

**WORLDWIDE ORPHANS FOUNDATION**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2013 AND 2012**

# **WORLDWIDE ORPHANS FOUNDATION**

**DECEMBER 31, 2013 AND 2012**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Worldwide Orphans Foundation  
Maplewood, New Jersey

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Worldwide Orphans Foundation, a New Jersey and New York nonprofit organization (“Organization”), which comprise the statements of financial position as of December 31, 2013 and 2012, 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.

### ***Auditors’ 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 auditors’ 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 auditors consider internal control relevant to the Organization’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 Organization'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 the Organization as of December 31, 2013 and 2012, 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.

  
Certified Public Accountants

Livingston, New Jersey  
September 25, 2014

**WORLDWIDE ORPHANS FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**

ASSETS	December 31,	
	2013	2012
ASSETS:		
Cash	\$ 989,410	\$ 1,624,722
Contributions and grants receivable	1,164,701	694,313
Overseas deposits	51,634	126,498
Prepaid expenses	65,934	100,274
Investments, at fair value	1,048,997	1,438,911
Total Current Assets	<u>3,320,676</u>	<u>3,984,718</u>
PROPERTY AND EQUIPMENT, NET	<u>407,798</u>	<u>536,424</u>
OTHER ASSETS:		
Security deposits	12,866	12,866
Contributions and grants receivable, long-term	565,722	242,930
Total Other Assets	<u>578,588</u>	<u>255,796</u>
	<u>\$ 4,307,062</u>	<u>\$ 4,776,938</u>
<b>LIABILITIES AND NET ASSETS</b>		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 42,317	\$ 46,350
Total Liabilities	<u>42,317</u>	<u>46,350</u>
NET ASSETS:		
Unrestricted	2,463,499	3,386,810
Temporarily restricted	1,801,246	1,343,778
Total Net Assets	<u>4,264,745</u>	<u>4,730,588</u>
	<u>\$ 4,307,062</u>	<u>\$ 4,776,938</u>

**WORLDWIDE ORPHANS FOUNDATION**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

	2013			2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>REVENUE AND SUPPORT:</b>						
Revenue:						
Contributions and gifts in-kind	\$ 1,283,213	\$ 1,893,733	\$ 3,176,946	\$ 940,779	\$ 1,078,157	\$ 2,018,936
Government grants	-	-	-	260,795	-	260,795
Special events	1,534,449	-	1,534,449	1,579,831	-	1,579,831
Less: Direct cost of special events	(263,273)	-	(263,273)	(330,196)	-	(330,196)
Interest and dividend income	23,230	-	23,230	33,708	-	33,708
Foreign currency losses	(23,932)	-	(23,932)	-	-	-
Realized losses on investments	(3,874)	-	(3,874)	-	-	-
Unrealized (losses) gains on investment	(9,166)	-	(9,166)	27,532	-	27,532
Net assets released from restrictions	1,436,265	(1,436,265)	-	1,518,537	(1,518,537)	-
<b>Total Revenue and Support</b>	<b>3,976,912</b>	<b>457,468</b>	<b>4,434,380</b>	<b>4,030,986</b>	<b>(440,380)</b>	<b>3,590,606</b>
<b>EXPENSES:</b>						
Program services:						
Ethiopia	1,836,141	-	1,836,141	1,137,292	-	1,137,292
Vietnam	994,482	-	994,482	1,193,210	-	1,193,210
Bulgaria	457,620	-	457,620	439,163	-	439,163
Haiti	594,121	-	594,121	507,646	-	507,646
Serbia	38,714	-	38,714	30,434	-	30,434
Supporting services:						
Management and general	463,985	-	463,985	829,911	-	829,911
Fundraising	515,160	-	515,160	515,923	-	515,923
<b>Total Expenses</b>	<b>4,900,223</b>	<b>-</b>	<b>4,900,223</b>	<b>4,653,579</b>	<b>-</b>	<b>4,653,579</b>
<b>CHANGES IN NET ASSETS</b>	<b>(923,311)</b>	<b>457,468</b>	<b>(465,843)</b>	<b>(622,593)</b>	<b>(440,380)</b>	<b>(1,062,973)</b>
<b>NET ASSETS - Beginning of year</b>	<b>3,386,810</b>	<b>1,343,778</b>	<b>4,730,588</b>	<b>4,009,403</b>	<b>1,784,158</b>	<b>5,793,561</b>
<b>NET ASSETS - End of year</b>	<b>\$ 2,463,499</b>	<b>\$ 1,801,246</b>	<b>\$ 4,264,745</b>	<b>\$ 3,386,810</b>	<b>\$ 1,343,778</b>	<b>\$ 4,730,588</b>

