

LOVE WITHOUT BOUNDARIES FOUNDATION

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
DECEMBER 31, 2018 AND 2017**

TABLE OF CONTENTS

	PAGE NO.
INDEPENDENT AUDITOR'S REPORT.....	1-2
FINANCIAL STATEMENTS	
Statements of Financial Position.....	3
Statements of Activities & Changes in Net Assets.....	4-5
Statements of Functional Expenses.....	6-7
Statements of Cash Flows.....	8
Notes to Financial Statements.....	9-13



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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, 2018 and 2017, 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.

-1-


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, 2018 and 2017, 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 24, 2019**


**Padden Cooper
Certified Public Accountants**

Love Without Boundaries Foundation

Statements of Financial Position

As of December 31

Assets	2018	2017
Cash and cash equivalents	\$ 814,123	\$ 1,666,256
Investments, short term	1,007,794	-
Total current assets	<u>1,821,917</u>	<u>1,666,256</u>
Fixed assets, net	<u>7,271</u>	<u>14,541</u>
 Total assets	 <u><u>\$ 1,829,188</u></u>	 <u><u>\$ 1,680,797</u></u>
 Net Assets		
Without donor restriction	872,582	1,102,638
With donor restriction	<u>956,606</u>	<u>578,159</u>
 Total net assets	 <u><u>\$ 1,829,188</u></u>	 <u><u>\$ 1,680,797</u></u>

Love Without Boundaries Foundation
 Statements of Activities and Changes in Net Assets
 For The Year Ended December 31, 2018

Revenues	Without Donor Restriction	With Donor Restriction	Total
Contributions	\$ 443,774	\$ 1,630,178	\$ 2,073,952
Fundraising	3,290	38,195	41,485
Grants	-	112,365	112,365
Promotional Sales	7,310	-	7,310
Interest income	8,382	-	8,382
Net assets released from restrictions	1,402,291	(1,402,291)	-
Total revenue	1,865,047	378,447	2,243,494
Operating Expenses			
Program services			
Medical	504,818	-	504,818
Education	439,602	-	439,602
Healing Homes	459,457	-	459,457
Foster care	309,739	-	309,739
Nutrition	96,211	-	96,211
Other projects	18,849	-	18,849
Total program services	1,828,676	-	1,828,676
Supporting activities			
Administration	131,624	-	131,624
Fundraising	131,363	-	131,363
Total supporting activities	262,987	-	262,987
Total operating expenses	2,091,663	-	2,091,663
Change in net assets from operations	(226,616)	378,447	151,831
Non-operating gains (losses)	(3,440)	-	(3,440)
Change in Net Assets	(230,056)	378,447	148,391
Net assets, beginning of year	1,102,638	578,159	1,680,797
Net assets, end of year	\$ 872,582	\$ 956,606	\$ 1,829,188

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

Revenues	Without Donor Restriction	With Donor Restriction	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 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

Statement of Functional Expenses

For The Year Ended December 31, 2018

	Program Services							Supporting Activities		
	Medical Care	Education	Healing Homes	Foster Care	Nutrition	Other Projects	Total Program	Administrative	Fundraising	Total
Countries staff salary	\$ 35,850	\$ 109,909	\$ 225,811	\$ 61,243	\$ 2,386	\$ -	\$ 435,199	\$ -	\$ -	\$ 435,199
Salaries	60,290	51,535	54,267	36,933	11,519	-	214,544	58,712	69,069	342,325
Medical care	320,599	181	5,233	474	-	-	326,487	-	-	326,487
Program	-	-	22,273	146,260	16,136	18,849	203,518	-	-	203,518
Transportation & travel	39,313	28,840	22,912	12,524	2,753	-	106,342	9,028	835	116,205
Nutrition	351	37,184	41,950	1,406	3,562	-	84,453	-	-	84,453
Education	-	70,399	-	128	-	-	70,527	-	-	70,527
Tuition, books & training	3,336	56,097	-	9,444	-	-	68,877	-	-	68,877
Building & utilities	-	23,443	29,713	-	-	-	53,156	-	-	53,156
Child living	1,822	1,945	13,449	18,893	12,170	-	48,279	-	-	48,279
Bank & credit card fees	10,607	7,923	7,905	6,185	1,143	-	33,763	12,005	-	45,768
Professional fees	6,604	5,227	5,505	4,022	1,168	-	22,526	16,995	3,832	43,353
Special projects	-	11,744	-	-	30,191	-	41,935	-	-	41,935
Insurance	2,930	12,994	2,638	1,795	560	-	20,917	10,428	-	31,345
Printing & postage	778	667	657	441	181	-	2,724	2,255	22,915	27,894
Supplies/ clothing	501	10,710	5,815	3,081	439	-	20,546	-	4,114	24,660
Payroll taxes	3,902	3,336	3,512	2,390	746	-	13,886	4,490	5,864	24,240
Website & computer	1,019	958	917	625	195	-	3,714	3,628	7,256	14,598
Advertising & Events	-	-	-	-	-	-	-	-	13,453	13,453
Adoption support	-	-	-	-	12,000	-	12,000	-	-	12,000
Caregiver	11,152	-	57	117	-	-	11,326	-	-	11,326
IRA Contribution	1,589	1,357	1,429	973	303	-	5,651	1,671	2,070	9,392
Meals	-	166	8,723	-	-	-	8,889	160	-	9,049
Office expense	1,048	1,071	2,291	642	200	-	5,252	3,729	-	8,981
Miscellaneous	801	928	1,627	413	118	-	3,887	2,147	1,955	7,989
Depreciation	1,022	873	920	626	195	-	3,636	3,635	-	7,271
Foreign exchange	765	642	676	459	143	-	2,685	2,672	-	5,357
Telephone & internet	539	1,473	1,177	665	103	-	3,957	69	-	4,026
	\$ 504,818	\$ 439,602	\$ 459,457	\$ 309,739	\$ 96,211	\$ 18,849	\$ 1,828,676	\$ 131,624	\$ 131,363	\$ 2,091,663

