

A FAMILY FOR EVERY ORPHAN

**FINANCIAL STATEMENTS
With Independent Auditors' Report**

FOR THE FISCAL YEAR ENDED

September 30, 2021 and 2020



TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT.....	1 - 2
-----------------------------------	-------

FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION.....	3
STATEMENTS OF ACTIVITIES.....	4
STATEMENTS OF CASH FLOWS.....	5
NOTES TO THE FINANCIAL STATEMENTS.....	6 - 11

SUPPLEMENTARY INFORMATION

STATEMENT OF FUNCTIONAL EXPENSES FOR THE FYE SEPTEMBER 30, 2021.....	13
STATEMENT OF FUNCTIONAL EXPENSES - FOR THE FYE SEPTEMBER 30, 2020.....	14

INDEPENDENT AUDITOR’S 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 statements of financial position as of September 30, 2021, and 2020, and the related statements of activities and cash flows for the periods 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.

BA| BARNETT AND ASSOCIATES

Certified Public Accountant

2303 West Commodore Way, Suite 301
Seattle, WA 98199
TEL: (206) 284 – 2111

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, 2021, and 2020, and the changes in its net assets and its cash flows for the periods 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 13 and 14 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 and Associates

Barnett and Associates

Seattle, WA

April 4, 2022

A FAMILY FOR EVERY ORPHAN
STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2021 & 2020

ASSETS

CURRENT ASSETS	2021	2020
Cash - unrestricted	\$ 367,748	\$ 168,278
Cash - restricted by use	175,556	175,629
Accounts receivable	4,703	4,703
Pledges receivable	-	25,000
Employee advances	-	2,153
TOTAL CURRENT ASSETS	548,007	375,763
TOTAL ASSETS	\$ 548,007	\$ 375,763

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 56,454	\$ 34,874
Payroll liabilities	12,065	10,676
Note payable - Federal relief SBA PPP	24,952	24,952
TOTAL CURRENT LIABILITIES	93,471	70,502
TOTAL LIABILITIES	93,471	70,502
NET ASSETS		
Unrestricted	278,980	104,632
Restricted by use	175,556	200,629
TOTAL NET ASSETS	454,536	305,261
TOTAL LIABILITIES AND NET ASSETS	\$ 548,007	\$ 375,763

A FAMILY FOR EVERY ORPHAN
STATEMENTS OF ACTIVITIES
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2021 & 2020

	2021			2020		
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
REVENUE AND OTHER SUPPORT						
CONTRIBUTIONS:						
Grants from organizations	\$ 160,724	\$ 159,000	\$ 319,724	\$ -	\$ 151,250	\$ 151,250
General public	208,991	209,201	418,192	186,363	287,691	474,054
Other	24,952	-	24,952	-	-	-
Net assets released from restrictions:						
Satisfaction of program restrictions:	393,274	(393,274)	-	418,064	(418,064)	-
TOTAL REVENUE AND OTHER SUPPORT	\$ 787,941	\$ (25,073)	\$ 762,868	\$ 604,427	\$ 20,877	\$ 625,304
EXPENSES:						
Program services	465,254	-	465,254	428,766	-	428,766
Management and general	127,422	-	127,422	140,011	-	140,011
Fundraising	20,917	-	20,917	19,334	-	19,334
TOTAL EXPENSES	613,593	-	613,593	588,111	-	588,111
CHANGES IN NET ASSETS	174,348	(25,073)	149,275	16,316	20,877	37,193
NET ASSETS - BEG. OF YEAR	104,632	200,629	305,261	88,316	179,752	268,068
NET ASSETS - END OF YEAR	\$ 278,980	\$ 175,556	\$ 454,536	\$ 104,632	\$ 200,629	\$ 305,261

