



...meeting the critical needs
of homeless children

2006 annual report

MISSION: To meet the critical needs of homeless children

VISION: To provide hope for children without homes

BUSINESS: To distribute diapers, wipes, school supplies,
underwear, socks and other basic supplies to children
who reside in shelters and participate in homeless
programs



To Captain Hope's Kids Individual and Corporate Donors, Supporting Foundations, Client Agencies, Special Event Sponsors and Our Incredible Volunteers:

2006 was a pivotal year for Captain Hope's Kids (CHK). It was a challenging year in many respects but we worked hard to make the necessary changes that now have us poised to grow successfully and do an even better job of meeting the critical needs of homeless children. After 18 years of having our office and warehouse space, and most of our support services, provided *pro bono* by our founder, we lost our lease and were forced to "start up" our organization all over again. We found new space, paid lots of deposits and had utilities turned on in our name for the first time, and found our own technical support to get our computers up and running as quickly as possible.

At CHK we help meet the needs of homeless children. Many large cities, including Dallas, have launched initiatives to get the chronically homeless off the streets. But those efforts don't really help infants and children because these youngsters fall in the category of temporarily homeless. The number of homeless children served by our 38 client agencies last year was a remarkable 15,010 infants and children. That number represents a 41% increase over the 2005 total of 10,605. Our supplies and services are needed now more than ever.



Americans set a record for charitable giving in 2006 by donating \$295 billion, a 1% increase when adjusted for inflation over 2005 levels. The largest share went to religious organizations (\$96.82 billion = 32.8%). The second largest share went to education, including gifts to colleges, universities and libraries (\$40.98 billion = 13.9%). At Captain Hope's Kids we rely on donations from individuals, companies and foundations as our primary means of support. Donations last year to human services organizations that do traditional charitable work (like Captain Hope's Kids) *dropped* 12% on an inflation adjusted basis to \$29.56 billion. Companies and their foundations also gave less in 2006, *dropping* 10.5% to \$12.72 billion.

Even though the "giving" environment was especially competitive we just worked harder for the homeless children and managed to increase our total income from \$604,551 in 2005 to \$764,518 in 2006 (26% increase). In spite of all our new direct expenses we are extremely proud to report that 87% of the funds we collected last year went directly to Programs that help the children (89% in 2005). Our hope is that the problem of homelessness for children can be eradicated. But until that happens Captain Hope will be here to help meet the critical needs of homeless children.

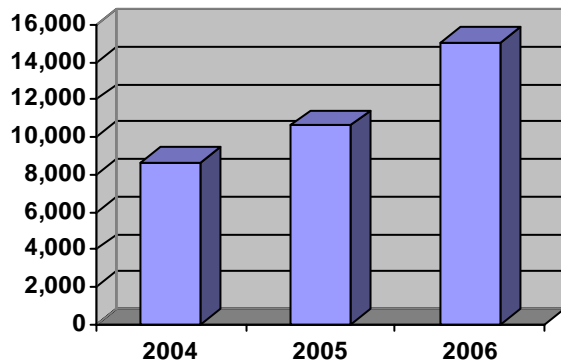
Carey McMann
Board President

History

Captain Hope's Kids (CHK) was founded in 1989 as The Hope Foundation for the Homeless. Its original mission was to provide emergency grants to shelters for critical operating needs. Emergency grants were distributed to homeless shelters throughout the United States until 1993. During the 1990s a disturbing trend emerged: mothers with babies and children became one of the fastest growing segments of the homeless population. In addition, more babies were being born into homelessness. In response to this problem the Hope Foundation's Board of Directors chose to focus its resources toward helping homeless children in North Texas. In 1994 the name was changed to Captain Hope's Kids and the mission became *meeting the critical needs of homeless children*. Women and children now comprise about half of the known homeless population. CHK currently provides support for homeless children in three counties in north Texas: Dallas, Collin and Tarrant County.

The Children We Serve

Children Served Per Year



We conduct our own annual research to determine the profiles of the homeless children we serve. In 2006:

- Over one-third (39%) of the children we served were infants and toddlers.
- Over half (58%) the children were five years old or younger.
- Our partner shelters served an average of 395 children each; up from 256 in 2005.
- We helped care for an average

total of 1,250 children per month.

