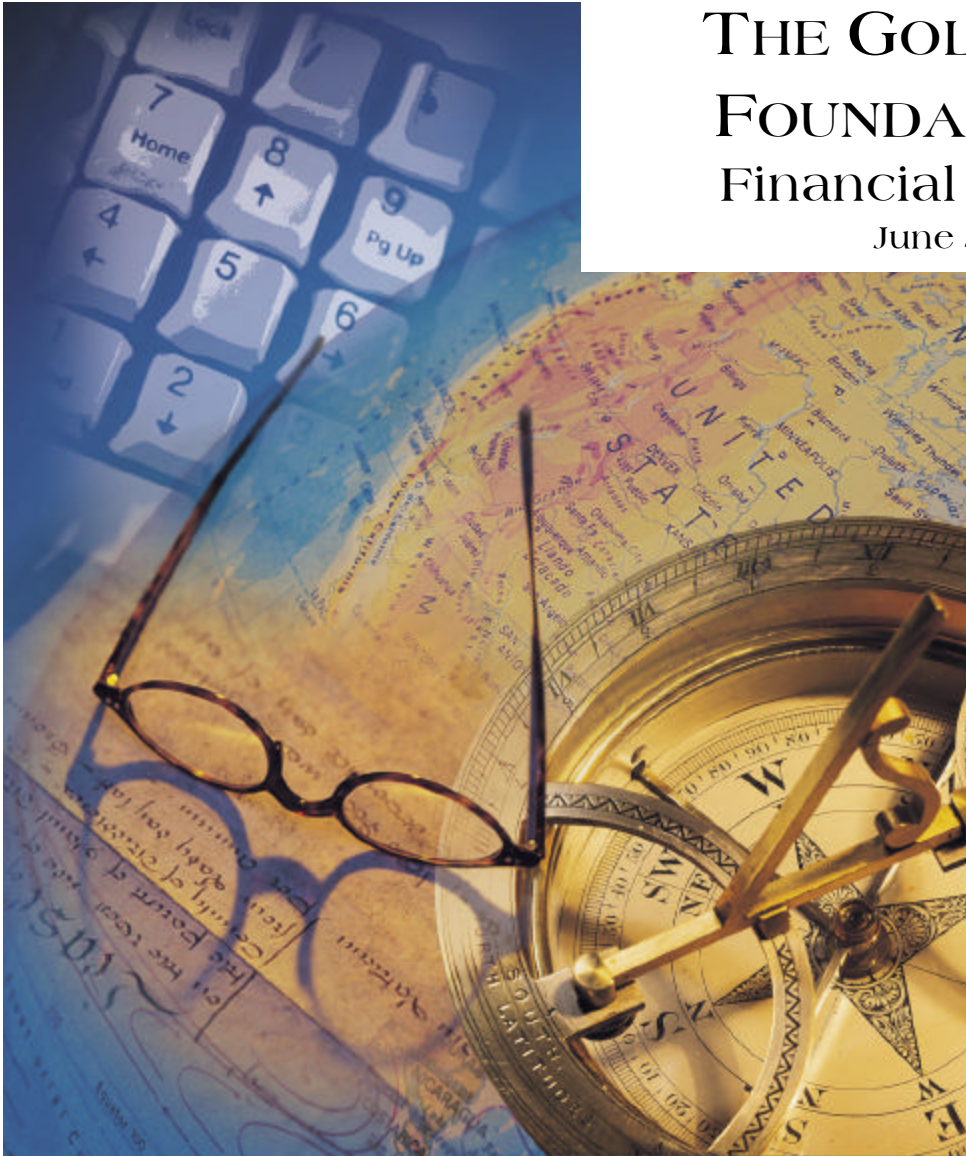


THE GOLDEN RULE FOUNDATION, INC. Financial Statements

June 30, 2004



The Golden Rule Foundation
Inspiring Children to Give to Others

Adding
value
Building
trust
Securing
your *future*

TEDDER, JAMES, WORDEN & ASSOCIATES, P.A.
CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

AN INDEPENDENTLY OWNED MEMBER OF THE RSM MCGGLADREY NETWORK

THE GOLDEN RULE FOUNDATION, INC.