A FAMILY FOR EVERY ORPHAN
STATEMENTS OF CASH FLOWS
AS OF THE FISCAL YEARS ENDING SEPTEMBER 30, 2021 & 2020

	<u>2021</u>	<u>2020</u>
<u>Operating activities</u>		
Changes in net assets	\$ 149,275	\$ 37,193
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
(Increases) decrease in:		
Accounts receivable	-	750
Pledges receivable	25,000	5,000
Employee advances	2,153	(2,153)
Increases (decrease) in:		
Accounts payable and accruals	21,580	30,568
Payroll related liabilities	1,389	(232)
Net cash provided by operating activities	<u>199,397</u>	<u>71,126</u>
<u>Financing activities</u>		
Net activity, SBA PPP	-	24,952
Net cash provided by financing activities	<u>-</u>	<u>24,952</u>
Net Increase in Cash and Cash Equivalents	<u>\$ 199,397</u>	<u>\$ 96,078</u>
<u>Cash and equivalents</u>		
Cash - balance at the beginning of the fiscal year	\$ 343,907	\$ 247,829
Cash - balance at the end of the fiscal year	<u>\$ 543,304</u>	<u>\$ 343,907</u>
<u>Supplemental Disclosures of Cash Flow Information</u>		
Interest paid	<u>\$ -</u>	<u>\$ -</u>

A FAMILY FOR EVERY ORPHAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2021 & 2020

NOTE 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 an 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 Secretary of State, with an effective filing date of January 15, 2014.

AFFEO's mission is to provide resources to families domestically and internationally who provide care to foster and adopted children. The resources provided for assistance in foster and adoption care include financial assistance, education and training, networking, consulting and guidance, spiritual mentorship, and establishment of relationships with families and organizations sharing similar commitment, distinctives, values, and worldview. While a minimal amount of assistance is provided directly to families, orphans, and adoptees, the vast majority of assistance is provided via formal partnerships with international Non Government Organizations whose purpose and values are similar to AFFEO's. Funding for AFFEO's international mission is provided by a multitude of individual donors, 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 the accrual basis of accounting which reports information regarding its financial position and activities according to the following classes of net assets: unrestricted, restricted by time, and restricted by use in accordance with United States Generally Accepted Accounting Principles ("GAAP").

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 benefit(s) received. Conditional promises to give are recognized only when the conditions are substantially met and the promises become unconditional.

A FAMILY FOR EVERY ORPHAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2021 & 2020

NOTE 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 as asset and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures. Actual results may 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 benefit(s) 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 current reflected pledges to be collectible within the current year, therefore no provision for uncollectible pledges has been made.

Expense Allocation

The costs of providing programs and activities has 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 is 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 Internal Revenue Code ("IRC") Section 501(c)(3). Accordingly, AFFEO is not taxed on income derived from its exempt functions. Therefore, no provision has been made for income taxes in the accompanying financial statements. In addition, AFFEO qualified for the charitable contribution deduction under IRC Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under IRC Section 509(a)(2).

A FAMILY FOR EVERY ORPHAN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2021 & 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes / Uncertain Tax Positions (Continued)

AFFEO has evaluated its tax positions for all open tax years (2021, 2020 and 2019), 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 ending September 30, 2021 or 2020, respectively.

NOTE 2 - CASH AND CASH EQUIVALENTS

AFFEO maintains its cash in a financial institution which is insured by the Federal Deposit Insurance Corporation up to \$250,000. The cash balance in these accounts may exceed the FDIC limits from time to time. Management believes that there is a very low to remote possibility of any loss as a result of the cash balance maintained in these accounts exceeding the FDIC limits. Historically, AFFEO has not incurred any losses as a result of a cash balance exceeding the FDIC insurable limits. Subsequently, no provision for a loss as a result has been recorded.

NOTE 3 - PLEDGES RECEIVABLE

Pledges receivable consists of unconditional promises to give that remains uncollected. Pledges receivable consisted of the following as of September 30:

		2021			
		Beginning Balance	Additions	Collections	Ending Balance
Development of global orphan care strategies		\$ 25,000	\$ -	\$ (25,000)	\$ -
Totals		\$ 25,000	\$ -	\$ (25,000)	\$ -

		2020			
		Beginning Balance	Additions	Collections	Ending Balance
Development of global orphan care strategies		\$ 30,000	\$ 25,000	\$ (30,000)	\$ 25,000
Totals		\$ 30,000	\$ 25,000	\$ (30,000)	\$ 25,000

There were no pledges receivable for the period ending September 30, 2021. Management has collected all prior pledges receivable that were previously reflected as receivable for the period ending September 30, 2020; subsequently no allowance for uncollectible pledges has been recorded.