*The accompanying notes are an integral part of these financial statements.*

**WORLDWIDE ORPHANS FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2013**

	Program Services					Total Program Services	Management and General	Fundraising	Direct Cost of Special Events	Total
	Ethiopia	Vietnam	Bulgaria	Haiti	Serbia					
Salaries	\$ 631,857	\$ 384,897	\$ 297,636	\$ 196,169	\$ 6,357	\$1,516,916	\$ 303,736	\$ 391,830	\$ -	\$2,212,482
Payroll taxes and employee benefits	145,078	117,055	40,858	28,396	1,854	333,241	54,609	29,499	-	417,349
Supplies	479,071	33,579	6,659	34,081	3,946	557,336	1,158	672	-	559,166
Taxes and fees	86,472	48,530	2,158	-	2,572	139,732	800	-	-	140,532
Telecommunication	10,313	5,907	1,583	4,882	1,261	23,946	2,426	2,121	-	28,493
Postage and shipping	1,365	1,895	469	262	172	4,163	594	5,427	-	10,184
Advertising, marketing, website	801	-	-	-	-	801	-	-	-	801
Development/Dues and subscriptions	704	3,020	66	-	-	3,790	1,427	821	-	6,038
Occupancy	137,032	34,116	4,727	18,520	383	194,778	11,272	6,089	-	212,139
Equipment rental	5,362	1,225	562	729	48	7,926	1,402	757	-	10,085
Facilities	56,045	7,315	1,422	36,930	62	101,774	1,815	981	-	104,570
Printing and publication	3,856	-	766	1,450	313	6,385	1,786	6,427	-	14,598
Stipends	17,095	12,951	3,938	31,459	-	65,443	240	-	-	65,683
Travel	70,457	42,768	38,489	36,652	482	188,848	5,221	10,419	-	204,488
Meetings and conferences	976	2,630	700	-	-	4,306	-	-	-	4,306
Nonprofit advisor fees	52,115	43,348	21,027	164,162	3,337	283,989	25,541	13,797	-	323,327
Professional fees	32,815	10,304	16,567	4,178	273	64,137	8,034	22,531	-	94,702
School supplies and resources	23,023	188,573	-	151	2,211	213,958	-	-	-	213,958
Bank merchant fees	16,958	8,679	4,131	5,474	324	35,566	9,543	5,173	-	50,282
Insurance	4,925	2,418	1,109	1,439	277	10,168	2,766	1,494	-	14,428
Miscellaneous	17,503	10,867	4,240	6,098	13,951	52,659	5,383	2,952	-	60,994
Training and mentoring	31	11,481	-	9,448	-	20,960	-	-	-	20,960
Depreciation	42,287	22,924	10,513	13,641	891	90,256	26,232	14,170	-	130,658
Catering and facility rental	-	-	-	-	-	-	-	-	263,273	263,273
<b>Total Expenses</b>	<b>1,836,141</b>	<b>994,482</b>	<b>457,620</b>	<b>594,121</b>	<b>38,714</b>	<b>3,921,078</b>	<b>463,985</b>	<b>515,160</b>	<b>263,273</b>	<b>5,163,496</b>
Less: Direct cost of special events	-	-	-	-	-	-	-	-	(263,273)	(263,273)
<b>Total Functional Expenses</b>	<b>\$1,836,141</b>	<b>\$ 994,482</b>	<b>\$ 457,620</b>	<b>\$ 594,121</b>	<b>\$ 38,714</b>	<b>\$3,921,078</b>	<b>\$ 463,985</b>	<b>\$ 515,160</b>	<b>\$ -</b>	<b>\$4,900,223</b>

