

LOVE WITHOUT BOUNDARIES FOUNDATION

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2014 & 2013

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Love Without Boundaries Foundation

We have audited the accompanying financial statements of Love Without Boundaries Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities and changes in net assets, and cash flows for the years 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 accounting principles generally accepted in the United States of America; 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditor's 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 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 Love Without Boundaries Foundation as of December 31, 2014 and 2013, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Medford, New Jersey
June 22, 2014


Padden Cooper
Certified Public Accountants

Love Without Boundaries Foundation

Statements of Financial Position

As of December 31

Assets	2014	2013
Current assets:		
Cash and cash equivalents	\$ 1,419,378	\$ 1,061,995
Total current assets	<u>1,419,378</u>	<u>1,061,995</u>
Fixed assets, net	<u>2,728</u>	<u>3,507</u>
 Total assets	 <u><u>\$ 1,422,106</u></u>	 <u><u>\$ 1,065,502</u></u>
 Liabilities and Net Assets		
Current liabilities:		
Accrued expenses	\$ 20,740	\$ 24,491
Total current liabilities	<u>20,740</u>	<u>24,491</u>
Net assets:		
Unrestricted net assets	854,737	695,948
Temporarily restricted net assets	<u>546,629</u>	<u>345,063</u>
Total net assets	<u>1,401,366</u>	<u>1,041,011</u>
 Total liabilities and net assets	 <u><u>\$ 1,422,106</u></u>	 <u><u>\$ 1,065,502</u></u>

Love Without Boundaries Foundation
Statements of Activities & Changes in Net Assets
For The Year Then Ended December 31, 2014

Revenues	Unrestricted	Temporarily Restricted	Total
Contributions	\$ 590,787	\$ 1,880,990	\$ 2,471,777
Fundraising	47,562	-	47,562
Grants	105,000	-	105,000
Promotional Sales	115	-	115
Net assets released from restrictions	1,679,424	(1,679,424)	-
Total revenue	<u>2,422,888</u>	<u>201,566</u>	<u>2,624,454</u>
Expenses			
Program	1,985,488	-	1,985,488
Administration	211,046	-	211,046
Fundraising	67,565	-	67,565
Total expenses	<u>2,264,099</u>	<u>-</u>	<u>2,264,099</u>
Changes in net assets	158,789	201,566	360,355
Net assets as of beginning of year	<u>695,948</u>	<u>345,063</u>	<u>1,041,011</u>
Net assets as of end of year	<u>\$ 854,737</u>	<u>\$ 546,629</u>	<u>\$ 1,401,366</u>

Love Without Boundaries Foundation
Statements of Activities & Changes in Net Assets
For The Year Then Ended December 31, 2013

Revenues	Unrestricted	Temporarily Restricted	Total
Contributions	\$ 605,884	\$ 1,579,175	\$ 2,185,059
Fundraising	64,865	-	64,865
Grants	-	124,000	124,000
Promotional Sales	12,777	-	12,777
Net assets released from restrictions	1,705,280	(1,705,280)	-
Total revenue	<u>2,388,806</u>	<u>(2,105)</u>	<u>2,386,701</u>
Expenses			
Program	2,063,698	-	2,063,698
Administration	196,029	-	196,029
Fundraising	70,896	-	70,896
Total expenses	<u>2,330,623</u>	<u>-</u>	<u>2,330,623</u>
Changes in net assets	58,183	(2,105)	56,078
Net assets as of beginning of year	<u>637,765</u>	<u>347,168</u>	<u>984,933</u>
Net assets as of end of year	<u>\$ 695,948</u>	<u>\$ 345,063</u>	<u>\$ 1,041,011</u>

Love Without Boundaries Foundation

Statements of Cash Flows

For The Years Then Ended December 31

	<u>2014</u>	<u>2013</u>
Operating activities		
Change in net assets	\$ 360,355	\$ 56,078
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	779	390
(Decrease) increase in:		
Accrued Expenses	(3,751)	155
Net cash provided by operating activities	<u>357,383</u>	<u>56,623</u>
Investing activities		
Purchase of fixed assets	-	(3,897)
Net cash used in investing activities	<u>-</u>	<u>(3,897)</u>
Net increase in cash and cash equivalents	357,383	52,726
Cash and cash equivalents as of beginning of year	1,061,995	1,009,269
Cash and cash equivalents as of end of year	<u>\$ 1,419,378</u>	<u>\$ 1,061,995</u>

LOVE WITHOUT BOUNDARIES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Years Then Ended December 31, 2014 and 2013

**NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING
POLICIES**

Nature of Operations

Love Without Boundaries Foundation (LWB) is a non-profit organization that provides humanitarian aid to orphaned children in China. LWB administers aid in education, foster care, healing, nutrition and special projects, which enables children to receive families through adoption or to become self-sustaining members of their communities.

Basis of Presentation

The accompanying financial statements of LWB are prepared on the accrual basis.

The net assets of LWB and changes therein are classified and reported as follows:

- Unrestricted net assets are utilized to account for support and revenues that are absent of donor-imposed restrictions. Included in unrestricted net assets are legally unrestricted board appropriated or designated amounts.
- Temporarily restricted net assets consist of donations restricted by donors for designated program or asset acquisitions within LWB.

