

A FAMILY FOR EVERY ORPHAN

**FINANCIAL STATEMENTS
With Independent Auditors' Report**

FOR THE FISCAL YEAR ENDED

September 30, 2016 and 2017



A FAMILY FOR EVERY ORPHAN

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 9
SUPPLEMENTARY INFORMATION	
Statement of Functional Expenses - Fiscal Year Ended September 30, 2017	10
Statement of Functional Expenses - Fiscal Year Ended September 30, 2016	11

A FAMILY FOR EVERY ORPHAN
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2017 & 2016

	2017	2016
ASSETS		
Current		
Cash	\$ 67,994	\$ 102,787
Pledges receivable	37,500	75,000
Employee advances	760	789
Total current assets	106,254	178,576
Total assets	106,254	178,576
LIABILITIES		
Current		
Accounts payable	487	480
Payroll tax withholdings payable	173	174
Funds held for transfer to other organizations	-	-
Total current liabilities	660	654
Total liabilities	660	654
NET ASSETS		
Unrestricted	7,085	28,538
Temporarily restricted	98,509	149,384
Permanently restricted	-	-
Total net assets	105,594	177,922
Total liabilities and net assets	\$ 106,254	\$ 178,576

A FAMILY FOR EVERY ORPHAN
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED SEPTEMBER 30, 2017 & 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues, gains, and other support:						
Contributions:						
Grants from organizations	\$ -	\$ 221,022	\$ 221,022	\$ -	\$ 506,984	\$ 506,984
General public	-	224,940	224,940	-	166,009	166,009
Other	-	-	-	-	-	-
Net assets released from restrictions:						
Satisfaction of program restrictions:	496,837	(496,837)	-	607,126	(607,126)	-
Total revenues, gains, and other support:	<u>496,837</u>	<u>(50,875)</u>	<u>445,962</u>	<u>607,126</u>	<u>65,867</u>	<u>672,993</u>
Expenses:						
Program services	390,460	-	390,460	493,434	-	493,434
Management and general	104,731	-	104,731	88,126	-	88,126
Fundraising	23,099	-	23,099	18,370	-	18,370
Total expenses	<u>518,290</u>	<u>-</u>	<u>518,290</u>	<u>599,930</u>	<u>-</u>	<u>599,930</u>
Change in net assets	(21,453)	(50,875)	(72,328)	7,196	65,867	73,063
Beginning net assets, September 30, 2016	<u>28,538</u>	<u>149,384</u>	<u>177,922</u>	<u>21,342</u>	<u>83,517</u>	<u>104,859</u>
Ending net assets, September 30, 2017	<u>\$ 7,085</u>	<u>\$ 98,509</u>	<u>\$ 105,594</u>	<u>\$ 28,538</u>	<u>\$ 149,384</u>	<u>\$ 177,922</u>

A FAMILY FOR EVERY ORPHAN
STATEMENT OF CASH FLOWS
FISCAL YEAR ENDED SEPTEMBER 30, 2017 & 2016

	2017	2016
Operating activities:		
Change in net assets	\$ (72,328)	\$ 73,063
Adjustments to reconcile net income to net cash provided by operating activities:		
(Increase) decrease in:		
Pledges receivable	37,500	(60,000)
Employee advances	29	(789)
Increase (decrease) in:		
Accounts payable and accruals	7	480
Wages and deductions payable	(1)	174
Funds held for transfer to other organizations	-	(49)
	37,535	(60,184)
Net cash provided (used) by operating activities	(34,793)	12,879
Investing activities:		
Net cash provided (used) by investing activities	-	-
Increase (decrease) in cash and cash equivalents	(34,793)	12,879
Cash and equivalents (deficiency):		
Beginning of fiscal year, September 30, 2016	102,787	89,908
End of fiscal year, September 30, 2017	\$ 67,994	\$ 102,787
Supplemental Disclosures of Cash Flow Information:		
Interest paid	\$ -	\$ -

A FAMILY FOR EVERY ORPHAN
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017 & 2016

1. Summary of Significant Accounting Policies

Nature of Operations:

A Family for Every Orphan (AFFEO) was originally incorporated under the Washington State Nonprofit Corporation Act as Doorways to Hope on October 20, 2008, and was granted exemption from Federal Income Tax under the Internal Revenue Code Section 501(c)(3) effective the same date. Doorways to Hope adopted a name change to A Family for Every Orphan by corporate resolution on October 26, 2013, and filed the name change with the Washington State Office of the Secretary of State with an effective filing date of January 15, 2014.