- We helped care for an annual total of 15,010 children last year, up from 10,605 in 2005 (41% increase).

	<i>The Agencies' Children</i>		
	2004 % (8,664)	2005 % (10,605)	2006 % (15,010)
Infants: newborn to less than one year	8.8	15.2	12.7
Toddlers: one to three years	14.9	21.4	17.6
Sub-Total: (Infants and Toddlers)	23.7	36.5	30.3
Preschool: 3, 4, or 5 years old	25.9	21.0	20.4
School Age: 6 through 12 years	37.9	27.9	29.7
Teens: 13 and older	12.6	14.6	19.5
Total:	100%	100%	100%

Programs

Our products were distributed to 38 homeless shelters and agencies in 2006. We manage two distinct programs to help meet the needs of homeless children.



Captain Hope's Closet

We maintain a large inventory of children's items in our warehouse in Dallas, Texas. Agencies fax us their request on our standard order form and we deliver the order to their location. Agencies can also come by our warehouse and pick up the items they need. Our largest inventory section focuses on the smallest of homeless children and provides diapers, training pants, wipes, formula, lotions and ointments for the most vulnerable victims of homelessness. Homeless mothers may often have only two or three diapers per day for their infants, but a baby usually needs eight to ten per day for good health and comfort. As a result infants often remain in wet and soiled diapers for long periods of time, which causes them to cry from painful diaper rash and poor hygiene. Even with proper ointments, rashes will not heal unless diapers are changed frequently. Homeless mothers, who are often frustrated with their lives in general, cannot always focus on the basic needs of their babies. CHK believes that supplying basic needs is more than humane. It can ease the struggle of surviving day to day, allowing the homeless family to work on improving their lives.

Because of the emotional stress they endure and the instability of their lives, children in shelters are slower to toilet train. Some do not attain this skill until elementary school. Thus, there is a great need for larger sized diapers and disposable training pants. We conduct Diaper Drives throughout the year and purchase diapers in bulk quantities. Last year we distributed 360,900 diapers and training pants; that's 6,940 *every week*.

Many homeless mothers must rely on their food stamps to buy formula for their infants. In our research we learned that mothers often exhaust their funds before the end of the month, and they trade among themselves to get by until next month's food stamps. The lack of formula for homeless babies can cause failure to thrive. Improper nutrition and the resulting depressed immune system can set the stage for years of poor health. Our client shelters are frequently requesting specialty formula as homeless infants are prone to spitting up and upset tummies.



Our own research with our client agencies echoed national findings that one of the most critical needs of homeless children is education, which is key to breaking the cycle of homelessness. For children living in homeless shelters to attend school and focus on the task of learning they must be properly equipped.

All children need good quality school clothes and school supplies. And there is always a huge need for personal hygiene items for pre-teens and teenaged children, especially toothpaste, toothbrushes, shampoo, soap, hairspray and deodorant. Increasingly, in an effort to curb wearing gang colors at school, children are required to wear a uniform that complies with the school dress code. Captain Hope's Kids maintains an inventory of items such as shirts, pants, shoes, socks, underwear, school supplies, toys and athletic equipment; sorted by age, gender and item. In 2006 we distributed 11,109 hygiene and grooming items; 1,573 school uniforms and 3,983 back packs.

Our warehouse also maintains a supply of *Birthday Boxes*. These are simple shoe boxes decorated with festive paper and filled with small gifts and special surprises for homeless children who are celebrating their birthdays while living in a shelter. This program was originally kicked off with the help of the Richardson ISD Reach Program (Gifted & Talented Program). Fourth grade boys and girls purchased toys and toiletries, personally decorated shoe boxes, and hand wrote birthday wishes. While providing these gifts was our original goal, a secondary benefit was realized. By volunteering to create birthday boxes, this program provided a great opportunity for children of all ages and backgrounds to help other children who are less fortunate. We don't know how many children are residing in shelters on their birthday, unable to have a small party or a friend sleep over to help them celebrate. But we do know that we provided 263 Birthday Boxes in 2005 and that number jumped 85% in 2006 for a total of 488 Birthday Boxes.



