

HIS HELPING HANDS, INC.

Financial Report

June 30, 2007

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Report of Independent Auditors'

Board of Directors
His Helping Hands, Inc.
Wichita, Kansas

We have audited the accompanying statement of financial position of His Helping Hands, Inc. as of June 30, 2007, and the related statements of activity, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of His Helping Hands, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. 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 His Helping Hands, Inc. as of June 30, 2007 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Regier Carr & Monroe, LLP

January 10, 2008
Wichita, Kansas

HIS HELPING HANDS, INC.
Statement of Position
June 30, 2007

ASSETS

Cash and cash equivalents	\$ 131,339
Accounts receivable	140
Inventory	30,000
Property and equipment, net	<u>1,460,590</u>
Total assets	<u><u>\$ 1,622,069</u></u>

LIABILITIES & NET ASSETS

Liabilities	
Accounts payable	<u>\$ 6,847</u>
Total liabilities	<u>6,847</u>
Net Assets	
Unrestricted	
Undesignated	<u>1,615,222</u>
Total net assets	<u>1,615,222</u>
Total liabilities and net assets	<u><u>\$ 1,622,069</u></u>

The accompanying notes are an integral part of the financial statements.

HIS HELPING HANDS, INC.
Statement of Activities
Year Ended June 30, 2007

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
General contributions	\$ 56,965	\$ -	\$ 56,965
Memorial contributions	4,625	-	4,625
Building fund contributions	-	167,050	167,050
In-kind donations	628,650	-	628,650
Other contributions	125,000	15,000	140,000
	815,240	182,050	997,290
Interest income	1,211		1,211
Other	19,384		19,384
Total support and revenue	835,835	182,050	1,017,885
NET ASSETS RELEASED FROM RESTRICTIONS			
	186,923	(186,923)	-
EXPENSES			
Program services	853,913	-	853,913
Supporting services			
General & administrative	36,602	-	36,602
Fund-raising	9,317	-	9,317
	899,832	-	899,832
INCREASE (DECREASE) IN			
NET ASSETS	122,926	(4,873)	118,053
NET ASSETS-BEGINNING OF YEAR	1,492,296	4,873	1,497,169
NET ASSETS-END OF YEAR	\$ 1,615,222	\$ -	\$ 1,615,222

The accompanying notes are an integral part of the financial statements.

HIS HELPING HANDS, INC.
Statement of Functional Expenses
Year Ended June 30, 2007

	<u>Supporting Services</u>			Total
	Program Services	General & Admini- strative	Fund- Raising	
Employee costs	\$ 116,973	\$ 13,762	\$ 6,881	\$ 137,615
Property	55,189	5,519	613	61,321
Office	16,534	1,945	973	19,452
Administrative	-	8,091	-	8,091
Communications	-	4,495	540	5,035
Benevolence	5,139	-	-	5,139
Other	3,521	-	-	3,521
Depreciation	27,907	2,791	310	31,008
	<u>225,263</u>	<u>36,602</u>	<u>9,317</u>	<u>271,182</u>
In-kind benevolence	628,650	-	-	628,650
	<u>\$ 853,913</u>	<u>\$ 36,602</u>	<u>\$ 9,317</u>	<u>\$ 899,832</u>

The accompanying notes are an integral part of the financial statements.

HIS HELPING HANDS, INC.
Statement of Cash Flows
Year Ended June 30, 2007

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 118,053
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	31,008
Contributions restricted for building	(167,050)
Change in operating assets and liabilities:	
Increase in accounts receivable	(140)
Decrease in accounts payable	6,847
Net cash used by operating activities	<u>(11,282)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale of property	60,000
Purchase of property and equipment	<u>(110,644)</u>
Net cash provided by investing activities	<u>(50,644)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES	
Contributions restricted for building	<u>167,050</u>
Net cash used by financing activities	<u>167,050</u>
Net increase in cash and cash equivalents	105,124
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	 <u>26,215</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	 <u><u>\$ 131,339</u></u>
 SUPPLEMENTAL DISCLOSURE	
In-kind donations received	<u><u>\$ 628,650</u></u>
In-kind benevolence given	<u><u>\$ 628,650</u></u>

The accompanying notes are an integral part of the financial statements.

