

LOVE WITHOUT BOUNDARIES FOUNDATION

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

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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, 2016 and 2015, and the related statements of activities and changes in net assets, functional expenses, 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, 2016 and 2015, and the changes in its net assets, its functional expenses and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Medford, New Jersey
July 13, 2017


Padden Cooper
Certified Public Accountants

Love Without Boundaries Foundation
 Statements of Financial Position
 As of December 31

Assets	2016	2015
Current assets:		
Cash and cash equivalents	\$ 1,441,707	\$ 1,458,136
Total current assets	1,441,707	1,458,136
Fixed assets, net	1,169	1,948
Total assets	\$ 1,442,876	\$ 1,460,084
Liabilities and Net Assets		
Current liabilities:		
Accrued expenses	\$ 12,811	\$ 4,251
Total current liabilities	12,811	4,251
Net assets:		
Unrestricted net assets	972,325	857,477
Temporarily restricted net assets	457,740	598,356
Total net assets	1,430,065	1,455,833
Total liabilities and net assets	\$ 1,442,876	\$ 1,460,084

Love Without Boundaries Foundation
Statements of Activities and Changes in Net Assets
For The Year Ended December 31, 2016

Revenues	Unrestricted	Temporarily Restricted	Total
Contributions	\$ 861,376	\$ 1,448,690	\$ 2,310,066
Fundraising	2,445	47,766	50,211
Grants	35,000	-	35,000
Promotional Sales	9,596	5,249	14,845
Investment income	836	-	836
Net assets released from restrictions	1,642,321	(1,642,321)	-
Total revenue	2,551,574	(140,616)	2,410,958
Operating Expenses			
Program services			
Medical	878,223	-	878,223
Education	419,380	-	419,380
Healing Homes	399,876	-	399,876
Foster care	242,379	-	242,379
Nutrition	151,367	-	151,367
Other projects	11,642	-	11,642
Total program services	2,102,867	-	2,102,867
Supporting activities			
Administration	233,826	-	233,826
Fundraising	99,887	-	99,887
Total supporting activities	333,713	-	333,713
Total operating expenses	2,436,580	-	2,436,580
Change in net assets from operations	114,994	(140,616)	(25,622)
Non-operating gains (losses)	(146)	-	(146)
Change in Net Assets	114,848	(140,616)	(25,768)
Net assets, beginning of year	857,477	598,356	1,455,833
Net assets, end of year	\$ 972,325	\$ 457,740	\$ 1,430,065

Love Without Boundaries Foundation
Statements of Activities & Changes in Net Assets
For The Year Ended December 31, 2015

Revenues	Unrestricted	Temporarily Restricted	Total
Contributions	\$ 611,993	\$ 1,691,285	\$ 2,303,278
Fundraising	14,107	52,701	66,808
Grants	30,000	-	30,000
Promotional Sales	249	-	249
Investment income	12	-	12
Net assets released from restrictions	1,692,259	(1,692,259)	-
Total revenue	2,348,620	51,727	2,400,347
Operating Expenses			
Program services			
Healing	1,239,444	-	1,239,444
Education	373,735	-	373,735
Foster care	280,377	-	280,377
Nutrition	149,891	-	149,891
Other projects	8,013	-	8,013
Total program services	2,051,460		2,051,460
Supporting activities			
Administration	228,748	-	228,748
Fundraising	63,936	-	63,936
Total supporting activities	292,684	-	292,684
Total operating expenses	2,344,144	-	2,344,144
Change in net assets from operations	4,476	51,727	56,203
Non-operating gains (losses)	(1,736)	-	(1,736)
Change in Net Assets	2,740	51,727	54,467
Net assets, beginning of year	854,737	546,629	1,401,366
Net assets, end of year	\$ 857,477	\$ 598,356	\$ 1,455,833