Once again Alliance Data Systems hosted its Annual Holiday Party, now in its fifth year, for 200 children from Captain Hope's agency shelters. Each child gets to request a particular gift in advance and then they get to receive what they "really" wanted at the party. Their joy is obvious. Every child also receives a new winter coat, school supplies, and additional presents. Santa Claus is on hand to personally present the gifts, they have a big pizza party lunch, and they all get to make holiday crafts they can take back to the shelter with them.

Recreation Activities Program (RAP)

This program provides funds and services for homeless children to participate in field trips to the zoo, sporting events, summer camps and more. Recreational activities



provide opportunities for children to acquire life skills, learn more about the world around them, and have a little fun. In 2006 our activities included a baseball game and lunch with the Texas Rangers and some one-on-one training with the Dallas Mavericks basketball team. Professional athletes in Dallas are always very generous about playing with our children.



Financial Results

*Statements of Financial Position
December 31, 2006 and 2005*

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 286,800	\$ 188,949
Investments, at market value	- 0 -	85,678
Receivables	44,152	26,477
Inventories	27,897	12,222
Prepaid expenses	<u>- 0 -</u>	<u>628</u>
Total current assets	358,849	313,954
Deposits	2,087	- 0 -
Furniture and equipment, net	<u>3,144</u>	<u>1,911</u>
Total assets	<u>\$ 364,080</u>	<u>\$ 315,865</u>
<u>LIABILITIES AND NET ASSETS</u>		
Accounts payable – all current	<u>\$ 8,166</u>	<u>\$ 4,172</u>
Net Assets		
Unrestricted	313,114	268,693
Board designated	3,000	- 0 -
Temporarily restricted	<u>39,800</u>	<u>43,000</u>
Total net assets	<u>355,914</u>	<u>311,693</u>
Total liabilities and net assets	<u>\$ 364,080</u>	<u>\$ 315,865</u>

Statements of Financial Activities
December 31, 2006 and 2005

	2006	2005
Revenues		
Contributions	\$ 103,637	\$ 97,088
Special events	136,194	125,155
Donated goods	375,982	212,367
Interest and other income	<u>7,030</u>	<u>3,944</u>
Total unrestricted revenues and support	622,843	438,554
Net assets released from restrictions	<u>146,500</u>	<u>151,500</u>
Total unrestricted revenues, support and reclassification	<u>769,343</u>	<u>590,054</u>
Expenses		
Program	502,112	349,689
Special events	120,169	80,764
General and administrative	54,715	35,363
Fundraising and development	<u>44,926</u>	<u>39,634</u>
Total expenses	<u>721,922</u>	<u>505,450</u>
Increase in unrestricted net assets	<u>47,421</u>	<u>84,604</u>
Temporarily restricted contributions	143,300	166,000
Net assets released from restriction	<u>(146,500)</u>	<u>(151,500)</u>
Increase (decrease) in temporarily restricted net assets	<u>(3,200)</u>	<u>14,500</u>
Change in net assets	44,221	99,104
Net assets at beginning of year	<u>311,693</u>	<u>212,589</u>
Net assets at end of year	<u>\$ 355,914</u>	<u>\$ 311,693</u>



*Statements of Cash Flows
December 31, 2006 and 2005*



	2006	2005
Cash flows from operating activities		
Change in net assets	\$ 44,221	\$ 99,104
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	1,116	1,667
Unrealized and realized loss (gain) on investments	803	(894)
Loss on sale of assets	451	0 -
Donation of fixed assets	(2,000)	- 0 -
(Increase) in accounts receivable	(17,675)	(15,177)
(Increase) decrease in inventories	(15,675)	12,031
(Increase) decrease in prepaid expenses	628	(628)
(Increase) in deposits	(2,087)	- 0 -
Increase in accounts payable	<u>3,994</u>	<u>4,172</u>
Net cash provided by operating activities	<u>13,826</u>	<u>100,275</u>
Cash flows from investing activities		
Sale of investments	<u>84,875</u>	<u>- 0 -</u>
Purchase of furniture and equipment	<u>(850)</u>	<u>(1,230)</u>
Net cash provided by (used in) investing activities	<u>84,025</u>	<u>(1,230)</u>
Net increase in cash and cash equivalents	97,851	99,045
Cash and cash equivalents at beginning of year	<u>188,949</u>	<u>89,904</u>
Cash and cash equivalents at end of year	<u>\$ 286,800</u>	<u>\$ 188,949</u>
Supplemental noncash flow information:		
In-kind donations	<u>\$ 377,982</u>	<u>\$ 212,367</u>



Corporate Information

Board Meetings

Board members serve two-year terms and meet 12 times per year; the 3rd Friday of each month beginning at 10:00 a.m. Special sessions are called as required.

