

**INTERNATIONAL ASSOCIATION
FOR HUMAN VALUES**

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

WITH

INDEPENDENT AUDITORS' REPORT

**BALAGAN ARUMUGASWAMY, CPA
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CERTIFIED PUBLIC ACCOUNTANTS

INTERNATIONAL ASSOCIATION FOR HUMAN VALUES

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Date: July 17, 2007

To:
Board of Directors
International Association for Human Values
12121 Quadrille Lane
Bowie MD 20720

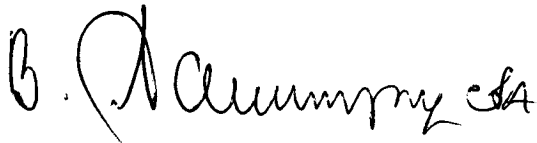
Independent Auditors' Report

We have audited the accompanying statements of financial position of the International Association for Human Values (IAHV) as of December 31, 2006 and December 31, 2005 and the related statements of activities and cash flows for the years ended December 31, 2006 and December 31, 2005. These financial statements are the responsibility of IAHV management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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 basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of IAHV as of December 31, 2006 and December 31, 2005 and the changes in its net assets and its cash flows for the years ended December 31, 2006 and December 31, 2005 in conformity with generally accepted accounting principles.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of IAHV taken as whole. The accompanying supplemental schedules of expenses by program have been presented for purposes of additional analysis and are not a required part of the basic financial statements. The information in these schedules has been subjected to the auditing procedures applied in the audits of the basic financial statements taken as a whole.



Balagan Arumugaswamy, CPA

INTERNATIONAL ASSOCIATION FOR HUMAN VALUES
Statement of Financial Position

	<u>December 31, 2006</u>			<u>December 31, 2005</u>		
	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>ASSETS</u>						
<u>Current Assets:</u>						
Cash and equivalents	\$434,496	\$475,142	\$909,638	\$304,506	\$760,848	\$1,065,354
Pledges receivable	\$501	\$225	\$726	\$1,802	\$100	\$1,902
Refund Receivable	\$1,016	-	\$1,016	-	-	-
Total Current Assets	<u>\$436,013</u>	<u>\$475,367</u>	<u>\$911,380</u>	<u>\$306,308</u>	<u>\$760,948</u>	<u>\$1,067,256</u>
<u>Fixed Assets:</u>						
Furniture and equipment	\$3,348	-	\$3,348	3,348.05	-	3,348.05
Less: Accumulated Depreciation	(\$1,674)	-	(\$1,674)	(\$558)	-	(\$558)
Net Fixed Assets	<u>\$1,674</u>	<u>-</u>	<u>\$1,674</u>	<u>\$2,790</u>	<u>-</u>	<u>\$2,790</u>
TOTAL ASSETS	<u>\$437,687</u>	<u>\$475,367</u>	<u>\$913,054</u>	<u>\$309,098</u>	<u>\$760,948</u>	<u>\$1,070,046</u>
<u>LIABILITIES AND NET ASSETS</u>						
<u>Current Liabilities:</u>						
Pledges Payable	-	\$853	\$853	-	150,943.00	\$150,943
Total Current Liabilities	<u>-</u>	<u>\$853</u>	<u>\$853</u>	<u>-</u>	<u>150,943.00</u>	<u>\$150,943</u>
Net Assets	<u>\$437,686</u>	<u>\$474,514</u>	<u>\$912,201</u>	<u>\$309,098</u>	<u>\$610,005</u>	<u>\$919,103</u>
Total Net Assets	<u>\$437,686</u>	<u>\$474,514</u>	<u>\$912,201</u>	<u>\$309,098</u>	<u>\$610,005</u>	<u>\$919,103</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$437,686</u>	<u>\$475,367</u>	<u>\$913,054</u>	<u>\$309,098</u>	<u>\$760,948</u>	<u>\$1,070,046</u>

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INTERNATIONAL ASSOCIATION FOR HUMAN VALUES
Statement of Activities

	<u>Year Ended December 31, 2006</u>			<u>Year End December 31, 2005</u>		
	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Support and Revenue:</u>						
Contributions	\$66,926	\$259,058	\$325,984	\$81,358	\$825,661	\$907,019
Course Income	\$89,125	\$13,828	\$102,953	\$281,289	\$0	\$281,289
Investment Income	\$20,209	\$0	\$20,209	\$7,111	\$0	\$7,111
<u>Total Support and Revenue</u>	<u>\$176,260</u>	<u>\$272,886</u>	<u>\$449,146</u>	<u>\$369,758</u>	<u>\$825,661</u>	<u>\$1,195,419</u>
<u>Expenses</u>						
Program expenses	\$30,604	\$408,377	\$438,981	\$221,567	\$364,346	\$585,913
Management and general	\$17,067	\$0	\$17,067	\$10,792	\$0	\$10,792
Fundraising	\$0	\$0	\$0	\$32,893	\$0	\$32,893
<u>Total Expenses</u>	<u>\$47,671</u>	<u>\$408,377</u>	<u>\$456,048</u>	<u>\$265,252</u>	<u>\$364,346</u>	<u>\$629,598</u>
<u>Change in Net Assets</u>	\$128,588	(\$135,491)	(\$6,902)	\$104,506	\$461,315	\$565,821
<u>Net Assets, Beginning of Year</u>	\$309,098	\$610,005	\$919,103	\$204,592	\$148,690	\$353,282
<u>Net Assets, End of Year</u>	<u>\$437,686</u>	<u>\$474,514</u>	<u>\$912,201</u>	<u>\$309,098</u>	<u>\$610,005</u>	<u>\$919,103</u>

