

**A FAMILY FOR EVERY ORPHAN**

**FINANCIAL STATEMENTS  
With Independent Auditors' Report**

**FOR THE FISCAL YEAR ENDED**

**September 30, 2017 and 2018**



# 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, 2018	11
Statement of Functional Expenses - Fiscal Year Ended September 30, 2017	12



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
A Family for Every Orphan  
Seattle, Washington

We have audited the accompanying financial statements of A Family for Every Orphan (a non-profit corporation), which comprise the statement of financial position as of September 30, 2018 and 2017, and the related statement of activities and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

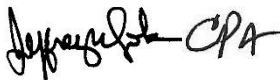
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of A Family for Every Orphan as of September 30, 2018 and 2017, and the changes in its net assets and its cash flows for the period then ended in accordance with generally accepted accounting principles in the United States of America.

### **Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 11 and 12 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Jeffrey D. Cole, Certified Public Accountant  
Vashon, Washington  
January 28, 2019

**A FAMILY FOR EVERY ORPHAN**  
**STATEMENT OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2018 & 2017**

	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
Current		
Cash	\$ 266,510	\$ 67,994
Accounts receivable	6,391	-
Pledges receivable	30,000	37,500
Employee advances	-	760
Total current assets	302,901	106,254
Total assets	\$ 302,901	\$ 106,254
<b>LIABILITIES</b>		
Current		
Accounts payable	\$ 2,305	\$ 487
Payroll tax withholdings payable	9,318	173
Funds held for transfer to other organizations	-	-
Total current liabilities	11,623	660
Total liabilities	11,623	660
<b>NET ASSETS</b>		
Unrestricted	87,280	7,085
Restricted by use	203,998	98,509
Total net assets	291,278	105,594
Total liabilities and net assets	\$ 302,901	\$ 106,254

**A FAMILY FOR EVERY ORPHAN**  
**STATEMENT OF ACTIVITIES**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2018 & 2017**

	<b>2018</b>			<b>2017</b>		
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>Revenues, gains, and other support:</b>						
Contributions:						
Grants from organizations	\$ -	\$ 458,045	\$ 458,045	\$ -	\$ 221,022	\$ 221,022
General public	-	383,740	383,740	-	224,940	224,940
Other	-	-	-	-	-	-
Net assets released from restrictions:						
Satisfaction of program restrictions:	736,296	(736,296)	-	496,837	(496,837)	-
Total revenues, gains, and other support:	<u>736,296</u>	<u>105,489</u>	<u>841,785</u>	<u>496,837</u>	<u>(50,875)</u>	<u>445,962</u>
<b>Expenses:</b>						
Program services	521,391	-	521,391	390,460	-	390,460
Management and general	112,040	-	112,040	104,731	-	104,731
Fundraising	22,670	-	22,670	23,099	-	23,099
Total expenses	<u>656,101</u>	<u>-</u>	<u>656,101</u>	<u>518,290</u>	<u>-</u>	<u>518,290</u>
<b>Change in net assets</b>	80,195	105,489	185,684	(21,453)	(50,875)	(72,328)
<b>Net assets, beginning of fiscal year</b>	<u>7,085</u>	<u>98,509</u>	<u>105,594</u>	<u>28,538</u>	<u>149,384</u>	<u>177,922</u>
<b>Net assets, end of fiscal year</b>	<u>\$ 87,280</u>	<u>\$ 203,998</u>	<u>\$ 291,278</u>	<u>\$ 7,085</u>	<u>\$ 98,509</u>	<u>\$ 105,594</u>

**A FAMILY FOR EVERY ORPHAN**  
**STATEMENT OF CASH FLOWS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2018 & 2017**

	<b>2018</b>	<b>2017</b>
Operating activities:		
Change in net assets	\$ 185,684	\$ (72,328)
Adjustments to reconcile net income to net cash provided by operating activities:		
(Increase) decrease in:		
Accounts receivable	(6,391)	-
Pledges receivable	7,500	37,500
Employee advances	760	29
Increase (decrease) in:		
Accounts payable and accruals	1,818	7
Wages and deductions payable	9,145	(1)
Funds held for transfer to other organizations	-	-
	12,832	37,535
Net cash provided (used) by operating activities	198,516	(34,793)
Investing activities:		
Net cash provided (used) by investing activities	-	-
Increase (decrease) in cash and cash equivalents	198,516	(34,793)
Cash and equivalents (deficiency):		
Cash, fiscal year beginning balance	67,994	102,787
Cash, fiscal year ending balance	\$ 266,510	\$ 67,994
Supplemental Disclosures of Cash Flow Information:		
Interest paid	\$ -	\$ -

**A FAMILY FOR EVERY ORPHAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018 & 2017**

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 the following classes of net assets: unrestricted, restricted by time, and restricted by use . At September 30, 2017 and 2018, AFFEO had no net assets restricted by time.

Revenue Recognition

Grants and other contributions of cash and other assets are reported as restricted support if they are received with donor stipulations (restrictions) that limit the use of purpose or time 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, 2018 & 2017**

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, 2018 & 2017**

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, 2017 and 2018.