Meetings were held in the former CHK offices at 1499 Regal Row, Suite 319 in Dallas, Texas for the first three months of the year. All subsequent meetings were held at the current location of 10555 Newkirk, Suite 580 in Dallas, Texas.

Special Events



✦ A Mardi Gras *Family Fun Run* attracting approximately 1,800 runners and spectators.

✦ A Golf Tournament in early fall which includes a Silent Auction.



Diaper Drives and Toy Drives Throughout the Year

✦ In 2006, CHK distributed 360,900 diapers and training pants — that's 6,940 every week.

Recreation Activities for the Children

✦ A summer baseball game with the Texas Rangers sponsored by Josh Lewin from Fox TV.

✦ A November "Turkey Dunk" afternoon playing basketball with the Dallas Mavericks.

✦ A Holiday Christmas party sponsored by Alliance Data Systems with a party and gifts.



Web Site: www.captainhope.org

Telephone: (214) 630-5765

Auditor: Davis Clark & Company

Captain Hope's Kids

2006 Administrative Staff

Executive Director.....	Jeanne Reyer
Program Director.....	Jada Simpson
Adm. Assistant.....	Brooke Moore
Bookkeeper.....	Pam Mueller
Grant Writer.....	Sandra Wood



2006 Board of Directors

President.....	Cody Wilbanks	Verizon Info Services / IDEARC
Treasurer.....	Carey McMann	SME Consulting
Secretary.....	Jody Bishop	Fulbright & Jaworski, LLP
At – Large Members.....	Josh Lewin	Fox TV Announcer
	Betty Johnson	The Staubach Company
	David Torok	Padgett Printing
	Paul Minton	TCD Communications
	Pam Dunn	PJ Dunn & Assoc
	Charles Quennette	RAM HYDRATE
	Elgie Johnson	Price Waterhouse Coopers
	Kimberly Schramm	BNI
	Lauren Dugger	Sunwest Communications
Founder / Advisor.....	Stevan Hammond	Marketing Investors Corp

Captain Hope's Kids Client Agencies

We distributed \$466,514 worth of goods and services to 38 agencies in 2006.

AIDs Outreach Center	Mosaic
Arlington Life	New Beginnings
Austin Street Centre	Nexus
Brighter Tomorrows	PNS Fort Worth
Bryan's House	Pregnant Teen Outreach
CrossRoads	Promise House
Dallas Life	Rainbow Days
DISD	Reconciliation Outreach
Exodus	Refugee Resources
Family Gateway	Safe Haven
Family Place	Salvation Army – Dallas
Genesis Shelter	Salvation Army – Fort Worth
H.O.M.E.S Program	Samaritan Inn
Hope's Door	Shared Housing
Housing Crisis Center	The Family Place
Interfaith Housing Coalition	Union Gospel Mission
Jonathon's Place	Union Gospel Mission – Fort Worth
LifeNet	Vogel Alcove
Mission Arlington	Women's Haven



Captain Hope's Heroes

At Captain Hope's Kids we rely on the generous contributions of individuals, companies, and foundations to help us meet the needs of homeless children. We have many individual donors that we are unable to recognize individually, but we offer our heartfelt **THANKS** to all our heroes!

