CENTER FOR HUMANITARIAN OUTREACH
AND INTERCULTURAL EXCHANGE
(d.b.a. CHOICE HUMANITARIAN)

FINANCIAL STATEMENTS

For the Years Ended December 31, 2010 and 2009

with

REPORT OF INDEPENDENT AUDITORS

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REPORT OF INDEPENDENT AUDITORS

To the Board of Trustees,
Choice Humanitarian:

We have audited the accompanying statements of financial position of Center for Humanitarian Outreach and Intercultural Exchange (d.b.a. Choice Humanitarian) (the Organization) as of December 31, 2010 and 2009, and the related statements of activities, functional expenses and cash flows for the years then ended. 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 audits provide 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 Center for Humanitarian Outreach and Intercultural Exchange (d.b.a. Choice Humanitarian) as of December 31, 2010 and 2009, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 8 to the financial statements, management has identified certain adjustments that are required to be made in order for the financial statements to be in conformity with generally accepted accounting principles. Accordingly, certain adjustments have been made as of December 31, 2009.

Huber, Erickson & Bowman

Huber, Erickson & Bowman, LLC
March 17, 2011

Center for Humanitiarian Outreach and Intercultural Exchange (d.b.a. Choice Humanitarian)

Statements of Financial Position

As of December 31, 2010 and 2009

	2010	2009
Assets		
Cash and cash equivalents	$ 338,789	$ 219,068
Accounts receivable	543	278
Prepaid expenses	973	42,286
Deferred costs	9,989	-
Property and equipment, net	75,832	99,484
Total Assets	**$ 426,126**	**$ 361,116**
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 15,795	$ 3,297
Accrued liabilities	10,633	2,725
Deferred revenues	72,952	11,623
Related party payable	-	14,323
Total Liabilities	**99,380**	**31,968**
Net Assets		
Unrestricted - restated	326,746	329,148
Total Liabilities and Net Assets	**$ 426,126**	**$ 361,116**

Center for Humanitiarian Outreach and Intercultural Exchange (d.b.a. Choice Humanitarian)

Consolidated Statements of Activities

For the Years ended December 31, 2010 and 2009

	2010	2009
Changes in Unrestricted Net Assets		
Public Support and Revenue		
Expeditions	$ 358,171	$ 301,470
Contributions	955,834	913,449
Special event revenue, net	214,102	211,092
In-kind contributions	129,465	148,223
Total Unrestricted Revenue	**1,657,572**	**1,574,234**
Expenses		
Program services	1,440,025	1,237,759
Management and general	110,081	171,163
Fundraising	109,868	73,262
Total Expenses	**1,659,974**	**1,482,184**
(Decrease) Increase in Net Assets	**(2,402)**	**92,050**
Net Assets at Beginning of Year - restated	**329,148**	**237,098**
Net Assets at End of Year	**$ 326,746**	**$ 329,148**

Center for Humanitiarian Outreach and Intercultural Exchange (d.b.a. Choice Humanitarian)

Statements of Functional Expenses

For the Years ended December 31, 2010 and 2009

December 31, 2010

	Program Services	Supporting Services: Management and General	Supporting Services: Fund Raising	Total
Depreciation expense	$ -	$ 26,806	$ -	$ 26,806
Expedition expenses	271,822	850	-	272,672
Field expenses	824,855	2,234	-	827,089
Marketing and public relations	12,887	859	3,437	17,183
Office expenses	68,202	34,101	11,367	113,670
Office supplies	1,349	5,933	4,305	11,587
Professional services	13,506	15,007	1,501	30,014
Rent	27,963	3,995	7,989	39,947
Salaries	189,314	18,931	62,203	270,448
Utilities	350	1,365	1,786	3,501
In-kind expenses	29,777	-	17,280	47,057
Total Expenses	**$ 1,440,025**	**$ 110,081**	**$ 109,868**	**$ 1,659,974**

December 31, 2009

	Program Services	Supporting Services: Management and General	Supporting Services: Fund Raising	Total
Depreciation expense	$ -	$ 14,593	$ -	$ 14,593
Expedition expenses	266,265	555	-	266,820
Field expenses	704,922	-	-	704,922
Marketing and public relations	564	36,367	2,974	39,905
Office expenses	31,987	67,054	12,652	111,693
Office supplies	11	2,167	-	2,178
Professional services	11,035	12,561	100	23,696
Rent	27,793	5,731	6,305	39,829
Salaries	160,700	30,610	28,586	219,896
Utilities	391	1,525	2,036	3,952
In-kind expenses	34,091	-	20,609	54,700
Total Expenses	**$ 1,237,759**	**$ 171,163**	**$ 73,262**	**$ 1,482,184**