Revenue and recognition

LWB recognizes revenues when they are constructively received or unconditionally pledged and records these revenues as unrestricted or restricted support according to donor stipulations that limit the use of these funds due to time or purpose. In addition, LWB generates revenues from special events, interest income and other activities. These revenues are used to support general operations and programs of LWB.

Cash and cash equivalents

LWB considers all highly liquid investments with an original maturity date of three months or less to be cash equivalents.

The functional currency of LWB is the applicable local currency. The translation of the applicable foreign currencies into U.S. dollars is performed for assets and liabilities using current exchange rates in effect at the balance sheet date, for equity accounts using historical exchange rates, and for revenue and expense activity using the applicable month's average exchange rates.

Property and equipment

Property and equipment are carried at cost. Depreciation of property and equipment is provided using the straight-line method for financial reporting purposes. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

LWB is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue code and related Oklahoma State Tax statutes. Therefore, LWB has made no provision for federal or state income taxes in the accompanying financial statements. There was no taxable unrelated business income for 2014 or 2013.

NOTE 2: FIXED ASSETS

Property and equipment, shown net of accumulated depreciation, at December 31, 2014 and 2013 consisted of the following:

	2014	2013
Computer equipment	\$ 3,897	\$ 3,897
Less: accumulated depreciation	(1,169)	(390)
Property and equipment – net	<u>\$ 2,728</u>	<u>\$ 3,507</u>

NOTE 3: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes: (note: all funds restricted for healing homes and medical purposes were utilized for healing homes and medical purposes in fiscal year ended December 31, 2013). In 2014, LWB merged the healing homes and medical funds into a new fund called healing and the orphanage assistance fund and the special project fund into a new fund called nutrition and special projects.

	2014	2013
Education	\$ 199,925	\$ 157,143
Foster care	180,763	146,081
Healing	108,044	-
Nutrition and special projects	42,113	-
Other projects	15,784	12,648
Orphanage assistance	-	29,191
Healing homes	-	-
Medical	-	-
Total temporarily restricted net assets	<u>\$ 546,629</u>	<u>\$ 345,063</u>

NOTE 3: TEMPORARILY RESTRICTED NET ASSETS (Continued)

Current year contributed temporarily restricted funds were restricted as follows:

	<u>2014</u>	<u>2013</u>
Healing	\$ 1,096,053	\$ -
Education	293,468	282,101
Foster care	270,070	259,968
Nutrition and special projects	202,629	-
Other projects	18,770	50,352
Medical	-	505,383
Healing homes	-	497,761
Orphanage assistance	-	107,610
Total temporarily restricted contributions	<u>\$ 1,880,990</u>	<u>\$ 1,703,175</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose specified by donors as follows:

	<u>2014</u>	<u>2013</u>
Healing	\$ 988,009	\$ -
Education	250,685	211,846
Foster care	235,389	274,385
Nutrition and special projects	189,707	-
Other projects	15,634	37,704
Healing homes	-	556,522
Medical	-	518,736
Orphanage assistance	-	106,087
Total net assets released from restrictions	<u>\$ 1,679,424</u>	<u>\$ 1,705,280</u>

NOTE 4: DONATED SERVICES AND MATERIALS

LWB receives a substantial amount of services donated by its members in carrying out its mission. No amounts have been recorded in the financial statements for those services since they do not meet the criteria for recognition under Accounting Standards Codification No. 958-605, "Financial Statements of Not For Profit Organizations, Revenue Recognition", formerly Statement of Financial Accounting Standards No. 116.

NOTE 5: CONCENTRATION OF CREDIT RISK

LWB maintains several depository accounts at various financial institutions. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 through December 31, 2014. The amount in excess of the FDIC limit was \$914,373 and \$579,334 as of December 31, 2014 and 2013, respectively.

Foreign exchange risk represents exposures to changes in the values of current holdings and future cash flows denominated in other currencies. The types of instruments exposed to this risk are cash held by foreign facilitators or banks and future cash flows in foreign currencies arising from foreign exchange transactions whose values fluctuate with changes in currency exchange rates.

NOTE 6: RETIREMENT PLAN

LWB sponsors a SIMPLE IRA plan covering substantially all eligible employees. Employees are eligible if they work full-time or part-time (in excess of 25 hours per week). LWB matches employee contributions up to 3% of earnings for plan participants. LWB's contributions to the employee individual retirement accounts totaled \$8,844 in 2014 and \$6,763 in 2013.

NOTE 7: FUNCTIONAL ALLOCATION OF EXPENSES

LWB functionalizes its expenses according to three main categories. These categories include program, administrative and fundraising. Program expenses are costs directly incurred by LWB to provide special care for orphaned children. The program expenses are divided into further categories. These categories include education, foster care, healing, and nutrition and special projects in 2014 and education, foster care, medical, healing homes, orphanage assistance and special projects in 2013.

