

AUDITED

FINANCIAL STATEMENTS

OF

**CHILDREN'S RESTORATION
NETWORK, INC.**

May 9, 2011

**CHARTER ACCOUNTING
AND TAX SERVICE**

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INDEPENDENT AUDITOR'S REPORT
May 9, 2011

Children's Restoration Network, Inc.

We have audited the accompanying statement of financial position of Children's Restoration Network, Inc. as of August 31 2010 and the related statements of activities and functional expenses and changes in cash flows for the year then ended. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Generally Accepted Auditing Standards. 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 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 Children's Restoration Network, Inc. as of August 31, 2010 and the changes in its net assets and its cash flows for the year then ended.

Deborah I. Daniel
Certified Public Accountant

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Children's Restoration Network
Balance Sheet
As of August 31, 2010

	<u>Aug 31, 10</u>
ASSETS	
Current Assets	
Checking/Savings	
Children's Restoration Network	<u>31,594.42</u>
Total Checking/Savings	<u>31,594.42</u>
Total Current Assets	31,594.42
Fixed Assets	
Auto	7,555.00
Accumulated Depreciation	-22,097.00
New Building	<u>290,000.00</u>
Total Fixed Assets	<u>275,458.00</u>
TOTAL ASSETS	<u><u>307,052.42</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	<u>1,135.00</u>
Total Credit Cards	<u>1,135.00</u>
Total Current Liabilities	1,135.00
Long Term Liabilities	
Building Purchase	<u>142,491.00</u>
Total Long Term Liabilities	<u>142,491.00</u>
Total Liabilities	143,626.00
Equity	
Opening Balance Equity	241,465.00
Increase(Decrease) In Fund Assets	-78,039.00
Total Equity	<u>163,426.00</u>
TOTAL LIABILITIES & EQUITY	<u><u>307,052.00</u></u>

Children's Restoration Network
Statement of Activities and Functional Expenses
September 2009 through August 2010

	<u>Sep '09 - Aug 10</u>
Program Support	
Donations & Grants	503,791
In Kind Contributions	<u>2,156,480</u>
Total Support(Note 1)	<u>2,660,271</u>
Functional Expense(Schedule1)	
Bank Charges	1,300
Equipment Rental	2,927
Depreciation Expense	7,436
Occupancy	38,211
Subscriptions	7,075
Payroll	298,740
Fundraising	106,551
Printing	6,968
Professional Services	8,785
Meetings	2,085
Other Office	9,351
Office Supplies	5,035
Advertising & Promotion	16,330
Total Expense	<u>510,794</u>
Program Expense	
Direct Program	71,036
Special Programs(Note A)	<u>2,156,480</u>
	<u>2,227,516</u>
Total Expenses(Schedule1)	<u>2,738,310</u>
Increase(Decrease) in Unrestricted Funds	<u><u>(78,039)</u></u>

**Children's Restoration Network
Schedule 1
September 2009 through August 2010**

	<u>Management</u>	<u>Fundraising</u>	<u>Program Services</u>	<u>Total</u>
Functional Expense				
Payroll	59,748	44,811	194,181	\$ 298,740
Service Charges	650	-	650	1,300
Equipment Rental	0	500	2,427	2,927
Subsricption	4,953	-	2,122	7,075
Lisence & Permit	894	440	0	1,334
Postage	1,880	1,023	3,327	6,230
Printing	1,540	1,575	3,853	6,968
Professional Fees	3,875	1,156	3,754	8,785
Occupancy	10,014	3,445	24,752	38,211
Office Equipment	471	375	555	1,401
Office Supplies	1,144	625	1,865	3,634
Newsletters	967	440	1,725	3,132
Meeting	590	665	830	2,085
Back 2 School	0	-	15,006	15,006
Celebrate the Children Gala	0	93,718	0	93,718
Digital Bridge	0	-	5,328	5,328
Easter Gala/Spring Fling	0	-	7,363	7,363
New Initiatives	0	-	700	700
Scholarships	0	-	25,169	25,169
12 Days of Caring	0	-	5,651	5,651
Thanksgiving	0	-	4,165	4,165
Project One on One	0	-	5,461	5,461
Auto	0	650	3,522	4,172
Financial Assistance	0	-	417	417
Insurance	803	804		1,607
Slice of Hope	0	485	0	485
Sunset Celebration	0	8,669	0	8,669
343 for Kids	0	2,225	12,397	14,622
Friends In Deed	0	-	39	39
Depreciation	7,436			7,436
Special Programs(Note A)			2,156,480	2,156,480
Total Expense	94,965	161,606	2,481,739	2,738,310

**Children's Restoration Network
Schedule 1
September 2009 through August 2010**

Note A

The in Kind Contributions are the total value of the donations and volunteer effort for the special programs listed below.

In-Kind	Hour	Goods	Total
Office help	58,700	4,900	63,600
Adopt a Shelter	88,545	180,230	268,775
Career workshops	33,675	3,975	37,650
Back 2 School	63,755	379,945	443,700
Digital Bridge	12,410	14,990	27,400
Library Program	2,300	23,750	26,050
Spring Fling	7,655	49,945	57,600
One on One	219,580	3,935	223,515
12 Days of Caring	102,785	253,270	356,055
Thanksgiving	67,515	229,625	297,140
Friends In Deed	34,300	94,460	128,760
Celebrate the Children	27,525	90,140	117,665
343 for Kids	61,750	27,105	88,855
CRN Board	14,300	5,415	19,715
	794,795	1,361,685	2,156,480

Children's Restoration Network, Inc.
NOTES TO FINANCIAL STATEMENTS
Year Ended August 31, 2010

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A Property, plant and equipment-** Property, plant and equipment are carried at cost. Depreciation is computed using straight-line and accelerated methods. When assets are retired or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is recognized in income for the period. The cost of maintenance and repairs is charged to income as incurred.
- B Revenue Recognition-** Revenue is recognized on a cash basis.

2 SPECIAL PROGRAMS

The special programs of the organization are all done to meet the primary exempt purpose of the organization which are efforts to meet the physical needs of homeless children and their families. In addition to supporting various shelters efforts to provide food and clothing to this group, the organization also focusees on tutoring and mentoring children in grades 1-8. Multiple fundraising campaigns are help throughout the year with wide community support.