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**CHILDREN'S HOPE INTERNATIONAL AND  
AFFILIATE**

**CONSOLIDATED FINANCIAL STATEMENTS AND  
ADDITIONAL INFORMATION**

**DECEMBER 31, 2011**

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**Mueller Prost PC**  
CPAs + Business Advisors

Main tel +1 314 862 2070 | Main fax +1 314 862 1549 | [www.muellerprost.com](http://www.muellerprost.com)  
St. Louis | 7733 Forsyth Blvd. | Suite 1200 | St. Louis | MO | 63105  
St. Charles | 2460 Executive Drive | St. Charles | MO | 63303

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To the Board of Directors of  
Children's Hope International and  
Children's Hope International Foundation  
St. Louis, Missouri

**INDEPENDENT AUDITORS' REPORT**

We have audited the accompanying consolidated statement of financial position of Children's Hope International and Children's Hope International Foundation (nonprofit organizations) (the "Organizations") as of December 31, 2011, and the related consolidated statements of activities and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Organizations' management. Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Children's Hope International and Children's Hope International Foundation as of December 31, 2011, and the consolidated changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidated schedule of functional expenses, as shown in the table of contents, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

July 5, 2012  
St. Louis, Missouri

*Mueller Prost PC*  
Certified Public Accountants

Main tel +1 314 862 2070 | Main fax +1 314 862 1549 | [www.muellerprost.com](http://www.muellerprost.com)  
St. Louis | 7733 Forsyth Blvd. | Suite 1200 | St. Louis | MO | 63105  
St. Charles | 2460 Executive Drive | St. Charles | MO | 63303

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**CHILDREN'S HOPE INTERNATIONAL AND AFFILIATE**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2011**

<u>ASSETS</u>	Children's Hope International	Children's Hope International Foundation	Eliminations	<u>Consolidated</u>
Current Assets				
Cash and cash equivalents	\$ 183,677	\$ 174,394	\$ -	\$ 358,071
Prepaid expenses	24,041	-	-	24,041
Investments	860,670	-	-	860,670
Total Current Assets	<u>1,068,388</u>	<u>174,394</u>	<u>-</u>	<u>1,242,782</u>
Noncurrent Assets				
Fixed assets	4,980,762	747	-	4,981,509
Less: accumulated depreciation	<u>(1,525,884)</u>	<u>(647)</u>	<u>-</u>	<u>(1,526,531)</u>
Net Fixed Assets	3,454,878	100	-	3,454,978
Cash surrender value of life insurance policies	<u>143,239</u>	<u>-</u>	<u>-</u>	<u>143,239</u>
Total Noncurrent Assets	<u>3,598,117</u>	<u>100</u>	<u>-</u>	<u>3,598,217</u>
Total Assets	<u>\$ 4,666,505</u>	<u>\$ 174,494</u>	<u>\$ -</u>	<u>\$ 4,840,999</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>				
Current Liabilities				
Current portion of capital lease	\$ 6,353	\$ -	\$ -	\$ 6,353
Accounts payable	21,119	-	-	21,119
Accrued vacation	40,952	-	-	40,952
Deferred revenue	<u>280,379</u>	<u>-</u>	<u>-</u>	<u>280,379</u>
Total Current Liabilities	<u>348,803</u>	<u>-</u>	<u>-</u>	<u>348,803</u>
Long-Term Liabilities				
Capital lease, net current portion	<u>30,755</u>	<u>-</u>	<u>-</u>	<u>30,755</u>
Total Long-Term Liabilities	<u>30,755</u>	<u>-</u>	<u>-</u>	<u>30,755</u>
Total Liabilities	<u>379,558</u>	<u>-</u>	<u>-</u>	<u>379,558</u>
Net Assets				
Unrestricted	4,286,947	158,881	-	4,445,828
Temporarily restricted	<u>-</u>	<u>15,613</u>	<u>-</u>	<u>15,613</u>
Total Net Assets	<u>4,286,947</u>	<u>174,494</u>	<u>-</u>	<u>4,461,441</u>
Total Liabilities and Net Assets	<u>\$ 4,666,505</u>	<u>\$ 174,494</u>	<u>\$ -</u>	<u>\$ 4,840,999</u>