Included in administrative expenses are those costs necessary to run the LWB office. These consist of salaries, benefits, insurance, office supplies and other miscellaneous expenses associated with the daily operations of LWB administrative offices.

Included in fundraising expenses are joint costs that have been allocated based on time estimates. The activities that resulted in joint costs include personnel and related expenses.

Functional expenses for the year then ended December 31, 2014 were comprised of the following:

	Program							Total
	Foster care	Healing	Education	Other Projects	Nutrition	Administrative	Fundraising	
Medical	\$ 3,785	\$ 581,019	\$ -	\$ -	\$ 3,338	\$ -	\$ -	\$ 588,142
Program	184,077	177,662	79,963	15,589	102,468	-	-	559,759
China Staff	52,441	175,721	108,375	-	15,805	-	-	352,342
Salaries	23,503	98,462	25,056	1,563	18,966	99,368	40,489	307,407
Transportation & travel	5,125	49,649	31,234	-	42,540	24,930	-	153,478
Bank & credit card fees	6,435	26,793	6,902	470	5,166	5,037	-	50,803
Insurance	682	3,750	21,263	45	552	8,374	-	34,666
Professional fees	270	1,188	3,574	-	297	25,500	-	30,829
Clothing	168	407	408	-	22,890	-	-	23,873
Events	-	-	-	-	-	-	23,824	23,824
Payroll taxes	1,927	8,072	2,054	128	1,555	7,578	2,368	23,682
Caregiver	256	18,074	10	-	2,170	-	-	20,510
Supplies	200	4,977	9,251	-	2,561	-	-	16,989
Website & computer	-	-	99	-	-	14,343	-	14,442
Foreign exchange	321	1,325	1,389	-	464	7,660	-	11,159
Printing & publication	-	660	13	-	-	9,259	-	9,932
IRA Contribution	720	3,014	767	48	581	2,830	884	8,844
Meals	-	8,145	-	-	-	-	-	8,145
Training	97	1,678	4,129	-	2,223	-	-	8,127
Miscellaneous	331	2,789	439	-	267	2,637	-	6,463
Telephone & internet	645	1,902	1,224	16	514	477	-	4,778
Postage & delivery	87	1,122	664	1	398	2,014	-	4,286
Office expense	12	49	509	1	9	260	-	840
Depreciation	-	-	-	-	-	779	-	779
	\$ 281,082	\$ 1,166,458	\$ 297,323	\$ 17,861	\$ 222,764	\$ 211,046	\$ 67,565	\$ 2,264,099

Functional expenses for the year then ended December 31, 2013 were comprised of the following:

	Program								Total
	Medical	Foster care	Healing homes	Education	Other Projects	Orphanage	Administrative	Fundraising	
Medical	\$ 528,667	\$ 3,775	\$ 97,404	\$ 10	\$ 2,000	\$ 6,998	\$ -	\$ -	\$ 638,854
Program	2,907	212,847	222,970	76,885	35,698	63,342	-	-	614,649
China Staff	39,467	53,537	207,721	106,184	-	17,384	-	-	424,293
Salaries	40,448	18,344	37,949	14,170	2,523	7,087	95,835	41,361	257,717
Transportation & travel	31,243	14,465	24,468	13,635	-	1,523	11,697	-	97,031
Bank & credit card fees	15,187	6,829	14,219	5,466	935	2,700	5,108	-	50,444
Insurance	1,539	698	7,356	18,152	96	367	14,517	-	42,725
Caregiver	22,217	682	5,947	41	-	7,417	-	-	36,304
Events	-	-	-	-	-	-	-	25,837	25,837
Website & computer	-	-	-	-	-	-	20,742	-	20,742
Payroll taxes	3,120	1,415	2,927	1,093	195	546	6,778	3,292	19,366
Professional fees	1,332	-	-	675	-	324	12,480	-	14,811
Supplies	279	422	4,397	9,109	-	50	-	-	14,257
Meals	20	9	13,102	200	-	4	-	-	13,335
Printing & publication	137	20	363	15	-	96	10,806	-	11,437
Postage & delivery	361	442	343	295	9	394	9,348	-	11,192
Clothing	316	928	576	323	-	7,517	-	-	9,660
IRA Contribution	1,453	659	1,363	509	90	254	2,029	406	6,763
Telephone & internet	1,508	1,006	1,599	1,167	33	693	581	-	6,587
Training	81	37	76	1,111	-	3,327	-	-	4,632
Foreign exchange	867	268	575	(618)	-	179	2,864	-	4,135
Miscellaneous	687	166	609	226	-	64	781	-	2,533
Office expense	306	89	302	113	12	34	1,392	-	2,248
Investment loss	-	-	-	-	-	-	681	-	681
Depreciation	-	-	-	-	-	-	390	-	390
	\$ 692,142	\$ 316,638	\$ 644,266	\$ 248,761	\$ 41,591	\$ 120,300	\$ 196,029	\$ 70,896	\$ 2,330,623

See independent auditor's report.

NOTE 8: SUBSEQUENT EVENTS

LWB did not have any other subsequent events through June 22, 2015, which is the date the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the year ended December, 31, 2014.