A FAMILY FOR EVERY ORPHAN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2021 & 2020

NOTE 4 - NOTE PAYABLE

During the fiscal year ending September 30, 2021, AFFEO received a "Second Draw" Small Business Administration ("SBA") Paycheck Protection Program ("PPP") loan in the amount of \$24,952. The loan is forgivable if certain criteria under the program are met. Any portion of the loan not forgiven is due at a rate of 0.98% per annum over 24 months. As of the date of issuance of the financial statements (April 4, 2022) the PPP application for forgiveness had been submitted and granted by the SBA. Note payable - current portion consists of the following as of September 30:

	<u>2021</u>
Federal relief - PPP	<u>\$ 24,952</u>

NOTE 5 - RESTRICTED NET ASSETS

Net assets restricted by purpose consisted of the following as of September 30:

	<u>2021</u>			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Releases</u>	<u>Ending Balance</u>
Foster and adoption care for (in):				
Ukraine and Russia	\$ 4,392	\$ 195,685	\$ (205,347)	\$ (5,270)
Development of global orphan care strategies	31,473	91,200	(60,448)	62,225
Orphan care programs in in Uganda, Nepal, India, Bangladesh, Ghana, Kyrgyzstan, Romania and Paraguay	163,222	78,483	(123,267)	118,438
General program	1,542	2,833	(4,212)	163
All other domestic and international programs	-	-	-	-
Totals	<u>\$ 200,629</u>	<u>\$ 368,201</u>	<u>\$ (393,274)</u>	<u>\$ 175,556</u>

A FAMILY FOR EVERY ORPHAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2021 & 2020

NOTE 5 - RESTRICTED NET ASSETS (Continued)

Net assets restricted by purpose consisted of the following as of September 30:

	2020			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Releases</u>	<u>Ending Balance</u>
Foster and adoption care for (in):				
Ukraine and Russia	\$ 6,561	\$ 203,384	\$ (205,553)	\$ 4,392
Development of global orphan care strategies	46,539	75,925	(90,991)	31,473
Orphan care programs in in Uganda, Nepal, India, Bangladesh, Ghana, Kyrgyzstan, Romania and Paraguay	124,289	130,549	(91,616)	163,222
General program	2,363	29,083	(29,904)	1,542
All other domestic and international programs	-	-	-	-
Totals	<u>\$ 179,752</u>	<u>\$ 438,941</u>	<u>\$ (418,064)</u>	<u>\$ 200,629</u>

NOTE 6 - SUBSEQUENT EVENTS - OTHER MATTERS

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the AFFEO’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, AFFEO is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

A FAMILY FOR EVERY ORPHAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2021 & 2020

NOTE 6 - SUBSEQUENT EVENTS - OTHER MATTERS (Continued)

On Thursday, February 24, 2022; unprovoked and without reason or cause, Russia invaded Ukraine with what appears to be the intent of taking Ukraine and its sovereignty. As reflected in Note 1 - Nature or Activities, the company is heavily involved in caring for the orphans of this nation and the surrounding region. With this unfortunate chain of events, it has brought a number of challenges to the forefront of AFFEO and subsequently a number of adaptations to the way they try and get the financial support that is direly needed to support the orphans in Ukraine. Fortunately, many of the surrounding nations; including but not limited to Poland, Romania and Germany have provided assistance in the form of taking in many of the refugees, orphans and others that have been displaced and left homeless in the wake of this reckless, wanton and careless act of aggression brought on by Russian aggression. Management has informed us they are continually exploring new ways to be able to maintain the current financial support through its partners. AFFEO has set up a new fundraising initiative, in which it has received to date approximately \$171,000 in donations which will be used to assist the orphans in Ukraine. Management expects that the donations and support for this fundraising activity will continue as the aggression continues. Management has not made and currently does not expect to make any mission changes or orphan initiative changes as a result of this situation. Management is very grateful for the support of its donors; especially given the current tumultuous climate. Management does not believe that there will be any changes to the ordinary grants and contributions AFFEO normally receives as a result of the invasion.