**CHILDREN'S HOPE INTERNATIONAL AND AFFILIATE**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	Children's Hope International	Children's Hope International Foundation	Eliminations	Consolidated
<b>Changes in Unrestricted Net Assets</b>				
Unrestricted Revenues, Support and Gains				
Adoption fees	\$ 2,515,853	\$ -	\$ -	\$ 2,515,853
Home study and post-placement fees	115,467	-	-	115,467
Other	98,825	-	-	98,825
Contributions	-	195,519	-	195,519
Net investment income (loss)	(47,152)	42	-	(47,110)
Foreign currency gain	-	-	-	-
Gain on disposal of fixed assets	7,326	-	-	7,326
Total Unrestricted Revenues, Support and Gains Before Net Assets Released From Restrictions	<u>2,690,319</u>	<u>195,561</u>	<u>-</u>	<u>2,885,880</u>
Net Assets Released from Restrictions	<u>-</u>	<u>203,399</u>	<u>-</u>	<u>203,399</u>
Total Unrestricted Revenues, Support and Gains	<u>2,690,319</u>	<u>398,960</u>	<u>-</u>	<u>3,089,279</u>
<b>Expenses</b>				
Program services	1,957,513	372,141	-	2,329,654
Management and general	910,647	10,108	-	920,755
Fundraising	59,103	19,855	-	78,958
Total Expenses	<u>2,927,263</u>	<u>402,104</u>	<u>-</u>	<u>3,329,367</u>
Increase (Decrease) in Unrestricted Net Assets	<u>(236,944)</u>	<u>(3,144)</u>	<u>-</u>	<u>(240,088)</u>
<b>Changes in Temporarily Restricted Net Assets</b>				
Contributions	-	190,625	-	190,625
Net assets released from restrictions	<u>-</u>	<u>(203,399)</u>	<u>-</u>	<u>(203,399)</u>
Increase (Decrease) In Temporarily Restricted Net Assets	<u>-</u>	<u>(12,774)</u>	<u>-</u>	<u>(12,774)</u>
Increase (Decrease) in Net Assets	<u>(236,944)</u>	<u>(15,918)</u>	<u>-</u>	<u>(252,862)</u>
Net Assets - Beginning of the Year	<u>4,523,891</u>	<u>190,412</u>	<u>-</u>	<u>4,714,303</u>
Net Assets - End of the Year	<u>\$ 4,286,947</u>	<u>\$ 174,494</u>	<u>\$ -</u>	<u>\$ 4,461,441</u>

**CHILDREN'S HOPE INTERNATIONAL AND AFFILIATE**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

Cash Flows From Operating Activities	
Decrease in net assets	\$ (252,862)
Adjustments to reconcile decrease in net assets to net cash used by operating activities:	
Depreciation	116,917
Realized gains on investments	(19,270)
Unrealized loss on investments	66,838
Unrealized gain on cash surrender value of life insurance policies	(19,907)
Gain on disposal of fixed assets	(7,326)
Change in assets - (increase) decrease	
Accounts receivable	1,050
Prepaid expenses	5,244
Promises to give - short-term	4,500
Change in liabilities - increase (decrease)	
Accounts payable	6,466
Accrued vacation	(5,869)
Deferred revenue	(66,967)
Total Adjustments	<u>81,676</u>
Net Cash Used by Operating Activities	<u>(171,186)</u>
Cash Flows From Investing Activities	
Proceeds from sales of investments	149,626
Purchase of fixed assets	(2,556)
Proceeds from sale of fixed assets	<u>7,487</u>
Net Cash Provided by Investing Activities	<u>154,557</u>
Cash Flows From Financing Activities	
Principal payments on capital lease obligations, net	<u>(20,765)</u>
Net Cash Used by Financing Activities	<u>(20,765)</u>
Net Decrease In Cash and Cash Equivalents	(37,394)
Cash and Cash Equivalents - Beginning of Year	<u>395,465</u>
Cash and Cash Equivalents - End of Year	<u>\$ 358,071</u>
Supplemental Disclosure of Cash Flow Information	
Interest paid	<u>\$ 3,125</u>
Noncash investing and financing activities	<u>\$ -</u>

**CHILDREN'S HOPE INTERNATIONAL AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 1    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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**Nature of Organizations**

Children's Hope International ("CHI") is a nonprofit Missouri Corporation that was founded in 1992. CHI provides adoption services for children in China, Colombia, Russia, and Ethiopia. The majority of CHI's revenue is derived from families seeking adoption. CHI's program expenses include all of CHI's adoption offices, including its foreign offices in China, Ethiopia, and Russia. In 2011, CHI completed 183 adoptions.

In addition to adoptions, Children's Hope International Foundation ("CHIF") was formed to accept donations for Development-Aid Programs to improve the health and welfare of children at risk in China, Colombia, Vietnam, Russia, India, and Ethiopia. In 2011, CHI and CHIF together distributed \$400,070 for humanitarian aid projects in these countries and for adoption grants to several families in need.