AFFEO exists to provide resources to families domestically and internationally who provide care to foster and adopted children. Resources provided for assistance in foster and adoption care include financial assistance, education and training, networking, consulting and guidance, spiritual mentorship, and establishment of relationship with families and organizations sharing similar commitment, distinctives, values, and worldview. While some assistance is provided directly to families, orphans, and adoptees, the majority of assistance is provided via formal partnerships with international Non Government Organizations whose purpose and values are the same as AFFEO. Funding for AFFEO's international mission is provided by a multitude of individual donors, and charitable organizations and foundations whose desire it is to provide loving homes to orphaned and abandoned children worldwide.

Basis of Accounting

The financial statements of AFFEO have been prepared on accrual basis and report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. At September 30, 2016 and 2017, AFFEO had no permanently restricted net assets.

Revenue Recognition

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations (restrictions) that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Unconditional promises to give are recognized as revenues or gains in the period pledged and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

A FAMILY FOR EVERY ORPHAN
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017 & 2016

1. Summary of Significant Accounting Policies (continued)

Estimates

Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of asset and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, AFFEO considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Receivables

Receivables consist primarily of pledges receivable from individual donors or charitable organizations. Pledges receivable are unconditional promises to give that are recognized as revenues and as assets, decreases of liabilities, or expenses depending on the form of benefits received, in the period pledged. All account balances are unsecured and are due in less than one year. Historically, pledges receivable have been fully collectible from the donor and management believes all pledges to be collectible in the current year, therefore no provision for uncollectible pledges has been made.

Expense Allocation

The costs of providing programs and activities have been summarized on a functional basis in the Statement of Activities and Statement of Functional Expenses. Accordingly, certain costs have been allocated to the programs and supporting services benefited.

Shipping and Handling Costs

Freight paid on purchases of merchandise related to AFFEO's use if considered part of program or supporting expenses depending on the nature of the purchase.

Income Taxes / Uncertain Tax Positions

AFFEO is a not-for-profit organization that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. As such, AFFEO is not taxed on income derived from its exempt functions. Therefore, no provision has been made for income taxes in the

A FAMILY FOR EVERY ORPHAN
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017 & 2016

1. Summary of Significant Accounting Policies (continued)

Income Taxes / Uncertain Tax Positions (continued)

accompanying financial statements. In addition, AFFEO qualified for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(2).

AFFEO has evaluated its tax positions for all open tax years, and management believes all tax positions would be upheld under examination. Therefore, no provision for the effects of uncertain tax positions has been recorded for the period ended September 30, 2016 and 2017.

2. Cash and Cash Equivalents

AFFEO maintains cash in one banking institution which is insured by the Federal Deposit Insurance Corporation up to \$250,000. For the period ended September 30, 2016 and 2017, the cash balances on hand were \$102,787 and \$51,709, respectively. The bank balances in these accounts at September 30, 2016 and 2017, were \$102,494 and \$51,709, respectively. As of year end, no balances exceeded the federal insurance limit in any one bank.

3. Pledges Receivable

Pledges receivable consist of unconditional promises to give a charitable contribution that remains uncollected as of year end. Pledges receivable consisted of the following balances as of September 30, 2016 and 2017:

		2017			
		Beginning Balance	Additions	Collections	Ending Balance
	Development of global orphan care strategies	\$ 75,000	\$ 16,000	\$ (53,500)	\$ 37,500
	Total	\$ 75,000	\$ 16,000	\$ (53,500)	\$ 37,500
		2016			
		Beginning Balance	Additions	Collections	Ending Balance
	Development of global orphan care strategies	\$ 15,000	\$ 75,000	\$ (15,000)	\$ 75,000
	Total	\$ 15,000	\$ 75,000	\$ (15,000)	\$ 75,000

Management considers all pledges to be collectible at year end, therefore no allowance for uncollectible pledges has been made.

