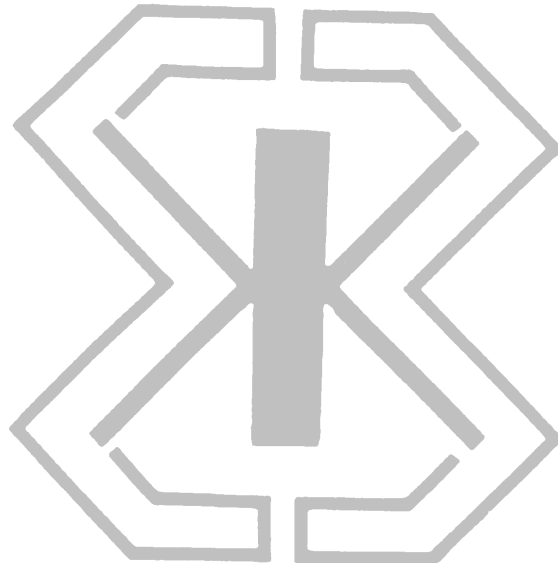
**INDEPENDENT AUDITORS'**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS**

**For The Year Ended December 31, 2007**

**( With summarized financial Information For 2006)**

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**W.B. Koon & Co.**  
**Certified Public Accountants**

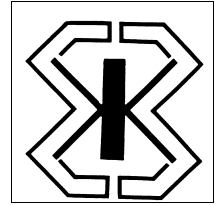
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**W. B. Koon & Co.**  
Certified Public Accountants

**540 N. W. 165th Street Road**  
**North Miami Beach, FL 33169**  
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INDEPENDENT AUDITORS' REPORT

Board of Directors  
Hope Educational Foundation International, Inc.  
Pompano Beach, Florida

We have audited the accompanying statement of financial position of Hope Educational Foundation International, Inc. as of December 31, 2007 and 2006 and the related statements of activities and functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Hope Educational Foundation International, Inc.'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 Hope Educational Foundation International, Inc. at December 31, 2007 and 2006, and changes in its net assets and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

North Miami Beach, Florida  
December 11, 2009

*W. B. Koon & Co.*

**HOPE EDUCATIONAL FOUNDATION INTERNATIONAL, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31,**

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**ASSETS**

	<u>2007</u>	<u>2006</u>
<b>CURRENT ASSETS</b>		
Cash	\$67,299	\$46,857
Grants receivable	36,883	-
Prepaid expenses	<u>5,542</u>	<u>3,261</u>
<b>Total Current Assets</b>	<b>109,724</b>	<b>50,118</b>
Website	9,194	9,194
Less accumulated depreciation	( 3,651)	( 2,758)
<b>TOTAL ASSETS</b>	<b><u>\$115,267</u></b>	<b><u>\$56,554</u></b>

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable	\$ <u>17,840</u>	\$ <u>14,650</u>
<b>TOTAL LIABILITIES</b>	<b><u>17,840</u></b>	<b><u>14,650</u></b>
<b>NET ASSETS</b>		
Unrestricted	97,427	10,703
Temporarily Restricted	<u>-</u>	<u>31,201</u>
	<u>97,427</u>	<u>41,904</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$115,267</u></b>	<b><u>\$56,554</u></b>

**READ ACCOMPANYING NOTES**

**HOPE EDUCATIONAL FOUNDATION INTERNATIONAL, INC.**  
**STATEMENT OF ACTIVITIES AND FUNCTIONAL EXPENSES**  
**For The Year Ended December 31, 2007**

	<u>Unre-</u> <u>stricted</u>	<u>Tempo-</u> <u>rarily</u>	<u>Total</u>
<b>SUPPORT AND REVENUE:</b>			
Reach The Children Foundation	\$267,408	\$	\$ 267,408
USAID			
In kind - Food	173,100		173,100
Grant	85,758		85,758
Grants			
PC Patella Fund	14,400		14,400
People for People	15,000		15,000
Interest	60		60
Donations	13,750		13,750
Released from restrictions	<u>31,201</u>	<u>(31,201)</u>	<u>          </u>
<b>Total Support and Revenue</b>	<b><u>600,677</u></b>	<b><u>(31,201)</u></b>	<b><u>569,476</u></b>
<b>FUNCTIONAL EXPENSES:</b>			
<b>Aid to Africa:</b>			
Salaries	78,825		78,825
Production expense	24,710		24,710
Professional fees	83,854		83,854
Humanitarian Aid	173,100		173,100
Operating expenses	7,074		7,074
Travel	33,533		33,533
Office expenses	6,345		6,345
Team expenses	13,300		13,300
Transportation & distribution	92,319		92,319
Amortization	<u>893</u>	<u>          </u>	<u>893</u>
<b>Total functional expenses</b>	<b><u>513,953</u></b>	<b><u>          </u></b>	<b><u>513,953</u></b>
Increase (decrease) in net assets	86,724	(31,201)	55,523
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b><u>10,703</u></b>	<b><u>31,201</u></b>	<b><u>41,904</u></b>
<b>NET ASSETS, END OF YEAR</b>	<b><u>\$97,427</u></b>	<b><u>\$ -</u></b>	<b><u>\$97,427</u></b>

**READ ACCOMPANYING NOTES**

**HOPE EDUCATIONAL FOUNDATION INTERNATIONAL, INC.**  
**STATEMENT OF ACTIVITIES AND FUNCTIONAL EXPENSES**  
**For The Year Ended December 31, 2006**