Financial Statements

June 30, 2004

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TEDDER, JAMES, WORDEN & ASSOCIATES, P.A.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

AN INDEPENDENTLY OWNED MEMBER OF THE RSM MCGGLADREY NETWORK

Independent Auditor's Report

The Board of Directors of
The Golden Rule Foundation, Inc.:

We have audited the accompanying statement of financial position of The Golden Rule Foundation, Inc. (the "Foundation") as of June 30, 2004 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Foundation'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 Golden Rule Foundation, Inc. as of June 30, 2004, and the results of its activities and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Tedder, James, Worden & Associates, P.A.

Orlando, Florida
July 22, 2004

THE GOLDEN RULE FOUNDATION, INC.

Statement of Financial Position

June 30, 2004

<u>Assets</u>	
Cash and cash equivalents	\$ 32,561
Grants receivable	7,500
Prepaid rent	585
Property and equipment, net	2,506
Security deposit	1,000
Total assets	<u>\$ 44,152</u>

<u>Liabilities and Net Assets</u>	
Net assets:	
Unrestricted	\$ 36,652
Restricted	7,500
Total liabilities and net assets	<u>\$ 44,152</u>

See accompanying notes to financial statements.

THE GOLDEN RULE FOUNDATION, INC.

Statement of Activities

For the year ended June 30, 2004

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
Support and revenues:			
Contributions	\$ 234,585	7,500	242,085
In-kind contributions	20,410	-	20,410
Investment earnings	51	-	51
Total revenues	<u>255,046</u>	<u>7,500</u>	<u>262,546</u>
Expenses:			
Program services	157,660	-	157,660
Fundraising	45,904	-	45,904
General and administrative	29,611	-	29,611
Total expenses	<u>233,175</u>	<u>-</u>	<u>233,175</u>
Increase in net assets	21,871	7,500	29,371
Net assets, beginning of the period	<u>14,781</u>	<u>-</u>	<u>14,781</u>
Net assets, end of the period	<u><u>\$ 36,652</u></u>	<u><u>7,500</u></u>	<u><u>44,152</u></u>

See accompanying notes to financial statements.

THE GOLDEN RULE FOUNDATION, INC.

Statement of Cash Flows

For the year ended June 30, 2004

Cash flows from operating activities:	
Increase in net assets	\$ 29,371
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	2,771
Changes in assets and liabilities:	
Grants receivable	<u>(7,500)</u>
Net cash provided by operating activities	<u>24,642</u>
Increase in cash and cash equivalents	24,642
Cash and cash equivalents at beginning of period	<u>7,919</u>
Cash and cash equivalents at end of period	<u><u>\$ 32,561</u></u>

See accompanying notes to financial statements.

THE GOLDEN RULE FOUNDATION, INC.

Notes to Financial Statements

June 30, 2004

(1) Organization and Summary of Significant Accounting Policies

(a) *Organization*

The Golden Rule Foundation, Inc. (the "Foundation") was incorporated in Florida on August 27, 1999. The Foundation's purpose is to inspire children in grades kindergarten through 5, who attend elementary schools in Central Florida, to give to others.

(b) *Financial Statement Presentation*

The Foundation follows Statement of Financial Accounting Standard (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations, issued by the Financial Accounting Standards Board. Under SFAS No. 117, the Foundation 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. Currently, the Foundation has no permanently restricted net assets.

(c) *Revenue Recognition*

The primary sources of revenues for the Foundation are contributions from individuals and corporations. Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period received or promised, whichever is earlier. Conditional contributions are recorded when the conditions have been met. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are released from restriction and reclassified to unrestricted net assets.

THE GOLDEN RULE FOUNDATION, INC.

Notes to Financial Statements

(1) Organization and Summary of Significant Accounting Policies, Continued

(d) *In-Kind Contributions*

Contributions of non-cash assets are recorded at their fair values in the period received. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies temporarily restricted net assets to unrestricted net assets at that time. Contributions of donated services that create or enhance non-financial 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.

