

**TOMORROW'S HOPE  
FOUNDATION, INC.**

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**REPORT ON AUDIT OF FINANCIAL STATEMENTS**

*Year Ended December 31, 2006*

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*Year Ended December 31, 2006*

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**Financial Statements**

## Independent Auditors' Report

Board of Directors  
Tomorrow's Hope Foundation, Inc.  
Rockville Centre, New York

We have audited the statement of financial position of the Tomorrow's Hope Foundation, Inc. ("THF") as of December 31, 2006 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the THF'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 Tomorrow's Hope Foundation, Inc. as of December 31, 2006 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.

*Holtz Rubenstein Reminick LLP*

Melville, New York  
November 8, 2007

# TOMORROW'S HOPE FOUNDATION, INC.

## Statement of Financial Position

*December 31, 2006*

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### Assets

Cash and Cash Equivalents	\$ 396,788
Pledge Receivable	138,148
Total Assets	<u>\$ 534,936</u>

### Liabilities and Net Assets

#### Liabilities:

Accounts payable to the Diocese	\$ 74,296
Scholarships payable	464,002
Total Liabilities	<u>538,298</u>

Net Deficit (3,362)

Total Liabilities and Net Assets \$ 534,936

# TOMORROW'S HOPE FOUNDATION, INC.

## Statement of Activities and Changes in Net Assets

*Year Ended December 31, 2006*

### Revenues

Contributions	\$ 676,918
Interest Income	20,866
Special Events Revenue (net of Direct Benefits to Donors of \$165,296)	257,044
Contributed Service Income	766,246
<b>Total Revenues</b>	<b>1,721,074</b>

### Expenses:

Program	1,008,785
Management and general	111,766
Fundraising	612,750
<b>Total Expenses</b>	<b>1,733,301</b>

Decrease in Unrestricted Net Assets	(12,227)
Net Assets, beginning of year	8,865
<b>Net Deficit, end of year</b>	<b>\$ (3,362)</b>

# TOMORROW'S HOPE FOUNDATION, INC.

## Statement of Functional Expenses

*Year Ended December 31, 2006*

	Program	Management and General	Fundraising	Total
Scholarships	\$ 918,651	\$ -	\$ -	\$ 918,651
Salaries	42,350	56,650	84,701	183,701
Professional Fees	16,480	1,500	528,036	546,016
Auto and Travel	1,818	-	-	1,818
Postage	17,799	-	13	17,812
Telephone	-	51	-	51
Office Supplies	-	1,929	-	1,929
Books and Periodical	-	244	-	244
Computer Fees	-	2,576	-	2,576
Dues and Membership Fees	-	1,008	-	1,008
Seminars and Conference	-	1,333	-	1,333
Bank and Credit Card Fees	-	3,025	-	3,025
Meeting Expenses	11,687	-	-	11,687
Computer Expense	-	41,847	-	41,847
Miscellaneous	-	1,603	-	1,603
<b>Total</b>	<b>\$ 1,008,785</b>	<b>\$ 111,766</b>	<b>\$ 612,750</b>	<b>\$ 1,733,301</b>

# TOMORROW'S HOPE FOUNDATION, INC.

## Statement of Cash Flows

*Year Ended December 31, 2006*

Cash Flows from Operating Activities:	
Decrease in unrestricted net assets	\$ (12,227)
Adjustments to reconcile decrease in unrestricted net assets to net cash provided by operating activities:	
Changes in operating assets and liabilities:	
(Increase) decrease in assets:	
Pledges receivable	(138,148)
Accounts receivable from the Diocese	8,865
Increase in liabilities:	
Accounts payable to the Diocese	74,296
Scholarships payable	464,002
Total adjustments	409,015
Net Cash Provided by Operating Activities	396,788
Increase in Cash and Cash Equivalents	396,788
Cash and Cash Equivalents, beginning of year	-
Cash and Cash Equivalents, end of year	\$ 396,788



**Notes to Financial Statements**

*Year Ended December 31, 2006*

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**1. Organization**

Tomorrow's Hope Foundation, Inc. ("THF") is a not-for-profit organization which is a supporting organization of the Diocese of Rockville Centre (the "Diocese"). THF's mission is to ensure the excellence and continuance of Catholic schools on Long Island by increasing awareness and by providing scholarships and program funding for the needs of students and schools. THF's primary sources of revenue are contributions and proceeds from fundraising events.

THF is classified as a 509(a)(3) Type 1 supporting organization and is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of the New York State income tax code.

**2. Summary of Significant Accounting Policies**

- (a) *Basis of presentation* - The accompanying financial statements have been prepared in accordance with United States generally accepted accounting principles using the accrual basis of accounting. Accordingly, THF's financial statements distinguish between unrestricted, temporarily restricted and permanently restricted net assets, based upon the existence or absence of donor-imposed restrictions, as follows:

*Unrestricted net assets* - Unrestricted net assets include amounts that have not been donor-restricted and are available for use in carrying out the general operations of THF.

*Temporarily restricted net assets* - Temporarily restricted net assets include amounts that have been limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by the actions of THF pursuant to those stipulations.

*Permanently restricted net assets* - Permanently restricted net assets include amounts, whereby donors have stipulated that the principal contributed be maintained in perpetuity.

Revenues are reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Contributions including unconditional promises to give (pledges) are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Certain contributions received by THF were restricted for scholarships and were expended in 2006. Under the provisions of FAS 116, donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted net assets.

Contributions receivable at year-end are reported as unrestricted net assets as the donor intent was to support activities of the current year. Contributions receivable are scheduled to be collected in the next year.

THF did not have any temporarily or permanently restricted net assets as of December 31, 2006.

- (b) *Cash equivalents* - Cash equivalents are comprised of highly liquid instruments with original maturities of three months or less.

**Notes to Financial Statements**

*Year Ended December 31, 2006*

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- (c) *Scholarships* - Scholarships are awarded on behalf of individual students on an academic year basis. They are paid directly from THF to attended schools in two payments, one in the fall semester and one in the spring semester, after enrollments have been confirmed. Funds raised by THF in calendar year 2006 were available for scholarships awarded and payable during the 2006-2007 academic year. As a result, there is a substantial expense accrual for scholarships at December 31, 2006. These funds were paid to schools in Spring 2007.
- (d) *Use of estimates* - The preparation of financial statements in conformity with United States generally accepted accounting principles 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 results could differ from those estimates.
- (e) *Functional allocation of expenses* - The cost of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**3. Pledges Receivable**

Pledges receivable consist of a pledge due for scholarships from a principal donor to THF. No discount or allowance was recorded as the pledge was due within one year.

**4. Related Party**

The Diocese advances funds for certain direct expenses (primarily fundraising event costs) of the THF; such costs are reimbursed to the Diocese from THF following the conclusion of fundraising events. In some cases, contributions for THF scholarships are received directly by the Diocese, in which case, the Diocese remits these funds back to THF. The net payable to the Diocese at December 31, 2006 was \$74,296.

THF has no employees and pays no compensation directly. The Diocese has agreed to pay certain program, fundraising and administrative costs on behalf of THF. For 2006, the value of these services was \$766,246.