A FAMILY FOR EVERY ORPHAN
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017 & 2016

4. Temporarily Restricted Net Assets

Temporarily restricted net assets consists of the following as of September 30, 2016 and 2017:

	2017			
	Beginning Balance	Additions	Releases	Ending Balance
Foster and adoption care for (in):				
Ukraine and Russia	\$ 6,054	\$ 139,821	\$ (138,231)	\$ 7,644
Development of global orphan care strategies	65,091	129,407	(167,243)	27,255
Development of programs in in Uganda, Kenya, Nepal, India, Bangladesh, Ghana, Kyrgyzstan, Romania and Paraguay	66,929	57,259	(72,000)	52,188
General program	11,310	125	(13)	11,422
All other domestic and international programs	-	-	-	-
Total	<u>\$ 149,384</u>	<u>\$ 326,612</u>	<u>\$ (377,487)</u>	<u>\$ 98,509</u>

	2016			
	Beginning Balance	Additions	Releases	Ending Balance
Foster and adoption care for (in):				
Ukraine and Russia	\$ 21,250	\$ 34,880	\$ (50,076)	\$ 6,054
Development of global orphan care strategies	15,348	176,609	(126,866)	65,091
Development of new programs in Uganda, Kenya, Nepal, India, Bangladesh, Ghana, Kyrgyzstan, Romania and Paraguay	16,600	209,652	(159,323)	66,929
General program	11,853	10,220	(10,763)	11,310
All other domestic and international programs	18,466	241,632	(260,098)	-
Total	<u>\$ 83,517</u>	<u>\$ 672,993</u>	<u>\$ (607,126)</u>	<u>\$ 149,384</u>

6. Subsequent events

Subsequent events were evaluated through the date of the independent accountants' audit report, which is the date the financial statements were available to be issued.

A FAMILY FOR EVERY ORPHAN
STATEMENT OF FUNCTIONAL EXPENSES
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	Supporting Services			Total
	Program	General & Administrative	Fundraising	
Personnel				
Salaries and wages	\$ 35,106	\$ 55,488	\$ 16,066	\$ 106,660
Payroll taxes	2,685	4,717	1,229	8,631
Subtotal	37,791	60,205	17,295	115,291
Orphan advocacy, placement, and support				
All others	65,555	-	-	65,555
Ukraine	164,241	-	-	164,241
India	16,764	-	-	16,764
Nepal	9,604	-	-	9,604
United States	18,195	-	-	18,195
Ghana	6,388	-	-	6,388
Romania	11,736	-	-	11,736
Bangladesh	8,299	-	-	8,299
Uganda	4,015	-	-	4,015
Kenya	5,467	-	-	5,467
Kyrgyzstan	9,598	-	-	9,598
Paraguay	3,274	-	-	3,274
Russia	28,360	-	-	28,360
Subtotal	351,496	-	-	351,496
Professional fees and services	423	25,872	192	26,487
Travel	-	3,358	-	3,358
Events	-	-	2,293	2,293
Printing	-	2,133	2,595	4,728
Organizational registration fees	750	4,022	-	4,772
Bank and credit card processing fees	-	3,022	-	3,022
Postage	-	3,797	689	4,486
Website and social media	-	1,332	35	1,367
Subscriptions, dues, membership	-	899	-	899
Office and administrative	-	-	-	-
Telephone	-	20	-	20
Supplies	-	71	-	71
Subtotal	1,173	44,526	5,804	51,503
Total expenses	\$ 390,460	\$ 104,731	\$ 23,099	\$ 518,290

A FAMILY FOR EVERY ORPHAN
STATEMENT OF FUNCTIONAL EXPENSES
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Program	Supporting Services		Total
		General & Administrative	Fundraising	
Personnel				
Salaries and wages	\$ 30,420	\$ 43,200	\$ 14,180	\$ 87,800
Payroll taxes	2,327	3,953	1,085	7,365
Subtotal	32,747	47,153	15,265	95,165
Orphan advocacy, placement, and support				
All others	142,060	-	-	142,060
Ukraine	124,338	-	-	124,338
India	35,791	-	-	35,791
Nepal	29,253	-	-	29,253
United States	23,008	-	-	23,008
Ghana	22,586	-	-	22,586
Romania	18,530	-	-	18,530
Bangladesh	18,315	-	-	18,315
Uganda	8,430	-	-	8,430
Kenya	7,004	-	-	7,004
Kyrgyzstan	4,766	-	-	4,766
Russia	2,182	-	-	2,182
Subtotal	436,263	-	-	436,263
Professional fees and services	-	24,960	-	24,960
Travel	17,897	-	-	17,897
Printing	4,363	1,868	2,755	8,986
Organizational registration fees	750	3,605	-	4,355
Bank and credit card processing fees	135	3,537	-	3,672
Postage	259	2,784	325	3,368
Website and social media	500	2,454	25	2,979
Subscriptions, dues, membership	119	903	-	1,022
Office and administrative	14	500	-	514
Telephone	305	117	-	422
Supplies	82	245	-	327
Subtotal	24,424	40,973	3,105	68,502
Total expenses	\$ 493,434	\$ 88,126	\$ 18,370	\$ 599,930