

ANCOP Foundation (USA), Inc.

FINANCIAL STATEMENTS

December 31, 2005

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
ANCOP Foundation (USA), Inc.

I have audited the accompanying statement of financial position of ANCOP Foundation (USA), Inc. (a non-profit organization) as of December 31, 2005, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 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 ANCOP Foundation (USA), Inc. as of December 31, 2005 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.



Arcadia, California
October 4, 2006

ANCOP Foundation (USA), Inc.
STATEMENT OF FINANCIAL POSITION
December 31, 2005

ASSETS

Current Assets

Cash \$ 1,468,564

Pledges receivable 71,127

Total current assets 1,539,691

Property and equipment (net) 14,686

Total Assets \$ 1,554,377

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable \$ 2,491

Net Assets

Unrestricted net assets 1,551,886

Total Liabilities and Net Assets \$ 1,554,377

The accompanying notes are an integral part of these financial statements

ANCOP Foundation (USA), Inc.
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2005

Unrestricted Revenues

Direct Public Support	\$ 3,050,455
Interest Income	290

Total Unrestricted Revenues	3,050,745
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Expenses

Program Services	1,465,000
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Supporting Services

Management and General	98,320
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Fundraising	453,980
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Total Expenses	2,017,300
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Increase in Unrestricted Net Assets	1,033,445
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Unrestricted Net Assets at Beginning of Year	518,441
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Unrestricted Net Assets at End of Year	<u><u>\$ 1,551,886</u></u>
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The accompanying notes are an integral part of these financial statements

ANCOP Foundation, (USA), Inc.
 STATEMENT OF FUNCTIONAL EXPENSES
 For The Year Ended December 31, 2005

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
		<u>Management & General</u>	<u>Fundraising</u>	
Construction costs	\$ 1,465,000	-	-	\$ 1,465,000
Salaries & wages	-	\$ 19,623	-	19,623
Payroll taxes	-	3,150	-	3,150
Registration fees	-	-	\$ 31,610	31,610
Legal & professional fees	-	31,872	-	31,872
Supplies	-	3,292	39,239	42,531
Telephone	-	3,252	-	3,252
Postage & delivery	-	3,777	-	3,777
Equipment rental	-	-	19,382	19,382
Printing & copying	-	1,086	43,394	44,480
Rent & occupancy	-	-	183,304	183,304
Travel expenses	-	19,443	15,465	34,908
Conference expenses	-	2,979	115,806	118,785
Depreciation expenses	-	747	-	747
Insurance	-	-	1,626	1,626
Advertising expenses	-	500	2,032	2,532
Miscellaneous expenses	-	-	2,122	2,122
Bank charges	-	5,589	-	5,589
Licenses & fees	-	3,010	-	3,010
	<u>\$ 1,465,000</u>	<u>\$ 98,320</u>	<u>\$ 453,980</u>	<u>\$ 2,017,300</u>

The accompanying notes are an integral part of these financial statements

ANCOP Foundation, (USA), Inc.
STATEMENT OF CASH FLOWS
For The Year Ended December 31, 2005

Cash Flows From Operating Activities

Change in net assets	\$ 1,033,445
Depreciation	747
Increase in pledges receivable	(12,861)
Decrease in deposits	6,900
Increase in accounts payable	1,122

Net Cash Provided by Operating Activities 1,029,353

Cash Flows From Investing Activities

Equipment purchases	(5,587)
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Cash Flows From Financing Activities -

Net Increase in Cash 1,023,766

Cash at Beginning of Year 444,798

Cash at End of Year \$ 1,468,564

The accompanying notes are an integral part of these financial statements

ANCOP Foundation (USA), Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2005

Note 1. Nature of Activities and Significant Accounting Policies

Nature of Activities

ANCOP Foundation (USA), Inc., (The Organization) provides assistance to the needy and the poor by supplying money, goods and services in targeted depressed areas of the world. The Organization provides funding for the construction of low cost housing donated to eligible poorest of the poor families in the world. The Organization is active in seven major regional areas in the United States. Support is primarily from donor contributions generated through various fundraising activities throughout the country.

Promises to Give

Contributions are recognized when the donor makes a promise to the Organization that is, in substance, unconditional. The Organization will use (current year is initial year pledges were received and booked) the allowance method to determine uncollectible unconditional promises receivable. The allowance will be based on prior year's experience and management's analysis of specific promises made.

Contributed Services

During the year ended December 31, 2005, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

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.

Property and Equipment

It is the Organization's policy to capitalize property and equipment over \$ 500. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported

ANCOP Foundation (USA), Inc.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2005

as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose..

Financial Statement Presentation

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. At December 31, 2005, all of the Organization's net assets are unrestricted.

Contributions

Under SFAS No.116, Accounting for Contributions Received and Contributions Made, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions. All contributions received for the year ended December 31, 2005 were unrestricted.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Note 2. Pledges Receivable

At December 31, 2005, Pledges receivable of \$ 71,127 consist of unconditional promises to give from various individual donors.

ANCOP Foundation (USA), Inc.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2005

Note 3. Property and Equipment

Property and equipment consist of the following:

Furniture, fixtures and equipment	\$ 16,461
Accumulated depreciation and amortization	(1,775)
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	<u>\$ 14,686</u>

Note 4. Cash Concentration

Funds exceeding the federally insured limit of \$ 100,000 was on deposit with four different banks. The excess deposit amounted to about \$ 561,000.