**WORLDWIDE ORPHANS FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2012**

	Program Services					Total Program Services	Management and General	Fundraising	Direct Cost of Special Events	Total
	Ethiopia	Vietnam	Bulgaria	Haiti	Serbia					
Salaries	\$ 433,711	\$ 307,929	\$ 229,074	\$ 82,593	\$ 6,054	\$ 1,059,361	\$ 570,368	\$ 268,507	\$ -	\$1,898,236
Payroll taxes and employee benefits	80,120	63,667	34,418	13,735	816	192,756	136,567	13,935	-	343,258
Supplies	159,576	369,151	69,267	33,278	4,227	635,499	2,804	1,143	-	639,446
Taxes and fees	67,867	44,186	-	160	1,255	113,468	653	-	-	114,121
Telecommunication	2,543	8,322	1,319	3,955	937	17,076	2,259	3,164	-	22,499
Postage and shipping	1,657	1,491	1,102	432	26	4,708	1,118	1,996	-	7,822
Advertising, marketing, website Development/Dues and subscriptions	1,411	-	-	-	-	1,411	477	100	-	1,988
Occupancy	3,610	5,788	132	-	-	9,530	3,804	5,268	-	18,602
Equipment rental	104,181	29,390	5,426	16,303	374	155,674	16,312	6,395	-	178,381
Facilities	5,105	1,281	350	407	24	7,167	1,053	413	-	8,633
Printing and publication	44,646	41,272	3,303	974	58	90,253	2,521	1,413	-	94,187
Stipends	15,204	3,407	625	1,113	-	20,349	21	759	-	21,129
Travel	22,681	52,109	2,764	29,764	2,772	110,090	2,520	200	-	112,810
Meetings and conferences	91,075	82,207	29,775	51,095	384	254,536	12,118	13,730	-	280,384
Nonprofit advisor fees	420	14,645	702	-	-	15,767	7,512	48	-	23,327
Professional fees	19,653	75,622	25,323	196,927	3,599	321,124	12,395	123,586	-	457,105
Bad debt expense	23,576	13,067	18,215	4,069	220	59,147	9,575	34,539	-	103,261
School supplies and resources	778	822	302	351	21	2,274	907	356	-	3,537
Bank merchant fees	14,703	16,951	-	-	4,538	36,192	-	-	-	36,192
Insurance	205	425	894	458	166	2,148	311	26,184	-	28,643
Miscellaneous	6,078	-	651	33	-	6,762	10,019	-	-	16,781
Orphan Rangers and volunteers	7,847	11,234	972	3,415	4,199	27,667	3,325	1,145	-	32,137
Training and mentoring	836	-	-	800	-	1,636	-	-	-	1,636
Depreciation	1,261	20,083	3,483	54,929	-	79,756	-	-	-	79,756
Catering and facility rental	28,548	30,161	11,066	12,855	764	83,394	33,272	13,042	-	129,708
	-	-	-	-	-	-	-	-	330,045	330,045
<b>Total Expenses</b>	<b>1,137,292</b>	<b>1,193,210</b>	<b>439,163</b>	<b>507,646</b>	<b>30,434</b>	<b>3,307,745</b>	<b>829,911</b>	<b>515,923</b>	<b>330,045</b>	<b>4,983,624</b>
Less: Direct cost of special events	-	-	-	-	-	-	-	-	(330,045)	(330,045)
<b>Total Functional Expenses</b>	<b>\$ 1,137,292</b>	<b>\$ 1,193,210</b>	<b>\$ 439,163</b>	<b>\$ 507,646</b>	<b>\$ 30,434</b>	<b>\$ 3,307,745</b>	<b>\$ 829,911</b>	<b>\$ 515,923</b>	<b>\$ -</b>	<b>\$4,653,579</b>

*The accompanying notes are an integral part of these financial statements.*



**WORLDWIDE ORPHANS FOUNDATION**  
**STATEMENTS OF CASH FLOWS**

	<b>Year Ended December 31,</b>	
	<b>2013</b>	<b>2012</b>
<b>CASH FLOWS PROVIDED BY (USED FOR):</b>		
<b><u>OPERATING ACTIVITIES:</u></b>		
Changes in net assets	\$ (465,843)	\$ (1,062,973)
Adjustments to reconcile changes in net assets to net cash used for operating activities:		
Depreciation	130,658	129,708
Net unrealized losses (gains) on investments	13,040	(27,532)
Changes in assets and liabilities:		
Contributions and grants receivable	(793,180)	582,646
Overseas deposits	74,864	78,572
Prepaid expenses	34,340	(12,234)
Accounts payable and accrued expenses	(4,033)	(48,025)
Net Cash Used for Operating Activities	<u>(1,010,154)</u>	<u>(359,838)</u>
<b><u>INVESTING ACTIVITIES:</u></b>		
Acquisition of property and equipment	(2,032)	(29,187)
Purchase of investments	(89,661)	(33,133)
Proceeds from sale of investments	466,535	-
Net Cash Provided by (Used for) Investing Activities	<u>374,842</u>	<u>(62,320)</u>
<b>NET DECREASE IN CASH</b>	<b>(635,312)</b>	<b>(422,158)</b>
<b>CASH:</b>		
Beginning of year	<u>1,624,722</u>	<u>2,046,880</u>
End of year	<u>\$ 989,410</u>	<u>\$ 1,624,722</u>