Love Without Boundaries Foundation

Statement of Functional Expenses
For The Year Ended December 31, 2016

	Program Services						Supporting Activities		Total
	Medical Care	Education	Healing Homes	Foster Care	Nutrition	Other Projects	Administrative	Fundraising	
Medical	\$ 602,258	\$ 117	\$ 1,865	\$ 382	\$ 657	\$ -	\$ -	\$ -	\$ 605,279
Program	9,772	196,043	113,203	147,096	56,836	11,642	-	-	534,592
Countries Staff	55,027	118,683	173,232	46,779	5,355	-	-	-	399,076
Salaries	98,509	45,041	43,221	26,201	16,694	-	84,327	59,580	373,573
Transportation & travel	56,429	8,431	28,986	4,967	22,823	-	6,805	-	128,441
Professional fees	324	-	-	-	-	-	71,006	-	71,330
Bank & credit card fees	192	12,080	12,445	8,072	2,458	-	17,208	-	52,455
Caregiver	35,419	-	3,917	287	-	-	-	-	39,623
Insurance	2,103	20,134	923	559	356	-	11,961	-	36,036
Clothing	8	3,464	-	2,644	22,922	-	-	-	29,038
Payroll taxes	6,684	3,056	2,933	1,778	1,133	-	6,575	4,989	27,148
Training	-	724	-	-	18,878	-	-	-	19,602
Printing & publication	148	60	57	35	22	-	2,766	15,241	18,329
Supplies	3,672	4,859	5,970	1,442	1,913	-	-	-	17,856
Website & computer	-	99	-	-	-	-	17,553	-	17,652
Postage & delivery	563	107	46	46	347	-	2,451	10,295	13,855
Foreign exchange	937	2,222	-	463	-	-	8,716	-	12,338
IRA Contribution	2,918	1,334	1,280	776	494	-	2,014	1,786	10,602
Meals	34	15	10,151	9	6	-	-	-	10,215
Telephone & internet	1,447	1,397	474	649	183	-	703	-	4,853
Miscellaneous	1,359	154	795	82	220	-	806	1,005	4,421
Merchandise	-	-	-	-	-	-	-	3,522	3,522
Events	-	-	-	-	-	-	-	3,469	3,469
Office expense	420	1,360	378	112	70	-	156	-	2,496
Depreciation	-	-	-	-	-	-	779	-	779
	\$ 878,223	\$ 419,380	\$ 399,876	\$ 242,379	\$ 151,367	\$ 11,642	\$ 233,826	\$ 99,887	\$ 2,436,580

Love Without Boundaries Foundation

Statement of Functional Expenses For The Year Ended December 31, 2015

	Program Services					Supporting Activities			Total
	Healing	Education	Foster Care	Nutrition	Other Projects	Administrative	Fundraising		
Medical	\$ 537,755	\$ 84	\$ 3,244	\$ 156	\$ -	\$ -	\$ -	\$ 541,239	
Program	181,581	88,838	175,120	83,198	8,013	-	-	536,750	
China Staff	210,413	122,389	51,828	6,616	-	-	-	391,246	
Salaries	141,090	42,593	32,048	17,164	-	99,270	33,617	365,782	
Transportation & travel	58,693	72,144	5,137	2,427	-	27,360	-	165,761	
Caregiver	46,149	-	-	-	-	-	-	46,149	
Bank & credit card fees	23,629	7,092	5,356	2,924	-	5,646	-	44,647	
Website & computer	-	245	-	-	-	40,998	-	41,243	
Insurance	2,789	21,570	634	339	-	12,269	-	37,601	
Payroll taxes	10,043	3,032	2,281	1,223	-	6,993	2,331	25,903	
Training	2,271	1,004	516	17,438	-	-	-	21,229	
Supplies	4,272	10,494	1,531	2,920	-	-	-	19,217	
Professional fees	324	(1,796)	-	-	-	18,721	-	17,249	
Printing & publication	69	3	277	-	-	790	13,071	14,210	
Postage & delivery	647	215	140	66	-	2,475	10,167	13,710	
Foreign exchange	2,204	2,289	72	-	-	6,733	-	11,298	
Clothing	739	117	94	10,300	-	-	-	11,250	
Miscellaneous	1,186	181	112	4,410	-	3,201	1,420	10,510	
IRA Contribution	3,840	1,159	872	467	-	2,674	892	9,904	
Meals	9,356	392	-	-	-	-	-	9,748	
Telephone & internet	1,612	1,346	676	158	-	608	-	4,400	
Events	-	-	-	-	-	-	2,438	2,438	
Office expense	782	344	439	85	-	231	-	1,881	
Depreciation	-	-	-	-	-	779	-	779	
	\$ 1,239,444	\$ 373,735	\$ 280,377	\$ 149,891	\$ 8,013	\$ 228,748	\$ 63,936	\$ 2,344,144	

