

LOVE WITHOUT BOUNDARIES FOUNDATION

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
DECEMBER 31, 2017 AND 2016**

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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, 2017 and 2016, 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

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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, 2017 and 2016, 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 3, 2018


Padden Cooper
Certified Public Accountants

Love Without Boundaries Foundation

Statements of Financial Position

As of December 31

Assets	2017	2016
Current assets:		
Cash and cash equivalents	\$ 1,666,256	\$ 1,441,707
Total current assets	<u>1,666,256</u>	<u>1,441,707</u>
Fixed assets, net	<u>14,541</u>	<u>1,169</u>
 Total assets	 <u><u>\$ 1,680,797</u></u>	 <u><u>\$ 1,442,876</u></u>
 Liabilities and Net Assets		
Current liabilities:		
Accrued expenses	\$ -	\$ 12,811
Total current liabilities	<u>-</u>	<u>12,811</u>
Net assets:		
Unrestricted net assets	1,102,638	972,325
Temporarily restricted net assets	<u>578,159</u>	<u>457,740</u>
Total net assets	<u>1,680,797</u>	<u>1,430,065</u>
 Total liabilities and net assets	 <u><u>\$ 1,680,797</u></u>	 <u><u>\$ 1,442,876</u></u>

Love Without Boundaries Foundation
 Statements of Activities and Changes in Net Assets
 For The Year Ended December 31, 2017

Revenues	Unrestricted	Temporarily Restricted	Total
Contributions	\$ 783,944	\$ 1,485,488	\$ 2,269,432
Fundraising	1,908	43,265	45,173
Grants	30,000	-	30,000
Promotional Sales	6,657	2,720	9,377
Interest income	421	-	421
Net assets released from restrictions	1,411,054	(1,411,054)	-
Total revenue	2,233,984	120,419	2,354,403
Operating Expenses			
Program services			
Medical	586,300	-	586,300
Education	428,677	-	428,677
Healing Homes	319,412	-	319,412
Foster care	252,749	-	252,749
Nutrition	226,049	-	226,049
Other projects	18,250	-	18,250
Total program services	1,831,437	-	1,831,437
Supporting activities			
Administration	164,504	-	164,504
Fundraising	107,401	-	107,401
Total supporting activities	271,905	-	271,905
Total operating expenses	2,103,342	-	2,103,342
Change in net assets from operations	130,642	120,419	251,061
Non-operating gains (losses)	(329)	-	(329)
Change in Net Assets	130,313	120,419	250,732
Net assets, beginning of year	972,325	457,740	1,430,065
Net assets, end of year	\$ 1,102,638	\$ 578,159	\$ 1,680,797

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
Statement of Functional Expenses
For The Year Ended December 31, 2017

	Program Services							Supporting Activities		Total
	Medical Care	Education	Healing Homes	Foster Care	Nutrition	Other Projects	Total Program	Administrative	Fundraising	
Program	\$ 27,313	\$ 235,470	\$ 62,004	\$ 149,111	\$ 119,207	\$ 18,210	\$ 611,315	\$ -	\$ -	\$ 611,315
Medical	369,513	2,144	1,664	981	1,712	-	376,014	-	-	376,014
Salaries	63,863	47,539	36,135	28,361	24,772	-	200,670	51,154	63,344	315,168
Countries Staff	29,511	70,888	165,126	45,724	3,834	-	315,083	-	-	315,083
Transportation & travel	52,348	20,838	24,021	12,699	11,394	-	121,300	22,771	-	144,071
Clothing	-	2,596	229	2,680	56,322	-	61,827	-	-	61,827
Professional fees	1,635	1,082	823	645	584	-	4,769	44,553	-	49,322
Bank & credit card fees	12,000	8,753	6,117	7,049	2,078	40	36,037	12,983	-	49,020
Supplies	8,934	14,933	5,646	684	1,612	-	31,809	-	-	31,809
Insurance	1,383	13,372	783	614	537	-	16,689	11,976	-	28,665
Payroll taxes	4,147	3,088	2,347	1,842	1,609	-	13,033	3,914	5,433	22,380
Printing & publication	96	71	376	7	6	-	556	56	12,342	12,954
Postage & delivery	493	310	197	164	136	-	1,300	2,168	9,266	12,734
Caregiver	10,729	1,361	504	70	-	-	12,664	-	-	12,664
Miscellaneous	473	439	1,812	310	749	-	3,783	254	6,991	11,028
Website & computer	-	106	-	-	-	-	106	9,894	-	10,000
Meals	129	329	8,598	57	49	-	9,162	-	-	9,162
IRA Contribution	1,743	1,298	986	774	676	-	5,477	1,438	1,900	8,815
Depreciation	-	-	-	-	-	-	-	8,440	-	8,440
Events	-	-	-	-	-	-	-	-	6,699	6,699
Telephone & internet	966	719	795	777	375	-	3,632	813	-	4,445
Office expense	1,024	1,953	1,249	455	397	-	5,078	173	-	5,251
Training	-	1,444	-	477	-	-	1,921	-	-	1,921
Merchandise	-	-	-	-	-	-	-	-	1,426	1,426
Foreign exchange	-	(56)	-	(732)	-	-	(788)	(6,083)	-	(6,871)
	\$ 586,300	\$ 428,677	\$ 319,412	\$ 252,749	\$ 226,049	\$ 18,250	\$ 1,831,437	\$ 164,504	\$ 107,401	\$ 2,103,342