**WORLDWIDE ORPHANS FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**

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**NOTE 1 - NATURE OF ORGANIZATION:**

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Worldwide Orphans Foundation (“Organization”) is a not-for-profit organization founded and registered under the laws of the state of New York on September 11, 1997. In 2007, the Organization also registered under the laws of the state of New Jersey. The Organization was organized exclusively for charitable and education purposes. The mission of the Organization is to transform the lives of orphaned children and help them to become healthy, independent, productive members of their communities and the world. The Organization believes that institutionalized children must be integrated into their own communities and cultures, and to that end, all of the Organization’s programs include orphans and children from the local areas.

The Organization served thousands of individuals in 2013 through programs in five different countries. The Organization’s program in Bulgaria focuses on early intervention projects in government-run children’s homes across the country. The Organization’s program in Ethiopia focuses on the psychosocial care of orphans and children at risk. The WWO Academy offers an enhanced curriculum that meets government standards, and also includes remedial programs, programs for children with special needs, arts, sport, and capacity building for teachers. The 2013 academic year began with 507 students in kindergarten through 6<sup>th</sup> grade. The student population includes orphans as well as children at-risk who are living in the local community. Many of these children receive care from the WWO Family Health Clinic, which operates in partnership with the AIDS Healthcare Foundation. The Organization’s Y2C program in Haiti includes early intervention for children under the age of five, as well as art-based recreational after-school and weekend activities for older children ages 6-14. In Serbia, the Organization supports a College Assistance Project for five college-aged youths who had lived in the Children’s Home “Mladost” in Kragujevac, and now live independently. The Organization in Vietnam has played a leading role in working with children living with and affected by HIV/AIDS in residential care facilities through pediatric HIV/AIDS care and psychosocial support projects, and in the community for children and caregivers through psychosocial projects utilizing a case management approach and the establishment of Family Resources Centers. The Organization is also served by hundreds of volunteers around the world.

The Organization’s primary sources of revenue are contributions, grants (2012) and special events.

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

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***Basis of Accounting:***

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**WORLDWIDE ORPHANS FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

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***Financial Statement Presentation:***

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets

Net assets not subject to donor-imposed stipulations and available for use by the Organization's Board of Directors.

Temporarily Restricted Net Assets

Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period as the donation are reported as temporarily restricted net assets.

Permanently Restricted Net Assets

Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

The Organization currently does not have any permanently restricted net assets.

***Contributions Receivable:***

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until conditions are substantially met. The Organization does not accrue interest on past-due receivables.

***Grants Receivable:***

The Organization records government grants as revenues to the extent that expenses have been incurred for the purposes specified by the grantors. To the extent amounts received exceed amounts spent, the Organization establishes advances from government funders.

**WORLDWIDE ORPHANS FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

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***Allowance for Doubtful Accounts:***

The Organization determines whether an allowance for uncollectible accounts should be provided for contributions receivable and grants receivable. Such estimates are based on management's assessment of the aged basis of its contributions and other sources, current economic conditions and historical information. Contributions receivable and grants receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. At December 31, 2013 and 2012, management has determined that no allowance for doubtful accounts is necessary.

***Fair Value:***

Fair value measurements are defined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. There are three defined hierarchical levels based on the quality of inputs used that directly relate to the amount of subjectivity associated with the determination of fair value. The fair value hierarchy defines the three levels as follows:

- Level 1:** Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
- Level 2:** Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated by observable market data.
- Level 3:** Valuations based on unobservable inputs are used when little or no market is available. The fair value hierarchy gives lowest priority to Level 3 inputs.

The Organization accounts for its investments in certificates of deposit as having readily determinable market value, which are presented above at market value based on the three hierarchical levels as defined above. The Organization considers all investments maturing within one year of the date of the statements of financial position to be short-term.