Management has evaluated all other subsequent events through April 4, 2022, the date these financial statements were available to be issued. Management has informed us there were no other material subsequent events which they believe require disclosure for the period ending September 30, 2021 as of April 4, 2022.

SUPPLEMENTARY INFORMATION

A FAMILY FOR EVERY ORPHAN
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2021

	SUPPORTING SERVICES			
	PROGRAM	GENERAL & ADMINISTRATIVE	FUNDRAISING	TOTAL
PERSONNEL				
Salaries and wages	\$ 36,129	\$ 55,413	\$ 10,074	\$ 101,616
Payroll taxes	3,100	4,755	865	8,720
TOTAL PERSONNEL	\$ 39,229	\$ 60,168	\$ 10,939	\$ 110,336
ORPHAN ADVOCACY, PLACEMENT, AND SUPPORT				
Ukraine	259,846	-	-	259,846
Romania	52,700	-	-	52,700
Paraguay	42,000	-	-	42,000
India	33,575	-	-	33,575
Ghana	14,862	-	-	14,862
Kyrgyzstan	8,450	-	-	8,450
Bangladesh	5,236	-	-	5,236
Russia	3,990	-	-	3,990
Uganda	3,000	-	-	3,000
United States	1,800	-	-	1,800
All Others	(243)	-	-	(243)
TOTAL ORPHAN ADVOCACY, PLACEMENT, AND SUPPORT	\$ 425,216	\$ -	\$ -	\$ 425,216
OTHER EXPENDITURES				
Professional fees and services	809	35,204	2,923	38,936
Printing	-	7,710	2,055	9,765
Bank and merchant card processing fees	-	6,338	1,690	8,028
Postage	-	6,098	1,626	7,724
Organizational registration fees	-	4,293	-	4,293
Travel	-	1,292	-	1,292
Website and social media	-	2,212	589	2,801
Subscriptions, dues and membership	-	3,446	919	4,365
Office and administrative	-	661	176	837
TOTAL OTHER EXPENDITURES	809	67,254	9,978	78,041
TOTAL EXPENSES	\$ 465,254	\$ 127,422	\$ 20,917	\$ 613,593

A FAMILY FOR EVERY ORPHAN
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	SUPPORTING SERVICES			
	PROGRAM	GENERAL & ADMINISTRATIVE	FUNDRAISING	TOTAL
PERSONNEL				
Salaries and wages	\$ 36,705	\$ 66,587	\$ 14,481	\$ 117,773
Payroll taxes	2,807	6,228	1,108	10,143
TOTAL PERSONNEL	\$ 39,512	\$ 72,815	\$ 15,589	\$ 127,916
ORPHAN ADVOCACY, PLACEMENT, AND SUPPORT				
Ukraine	222,756	-	-	222,756
All others	69,646	-	-	69,646
Romania	29,010	-	-	29,010
Ghana	21,958	-	-	21,958
Russia	12,427	-	-	12,427
India	9,532	-	-	9,532
United States	6,279	-	-	6,279
Uganda	5,200	-	-	5,200
Kyrgyzstan	5,000	-	-	5,000
Bangladesh	2,910	-	-	2,910
Paraguay	2,712	-	-	2,712
Nepal	600	-	-	600
TOTAL ORPHAN ADVOCACY, PLACEMENT, AND SUPPORT	\$ 388,030	\$ -	\$ -	\$ 388,030
OTHER EXPENDITURES				
Professional fees and services	619	32,590	323	33,532
Printing	-	5,619	3,388	9,007
Bank and merchant card processing fees	-	7,433	-	7,433
Postage	-	6,266	34	6,300
Organizational registration fees	-	5,828	-	5,828
Travel	605	4,584	-	5,189
Website and social media	-	2,562	-	2,562
Subscriptions, dues, membership	-	1,409	-	1,409
Office and administrative	-	905	-	905
TOTAL OTHER EXPENDITURES	1,224	67,196	3,745	72,165
TOTAL EXPENSES	\$ 428,766	\$ 140,011	\$ 19,334	\$ 588,111