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	Total Program	Administrative	Fundraising	
Medical Program	\$ 602,258	\$ 117	\$ 1,865	\$ 382	\$ 657	\$ -	\$ 605,279	\$ -	\$ -	\$ 605,279
Countries Staff	9,772	196,043	113,203	147,096	56,836	11,642	534,592	-	-	534,592
Salaries	55,027	118,683	173,232	46,779	5,355	-	399,076	-	-	399,076
Transportation & travel	98,509	45,041	43,221	26,201	16,694	-	229,666	84,327	59,580	373,573
Professional fees	56,429	8,431	28,986	4,967	22,823	-	121,636	6,805	-	128,441
Bank & credit card fees	324	-	-	-	-	-	324	71,006	-	71,330
Caregiver	192	12,080	12,445	8,072	2,458	-	35,247	17,208	-	52,455
Insurance	35,419	-	3,917	287	-	-	39,623	-	-	39,623
Clothing	2,103	20,134	923	559	356	-	24,075	11,961	-	36,036
Payroll taxes	8	3,464	-	2,644	22,922	-	29,038	-	-	29,038
Training	6,684	3,056	2,933	1,778	1,133	-	15,584	6,575	4,989	27,148
Printing & publication	-	724	-	-	18,878	-	19,602	-	-	19,602
Supplies	148	60	57	35	22	-	322	2,766	15,241	18,329
Website & computer	3,672	4,859	5,970	1,442	1,913	-	17,856	-	-	17,856
Postage & delivery	-	99	-	-	-	-	99	17,553	-	17,652
Foreign exchange	563	107	46	46	347	-	1,109	2,451	10,295	13,855
IRA Contribution	937	2,222	-	463	-	-	3,622	8,716	-	12,338
Meals	2,918	1,334	1,280	776	494	-	6,802	2,014	1,786	10,602
Telephone & internet	34	15	10,151	9	6	-	10,215	-	-	10,215
Miscellaneous	1,447	1,397	474	649	183	-	4,150	703	-	4,853
Merchandise	1,359	154	795	82	220	-	2,610	806	1,005	4,421
Events	-	-	-	-	-	-	-	-	3,522	3,522
Office expense	-	-	-	-	-	-	-	-	3,469	3,469
Depreciation	420	1,360	378	112	70	-	2,340	156	-	2,496
	-	-	-	-	-	-	-	779	-	779
	\$ 878,223	\$ 419,380	\$ 399,876	\$ 242,379	\$ 151,367	\$ 11,642	\$ 2,102,867	\$ 233,826	\$ 99,887	\$ 2,436,580

Love Without Boundaries Foundation

Statements of Cash Flows For The Years Ended December 31

	<u>2017</u>	<u>2016</u>
Operating activities		
Change in net assets	\$ 250,732	(\$ 25,768)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	8,440	779
(Decrease) increase in:		
Accrued Expenses	(12,811)	8,560
Net cash provided by (used in) operating activities	<u>246,361</u>	<u>(16,429)</u>
Investing Activities		
Purchases of fixed assets	(21,812)	-
Net cash used in investing activities	<u>(21,812)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	224,549	(16,429)
Cash and cash equivalents as of beginning of year	1,441,707	1,458,136
Cash and cash equivalents as of end of year	<u>\$ 1,666,256</u>	<u>\$ 1,441,707</u>

LOVE WITHOUT BOUNDARIES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2017 and 2016

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 2017 or 2016.

LWB's tax returns are no longer subject to examination by federal taxing authorities for years beginning before 2014.

NOTE 2: FIXED ASSETS

Property and equipment, shown net of accumulated depreciation, at December 31, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Computers and technology	\$ 25,709	\$ 3,897
Less: accumulated depreciation	(11,168)	(2,728)
Property and equipment - net	<u>\$ 14,541</u>	<u>\$ 1,169</u>

NOTE 3: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2017</u>	<u>2016</u>
Foster care	\$ 305,256	\$ 214,786
Education	211,412	183,463
Healing homes	27,600	27,650
Medical care	32,542	-
Other projects	1,349	-
Nutrition and special projects	-	31,841
Total temporarily restricted net assets	<u>\$ 578,159</u>	<u>\$ 457,740</u>

Current year contributed temporarily restricted funds were restricted as follows:

	<u>2017</u>	<u>2016</u>
Medical care	\$ 487,953	\$ 651,946
Education	362,973	311,936
Foster care	290,470	208,464
Healing homes	253,829	254,048
Nutrition and special projects	116,649	63,669
Other projects	19,599	11,642
Total temporarily restricted contributions	<u>\$ 1,531,473</u>	<u>\$ 1,501,705</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>2017</u>	<u>2016</u>
Medical care	\$ 455,411	\$ 651,947
Education	335,024	336,111
Healing homes	253,880	322,423
Foster care	200,000	195,576
Nutrition and special projects	148,489	124,622
Other projects	18,250	11,642
Total net assets released from restrictions	<u>\$ 1,411,054</u>	<u>\$ 1,642,321</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 which may, at times, exceed federally insured limits. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The amount in excess of the FDIC limit was \$1,074,318 and \$647,731 as of December 31, 2017 and 2016, 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 \$ 8,815 in 2017 and \$10,602 in 2016.

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 including medical care, education, foster care, healing homes, nutrition and special projects.

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 3, 2018, 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, 2017.