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, 2017 and 2018, the cash balances on hand were \$102,787 and \$51,709, respectively. The bank balances in these accounts at September 30, 2017 and 2018, were \$51,709 and \$268,859, respectively. As of year end, balances exceeded the federal insurance limit as of September 30, 2017 and 2018, in the amount of \$0 and \$18,859, respectively.

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, 2017 and 2018:

	2018			
	Beginning Balance	Additions	Collections	Ending Balance
Development of global orphan care strategies	\$ 37,500	\$ 30,000	\$ (37,500)	\$ 30,000
Total	\$ 37,500	\$ 30,000	\$ (37,500)	\$ 30,000
	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

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, 2018 & 2017**

4. Restricted Net Assets

Net assets restricted by purpose consists of the following as of September 30, 2017 and 2018:

	2018			
	Beginning Balance	Additions	Releases	Ending Balance
Foster and adoption care for (in):				
Ukraine and Russia	\$ 7,644	\$ 129,142	\$ (121,453)	\$ 15,333
Development of global orphan care strategies	27,255	311,555	(280,684)	58,126
Development of programs in in Uganda, Nepal, India, Bangladesh, Ghana, Kyrgyzstan, Romania and Paraguay	52,188	133,694	(74,130)	111,752
General program	11,422	12,650	(5,285)	18,787
All other domestic and international programs	-	254,744	(254,744)	-
Total	\$ 98,509	\$ 841,785	\$ (736,296)	\$ 203,998

	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	137,474	(175,310)	27,255
Development of programs in in Uganda, Kenya, Nepal, India, Bangladesh, Ghana, Kyrgyzstan, Romania and Paraguay	66,929	9,901	(24,642)	52,188
General program	11,310	-	112	11,422
All other domestic and international programs	-	158,766	(158,766)	-
Total	\$ 149,384	\$ 445,962	\$ (496,837)	\$ 98,509

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.

## **Supplementary Information**

**A FAMILY FOR EVERY ORPHAN**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	Program	Supporting Services		Total
		General & Administrative	Fundraising	
Personnel				
Salaries and wages	\$ 35,937	\$ 59,436	\$ 16,347	\$ 111,720
Payroll taxes	2,749	5,097	1,251	9,097
Subtotal	38,686	64,533	17,598	120,817
Orphan advocacy, placement, and support				
Ukraine	212,714	-	-	212,714
India	99,280	-	-	99,280
All others	44,113	-	-	44,113
Russia	32,940	-	-	32,940
Romania	28,722	-	-	28,722
United States	24,615	-	-	24,615
Bangladesh	14,245	-	-	14,245
Paraguay	9,820	-	-	9,820
Kyrgyzstan	7,666	-	-	7,666
Uganda	6,276	-	-	6,276
Ghana	1,008	-	-	1,008
Nepal	875	-	-	875
Subtotal	482,274	-	-	482,274
Professional fees and services	431	25,470	196	26,097
Printing	-	2,334	3,764	6,098
Bank and credit card processing fees	-	4,779	-	4,779
Postage	-	3,502	1,112	4,614
Travel	-	4,093	-	4,093
Organizational registration fees	-	3,875	-	3,875
Website and social media	-	1,891	-	1,891
Subscriptions, dues, membership	-	1,181	-	1,181
Office and administrative	-	200	-	200
Supplies	-	182	-	182
Subtotal	431	47,507	5,072	53,010
Total expenses	\$ 521,391	\$ 112,040	\$ 22,670	\$ 656,101

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

	<u>Program</u>	<u>Supporting Services</u>		<u>Total</u>
		<u>General &amp; Administrative</u>	<u>Fundraising</u>	
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				
Ukraine	164,241	-	-	164,241
All others	65,555	-	-	65,555
Russia	28,360	-	-	28,360
United States	18,195	-	-	18,195
India	16,764	-	-	16,764
Romania	11,736	-	-	11,736
Nepal	9,604	-	-	9,604
Kyrgyzstan	9,598	-	-	9,598
Bangladesh	8,299	-	-	8,299
Ghana	6,388	-	-	6,388
Kenya	5,467	-	-	5,467
Uganda	4,015	-	-	4,015
Paraguay	3,274	-	-	3,274
Subtotal	351,496	-	-	351,496
Professional fees and services	423	25,872	192	26,487
Organizational registration fees	750	4,022	-	4,772
Printing	-	2,133	2,595	4,728
Postage	-	3,797	689	4,486
Travel	-	3,358	-	3,358
Bank and credit card processing fees	-	3,022	-	3,022
Events	-	-	2,293	2,293
Website and social media	-	1,332	35	1,367
Subscriptions, dues, membership	-	899	-	899
Supplies	-	71	-	71
Office and administrative	-	20	-	20
Subtotal	1,173	44,526	5,804	51,503
Total expenses	<u>\$ 390,460</u>	<u>\$ 104,731</u>	<u>\$ 23,099</u>	<u>\$ 518,290</u>