

INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
Blessing Hands, Inc.
Morehead, KY 40351

I have audited the accompanying statement of financial position of Blessing Hands, Inc. (a nonprofit organization) as of July 31, 2007, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Blessing Hands, Inc. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Blessing Hands, Inc. as of July 31, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Donna J. Hendrix, CPA
August 17, 2007

BLESSING HANDS, INC.
STATEMENT OF FINANCIAL POSITION
July 31, 2007

ASSETS	
Cash and cash equivalents	\$ 22,602
Total Assets	<u>\$ 22,602</u>
LIABILITIES	
Total Liabilities	<u>-</u>
NET ASSETS	
Unrestricted	<u>22,602</u>
Total Net Assets	<u>22,602</u>
Total Liabilities and Net Assets	<u>\$ 22,602</u>

See accompanying notes to financial statements.

BLESSING HANDS, INC.
STATEMENT OF ACTIVITIES
Year Ended July 31, 2007

Increase in Net Assets	
Revenue and other support	
Contributions	\$ 26,688
Farm Income	2,349
Investment Income	19,711
Interest	<u>62</u>
Total Increase in Net Assets	<u>48,810</u>
Decrease in Net Assets	
Expenses	
Interest	
Foreign exchange loss	716
Fundraising Expense	702
Repairs & Maintenance	200
Supplies	6,356
Travel	587
Scholarships/Tuitions Expense	41,233
Internet Expense	286
Interns Expense	500
Office and Postage	172
Bank Charges	78
Foreign tax and customs fees	<u>217</u>
Total Decrease in Net Assets	<u>51,047</u>
Change in Net Assets	<u>(2,237)</u>
NET ASSETS, beginning of year	24,839
Prior Period Adjustment	<u>-</u>
NET ASSETS, end of year	<u>\$ 22,602</u>

See accompanying notes to financial statements.

BLESSING HANDS, INC.
STATEMENT OF CASH FLOWS
Year Ended July 31, 2007

CASH FLOW FROM OPERATING ACTIVITIES

Increase in net assets	\$ (2,237)
Adjustments to reconcile increase in net assets to net cash used by operating activities	
Depreciation	-
Decrease (Increase) in Operating Assets	
Prepaid Insurance	-
Increase (Decrease) in Operating Liabilities	
Accounts Payable	-
Accrued Interest	-
Payroll Taxes Payable	-
	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>(2,237)</u>

CASH FLOW FROM INVESTING ACTIVITIES

Sales (Purchases) of Assets	
	<hr/>
	-
	<hr/>
NET CASH USED BY INVESTING ACTIVITIES	<hr/>

CASH FLOW FROM FINANCING ACTIVITIES

Cash (Used) or provided by:	
Note Payable-Principle payments	
	<hr/>
	-
	<hr/>
NET CASH USED BY FINANCING ACTIVITIES	<hr/>

NET INCREASE IN CASH AND EQUIVALENTS	(2,237)
CASH AND EQUIVALENTS, beginning of year	<hr/>
	24,839
CASH AND EQUIVALENTS, end of year	<hr/>
	\$ 22,602

Supplemental disclosure:
Interest paid during 2007 amounted to \$0.

BLESSING HANDS, INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2007

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

(a) Revenue Recognition

The accompanying financial statements of the Blessing Hands, Inc. have been prepared on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when incurred.

(b) Investments

The Organization adopted SFAS No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations," in 1997. Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

(c) Income Tax Status

Income of the Organization is exempt from tax under Internal Revenue Code Section 501(c)(3). Accordingly, the financial statements include no provisions for income taxes.

(d) Financial Statement Presentation

The Organization has adopted Statement of Financial Accounting Standards(SFAS) No.117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, 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. In addition, the Organization is required to present a statement of cash flows. As permitted by the statement, the Organization has discontinued its use of fund accounting.

(e) Contributions

The Organizations also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made." Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions.

(f) Use of Estimates

The Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(g) Cash and Equivalents

The foundation defines cash and equivalents to include cash on hand, cash in bank, and certificates of deposit.

BLESSING HANDS, INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2007

2. **NATURE OF ACTIVITY**

The Blessing Hands, Inc. was incorporated in the Commonwealth of Kentucky as a non-profit organization on April 13, 2006. The purpose of the corporation and nature of the activities carried on by the corporation are to protect and nurture children around the world. Currently, they are providing a means for education for foreign children in their homeland.

3. **FOREIGN MONIES**

The Blessing Hands, Inc. organization is required to send money to China, this is done by writing a check out payable to "CASH", then this money is wired by Western Union to China to pay for educational supplies. There are bank accounts in China to be used for educational supplies and tuition assistance. The China bank confirmations are the log books with a China seal on it. It is illegal for China to send a bank confirmation to the United States.