HOPE ABIDES

Audited Financial Statements

December 31, 2010
INDEPENDENT AUDITOR'S REPORT

Board of Directors
Hope Abides
Elk Grove, California

We have audited the accompanying statement of financial position of Hope Abides (the Organization) as of December 31, 2010 and the related statements of activities and cash flows for the period September 13, 2010 (date of inception) to December 31, 2010. 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 the Organization as of December 31, 2010, and the changes in its net assets and its cash flows for the period then ended in conformity with accounting principles generally accepted in the United States of America.

May 4, 2011
HOPE ABIDES

STATEMENT OF FINANCIAL POSITION

December 31, 2010

<table>
<thead>
<tr>
<th>ASSETS</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$1,147</td>
<td></td>
</tr>
<tr>
<td>Prepaid advertising</td>
<td>$375</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL CURRENT ASSETS</strong></td>
<td>$1,522</td>
<td></td>
</tr>
<tr>
<td>Software, net of accumulated amortization of $79 in 2010</td>
<td>$874</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$2,396</td>
<td></td>
</tr>
<tr>
<td><strong>NET ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>$1,249</td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>$1,147</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL NET ASSETS</strong></td>
<td>$2,396</td>
<td></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
UNRESTRICTED NET ASSETS

SUPPORT AND REVENUES
- Contributions: $1,600
- Donated materials and services: $114
- Net assets released from restriction: $154
- TOTAL SUPPORT AND REVENUES: $1,868

EXPENSES
- Supporting Services:
  - Advertising: $75
  - Miscellaneous expense: $122
  - Start-up fees: $445
  - Amortization: $79
- Total Supporting Services: $721
- TOTAL EXPENSES: $721
- CHANGE IN UNRESTRICTED NET ASSETS: $1,147

TEMPORARILY RESTRICTED NET ASSETS
- Donated materials and services: $1,403
- Net assets released from restriction: $(154)
- CHANGE IN TEMPORARILY RESTRICTED NET ASSETS: $1,249
- CHANGE IN NET ASSETS: $2,396
- Net assets at beginning of year: -
- NET ASSETS AT END OF YEAR: $2,396

The accompanying notes are an integral part of these financial statements.
## CASH FLOWS FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net assets</td>
<td>$2,396</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets from continuing operations to net cash (used) provided by operating activities:</td>
<td></td>
</tr>
<tr>
<td>Amortization expense</td>
<td>79</td>
</tr>
<tr>
<td>Donated software costs</td>
<td>(953)</td>
</tr>
<tr>
<td>Donated advertising</td>
<td>(375)</td>
</tr>
<tr>
<td><strong>NET CASH PROVIDED BY OPERATING ACTIVITIES</strong></td>
<td><strong>1,147</strong></td>
</tr>
</tbody>
</table>

**NET INCREASE IN CASH AND CASH EQUIVALENTS**  

$1,147

Cash and cash equivalents at beginning of year  

-  

**CASH AND CASH EQUIVALENTS AT END OF YEAR**  

$1,147

The accompanying notes are an integral part of these financial statements.
NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: Hope Abides (Organization) is a nonprofit public benefit corporation whose purpose is to provide assistance to orphaned and destitute children in India. Donations are solicited to achieve the Organization’s goals and objectives.

Basis of Presentation: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958-205, Financial Statements of Not-for-Profit Entities – Presentation of Financial Statements. Under ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization does not have any permanently restricted net assets. The Organization uses the accrual basis of accounting.

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: All contributions are considered available for unrestricted use unless specifically restricted by donors for future periods or specific purposes. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase 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 reported as released from restriction.

It is the Organization’s policy to imply a time restriction, based on the assets’ estimated useful lives, on donations of software, property, equipment and prepaid advertising that are not restricted as to their use by the donor. Accordingly, those donations are recorded as increases in temporarily restricted net assets. The Organization reclassifies temporarily restricted net assets to unrestricted net assets each year for the amount of amortization expense relating to the donated assets.

Donated Equipment, Materials and Services: Donated equipment and materials are recorded as contributions at their estimated value at date of receipt. Donations of equipment are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Software: Computer software is stated at cost, or if donated, fair market value at the time of the donation. Amortization is calculated using the straight-line method over its estimated useful life. The estimated useful of the software is 2 years.
NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes: The Organization is a tax exempt organization under the Internal Revenue Service Section 501(c)(3). Under this Code section, the Organization is subject to federal and state taxes only on unrelated business income earned. There was no income from such activities during the period ended December 31, 2010. The Organization is not a private foundation.

Statement of Cash Flows: For the purpose of presentation in the statement of cash flows, the Organization considers investments with a maturity at purchase of three months or less to be cash equivalents.

Subsequent events: The Organization evaluated all events or transactions that occurred after December 31, 2010 and up to May 4, 2011, the date the financial statements were issued. During this period, the Organization did not have any recognizable or nonrecognizable subsequent events.

NOTE B – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2010 represent donations of software and advertising for which the time restriction has not yet been met.

NOTE C – DONATED MATERIALS AND SERVICES

The amount of donated materials and services included in the financial statements for the period ended December 31, 2010, totaling $1,671, represents the value of donated stationery, software, internet, and advertising. Donated software and advertising of $1,403 are included as assets on the statement of financial position. The remaining $268 is included in miscellaneous expenses.

NOTE D – RELATED PARTY TRANSACTIONS

The Organization received donations of $1,493 from a Board member for the period ended December 31, 2010.