Center for Humanitiarian Outreach and Intercultural Exchange (d.b.a. Choice Humanitarian)

Statements of Cash Flows

For the Years ended December 31, 2010 and 2009

	2010	2009
Cash Flows from Operating Activities		
(Decrease) Increase in Net Assets	**$ (2,402)**	**$ 92,050**
Adjustments to Reconcile Change in Net Assets to Net Cash (Used in) Provided by Operating Activities:		
Depreciation	26,806	14,593
Contributed property & equipment	-	(93,523)
(Increase) decrease in assets:		
Accounts receivable	(265)	(36)
Deferred expenses	(9,989)	-
Prepaid expenses	41,313	(42,286)
Increase (decrease) in liabilities:		
Accounts payable	12,188	(1,703)
Loan from related party	(14,323)	(10,284)
Accrued liabilities	8,218	2,221
Deferred revenue	61,329	(5,932)
Total Adjustments	**125,277**	**(136,950)**
Net Cash Provided by (Used in) Operating Activities	**122,875**	**(44,900)**
Cash Flows from Investing Activities		
Cash paid for furniture and equipment	(3,154)	(13,409)
Net Cash Used in Investing Activities	**(3,154)**	**(13,409)**
Net Increase (Decrease) in Cash and Cash Equivalents	**119,721**	**(58,309)**
Cash and Cash Equivalents, Beginning of Year	219,068	277,377
Cash and Cash Equivalents, End of Year	**$ 338,789**	**$ 219,068**

NOTE 1 ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Organization

The Center for Humanitarian Outreach and Intercultural Exchange (d.b.a. Choice Humanitarian) (the Organization), was incorporated as a not-for-profit organization in 1988. The purpose of the Organization is the assistance of disadvantaged rural village people in undeveloped countries through the establishment of programs for better health and education. This purpose is fulfilled through the organization of expeditions of volunteers who contribute services and the cost of travel and supplies to complete specific projects or goals related to each expedition. Some of the projects include building schoolhouses, health posts, greenhouses, wells, pumps, and water cisterns. The Organization also provides training in literacy, healthcare, agriculture, and small-scale enterprises. These services are performed primarily in the countries of Kenya, Bolivia, Mexico, Guatemala, Nepal and Vietnam with expeditions to other countries on a periodic basis.

The financial statements of the Organization have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Basis of Accounting

Support and other gifts are recorded as restricted if they are received with donor stipulation that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Organization reports gifts of long-lived assets as unrestricted support unless explicit donor stipulations specify how the donated long-lived assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Restricted funds may only be utilized in accordance with the purpose established by the source of such funds. The Board of Directors in achieving its purposes and continuing the operations of the Organization may utilize unrestricted funds.

NOTE 1 ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash and cash equivalents. When cash is wire transferred to a foreign bank account to be used for a project, it is immediately expensed as a field expense.

Allowance for Doubtful Accounts

The Organization has determined that the potential loss from accounts receivable is not material and has elected not to record an allowance for doubtful accounts as of December 31, 2010 and 2009.

Property and Equipment

Property and equipment consists of office furniture and equipment that are carried at cost. Donated assets are recorded at their estimated fair market value at the time of contribution. Expenditures for maintenance and repairs are charged against income and expenditures for major purchases and improvements are capitalized. The net book value of property sold or otherwise disposed of is removed from the property and accumulated depreciation accounts and the resulting gain or loss is included in income. The Organization generally capitalizes land, buildings, and equipment expenditures in excess of $500. Purchases of property and equipment in foreign countries are recorded as field expense and are not capitalized.

Depreciation of property and equipment is provided on a straight-line method over estimated useful lives of 3-5 years.

Deferred Revenue and Expenses

Occasionally, expeditions are billed to volunteers in advance of the period in which the related expenses are to be incurred. Cash received from advance billings are shown in the accompanying financial statements as deferred revenue. The revenue is recognized when the expedition occurs. Costs incurred by the Organization for future expeditions are capitalized and are expensed when the related revenue is earned.

Fair Value of Financial Instruments

The Organization's financial instruments consist of cash and cash equivalents, investments, receivables, and payables. The carrying amount of cash and cash equivalents, receivables, and payables approximates fair value because of the short-term nature of these items. The carrying amount of investments is based on readily determinable market values.