**Method of Accounting**

The financial statements of CHI and CHIF have been prepared on the accrual basis of accounting in accordance with accounting standards generally accepted in the United States of America.

**Principles of Consolidation**

The consolidated financial statements include the accounts of CHI and CHIF (the "Organizations").

CHIF is a separate legal entity. However, since CHI has control over CHIF, both are consolidated in these financial statements. All transactions between CHI and CHIF have been eliminated in consolidation.

**Consolidated Financial Statement Presentation**

The Organizations follow the provisions of the Financial Accounting Standards Board ("FASB") in regard to financial statements of not-for-profit organizations as discussed under ASC 958-210, Financial Statements of Not-For-Profit Organizations. This provision requires the reporting of total assets, liabilities and net assets in a statement of financial position, and reporting the change in net assets in a statement of activities. This provision also requires that net assets, revenue, expenses, gains and losses be classified as unrestricted, temporarily restricted, or permanently restricted based on the existence or absence of donor-imposed restrictions.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenue and expenses during the reporting period. Actual results could differ from estimated amounts.

**Cash and Cash Equivalents**

The Organizations consider all short-term investments with original maturities of less than three months from the date of purchase to be cash equivalents.

**CHILDREN'S HOPE INTERNATIONAL AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 1    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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**Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits**

The Organizations maintain their cash balances at multiple financial institutions, including foreign institutions. The balances in US institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000, per financial institution. CHI and CHIF file form TD F 90-22.1 for their foreign bank accounts.

**Investments**

Investments are comprised of mutual funds, bonds, cash equivalents, and common and preferred stock and are reported at fair value, which is based on the criteria in Note 2. Gains and losses on sales of investments are generally determined on a specific cost identification basis. Unrealized gains and losses are determined based on year-end market fluctuations.

**Promises To Give**

Promises to give are recognized as support in the period the promise is received. There were no unconditional or conditional promises to give as of December 31, 2011. The Organizations use the direct write-off method, which for the Organizations, is not considered to be materially different from the allowance method.

**Fixed Assets**

Fixed assets are stated at cost, or if received by gift, at fair value at the date of gift. Gifts of long-lived assets received without stipulations are recorded as unrestricted support. It is the Organizations' policy to capitalize assets over \$250. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and apartments	30 years
Building improvements	10 years
Equipment and furniture	3-10 years
Vehicles	5 years

**Deferred Revenue**

Deferred revenue consists of cash received prior to December 31, 2011 for post-placement and re-adoption services to be provided by CHI subsequent to December 31, 2011.

**Restricted and Unrestricted Revenue**

All contributions received by CHI and CHIF are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support. It is the policy of CHI and CHIF to show restricted contributions whose restrictions are met in the same reporting period as unrestricted contributions.



**CHILDREN'S HOPE INTERNATIONAL AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 1    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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**Expense Allocation**

Expenses are charged to program services and supporting activities on the basis of directly identifiable costs. Management and general expenses includes those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organizations.

**Tax Status**

Both CHI and CHIF are exempt from income taxes under Internal Revenue Code Section 501(c)(3) and applicable state law.

**Income Tax Uncertainties**

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the consolidated financial statements. Under that guidance, CHI and CHIF may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organizations and various positions related to the potential sources of unrelated business taxable income ("UBIT"). The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the year ended December 31, 2011.

CHI and CHIF's Forms 990, Return of Organization Exempt From Income Tax, for the years ending 2011, 2010, 2009 and 2008 are subject to examination by the Internal Revenue Service, generally for 3 years after they were filed.

**Advertising Costs**

Advertising costs are expensed as incurred. Advertising costs for the year ended December 31, 2011 were \$86,189.

**Description of Program Services and Supporting Activities**

The following program services and supporting activities are included in the accompanying consolidated financial statements:

*Adoption* – Encompasses all aspects of CHI's adoption activities.

*Humanitarian Aid* – Encompasses all aspects of charitable and humanitarian aid for children.

*Management and General* – Includes the functions necessary to maintain an equitable employment program, ensure an adequate working environment, provide coordination and articulation for the Organizations' program strategy, secure proper administrative functioning of the Board of Directors, and manage the financial and budgetary responsibilities of the Organizations.

*Fundraising* – Provides the structure necessary to encourage and secure private financial support from individuals and organizations through general fundraising activities.

**CHILDREN'S HOPE INTERNATIONAL AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 2 FAIR VALUE MEASUREMENTS**

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"FASB Accounting Standards Codification 820-10, Fair Value Measurements and Disclosures" establishes a framework for measuring fair value and establishes a fair value hierarchy based on the inputs used to measure fair value and enhances disclosure requirements for fair value measurements. The standard maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect management's assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. This hierarchy consists of three broad levels:

Level I – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organizations have the ability to access at the measurement date.