	<u>Unre- stricted</u>	<u>Tempo- rarily</u>	<u>Total</u>
<b>SUPPORT AND REVENUE :</b>			
USAID Grant	\$ 17,674	\$31,201	\$ 48,875
Contributions			
InKind			
CitiHope International	878,311		878,311
Book of Hope	1,470		1,470
Monetary	<u>17,324</u>	_____	<u>17,324</u>
<b>Total Support and Revenue</b>	<u>914,779</u>	<u>31,201</u>	<u>945,980</u>
<b>FUNCTIONAL EXPENSES:</b>			
<b>Aid to Swaziland:</b>			
Development expense	14,755		14,755
Production expense	20,103		20,103
Professional fees	31,846		31,846
<b>Humanitarian Aid</b>	<b>878,311</b>		<b>878,311</b>
Operating expenses	20,292		20,292
Travel	2,137		2,137
Office expenses	1,391		1,391
Donations	12,304		12,304
Rent	1,470		1,470
Transportation	18,023		18,023
Amortization	<u>1,839</u>	_____	<u>1,839</u>
<b>Total functional expenses</b>	<u>1,002,471</u>	_____	<u>1,002,471</u>
Increase (decrease) in net assets	(87,692)	31,201	(56,491)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>98,395</u>	_____	<u>98,395</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$10,703</u>	<u>\$31,201</u>	<u>\$41,904</u>

**READ ACCOMPANYING NOTES**

**HOPE EDUCATIONAL FOUNDATION INTERNATIONAL, INC.**  
**STATEMENT OF CASH FLOWS**  
**For The Year Ended December 31,**

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	<u>2007</u>	<u>2006</u>
<b>Cash flows from operating activities</b>		
<b>Changes in net assets</b>	<u>\$55,523</u>	<u>\$(56,491)</u>
<b>Adjustments to reconcile changes in net assets to net cash provided by operating activities:</b>		
<b>Amortization</b>	893	1,839
<b>Increase in Grants receivable</b>	(36,883)	-
<b>Increase in prepaid expenses</b>	( 2,281)	( 3,061)
<b>Increase in accounts payable</b>	<u>3,190</u>	<u>14,650</u>
<b>Total adjustments</b>	<u>(35,081)</u>	<u>13,428</u>
<b>Net Cash Provided (Used) In Operating Activities</b>	<u>20,442</u>	<u>(43,063)</u>
<b>Cash Flows Used In Investing Activities</b>		
<b>Assets acquisition</b>	<u>-</u>	<u>( 225)</u>
<b>Cash Flows From Financing Activities</b>	<u>-</u>	<u>-</u>
<b>Net Increase (Decrease) in Cash</b>	<u>20,442</u>	<u>(43,288)</u>
<b>Cash, Beginning of Year</b>	<u>46,857</u>	<u>90,145</u>
<b>Cash, End of Year</b>	<u>\$67,299</u>	<u>\$46,857</u>

**READ ACCOMPANYING NOTES**

## NOTES TO FINANCIAL STATEMENTS

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### 1. OPERATIONS

Hope Educational Foundation International, Inc. (HEF), a Florida corporation not for profit, was incorporated January 13, 2004. The general purpose for which HEF was organized are exclusively charitable and educational within the meaning of section 501(c)(3) of the Internal Revenue Code of 1986. HEF exists to prevent the most devastating systemic threats to children and youth around the world, through research, education, and resources.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Under Financial Accounting Standards 117, the financial statements must report amounts by classes of net assets.

Unrestricted Net Assets are those currently available for use of HEF's board, and the resources invested in fixed assets. These assets are accounted for internally in the general operating fund.

Temporarily Restricted Net Assets are those received with donor stipulations that limit the use of the donated assets. When stipulated time restrictions expire or purpose restrictions are accomplished, these net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets are those contributed with donor stipulations that they be held in perpetuity with use of income for unrestricted or temporarily restricted purposes.

#### Support and Expenses

Hope Educational Foundation International, Inc.'s, grants and donor restricted contribution are reported as unrestricted support if the grant objectives or donor restrictions are met in the same reporting period.

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. Hope Educational Foundation International, Inc., reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions.

Expenses are recorded when incurred in accordance with accrued basis of accounting.

#### Accrual Basis

The financial statements of Hope Educational Foundation International, Inc., have been prepared on the accrual basis of accounting.



**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (con't)**

**Cash and Cash Equivalents**

Cash and cash equivalents consist of cash held in checking and money market accounts and certificates of deposit with maturities of less than 90 days. At year-end and throughout the year, the organization's cash balance was deposited in one bank. Management believes the organization is not exposed to any significant credit risk on cash and cash equivalents.

**Grant Revenue**

Grant revenue relates to grants received that are specifically for program service costs and are reported as unrestricted support when the grant objectives have been met. If the grant objectives have not been met, the support is reported as temporarily restricted.

**Website**

Represents HEF's investment in developing a website. Amortization is provided over the estimated useful life of the assets, five (5) years.

**Income Taxes**

HEF is exempt from Federal Income taxes under Section 501(c)(3) of the Internal Revenue Code.

**3. HEF PROGRAM**

HEF major thrust in 2007 and 2006 was to give humanitarian assistance to the people of Swaziland, through education, providing medical and food supplies and, administrative and financial support.

This help came through two (2) grants received from the U.S. Agency for International Development (USAID) Office of Food for Peace, for the receipt, rapid transportation, delivery, and distribution of a total of 150 metric tons of a shelf-stable prepackages food commodity.

The 2006 Temporary Restricted Fund balance of \$31,201 relates to unspent portion of the advance payment.

Subsequent to year end, HEF received a grant from the Department of Health and Human Services (HHS), [titled LONG TERM CAPACITY FOR HIV PREVENTION EDUCATION TO YOUTH], to provide HIV education to areas of South Africa. The grant is renewable for five (5), one (1) year term.

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