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INTERNATIONAL ASSOCIATION OF HUMAN VALUES
Statement of Cash Flows
For Twelve Months Ended

	December 31, 2006	December 31, 2005
Cash flows from operating activities		
Change in Net Assets	(\$6,902)	\$565,821
Adjustments to reconcile change in Net Assets to Net Cash provided by operating activities:		
Depreciation	\$1,116	\$558
Pledge Receivable	\$1,176	-
Refund Receivable	(\$1,016)	\$123,056
Pledges Payable	(\$150,090)	\$136,578
Net cash provided (used) by operating activities	(\$155,716)	\$826,013
Adjustments to reconcile change in Net Assets to Net Cash provided by operating activities:		
Purchase of Fixed Assets	\$0	(\$3,348)
Net cash provided by Investing Activities	\$0	(\$3,348)
Net Increase in Cash and Cash Equivalents	(\$155,716)	\$822,665
Cash and equivalents, beginning of the year	\$1,065,354	\$242,689
Cash and equivalents, end of the year	\$909,638	\$1,065,354

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International Association For Human Values
Supplement Schedule of Expenses By Program
December 31, 2006

EXPENSE CATEGORY	PROGRAM EXPENSES								MANAGEMENT & GENERAL EXPENSE	FUNDRAISING EXPENSES	TOTAL EXPENSES
	5H Program	Disaster Relief Fund	Education Fund	One World Family Fund	Women Empowerment	Youth Leadership Training	Human Values Awareness	TOTAL			
Grants	40,000	158,757	50,800	50,000		-		299,557			299,557
Bank and Credit Card Charges	291	246	269			604	291	1,701	1,070		2,771
Consultants & Other Professional Fees								-	2,200		2,200
Depreciation								-	1,116		1,116
Insurance							5,609	5,609	1,820		7,429
Mail & Telephone		1,804		181		193	930	3,108	252		3,360
Materials & Supplies		2,199			-			2,199			2,199
Occupancy Costs		6,400				6,500		12,900			12,900
Payroll Taxes and Fees	270	2,097				29	816	3,213	1,305		4,518
Printing & copying		218					843	1,060	222		1,282
Registration Fees								-	1,120		1,120
Salary and Wages	2,700	20,450				300	8,400	31,850	500		32,350
Special Event Expenses		15,566					717	16,283		-	16,283
Travel & Meetings		10,943	90			547	4,763	16,343	409		16,753
Webhosting and Development							640	640	7,054		7,694
Course Expenses		41,512				553	2,453	44,518			44,518
TOTAL	43,261	260,192	51,159	50,181	-	8,727	25,461	438,981	17,067	-	456,048

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INTERNATIONAL ASSOCIATION FOR HUMAN VALUES
Notes to the Financial Statements
December 31, 2006

(1) Description of the Organization

International Association for Human Values (IAHV) is a Colorado non-profit corporation chartered on October 07, 1998. It is organized to foster on a global scale deeper understanding of the values that unite people as a human community. The IAHV develops and promotes programs of personal development to encourage the practice of human values in everyday life. It also has programs of community education that foster greater awareness of the shared values among the diverse cultures in a number of countries around the world.

Most popular projects of IAHV are 5H (Health, Homes, Hygiene, Human values, Harmony in diversity), YLTP (Youth, Leadership, Training, Program), Disaster relief programs and Trauma relief courses. The aim of the 5H program is to uplift individuals and communities so that they become self-reliant; socially and economically. 5H works to raise standard of living in the most impoverished areas, educate on every level: mental, emotional, spiritual, create a grassroot model for progressive social change, give every human being a chance for a disease free body and a stress free mind and foster harmony in diversity and cultural tolerance. YLTP program is a revolutionary program which was started to effectively channel a large number of youth to take responsibility for their own lives and communities. Additionally, IAHV undertakes programs for rural development, women empowerment and tribal education and welfare. IAHV also conducts courses on innovative breathing techniques that will reduce stress and increase one's mental clarity and awareness through special events (seminars, courses, symposiums) to raising human values and human abilities.