(e) *Cash Equivalents*

For financial reporting purposes, the Foundation considers all highly liquid money market funds to be cash equivalents. These funds are valued at their current market values at June 30, 2004.

(f) *Property and Equipment*

Property and equipment are recorded at cost, or fair value, if the asset is donated. Improvements and betterments are capitalized; repair and maintenance costs are expensed. Depreciation is computed using the straight-line method over the estimated useful lives of the individual assets. Donated assets are assumed to be unrestricted unless otherwise stipulated by the donor.

(g) *Advertising and Promotion*

Advertising and promotion costs are expensed as incurred.

(h) *Income Taxes*

The Foundation is a non-profit organization that is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code.

THE GOLDEN RULE FOUNDATION, INC.

Notes to Financial Statements

(1) Organization and Summary of Significant Accounting Policies, Continued

(i) 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(2) Grants Receivable

As of June 30, 2004, grants receivable included \$7,500 related to the Little Hand, Big Hearts Program sponsored by Orange County, Florida. The conditions of the grant have been satisfied and the entire amount is expected to be collected in less than one year.

(3) Property and Equipment

The following is a summary of property and equipment at June 30, 2004:

Office furniture and equipment	\$	1,748
Software		6,784
Less accumulated depreciation		<u>(6,026)</u>
Property and equipment, net	\$	<u>2,506</u>

Depreciation expense for the current period amounted to \$2,771.

The Foundation has reviewed its long-lived assets for impairment and has determined that no adjustment to the carrying value of long-lived assets is required.

(4) Temporarily Restricted Net Assets

Temporarily restricted net assets totaled \$7,500 as of June 30, 2004 (See Note 2).

THE GOLDEN RULE FOUNDATION, INC.

Notes to Financial Statements

(5) Commitments

In September 2003, the Foundation entered into a two-year lease agreement for its administrative office space. Rent expense for the current year was \$7,020. Future minimum lease payments under the operating lease as of June 30, 2004 are as follows:

<u>Year ending June 30,</u>	<u>Operating Lease</u>
2005	\$ 7,020
2006	1,170
	<u>\$ 8,190</u>

(6) Functional Expenses

Functional expenses for the year ended June 30, 2004 were as follows:

	<u>Program Services</u>		<u>Fundraising</u>		<u>General & Administrative</u>		<u>Total</u>
	<u>Direct</u>	<u>Gift in kind</u>	<u>Direct</u>	<u>Gift in kind</u>	<u>Direct</u>	<u>Gift in kind</u>	
Salaries and wages	\$ 72,455	-	5,682	-	1,421	-	79,558
Program awards	55,541	-	-	-	-	-	55,541
Event services	-	-	26,250	-	-	-	26,250
Office expenses	1,838	-	-	-	8,319	-	10,157
Supplies	6,811	-	-	-	1,152	-	7,963
Rent	-	-	454	-	5,850	1,170	7,474
Scholarships	4,125	3,125	-	-	-	-	7,250
Media and advertising	-	3,115	-	4,000	-	-	7,115
Technical services	-	5,000	-	-	-	-	5,000
Cost of auctioned items	-	-	6,676	-	-	-	6,676
Legal and professional	-	-	-	-	6,250	-	6,250
Taxes and licenses	-	-	2,842	-	-	-	2,842
Depreciation	-	-	-	-	2,771	-	2,771
Food and beverage	-	2,500	-	-	-	-	2,500
Other	1,500	500	-	-	828	-	2,828
Insurance	-	-	-	-	1,850	-	1,850
Transportation	150	1,000	-	-	-	-	1,150
Subtotal by category	<u>\$ 142,420</u>	<u>15,240</u>	<u>41,904</u>	<u>4,000</u>	<u>28,441</u>	<u>1,170</u>	<u>233,175</u>

(7) Subsequent Events

As of July 1, 2004, Henry Vales replaced Rachel Hamman as Executive Director.