Love Without Boundaries Foundation

Statements of Cash Flows

For The Years Then Ended December 31

	<u>2016</u>	<u>2015</u>
Operating activities		
Change in net assets	(\$ 25,768)	\$ 54,467
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	779	779
(Decrease) increase in:		
Accrued Expenses	8,560	(16,488)
Net cash (used in) provided by operating activities	<u>(16,429)</u>	<u>38,758</u>
Net (decrease) increase in cash and cash equivalents	(16,429)	38,758
Cash and cash equivalents as of beginning of year	1,458,136	1,419,378
Cash and cash equivalents as of end of year	<u>\$ 1,441,707</u>	<u>\$ 1,458,136</u>

LOVE WITHOUT BOUNDARIES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2016 and 2015

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 children in China, Cambodia, Uganda and India. LWB administers aid in medical care, 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 2016 or 2015.

LWB's tax returns are no longer subject to examination by federal taxing authorities for years beginning before 2013.

NOTE 2: FIXED ASSETS

Property and equipment, shown net of accumulated depreciation, at December 31, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
Computer equipment	\$ 3,897	\$ 3,897
Less: accumulated depreciation	(2,728)	(1,949)
Property and equipment - net	<u>\$ 1,169</u>	<u>\$ 1,948</u>

NOTE 3: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2016</u>	<u>2015</u>
Foster care	\$ 214,786	\$ 201,898
Education	183,463	207,638
Nutrition and special projects	31,841	92,794
Healing homes	27,650	-
Healing	-	96,026
Other projects	-	-
Total temporarily restricted net assets	<u>\$ 457,740</u>	<u>\$ 598,356</u>

Current year contributed temporarily restricted funds were restricted as follows:

	<u>2016</u>	<u>2015</u>
Medical care	\$ 651,946	\$ -
Education	311,936	313,373
Healing homes	254,048	-
Foster care	208,464	250,162
Nutrition and special projects	63,669	173,353
Other projects	11,642	8,013
Healing	-	999,085
Total temporarily restricted contributions	<u>\$ 1,501,705</u>	<u>\$ 1,743,986</u>

NOTE 3: TEMPORARILY RESTRICTED NET ASSETS (Continued)

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

	<u>2016</u>	<u>2015</u>
Medical care	\$ 651,947	\$ -
Education	336,111	305,660
Healing homes	322,423	-
Foster care	195,576	229,027
Nutrition and special projects	124,622	122,671
Other projects	11,642	23,798
Healing	-	1,011,103
Total net assets released from restrictions	<u>\$ 1,642,321</u>	<u>\$ 1,692,259</u>

NOTE 4: DONATED SERVICES AND MATERIALS

LWB receives a substantial amount of services donated by its volunteers 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".

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, 2016. The amount in excess of the FDIC limit was \$647,731 and \$824,632 as of December 31, 2016 and 2015, 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 \$10,602 in 2016 and \$9,904 in 2015.

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 children in need. The program expenses are divided into further categories. In 2016, these categories include medical care, education, foster care, healing homes, nutrition and special projects. In 2015, the medical care and healing homes categories were merged into a single category known as healing. The other categories were unchanged.

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.

NOTE 8: SUBSEQUENT EVENTS

LWB did not have any other subsequent events through July 13, 2017, 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, 2016.