

**A FAMILY FOR EVERY ORPHAN**

**FINANCIAL STATEMENTS  
With Independent Auditors' Report**

**FOR THE FISCAL YEAR ENDED**

**September 30, 2018 and 2019**



# A FAMILY FOR EVERY ORPHAN

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## 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, 2019 and 2018, 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, 2019 and 2018, 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.

*Barnett, Cole & Associates LLP*

Barnett, Cole & Associates LLP  
Vashon, Washington  
February 15, 2020

**A FAMILY FOR EVERY ORPHAN**  
**STATEMENT OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2019 & 2018**

	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
Current		
Cash - unrestricted	\$ 98,077	\$ 92,512
Cash - restricted by use	149,752	173,998
Accounts receivable	5,453	6,391
Pledges receivable	30,000	30,000
Employee advances	-	-
Total current assets	283,282	302,901
Total assets	\$ 283,282	\$ 302,901
<b>LIABILITIES</b>		
Current		
Accounts payable	\$ 4,306	\$ 2,305
Payroll tax withholdings payable	10,908	9,318
Total current liabilities	15,214	11,623
Total liabilities	15,214	11,623
<b>NET ASSETS</b>		
Unrestricted	88,316	87,280
Restricted by use	179,752	203,998
Total net assets	268,068	291,278
Total liabilities and net assets	\$ 283,282	\$ 302,901

**A FAMILY FOR EVERY ORPHAN**  
**STATEMENT OF ACTIVITIES**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2019 & 2018**

	<b>2019</b>			<b>2018</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	\$ -	\$ 300,755	\$ 300,755	\$ -	\$ 458,045	\$ 458,045
General public	232,153	81,573	313,726	175,282	208,458	383,740
Other	-	-	-	-	-	-
Net assets released from restrictions:						
Satisfaction of program restrictions:	406,574	(406,574)	-	561,014	(561,014)	-
Total revenues, gains, and other support:	<u>638,727</u>	<u>(24,246)</u>	<u>614,481</u>	<u>736,296</u>	<u>105,489</u>	<u>841,785</u>
<b>Expenses:</b>						
Program services	490,451	-	490,451	521,391	-	521,391
Management and general	123,742	-	123,742	112,040	-	112,040
Fundraising	23,498	-	23,498	22,670	-	22,670
Total expenses	<u>637,691</u>	<u>-</u>	<u>637,691</u>	<u>656,101</u>	<u>-</u>	<u>656,101</u>
<b>Change in net assets</b>	1,036	(24,246)	(23,210)	80,195	105,489	185,684
<b>Net assets, beginning 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>
<b>Net assets, end of fiscal year</b>	<u>\$ 88,316</u>	<u>\$ 179,752</u>	<u>\$ 268,068</u>	<u>\$ 87,280</u>	<u>\$ 203,998</u>	<u>\$ 291,278</u>

**A FAMILY FOR EVERY ORPHAN**  
**STATEMENT OF CASH FLOWS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2019 & 2018**

	<b>2019</b>	<b>2018</b>
Operating activities:		
Change in net assets	\$ (23,210)	\$ 185,684
Adjustments to reconcile net income to net cash provided by operating activities:		
(Increase) decrease in:		
Accounts receivable	938	(6,391)
Pledges receivable	-	7,500
Employee advances	-	760
Increase (decrease) in:		
Accounts payable and accruals	2,001	1,818
Wages and deductions payable	1,590	9,145
Funds held for transfer to other organizations	-	-
	4,529	12,832
Net cash provided (used) by operating activities	(18,681)	198,516
Investing activities:		
Net cash provided (used) by investing activities	-	-
Increase (decrease) in cash and cash equivalents	(18,681)	198,516
Cash and equivalents (deficiency):		
Cash, fiscal year beginning balance	266,510	67,994
Cash, fiscal year ending balance	\$ 247,829	\$ 266,510
Supplemental Disclosures of Cash Flow Information:		
Interest paid	\$ -	\$ -

**A FAMILY FOR EVERY ORPHAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019 & 2018**

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, 2018 and 2019, 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, 2019 & 2018**

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, 2019 & 2018**

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, 2018 and 2019.

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, 2018 and 2019, the cash balances on hand were \$266,510 and \$247,829, respectively. The bank balances in these accounts at September 30, 2018 and 2019, were \$268,859 and \$247,475, respectively. As of year end, balances exceeded the federal insurance limit as of September 30, 2018 and 2019, in the amount of \$18,859 and \$0, 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, 2018 and 2019:

		2019			
		Beginning Balance	Additions	Collections	Ending Balance
	Development of global orphan care strategies	\$ 30,000	\$ 30,000	\$ (30,000)	\$ 30,000
	Total	\$ 30,000	\$ 30,000	\$ (30,000)	\$ 30,000
		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

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, 2019 & 2018**

4. Restricted Net Assets

Net assets restricted by purpose consists of the following as of September 30, 2018 and 2019:

	2019			
	Beginning Balance	Additions	Releases	Ending Balance
Foster and adoption care for (in):				
Ukraine and Russia	\$ 15,333	\$ 128,501	\$ (110,314)	\$ 33,520
Development of global orphan care strategies	58,126	193,713	(147,439)	104,400
Development of programs in in Uganda, Nepal, India, Bangladesh, Ghana, Kyrgyzstan, Romania and Paraguay	111,752	59,849	(130,626)	40,975
General program	18,787	265	(18,195)	857
All other domestic and international programs	-	-	-	-
Total	<u>\$ 203,998</u>	<u>\$ 382,328</u>	<u>\$ (406,574)</u>	<u>\$ 179,752</u>
	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	<u>\$ 98,509</u>	<u>\$ 841,785</u>	<u>\$ (736,296)</u>	<u>\$ 203,998</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.

## **Supplementary Information**

**A FAMILY FOR EVERY ORPHAN**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	Program	Supporting Services		Total
		General & Administrative	Fundraising	
Personnel				
Salaries and wages	\$ 36,286	\$ 61,777	\$ 16,771	\$ 114,834
Payroll taxes	2,776	5,486	1,283	9,545
Subtotal	39,062	67,263	18,054	124,379
Orphan advocacy, placement, and support				
Ukraine	213,469	-	-	213,469
All others	68,176	-	-	68,176
Russia	37,315	-	-	37,315
India	35,829	-	-	35,829
Romania	22,834	-	-	22,834
Paraguay	21,342	-	-	21,342
Ghana	17,952	-	-	17,952
Kyrgyzstan	9,660	-	-	9,660
Uganda	6,600	-	-	6,600
Bangladesh	4,865	-	-	4,865
United States	2,778	-	-	2,778
Nepal	460	-	-	460
Subtotal	441,280	-	-	441,280
Professional fees and services	544	30,471	251	31,266
Printing	-	6,279	4,081	10,360
Bank and credit card processing fees	2,097	5,696	-	7,793
Website and social media	4,926	2,006	-	6,932
Postage	1,573	3,502	1,112	6,187
Organizational registration fees	-	5,623	-	5,623
Travel	969	1,550	-	2,519
Subscriptions, dues, membership	-	1,030	-	1,030
Office and administrative	-	250	-	250
Supplies	-	72	-	72
Subtotal	10,109	56,479	5,444	72,032
Total expenses	\$ 490,451	\$ 123,742	\$ 23,498	\$ 637,691

**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