Level II – Inputs other than quoted prices included within Level I that are observable for the asset or liability, either directly or indirectly. Level II inputs include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level III – Unobservable inputs for the asset or liability for which there is little, if any, market activity for the asset or liability at the measurement date. Unobservable inputs reflect the Organizations' own assumptions about what market participants would use to price the asset or liability. These inputs may include internally developed pricing models, discounted cash flow methodologies, as well as instruments for which the fair value determination requires significant management judgment.

The Organizations record marketable securities held at fair value on the consolidated statement of financial position with unrealized gains and losses reflected in the consolidated statement of activities. The degree of judgment used in measuring the fair value of investments held generally correlates to the level of pricing observability. Pricing observability is impacted by a number of factors, including the type of investment held, whether the investment held is new to the market and not yet established and the characteristics specific to the transaction. Investments held, with readily available active quoted prices for which fair value can be measured from actively quoted prices, generally will have a higher degree of pricing observability and a lesser degree of judgment used in measuring fair value.

Conversely, investments held, rarely traded, or not quoted, will generally have less or no pricing observability and a higher degree of judgment used in measuring fair value.

**CHILDREN'S HOPE INTERNATIONAL AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 2 FAIR VALUE MEASUREMENTS (CONTINUED)**

The Organizations' investments are reported at fair value in the accompanying consolidated statement of financial position.

<u>December 31, 2011</u>	<u>Fair Value Measurements Using:</u>			
	<u>Fair Value</u>	<u>(Level I)</u>	<u>(Level II)</u>	<u>(Level III)</u>
Cash Equivalents	\$ 20,402	\$ 20,402	\$ -	\$ -
Bonds	11,971	11,971	-	-
Mutual Funds				
Growth funds	358,516	358,516	-	-
Emerging market funds	38,516	38,516	-	-
Value funds	379,392	379,392	-	-
Large core funds	42,816	42,816	-	-
Large blend funds	3,672	3,672	-	-
Common and Preferred Stock	5,385	5,385	-	-
<b>Total</b>	<b>\$ 860,670</b>	<b>\$ 860,670</b>	<b>\$ -</b>	<b>\$ -</b>

Financial assets and liabilities valued using level I inputs are based on unadjusted quoted market prices within active markets. Valuation techniques utilized to determine fair value are consistently applied.

Net unrealized loss of \$66,838 was recorded to adjust the investments to fair value at December 31, 2011, which is included in net investment income.

Investment income in 2011 includes \$7,535 of dividends and interest on investments and realized gains on the sale of CHI investments of \$19,270.

**NOTE 3 FIXED ASSETS**

Fixed assets cost for CHI and CHIF consist of the following:

Land	\$ 1,268,757
Apartments in China	554,108
Buildings	2,226,966
Equipment	208,535
Furniture	633,841
Vehicles	23,002
Capital leases	66,300
<b>Total</b>	<b>\$ 4,981,509</b>

Depreciation expense for CHI and CHIF was \$116,917 for the year ended December 31, 2011.

**CHILDREN'S HOPE INTERNATIONAL AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 4    NET ASSETS**

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At December 31, 2011, CHIF temporarily restricted net assets of \$15,613 were restricted for humanitarian aid for various countries. Humanitarian aid in China, Colombia, Kazakhstan, and Russia represented \$5,996, \$8, \$1,958, and \$7,651, respectively, of the balance in temporarily restricted net assets.

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**NOTE 5    LEASES**

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The Organization conducted a portion of their operations in a leased facility in Illinois with the lease term through March 31, 2012. The Illinois office was closed in 2008, and the Organizations subleased the space beginning in June 2009. The lease provided that the Organizations pay additional building expenses. The Organization has additional operating leases for a water purifier and a postage machine through 2016 and 2015, respectively. Future minimum lease commitments at December 31, 2011 are as follows:

<u>Year</u>		
2012	\$	9,178
2013		1,187
2014		1,187
2015		746
2016		150
Total	\$	<u>12,448</u>

Total rent expense for all operating leases was \$54,491 for the year ended December 31, 2011.

During 2005, 2007 and 2011, CHI entered into equipment leases, which are considered to be equivalent to installment purchases for purposes of accounting presentation. The assets under capital leases are capitalized using interest rates appropriate at the inception of the related lease and depreciated over the respective lives of the leases. Depreciation of such leases is included in depreciation expense. The gross amount of equipment recorded under the capital lease totaled \$66,300 at December 31, 2011. Accumulated depreciation on this equipment amounted to \$27,333 at December 31, 2011.