***Property and Equipment:***

Purchased property and equipment is capitalized at cost. The costs of additions and betterments are capitalized when they exceed \$1,000 and have a useful life of over one year, and expenditures for repairs and maintenance are expensed in the period incurred. When items of property and equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in income. Gifts in kind are recorded at estimated fair value at the time of the donation.

**WORLDWIDE ORPHANS FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

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***Property and Equipment: (Continued)***

Leasehold improvements are amortized over the shorter of the remaining term of the lease or the useful life of the improvement utilizing the straight-line method.

Depreciation of equipment, furniture, vehicle and leasehold improvements is provided utilizing the straight-line method over the estimated useful lives of the assets ranging from 5 to 7 years.

***Contributions of Donated Services:***

Contributions of donated services are reported as revenue and expenses at estimated fair value if such services create or enhance nonfinancial assets, or require special skills and are provided by individuals possessing such special skills and would typically need to be purchased by the Organization if they had not been donated.

***Program Service Revenues, Government Grants and Accounts Receivable:***

Revenues and accounts receivable from program service fees are recognized when earned. Government grants are recorded as revenues to the extent that expenses have been incurred for the purposes specified by the grantors. To the extent amounts received exceed amounts spent, the Organization establishes advances from government funders as an accrued expense.

***Income Taxes:***

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not liable for federal and state income taxes.

The Organization follows standards that provide clarification on accounting for uncertainty in income taxes recognized in the Organization's financial statements. The guidance prescribes a recognition threshold and measurement attribute for the recognition and measurement of a tax position taken or expected to be taken in a tax return, and also provides guidance on derecognition, classification, interest and penalties, disclosure and transition. The Organization's policy is to recognize interest and penalties on unrecognized tax benefits in income tax expense. No interest and penalties were recorded during 2013 and 2012. The tax years subject to audit by federal and state jurisdictions are the years 2010 and forward. At December 31, 2013 and 2012, there are no significant income tax uncertainties.

***Functional Allocation of Expenses:***

The costs of providing the Organization's services have been summarized on a functional basis. Accordingly, certain costs have been allocated among programs and supporting services benefited based on both a direct-costing method for those expenses directly attributable to a particular program or special event, or allocated based on the percentage of total costs incurred by programs and supporting services prior to joint costs attributable to all functions.

**WORLDWIDE ORPHANS FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

***Use of Estimates:***

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Subsequent Events:***

The Organization has evaluated its subsequent events and transactions occurring after December 31, 2013 through September 25, 2014, the date that the financial statements were available to be issued.

**NOTE 3 - INVESTMENTS:**

Investments are valued as follows:

**FAIR VALUE MEASUREMENTS**  
**AS OF DECEMBER 31, 2013**

	<b>LEVEL 1</b>	<b>LEVEL 2</b>	<b>LEVEL 3</b>	<b>TOTAL</b>
Cash	\$ 191,771	\$ -	\$ -	\$ 191,771
Mutual funds:				
Short-term bonds	810,050	-	-	810,050
Domestic preferred stock	47,176	-	-	47,176
	<b>\$ 1,048,997</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,048,997</b>

**FAIR VALUE MEASUREMENTS**  
**AS OF DECEMBER 31, 2012**

	<b>LEVEL 1</b>	<b>LEVEL 2</b>	<b>LEVEL 3</b>	<b>TOTAL</b>
Cash	\$ 192,102	\$ -	\$ -	\$ 192,102
Certificates of deposit	-	325,753	-	325,753
Mutual funds:				
Short-term bonds	805,642	-	-	805,642
Corporate fixed income	71,741	-	-	71,741
Domestic preferred stock	43,673	-	-	43,673
	<b>\$ 1,113,158</b>	<b>\$ 325,753</b>	<b>\$ -</b>	<b>\$ 1,438,911</b>

**WORLDWIDE ORPHANS FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**

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**NOTE 3 - INVESTMENTS: (Continued)**

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The following schedule summarizes the mutual funds and domestic preferred stock by strategy as of December 31, 2013:

Mutual Funds:		Domestic Preferred Stock:	
Short-term bonds	<u>100%</u>	Financial	<u>100%</u>
Total Mutual Funds	<u>100%</u>	Total Equities	<u>100%</u>

The following schedule summarizes the mutual funds, corporate fixed income, and domestic preferred stock by strategy as of December 31, 2012:

