

A FAMILY FOR EVERY ORPHAN

**FINANCIAL STATEMENTS
With Independent Auditors' Report**

FOR THE YEAR ENDED

SEPTEMBER 30, 2016 and 2015



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, 2016 and 2015,, 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.

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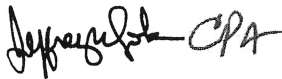
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2016 and 2015, 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 10 and 11 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
February 17, 2017

A FAMILY FOR EVERY ORPHAN
STATEMENT OF FINANCIAL POSITION
YEAR ENDED SEPTEMBER 30, 2016 & 2015

	2016	2015
ASSETS		
Current		
Cash	\$ 102,787	\$ 89,908
Pledges receivable	75,000	15,000
Employee advances	789	-
Total current assets	178,576	104,908
Total assets	178,576	104,908
LIABILITIES		
Current		
Accounts payable	480	-
Payroll tax withholdings payable	174	-
Funds held for transfer to other organizations	-	49
Total current liabilities	654	49
Total liabilities	654	49
NET ASSETS		
Unrestricted	28,538	21,342
Temporarily restricted	149,384	83,517
Permanently restricted	-	-
Total net assets	177,922	104,859
Total liabilities and net assets	\$ 178,576	\$ 104,908

A FAMILY FOR EVERY ORPHAN
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2016 & 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues, gains, and other support:						
Contributions:						
Grants from organizations	\$ -	\$ 506,984	\$ 506,984	\$ 15,024	\$ 414,373	\$ 429,397
General public	-	166,009	166,009	97,469	34,753	132,222
Other	-	-	-	1,045	-	1,045
Net assets released from restrictions:						
Satisfaction of program restrictions:	607,126	(607,126)	-	415,922	(415,922)	-
Total revenues, gains, and other support:	<u>607,126</u>	<u>65,867</u>	<u>672,993</u>	<u>529,460</u>	<u>33,204</u>	<u>562,664</u>
Expenses:						
Program services	493,434	-	493,434	430,844	-	430,844
Management and general	88,126	-	88,126	74,608	-	74,608
Fundraising	18,370	-	18,370	16,798	-	16,798
Total expenses	<u>599,930</u>	<u>-</u>	<u>599,930</u>	<u>522,250</u>	<u>-</u>	<u>522,250</u>
Change in net assets	7,196	65,867	73,063	7,210	33,204	40,414
Beginning net assets, September 30, 2015	<u>21,342</u>	<u>83,517</u>	<u>104,859</u>	<u>14,132</u>	<u>50,313</u>	<u>64,445</u>
Ending 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>

A FAMILY FOR EVERY ORPHAN
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2016 & 2015

	2016	2015
Operating activities:		
Net income	\$ 73,063	\$ 40,414
Adjustments to reconcile net income to net cash provided by operating activities:		
(Increase) decrease in:		
Pledges receivable	(60,000)	(15,000)
Employee advances	(789)	-
Increase (decrease) in:		
Accounts payable and accruals	480	(521)
Wages and deductions payable	174	(589)
Funds held for transfer to other organizations	(49)	49
	(60,184)	(16,061)
Net cash provided (used) by operating activities	12,879	24,353
Investing activities:		
Net cash provided (used) by investing activities	-	-
Increase (decrease) in cash and cash equivalents	12,879	24,353
Cash and equivalents (deficiency):		
Beginning of fiscal year, September 30, 2015	89,908	65,555
End of fiscal year, September 30, 2016	\$ 102,787	\$ 89,908
Supplemental Disclosures of Cash Flow Information:		
Interest paid	\$ -	\$ -

A FAMILY FOR EVERY ORPHAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016 & 2015

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, 2015 and 2016, 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 YEAR ENDED SEPTEMBER 30, 2016 & 2015

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 YEAR ENDED SEPTEMBER 30, 2016 & 2015

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, 2015 and 2016.

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, 2015 and 2016, the cash balances on hand were \$89,908 and \$102,787, respectively. The bank balances in these accounts at September 30, 2015 and 2016, were \$90,058 and \$102,494, 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, 2015 and 2016:

		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
		2015			
		Beginning Balance	Additions	Collections	Ending Balance
	Development of global orphan care strategies	\$ -	\$ 15,000	\$ -	\$ 15,000
	Total	\$ -	\$ 15,000	\$ -	\$ 15,000

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 YEAR ENDED SEPTEMBER 30, 2016 & 2015

4. Temporarily Restricted Net Assets

Temporarily restricted net assets consists of the following as of September 30, 2015 and 2016:

	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 programs in in Uganda, Kenya, Nepal, India, Bangladesh, Ghana, Kyrgyzstan and Romania	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>
	2015			
	Beginning Balance	Additions	Releases	Ending Balance
Foster and adoption care for (in):				
Ukraine and Russia	\$ 35,422	\$ 75,000	\$ (89,172)	\$ 21,250
Development of global orphan care strategies	189	80,373	(65,214)	15,348
Development of new programs in Uganda, Kenya, Nepal, India, Bangladesh, Ghana, Kyrgyzstan and Romania	-	145,000	(128,400)	16,600
General program	12,524	7,000	(7,671)	11,853
All other domestic and international programs	2,178	141,753	(125,465)	18,466
Total	<u>\$ 50,313</u>	<u>\$ 449,126</u>	<u>\$ (415,922)</u>	<u>\$ 83,517</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
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

A FAMILY FOR EVERY ORPHAN
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2015

	Program	Supporting Services		Total
		General & Administrative	Fundraising	
Personnel				
Salaries and wages	\$ 21,890	\$ 49,680	\$ 11,730	\$ 83,300
Payroll taxes	2,043	4,636	1,095	7,774
Subtotal	23,933	54,316	12,825	91,074
Orphan advocacy, placement, and support				
Ukraine	106,544	-	-	106,544
United States	35,719	-	-	35,719
Uganda	27,034	-	-	27,034
India	20,634	-	-	20,634
Kenya	20,634	-	-	20,634
Romania	16,410	-	-	16,410
Nepal	14,894	-	-	14,894
Kyrgyzstan	12,476	-	-	12,476
Bangladesh	10,634	-	-	10,634
Russia	6,603	-	-	6,603
Ghana	1,139	-	-	1,139
All others	127,269	-	-	127,269
Subtotal	399,990	-	-	399,990
Printing	-	7,211	-	7,211
Travel	3,866	2,047	379	6,292
Bank and credit card processing fees	-	3,416	1,078	4,494
Professional fees and services	-	3,098	-	3,098
Organizational registration fees	2,667	-	-	2,667
Postage	347	1,892	426	2,665
Office and administrative	-	2,317	80	2,397
Fundraising and promotion	-	-	1,739	1,739
Subscriptions, dues, membership	41	132	65	238
Supplies	-	-	206	206
Telephone	-	112	-	112
Website and social media	-	67	-	67
Subtotal	6,921	20,292	3,973	31,186
Total expenses	\$ 430,844	\$ 74,608	\$ 16,798	\$ 522,250