IAHV had received generous and large contributions for disaster relief for establishing Orphanages, Trauma Relief and Vocational Training centers in the areas affected by Tsunami. IAHV has to allocate usage of these funds for the current and future years for sustenance of such Relief facilities for tsunami victims. Such arrangement requires IAHV to carry forward the unutilized balance as Fund Balance for future Tsunami relief programs.

IAHV has stipulated restrictions as follows: Disaster Relief Program \$ 432,922, One World Family Fund \$ 2,873, 5H Program \$ 10,302, Women Empowerment \$ 4,772 and YLTP \$ 24,498.

The general body of the organization elects minimum five and maximum nine board members who in turn elect the following principal officers, namely, the President, the Secretary and the Treasurer. At present, the following principal officers are holding the offices as follows:

President	: Mr. Dean Harmison	Jul 1, 2006-June 30, 2008
Vice-President	: Ms. Jacqueline Sales	Jul 1, 2006-June 30, 2008
Secretary	: Ms. William Hayden	Jul 1, 2006-June 30, 2008
Treasurer	: Mr. Madhu Kadari	Jul 1, 2006-June 30, 2008
Executive Director	: Ms. Filiz Odabas-Geldiay	Jul 1, 2006-June 20, 2008

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INTERNATIONAL ASSOCIATION FOR HUMAN VALUES
Notes to the Financial Statements
December 31, 2006

The members of the board and the principal officers hold their tenure of office for two years and are eligible for re-election. All the members of the administration are rendering honorary services except Filiz Odabas-Geldiay. The General Body meets normally twice in a year.

(2) **Summary of Significant Accounting Policies**

Following is a summary of significant accounting policies of IAHV in the preparation of their financial statements:

Basis of Accounting

IAHV records revenues and expenses on accrual basis. All accruals are reported in the balance sheet accordingly.

Estimates

Financial statements are prepared in conformity with the generally accepted accounting principles which require the management to make estimates and assumptions that may affect certain reported amounts and disclosures. Accordingly, the actual results could differ from those of estimates.

Cash and Cash Equivalents

The Organization considers all highly-liquid investments with an original or remaining maturity of three months or less from the date of purchase to be cash equivalents. The Cash and Cash Equivalents as of December 31, 2006 includes three Bank of America CDs of \$ 507,174, \$ 10,281 and \$ 46,440 each at the rate of 4.27% for 5 months with a monthly compounding frequency. The CDs matured in January, 2007 and they are reinvested with the same terms and condition for another 9 months. The cash and cash Equivalent also includes un-deposited credit card funds and checks as of December 31, 2006.

Pledges Receivable

Pledges receivable represent commitments, which have been made by donors but not yet received by IAHV. Current year pledge receivable consists of the following:

Restricted for Youth Leadership Program	\$ 225
Unrestricted for IAHV Projects	\$ <u>501</u>
Total	\$ 726

Furniture and Equipment

Volunteers are using their furniture and equipments to transact the activities of IAHV. Equipments are being depreciated over a period of 3 years.

Pledges Payable

Pledges payable consists of the expenses payable for the YLTP program.

Net Assets

Net assets consist of the following:

Unrestricted: Net assets, which are neither permanently nor temporarily restricted by donor-imposed stipulations.

INTERNATIONAL ASSOCIATION FOR HUMAN VALUES
Notes to the Financial Statements
December 31, 2006

Permanently restricted: Assets that are associated with donor or board imposed restrictions, will be used only for specified purposes. The temporarily restricted funds have been permanently restricted by the Board for the designated program.

The fund balances are kept in various checking, savings and CD accounts with Bank of America. Cash in excess of Federal Deposit Insurance Corporation (FDIC) limits was \$ 468,865 on December 31, 2006. Strong suggestion was made to the Board to limit the deposits in such a manner for FDIC coverage made available to those deposits.

(3) Donated goods and services

IAHV receives donation only in cash and cash equivalents, which are used in program activities. The management does not report in-kind contributions and expenses. It is suggested to record the in-kind service values in the books.

Following is the list of donor who contributed over \$ 5000 in 2006.

The Ritter Foundation Inc.	Unrestricted	\$ 11,000
Shell Oil Company	Youth Empowerment Seminar	\$ 5,000
Focus Development, LLC	Orphanage	\$ 20,000
Badrish Chaudhari	Education	\$ 18,000
Schild Family Foundation	5H Program	\$ 20,029
Krishna Sastry	One World Family Fund	\$ 9,500
Frank Huguenard	Katrina Hurricane Relief	\$ 8,745
Suresh Doki	Tribal School Project	\$ 7,800
Parul Goshar	Education	\$ 7,000

(4) Related Party Transactions

No related party transactions were noted. However, it is observed that the organization had received and given grants from and to Art of Living Foundation USA, Art of Living Srilanka, IAHV India, IAHV Italy, Ved Vignan Mahavidya Peeth, India. These organizations do not have common Board Members but they work together on common projects and share their volunteer base.