NOTE 1 ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Functional Expense Allocations

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expenses studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

In-kind Contributions

Contributed materials, supplies, facilities, and property are recorded at their estimated fair value at the date of donation. The Organization reports gifts of equipment, professional services, materials and other nonmonetary contributions as unrestricted revenue in the accompanying statements of activities.

If the fair value of contributed materials, supplies, facilities, and property cannot be reasonably determined, they are not recorded. Donated personal services of nonprofessional volunteers, as well as national and local programming services, are not recorded as revenue and expense as there is no objective basis available to measure the value of such services.

Income Taxes

The Organization has received a determination letter from the Internal Revenue Service that states the Organization is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3). A similar exemption applies for state income tax; therefore, no provision for income taxes has been recorded.

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 revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

NOTE 2 CASH DEPOSITS IN EXCESS OF FEDERALLY INSURED AMOUNTS

The Organization maintains its cash accounts in bank deposit accounts. At December 31, 2010 and 2009, the Company had no deposits in excess of federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment by major classifications are as follows:

	2010	2009
Furniture	$ 16,715	$ 16,715
Equipment	58,674	58,674
Computers and servers	120,114	116,960
	195,503	192,349
Accumulated depreciation	(119,671)	(92,865)
Net property and equipment	$ 75,832	$ 99,484

Depreciation expense for the years ended December 31, 2010 and 2009 was $26,806 and $14,593, respectively.

NOTE 4 SPECIAL EVENT REVENUE

In 2010 and 2009, the Organization sponsored a fundraising event in order to promote awareness of the Organization's mission. The event is a Gala where participants purchase tickets to attend, are entertained and participate in various auctions. The gross revenues and direct expenses associated with the event for the years ended December 31, 2010 and 2009 are summarized as follows:

Salt Lake Gala	**2010**		**2009**	
Contributions from participants		$158,888		$ 93,940
Ticket and auction sales	$148,850		$201,323	
Less: costs of direct benefits to donors	59,952		54,501	
Less: direct expenses	33,684	55,214	29,670	117,152
Special event revenue, net		$214,102		$211,092

NOTE 5 RELATED PARTY PAYABLE

In 2008, the Executive Director of the Organization loaned the Organization $20,000 to cover day to day expenses. In addition, the Executive Director agreed to a deferred compensation arrangement totaling $30,000. The combined $50,000 obligation was intended to be non-interest bearing and payable on demand. During 2010 and 2009, the Organization paid $14,323 and $10,284 respectively, toward the obligation. During 2010, a settlement for a lesser amount was reached that resulted in a $13,281 decrease of the loan. Accordingly, the balance of the obligation was $0 and $14,323 at December 31, 2010 and 2009, respectively.

NOTE 6 RELATED PARTY LEASE

The organization leases its office space from a related party. The lease requires monthly payments of $2,333 and expires on September 30, 2013. Future lease payments are listed as follows:

2011	$	27,996
2012		27,996
2013		20,997
	$	76,989

Lease expense for the office space totaled $39,947 and $39,829 for the years ended December 31, 2010 and 2009, respectively.

NOTE 7 IN-KIND DONATIONS

The Organization recognizes contribution revenue for certain assets received at the fair value of such assets. Recognized asset contributions for the year ended December 31, 2010 and 2009, totaled $129,465 and $148,223, respectively. Contributed assets included vacation packages, collectibles and other miscellaneous items sold at auction by the Organization for cash.

NOTE 8 RESTATEMENT

During the year ended December 31, 2010, management of the Organization discovered certain errors related to the understatement of depreciation expense, property and equipment – net, in-kind revenues and in-kind expenses for the year ended December 31, 2009. Accordingly, adjustments have been made in order for the December 31, 2009 financial statements to conform with accounting principles generally accepted in the United States of America.

NOTE 8 RESTATEMENT (CONTINUED)

The adjustment for the year ended December 31, 2009, is as follows:

Year Ended December 31, 2009	As originally reported	As adjusted	Effect of change
Property and equipment, net	$ 15,313	$ 99,484	$ 84,171
In-kind revenues	$ -	$ (148,223)	$ (148,223)
In-kind expenses	$ -	$ 54,700	$ 54,700
Depreciation expense	$ 5,241	$ 14,593	$ 9,352

NOTE 9 SUBSEQUENT EVENTS

In accordance with FASB Accounting Standards Codification 855, Subsequent Events, the Company has evaluated subsequent events through March 17, 2011, which is the date these financial statements were issued. All subsequent events requiring recognition as of March 17, 2011, have been incorporated into these financial statements herein.