

AID FOR ORPHANS RELIEF
FOUNDATION, INC.

FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

AID FOR ORPHANS RELIEF FOUNDATION, INC.

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May 27, 2015

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Aid for Orphans Relief Foundation, Inc.

We have audited the accompanying financial statements of Aid for Orphans Relief Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities 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 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 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 Aid for Orphans Relief Foundation, Inc. as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

AID FOR ORPHANS RELIEF FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash	\$ 8,904	\$ 29,228
Contributions Receivable	-	1,514
Inventory	<u>3,572</u>	<u>-</u>
Total Current Assets	<u>12,476</u>	<u>30,742</u>
Total Assets	<u>\$ 12,476</u>	<u>\$ 30,742</u>
LIABILITIES AND NET ASSETS		
Accrued Expenses	<u>\$ 2,034</u>	<u>\$ 720</u>
Net Assets		
Unrestricted	2,942	13,522
Temporarily Restricted	<u>7,500</u>	<u>16,500</u>
Total Net Assets	<u>10,442</u>	<u>30,022</u>
Total Liabilities and Net Assets	<u>\$ 12,476</u>	<u>\$ 30,742</u>

See accompanying notes and independent accountant's report.

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AID FOR ORPHANS RELIEF FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and Revenue						
Contributions:						
Corporate Foundation	\$ 5,255	\$ -	\$ 5,255	\$ 1,500	\$ 1,500	\$ 3,000
Individual	4,000	5,000	9,000	1,000	20,000	21,000
Total Contributions	66,296	2,500	68,796	54,055	-	54,055
	75,551	7,500	83,051	56,555	21,500	78,055
Donated Rent and Materials	987,265	-	987,265	592,229	-	592,229
Special Event Income	150	-	150	1,594	-	1,594
Net Assets Released from Restrictions:						
Restrictions Satisfied by Payments	16,500	(16,500)	-	5,000	(5,000)	-
Total Support and Revenue	1,079,466	(9,000)	1,070,466	655,378	16,500	671,878
Expenses						
Program Costs	973,445	-	973,445	577,984	-	577,984
General and Administrative	25,775	-	25,775	25,433	-	25,433
Fundraising	90,826	-	90,826	42,420	-	42,420
Total Expenses	1,090,046	-	1,090,046	645,837	-	645,837
Change in Net Assets	(10,580)	(9,000)	(19,580)	9,541	16,500	26,041
Net Assets - Beginning of Year	13,522	16,500	30,022	3,981	-	3,981
Net Assets - End of Year	2,942	7,500	10,442	13,522	16,500	30,022

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See accompanying notes and independent accountant's report.

AID FOR ORPHANS RELIEF FOUNDATION, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014			2013			
	Program Costs	General and Administrative	Fundraising	Total	General and Administrative	Fundraising	Total
Personnel Expenses							
Salaries	\$ -	-	\$ 61,040	\$ 61,040	-	\$ 31,163	\$ 31,163
Payroll Taxes	-	-	7,953	7,953	-	3,872	3,872
Total Personnel Expenses	-	-	68,993	68,993	-	35,035	35,035
Other Expenses							
Advertising and Promotion	-	-	17,543	17,543	-	2,354	2,354
Professional Fees	-	3,800	1,244	5,044	3,625	2,725	6,350
Office Supplies and Expenses	-	-	1,639	1,639	-	693	693
Rent	-	21,600	-	21,600	21,600	-	21,600
Insurance	-	-	1,387	1,387	-	1,326	1,326
Dues and Subscriptions	-	-	-	-	-	267	267
Conferences and Meetings	-	375	20	395	208	20	228
Shipping	2,152	-	-	2,152	-	-	6,716
Nutritional and Medical Supplies	971,293	-	-	971,293	-	-	571,268
Total Other Expenses	973,445	25,775	21,833	1,021,053	25,433	7,385	610,802
Total	\$ 973,445	\$ 25,775	\$ 90,826	\$ 1,090,046	\$ 25,433	\$ 42,420	\$ 645,837

AID FOR ORPHANS RELIEF FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ (19,580)	\$ 25,201
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Decrease (Increase) in:		
Contributions Receivable	14	(14)
Grants Receivable	1,500	(1,500)
Inventory	(3,572)	-
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	1,314	1,560
Net Cash (Used in) Provided by Operating Activities	<u>(20,324)</u>	<u>25,247</u>
Net (Decrease) Increase in Cash	(20,324)	25,247
Cash - Beginning of Year	<u>29,228</u>	<u>3,981</u>
Cash - End of Year	<u><u>\$ 8,904</u></u>	<u><u>\$ 29,228</u></u>

See accompanying notes and independent accountant's report.

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AID FOR ORPHANS RELIEF FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

NOTE 1 – NATURE OF ACTIVITIES

Aid for Orphans Relief Foundation, Inc. (the “Organization”) is a non-profit organization which was incorporated in 2010 for the purposes of helping orphaned children living in the United States and abroad by providing medical and wellness treatments and services that would otherwise be unavailable. The Organization currently provides assistance in the United States, Africa (Ghana, Kenya, Uganda and Cameroon), Europe (Poland and Ukraine), and Asia (Philippines).

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) 958-605, *Not for Profit Entities, Revenue Recognition*. Under FASB ASC 958-605, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets represent resources, other than donor-restricted contributions that may be expended at the discretion of the Board of Directors.

Temporarily restricted net assets represent contributions that are restricted by the donor as to purpose or time of expenditure.

Permanently restricted net assets represent resources that have donor-imposed restrictions that require that the principal be maintained in perpetuity but permit the Organization to expend the income earned thereon. The Organization did not have any permanently restricted net assets as of December 31, 2014 and 2013.

Contributions

The Organization accounts for contributions in accordance with the recommendations of the FASB ASC 958-605. In accordance with FASB ASC 958-605, contributions received are recorded as unrestricted, temporarily restricted, or permanently restriction support, depending on the existence or nature of any donor restrictions.

AID FOR ORPHANS RELIEF FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a 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.

Allocation of Expenses

Program and supporting service costs have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America includes the use of estimates that affect the financial statements. Accordingly actual results could differ from those estimates.

Donated Rent and Materials

Donated rent and materials of \$987,265 and \$592,229 were recorded at fair market value, and have been included in revenue and expenses for the years ended December 31, 2014 and 2013, respectively. In addition, the Organization receives significant amounts of other donated services and materials related to its operations that were not recognized in the financial statements because they did not meet the criteria for recognition under FASB ASC 958-605.

Advertising

The Organization expenses advertising costs as incurred.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. Management is not aware of any uncertain tax positions taken by the Organization as defined in FASB Accounting Standards Codification Topic 740. Tax years ended December 31, 2011 through December 31, 2013 remains subject to examination.

AID FOR ORPHANS RELIEF FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

Date of Management's Review

Subsequent events have been evaluated through May 27, 2015, which is the date the financial statements were available to be issued. No events occurred that require disclosure or adjustment to the financial statements.

NOTE 3 – CONTRIBUTIONS RECEIVABLE

Contributions receivable represent commitments by donors to provide future funding. Contributions receivable are payable within one year.

NOTE 4 – CONCENTRATIONS OF CREDIT RISK

The Organization maintains cash at various financial institutions. The accounts are insured by the Federal Deposit Insurance Corporation, however, at times, balances during the year may exceed the insured limits. The Organization has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk on cash.

NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS

As of December 31, 2014 and 2013, the Organization's temporarily restricted net assets consisted of the following:

	<u>2014</u>		<u>2013</u>
Nutritional and Medical Supplies	\$ 7,500	\$	16,500