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

Statements of Cash Flows For The Years Ended December 31

	<u>2018</u>	<u>2017</u>
Operating activities		
Change in net assets	\$ 148,391	\$ 250,732
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	7,271	8,440
(Decrease) increase in:		
Accrued Expenses	-	(12,811)
Net cash provided by operating activities	<u>155,662</u>	<u>246,361</u>
Investing Activities		
Purchases of fixed assets	-	(21,812)
Investment in certificates of deposit	(1,000,000)	-
Reinvested investment income	(7,795)	-
Net cash used in investing activities	<u>(1,007,795)</u>	<u>(21,812)</u>
Net (decrease) increase in cash and cash equivalents	(852,133)	224,549
Cash and cash equivalents as of beginning of year	1,666,256	1,441,707
Cash and cash equivalents as of end of year	<u>\$ 814,123</u>	<u>\$ 1,666,256</u>

LOVE WITHOUT BOUNDARIES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2018 and 2017

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 homes, 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:

- Net assets without donor restriction are utilized to account for support and revenues that are absent of donor-imposed restrictions. Included in net assets without donor restrictions are legally unrestricted board appropriated or designated amounts.
- Net assets with donor restriction consist of donations restricted by donors for a designated program or time related to specific programs or asset acquisitions for LWB. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue and recognition

LWB recognizes revenues when they are constructively received or unconditionally pledged and records these revenues as with donor restriction or without donor restriction 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.

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 over the estimated useful lives of 3 to 5 years. 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 2018 or 2017.

LWB's tax returns are no longer subject to examination by federal taxing authorities for years beginning before 2015.

NOTE 2: FIXED ASSETS

Property and equipment, shown net of accumulated depreciation, at December 31, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Computers and technology	\$ 25,709	\$ 25,709
Less: accumulated depreciation	(18,438)	(11,168)
Fixed assets, net	<u>\$ 7,271</u>	<u>\$ 14,541</u>

NOTE 3: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes:

	<u>2018</u>	<u>2017</u>
Foster care	\$ 421,964	\$ 305,256
Education	240,719	211,412
Medical care	215,475	32,542
Healing homes	76,975	27,600
Other projects	1,473	1,349
Nutrition and special projects	-	-
Net assets with donor restrictions	<u>\$ 956,606</u>	<u>\$ 578,159</u>

Current year contributed donor restricted funds were restricted as follows:

	<u>2018</u>	<u>2017</u>
Medical care	\$ 570,473	\$ 487,953
Healing homes	395,591	253,829
Education	383,267	362,973
Foster care	351,864	290,470
Nutrition and special projects	60,571	116,649
Other projects	18,972	19,599
Total donor restricted contributions	<u>\$ 1,780,738</u>	<u>\$ 1,531,473</u>

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

	<u>2018</u>	<u>2017</u>
Medical care	\$ 387,540	\$ 455,411
Education	353,960	335,024
Healing homes	346,216	253,880
Foster care	235,156	200,000
Nutrition and special projects	60,571	148,489
Other projects	18,848	18,250
Total net assets released from restrictions	<u>\$ 1,402,291</u>	<u>\$ 1,411,054</u>

NOTE 4: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Financial assets at year end	\$ 1,821,917
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Restricted by donor with time or purpose restrictions	<u>(956,606)</u>
Financial assets available to meet cash needs for general Expenditures within one year	<u>\$ 865,311</u>

As part of the LWB's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. Excess funds remain in a money market account earning interest at .65% annual percentage yield and a CD earning interest at 2.33% annual percentage yield. Financial assets with donor restrictions are not available for general expenditure. LWB does not have a committed line of credit available as management does not believe it is necessary.

NOTE 5: 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 6: CONCENTRATION OF CREDIT RISK

LWB maintains several depository accounts at 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 \$1,068,410 and \$1,074,318 as of December 31, 2018 and 2017, 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 7: 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 \$ 9,392 in 2018 and \$8,815 in 2017.

NOTE 8: FUNCTIONAL ALLOCATION OF EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. 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.

The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, benefits, payroll taxes, professional services, office expenses, telephone, foreign exchange, travel, information technology, and insurance, which are allocated on the basis of time and effort.

NOTE 9: SUBSEQUENT EVENTS

LWB did not have any other subsequent events through July 24, 2019, 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, 2018.