Mutual Funds:		Domestic Preferred Stock:	
Short-term bonds	<u>100%</u>	Financial	<u>100%</u>
Total Mutual Funds	<u>100%</u>	Total Equities	<u>100%</u>
Corporate Fixed Income:			
Financial	<u>100%</u>		
Total Corporate Fixed Income	<u>100%</u>		

**NOTE 4 - CONTRIBUTIONS AND GRANTS RECEIVABLE:**

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Future contributions and grants receivable are expected to be collected as follows:

	<u>2013</u>	<u>2012</u>
Gross contributions receivable	\$ 1,764,701	\$ 944,313
Less: Unamortized discount	(34,278)	(7,070)
Net Contributions Receivable	<u>\$ 1,730,423</u>	<u>\$ 937,243</u>
Amounts due in:		
Less than one year	\$ 1,164,701	\$ 694,313
One to five years	<u>565,722</u>	<u>242,930</u>
Total Pledges Receivable	<u>\$ 1,730,423</u>	<u>\$ 937,243</u>

**WORLDWIDE ORPHANS FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**

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**NOTE 5 - PROPERTY AND EQUIPMENT:**

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Property and equipment are as follows:

	<b>December 31,</b>	
	<b>2013</b>	<b>2012</b>
Equipment, furniture and vehicle	\$ 526,201	\$ 534,342
Leasehold improvements	269,518	269,518
	<u>795,719</u>	<u>803,860</u>
Less: Accumulated depreciation	(387,921)	(267,436)
Property and Equipment, Net	<u>\$ 407,798</u>	<u>\$ 536,424</u>

**NOTE 6 - DONATED SERVICES:**

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Included in grants and contributions are donated materials in the amounts of \$230,025 and \$24,472 for the years ended December 31, 2013 and 2012, respectively.

**NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS:**

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The following temporarily restricted net assets were available to support the Organization's specific programs in:

	<b>December 31,</b>	
	<b>2013</b>	<b>2012</b>
Ethiopia	\$ 1,698,572	\$ 1,126,992
Haiti	54,026	67,930
Bulgaria	23,336	48,343
Serbia	9,837	43,254
Vietnam	5,245	7,239
Other	10,230	50,020
Total Temporarily Restricted Net Assets	<u>\$ 1,801,246</u>	<u>\$ 1,343,778</u>



**WORLDWIDE ORPHANS FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**

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**NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS: (Continued)**

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

	December 31,	
	2013	2012
Ethiopia	\$ 988,356	\$ 739,307
Haiti	65,002	234,436
Bulgaria	248,438	267,015
Serbia	33,417	27,393
Vietnam	48,762	200,386
Other	52,290	50,000
Total Temporarily Restricted Net Assets	\$ 1,436,265	\$ 1,518,537

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**NOTE 8 - CONCENTRATION OF CREDIT RISK:**

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The Organization maintains cash balances in several federally-insured financial institutions. From time to time, the Organization's balances may exceed insured limits.

Market risk is the potential change in an instrument's value caused by fluctuations in interest and currency exchange rates, equity and commodity prices, credit spreads, or other risks. The level of market risk is influenced by the volatility and the liquidity in the markets in which financial instruments are traded. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near-term and that such changes could materially affect the amounts reported in the statements of financial position.

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**NOTE 9 - PENSION PLAN:**

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The Organization entered into a Safe Harbor 401(k) plan for all eligible employees in January 2011. The Organization matches contributions at 3% to 5% based on employee contributions to the plan. Pension expense for the years ended December 31, 2013 and 2012, was \$38,272 and \$31,216, respectively.

**WORLDWIDE ORPHANS FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**

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**NOTE 10 - COMMITMENTS:**

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The Organization leases space for its New Jersey office under a 5-year noncancellable lease which expires on June 30, 2016. The Organization leases space in Vietnam under a 3-year lease which expires on November 20, 2015. The Organization leases two spaces in Ethiopia under two separate 3-year noncancellable lease agreements which expire April 30, 2014 and June 30, 2015, respectively. At December 31, 2013, future minimum lease payments on this lease are as follows:

Years Ending December 31:

2014	\$	124,497
2015		100,939
2016		32,810
Total	\$	<u>258,246</u>

Occupancy expense, including utilities and miscellaneous charges, was \$212,138 and \$178,381 for the years ended December 31, 2013 and 2012.