HIS HELPING HANDS, INC.
Notes to Financial Statements
June 30, 2007

Note 1. Summary of Significant Accounting Policies

Nature of Operations

His Helping Hands, Inc. (HHH) is a Christ-centered, benevolent ministry set up to assist families and individuals, primarily in the local Wichita area, who are facing insufferable hardships, for the purpose of helping and encouraging those who are in the Body of Christ, and, helping and evangelizing those who are not yet in the Body of Christ. By being the Hands of Christ in helping others, we show the love of Christ in a practical way, thus ministering both to the clients and the donors by helping people help people.

A resource center has been established which serves as the home base for the HHH ministry. From this location, HHH staff and volunteers manage and coordinate the necessary resources and activities in order that assistance can be given to people in the local community who struggle with basic physical, spiritual and life needs, including the elderly, the widowed, single parents, children, people suffering from physical or mental disabilities, victims of natural disasters, families suffering through the consequences of major illnesses, families living below the poverty line and those families generally considered to be "at risk".

Referrals of needs come from the local churches, various local agencies and through direct calls to the HHH staff and volunteers. The ministry center is the collection point to receive, primarily from members of the Body of Christ, quality donations of core items including; clothing, beds, bedding, blankets, sofas, living room furniture, dining tables and chairs, plates, cups, silverware, kitchen cookware and utensils, dish towels, bath towels, wash cloths, small and large appliances, and other various household items. These donated core items are then given, free of charge, directly to those in the community who have needs. The non-core items that HHH receives from donors are also given to clients, free of charge, if appropriate. Otherwise, the non-core items are converted into resources that can be used for the HHH ministry.

Throughout the process, the gospel of Jesus Christ is proclaimed through actions and words so that the families and individuals that HHH serves can receive spiritual help in addition to the physical help.

Basis of presentation

The financial statements have been prepared on the accrual basis of accounting. Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117. Financial Statements of Not-for-Profit Organizations. Under SFAS 117, HHH is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted net assets.

HIS HELPING HANDS, INC.
Notes to Financial Statements
June 30, 2007

Note 1. Summary of Significant Accounting Policies (Continued)

Cash and cash equivalents

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

Property and equipment

Acquisitions of property and equipment and expenditures for repairs, maintenance, or improvements that significantly prolong the useful lives of the assets are capitalized. Purchases of property and equipment are recorded at cost. Donations of property and equipment are recorded as support at their estimated fair value at date of gift. Property and equipment are depreciated using the straight line method over the estimated useful life of assets.

The class lives of the more significant items within each property classification are as follows:

Building and improvements	15-40 years
Furniture and equipment	5-10 years
Computers and copiers	5 years

Federal income taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no provision for income taxes is included in the financial statements.

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 the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue recognition

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

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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 statements of activities as net assets released from restrictions.

HIS HELPING HANDS, INC.
Notes to Financial Statements
June 30, 2007

Note 1. Summary of Significant Accounting Policies (Continued)

Contributed Services

HHH receives a substantial amount of services donated by members of the community in carrying out its ministry. Over 10,000 hours were donated during the year ended June 30, 2007. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under Statement of Financial Accounting Standards (SFAS) No. 116. Accounting for Contributions Received and Contributions Made.

Donated Property

Donations of property are recorded as contributions at their estimated fair value at the date of donation. Such donations are recorded as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose.

Functional allocation of expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Allocations of wages and related costs are based on management's estimates of the percentage of time personnel perform program and supporting services. Certain other costs are allocated based on total personnel expenses allocated to program and administrative services. Occupancy costs such as utilities, insurance, and maintenance have been allocated based on management's estimate of square footage used in program and supportive services.

Note 2. Property and equipment

Land and building were acquired through donations and a capital campaign without the occurrence of debt. The Organization's property and equipment are as follows:

Land	\$ 681,926
Building and improvements	743,562
Furniture and equipment	29,988
Computers and copiers	45,183
	1,500,659
Less accumulated depreciation	(40,069)
	\$ 1,460,590
Depreciation expense	\$ 31,008

HIS HELPING HANDS, INC.
Notes to Financial Statements
June 30, 2007

Note 3. Retirement Plan

The Organization contributes to a defined contribution benefit plan based on 6% of eligible salaries and wages. Retirement plan expense for the year ended June 30, 2007 was as follows:

Retirement plan expense	<u>\$ 3,873</u>
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Note 4. Related Parties

HHH originated as a mission program of Central Christian Church, a non-denominational church located in Wichita, Kansas. HHH received \$125,000 in contributions from Central Christian Church during the year ended June 30, 2007.