

HAPPY HEARTS FUND, INC.

Financial Statements
for the year ended
December 31, 2007

CONDON
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Independent Auditors' Report

To the Board of Directors of
Happy Hearts Fund, Inc.

We have audited the accompanying statement of financial position of Happy Hearts Fund, Inc. ("HHF") as of December 31, 2007 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of HHF's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year's summarized comparative information has been derived from HHF's 2006 financial statements and in our report, dated July 16, 2007, we expressed an unqualified opinion on those financial statements.

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 present fairly, in all material respects, the financial position of Happy Hearts Fund, Inc. at December 31, 2007 and the results of its activities and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Condon O'Meara McGinty + Donnelly LLP

August 5, 2008

HAPPY HEARTS FUND, INC.

Statement of Financial Position

Assets

	<u>December 31</u>	
	<u>2007</u>	<u>2006</u>
Current assets		
Cash and cash equivalents	\$2,150,467	\$ 171,243
Investments, at market value	99,934	-
Contributions receivable	<u>1,128,018</u>	<u>37,250</u>
Total current assets	<u>\$3,378,419</u>	<u>\$ 208,493</u>

Liabilities and Net Assets

Current liabilities		
Accounts payable and accrued expenses	\$ 36,151	\$ 21,573
Unrestricted net assets	<u>3,342,268</u>	<u>186,920</u>
Total liabilities and net assets	<u>\$3,378,419</u>	<u>\$ 208,493</u>

See notes to financial statements.

HAPPY HEARTS FUND, INC.

Statement of Activities

	Year Ended December 31 <u>2007</u>	For the Period June 12, 2006 (Date of Incorporation) to December 31 <u>2006</u>
Public support and revenue		
General contributions	\$ 1,045,199	\$ 216,250
Contributions for:		
Expression of Love project	-	180,000
Heart of Gold Ball, net of director donor benefit expenses of \$108,636	3,368,208	-
Contributed services (note 2)	64,505	51,000
Interest income	<u>16,449</u>	<u>-</u>
Total support and revenue	<u>4,494,361</u>	<u>447,250</u>
Expenses		
Program services	787,511	-
Program – Expression of Love	<u>83,897</u>	<u>127,488</u>
Total program services	<u>871,408</u>	<u>127,488</u>
Supporting services		
Fundraising – Heart of Gold Ball	322,940	1,250
Management and general	<u>144,724</u>	<u>131,592</u>
Total supporting services	<u>467,664</u>	<u>132,842</u>
Total expenses	<u>1,339,072</u>	<u>260,330</u>
Increase in unrestricted net assets before change in value of investments	3,155,289	186,920
Change in value of investments	<u>59</u>	<u>-</u>
Increase in unrestricted net assets	3,155,348	186,920
Unrestricted net assets, beginning of period	<u>186,920</u>	<u>-</u>
Unrestricted net assets, end of period	<u>\$ 3,342,268</u>	<u>\$ 186,920</u>

See notes to financial statements.

HAPPY HEARTS FUND, INC.

Statement of Functional Expenses
 For the Year Ended December 31, 2007
 (with Comparative Information for the Period June 12, 2006
 (Date of Incorporation) to December 31, 2006)

	2007						2006 Total
	Program Services			Supporting Services			
	Program Services	Expression of Love	Total Program Services	Fundraising - Heart of Gold Ball	Management and General	Total Supporting Services	
Grants	\$ 661,850	-	\$ 661,850	\$ 3,171	-	\$ 3,171	\$ -
Salaries and wages	30,323	-	30,323	-	3,831	3,831	37,615
Payroll taxes	2,767	-	2,767	-	365	365	3,538
Employee benefits	6,660	-	6,660	-	5,934	5,934	1,521
Professional fees	73,757	70,366	144,123	68,450	89,735	158,185	92,858
Photography	-	7,892	7,892	81,146	3,984	85,130	13,284
Postage and shipping	-	31	31	-	3,659	3,659	153
Printing and graphic	-	3,526	3,526	5,102	2,951	8,053	33,775
Production	-	2,082	2,082	107,073	1,379	108,452	68,750
Travel	12,154	-	12,154	25,000	8,375	33,375	7,575
Bank fees	-	-	-	5,204	1,360	6,564	250
Entertainment	-	-	-	23,220	-	23,220	-
Office expenses	-	-	-	-	14,322	14,322	951
Advertising	-	-	-	-	1,760	1,760	-
Miscellaneous	-	-	-	4,574	7,069	11,643	60
Total	\$ 787,511	\$ 83,897	\$ 871,408	\$ 322,940	\$ 144,724	\$ 467,664	\$ 260,330

See notes to financial statements.

HAPPY HEARTS FUND, INC.

Statement of Cash Flows

	Year Ended December 31 <u>2007</u>	For the Period June 12, 2006 (Date of Incorporation) to December 31 <u>2006</u>
Cash flows from operating activities		
Increase in unrestricted net assets	\$3,155,348	\$ 186,920
Adjustments to reconcile increase in unrestricted net assets to net cash provided by operating activities		
Change in value of investments	(59)	-
(Increase) in contributions receivable	(1,090,768)	(37,250)
Increase in accounts payable and accrued expenses	<u>14,578</u>	<u>21,573</u>
Net cash provided by operating activities	2,079,099	171,243
Cash (used in) investing activities		
Purchases of investments	<u>(99,875)</u>	<u>-</u>
Increase in cash and cash equivalents	1,979,224	171,243
Cash and cash equivalents, beginning of period	<u>171,243</u>	<u>-</u>
Cash and cash equivalents, end of period	<u>\$2,150,467</u>	<u>\$ 171,243</u>

See notes to financial statements.