Future minimum lease payments related to this equipment as of December 31, 2011 are as follows:

<u>Year</u>		
2012	\$	6,353
2013		7,265
2014		8,307
2015		9,500
2016		5,683
Total minimum lease payments		<u>37,108</u>
Less: current portion		<u>(6,353)</u>
Capital lease, less current portion	\$	<u>30,755</u>

Interest expense of \$3,125 was incurred in 2011.

**CHILDREN'S HOPE INTERNATIONAL AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 6 RETIREMENT PLANS**

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**401(k) Plan**

All employees who have worked for three months or more are eligible to participate in the CHI 401(k) Plan. Employees may contribute an amount of 1% to 15% of compensation. The amount of the CHI match is discretionary. CHI's matching contribution was \$7,480 for 2011.

**Nonqualified Pension Plans**

CHI provides nonqualified pension benefits to its executives.

**Cash Surrender Insurance Policies**

The two policies are split interest policies on officers. The officers have assigned rights to CHI for the policies' cash surrender values in the case of termination other than death. Upon death of the insured, CHI will receive the total premiums paid by CHI under the policies.

The premiums for these policies were \$34,500 for 2011.

The cash surrender value of the policies as of December 31, 2011 was \$143,239.

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**NOTE 7 FOREIGN OPERATIONS**

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In connection with CHI's international adoption services, CHI maintains offices in China, Russia, and Ethiopia.

All activity and account balances representing amounts due to or from international offices are reflected in the financial statements in United States dollars.

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**NOTE 8 RELATED PARTY TRANSACTIONS**

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Two apartments and land have been purchased and leased by the Associate Executive Director. Any ownership in China is required to be held by a Chinese citizen. Management has an agreement with the Associate Executive Director that the building purchased and land leased in her name are to be used exclusively for use by CHI and CHIF. The land for both apartments is on a long-term land lease through May 27, 2071, signed by the Associate Executive Director, which will ultimately revert to the Chinese government, including all items located on the leased land.

During 2011, a company that one of the Organization's board members is the President/Founder of contributed \$22,583 to CHIF.

**CHILDREN'S HOPE INTERNATIONAL AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 9    SUBSEQUENT EVENTS**

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During March of 2012, CHI began the phase out of their Russia adoption program. This process included moving families in the documentation phase to another program or refunding their fees, and directing new families to programs in other countries. The phase out of the Russia program is a process that is expected to take multiple years.

On May 31, 2012, one of the apartments in China was sold for 8 million Chinese Yuan, which on May 31, 2012 translated to \$1,260,590. These proceeds, according to Chinese requirements, have been set aside by the Associate Executive Director to be utilized on behalf of CHI and CHIF.

Management has evaluated subsequent events through July 5, 2012, the date the financial statements were available to be issued.

**CHILDREN'S HOPE INTERNATIONAL AND AFFILIATE**  
**CONSOLIDATED SCHEDULE OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

2011

	Supporting Activities				Total
	Program	Management	Fundraising	Eliminations	
Salaries	\$ 490,249	\$ 332,198	\$ 48,488	-	\$ 870,935
Payroll taxes	22,602	15,316	2,235	-	40,153
Other employee benefits	62,787	42,545	6,210	-	111,542
Adoption expenses	545,476	-	-	-	545,476
Advertising	758	81,016	4,415	-	86,189
Bank charges and credit card fees	7,012	12,530	-	-	19,542
Contract labor	147,799	4,685	-	-	152,484
Depreciation	22,905	94,012	-	-	116,917
Fundraising expense	-	-	3,793	-	3,793
Helping Hands humanitarian aid	400,070	-	-	-	400,070
Insurance	-	55,311	-	-	55,311
Interest	-	3,125	-	-	3,125
Miscellaneous	-	12,584	50	-	12,634
Newsletter	-	10,875	-	-	10,875
Printing and postage	31,231	21,565	9,533	-	62,329
Professional fees	-	38,634	2,104	-	40,738
Property tax	-	3,411	-	-	3,411
Rent	51,501	50,253	-	-	101,754
Repairs and maintenance	19,176	78,707	-	-	97,883
Supplies	3,965	9,524	-	-	13,489
Telephone	21,539	14,595	2,130	-	38,264
Travel	494,656	7,328	-	-	501,984
Utilities	7,928	32,541	-	-	40,469
Total Functional Expenses	<u>\$ 2,329,654</u>	<u>\$ 920,755</u>	<u>\$ 78,958</u>	<u>\$ -</u>	<u>\$ 3,329,367</u>