Individual Donors (over \$1,000)

T. Boone Pickens	\$25,000
Stevan Hammond	5,500
Jody Bishop	3,150
Shawn & Danice Grisham (in honor of Cecil McClain)	1,000
In honor of Lydia Gerard	1,511

Mardi Gras Run Sponsors

KDFW FOX 4 Tim Ryan and Megan Henderson	Bowne of Dallas, LP
Run-On, Inc.	Henry Held & Reilly, LLP
Fulbright & Jaworski	Mannatech
Padgett Printing	TCD Communications
Texas Rangers Baseball Foundation	SME Consulting
Ben E. Keith	Hydrade Sports Drink
Rusty Wallis Honda - Volkswagen	American Marketing Association
Popolo's	





Golf Tournament Sponsors

Nissan North America
Padgett Printing Corp.
Allied Marketing Group, Inc.
Kodak
Verizon
Pilgrim's Pride
Big Al's Smokehouse
Lady Walton's Cookies, Inc.
Bradner National
Heidelberg USA
Henry, Held & Reilly, LLP
Run-On Racing Systems
XPEDX
Clampitt Paper
Danka
Source Inc.
Malin Integrated Handling Solutions and Design
PC Treasures
Fulbright and Jaworski, LLP
Jody Bishop
Motion Envelope Inc.
Thrift World
TCD Communications
David Pearson – Canon USA

Mannatech, Inc.
Callahan/Roach Business Management Solutions
VERTICOM
Toshiba
Crag Miller
Budget Box
Mark Shale Stores
National Envelope
Olmsted-Kirk Paper Co.
Mark of Distinction
RMD Consulting
Gnames Media Group
Budget Box
Advantage Express Inc.
Bob Nelson & Associates
Sunwest Communications
William W George & Associates
Mattress Giant
Select Benefit Resources
BRW Paper Co., Inc.
Dallas Secretaries
Wachovia Securities
The Young Company
Hydrade Sports Drink

Foundation Grants

Esping Family Foundation	\$ 26,000	Florence Foundation	5,000
The Dallas Foundation	19,500	M B & Edna Zale Foundation	5,000
McCormick Tribune's Hurricane Katrina Relief Foundation	15,000	Theodore & Beulah Beasley Foundation	4,000
Horace C Cabe	15,000	Carrie S Orleans	3,500
Baron and Blue Foundation	10,000	Hillcrest Foundation Trust	2,000
The Lightner Sams Foundation	10,000	Exxon Mobil	2,000
Harry W Bass, JR Foundation	10,000	Anonymous Family Foundation	2,000
Idearc Media	6,300	B B Owen Trust	2,000
W P & Bulah Luse Foundation	5,000		
		Total:	\$ 142,300



Corporations and Associations

Abbott Laboratories	Chiang, Patel & Yerby
Aetna Foundation	Driscoll Smith Simmonds, LP
Allied Marketing Group, Inc.	Harley-Davidson Financial Services, Inc.
American Express	The Clampitt Foundation
CEC Entertainment	Tours of Enchantment International, Inc.
Combined Federal Campaign Dallas and State Employees Combined Campaign	Verizon

In-Kind Donors (Over \$1,000)

DISD Homeless Education Program	\$ 118,800	Katie Turner	\$ 2,998
Alliance Data Systems	50,250	Adam Gerety	2,869
Carey McMann	15,000	Fulbright & Jaworski, LLP	2,724
Heart of America Foundation	13,260	Mail Mart, Inc.	2,435
Padgett Printing	12,823	Southlake Mothers Group	2,383
North Dallas Mother of Twins Club	11,604	Jody Bishop	2,000
Dallas Mavericks	9,256	Junior League of Dallas	1,920
Davis Clark and Company	6,972	2006 Baby Group	1,896
Racing Suds	6,912	The Staubach Co.	1,750
Tracery's Concepts & Design	6,675	Ameriquest Mortgage Company	1,400
Target Stores	6,635	UNT – American Humanics	1,280
Bank of America Employees	6,065	Allsion George	1,280
Epsilon	5,703	Lone Star Credit Union	1,262
St. Thomas Aquinas School	5,400	Dallas Morning News	1,250
Lori Ruscitti	5,276	TNT – IT	1,250
Pilgrims Pride	5,000	Horizon Unitarian	1,214
Girl Scout Troop 1500	4,000	Citi Group – AMG	1,177
WB33	3,560	Texas Star Academy	1,110
Josh Lewin	3,320	Henry, Held & Reilly, LLP	1,100
Mothers of Pre-Schoolers (MOPS)	3,320	Sherry Simpson	1,090
Arma Rangel School	3,260	Hunt Oil	1,086
Donna Vanness	3,240	Mindy Paine	1,040
Fugro	3,102	North Texas Trail Runners	1,031
Dallas Dream Center	3,000		





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