

PROJECT ORPHANS, INC.  
FINANCIAL STATEMENTS  
DECEMBER 31, 2019

Together with  
Independent Accountants' Review Report

PROJECT ORPHANS, INC.

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**Independent Accountant's Review Report**

To the Board of Project Orphans, Inc.  
Tulsa, Oklahoma

We have reviewed the accompanying financial statements of Project Orphans, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

**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.

**Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

**Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

  
September 4, 2020  
Atlanta, Georgia

PROJECT ORPHANS, INC.  
STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2019

ASSETS

Current assets	
Cash	\$ 245,841
Donations receivable	3,045
Total current assets	<u>245,886</u>
Property and equipment net of accumulated depreciation	<u>-</u>
Total assets	<u><u>\$ 248,886</u></u>

LIABILITIES AND NET ASSETS

Current liabilities	
Credit cards payable	<u>\$ 5,180</u>
Net assets:	
With donor restrictions	-
Without donor restrictions	243,706
Total net assets	<u>243,706</u>
Total current liabilities and net assets	<u><u>\$ 248,886</u></u>

See accompanying notes and independent accountants' review report.

PROJECT ORPHANS, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities:			
Cash donations	\$ 508,047	\$ 51,845	\$ 559,892
Total support and revenue before releases	508,047	51,845	559,892
Net assets released from restrictions	51,845	(51,845)	
Total support and revenue after releases	559,892	-	559,892
Expenses:			
Program	350,521	-	350,521
Management and general	14,214	-	14,214
Fundraising	56,352	-	56,352
Total expenses	421,087	-	421,087
Change in net assets from operating activities	138,805	-	138,805
Non-operating activities:			
Interest	61	-	61
Other income	189	-	189
Change in net assets from non-operating activities	250	-	250
Change in net assets	139,055	-	139,055
Net assets, beginning of year	104,651	-	104,651
Net assets, end of year	\$ 243,706	\$ -	\$ 243,706

See accompanying notes and independent accountants' review report.

PROJECT ORPHANS, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR YEAR ENDED DECEMBER 31, 2019

	<u>Combined</u>	<u>Program</u> <u>Activities</u>	<u>Supporting Activities</u>	
		<u>Missions</u>	<u>Management</u> <u>&amp; General</u>	<u>Fundraising</u>
Grants:				
Project Orphans Uganda	\$ 287,300	\$ 287,300	\$ -	\$ -
Expenses:				
Annual gala	43,137	-	-	43,137
Missions expense	33,784	33,784	-	-
Travel expense	29,437	29,437	-	-
Promotional materials	6,755	-	-	6,755
Credit card fees	6,460	-	-	6,460
Dues and subscriptions	4,043	-	4,043	-
Meals	2,351	-	2,351	-
Legal and professional	2,340	-	2,340	-
Other expenses	5,480	-	5,480	-
	<u>5,480</u>	<u>-</u>	<u>5,480</u>	<u>-</u>
Total grants and expenses	<u>\$ 421,087</u>	<u>\$ 350,521</u>	<u>\$ 14,214</u>	<u>\$ 56,352</u>

See accompanying notes and independent accountants' review report.

PROJECT ORPHANS, INC.  
STATEMENT OF CASH FLOWS  
FOR YEAR ENDED DECEMBER 31, 2019

Cash flows from operating activities:	
Change in net assets	\$ 139,055
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Decrease in credit cards payable	(8,987)
Increase in donations receivable	(3,045)
Depreciation	1,796
	<hr/>
Net cash provided by operating activities	128,819
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Increase in cash balance	128,819
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Cash balance, beginning of year	117,022
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Cash balance, end of year	\$ 245,841
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See accompanying notes and independent accountants' review report.

PROJECT ORPHANS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

1. Description of Foundation

Projection Orphans, Inc. (the Foundation) was originally formed in 2013 under the name Beautiful Love Ministries, Inc., but changed its name to Project Orphans, Inc. on April 20, 2016. The Foundation is an Oklahoma nonprofit corporation, as well as an IRS approved tax-exempt organization under IRC Section 501(c)(3). The Foundation has the following statement of purpose:

Project Orphans exists to provide care to orphans, vulnerable children, powerless young-women, and broken families located in Uganda, Africa. We provide many different types of services to the communities we serve. At Project Orphans, we take a long-term approach to what we do and go beyond simple involvement in the lives of the children and people we serve. We believe that every life matters and our passion is to see those we work with follow their heart, pursue their dreams, receive the love of the Father, and live life with purpose!

2. Summary of Significant Account Policies

*Basis of Accounting*

The Foundation's policy is to prepare its financial statements in accordance with generally accepted accounting principles (GAAP). Under GAAP donation income is recognized when earned rather than when received, and certain expenses and purchases of assets are recognized when the obligation is incurred rather than when cash is disbursed.

*Cash and Cash Equivalents*

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

*Basis of Presentation*

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants "Audit and Accounting Guide for Not-for-Profit Organizations." ASC 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. The Foundation's board may designate assets without restrictions for specific operational purposes from time to time.



PROJECT ORPHANS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

2. Summary of Significant Account Policies (Continued)

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

The Corporation did not have net assets with donor restrictions as of December 31, 2019.

*Property and Equipment*

Property and equipment is capitalized and depreciated using the straight-line method over the estimated economic lives of the assets. Estimated lives for the Foundation's equipment ranges from 3-5 years. During the year ended December 31, 2019, the Foundation expensed \$1,796 of depreciation for equipment based on their useful lives remaining.

Major categories of property and equipment are as follows:

	December 31, 2019
Computer software and equipment	\$ 1,796
Accumulated Depreciation	<u>(1,796)</u>
	\$ 1,796

*Contributions*

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted assets depending on the existence or nature of any donor restrictions.

*Expense Allocation*

The cost of providing program and other activities have been summarized on a functional basis in the statement of activities and the statement of functional expenses. There are no allocable expenses between program and supporting activities.

*Contributed Services*

No amounts have been reflected in the financial statements for donated services. The Foundation generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Foundation, but these services do not meet the criteria for recognition as contributed services.

*Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

PROJECT ORPHANS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

2. Summary of Significant Account Policies (Continued)

*Measure of Operations*

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Foundation's ongoing activities. Non-operating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or non-recurring nature.

*New Accounting Pronouncements*

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, (Topic 606) Revenue from Contracts with Customers, which provides guidance for revenue recognition. The pronouncement requires that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The two permitted transitions methods under the guidance are the full retrospective approach or a cumulative effect adjustment to the opening retained earnings in the year of adoption. On January 1, 2019, the Foundation adopted the provisions of ASU 2014-09 on a cumulative effect adjustment which did not have an effect on the Foundation's statement of financial position, statement of activities, statement of functional expenses or statement of cash flows.

3. Income Tax Status

On October 7, 2015, the Foundation received a ruling from the Internal Revenue Service that its exempt status under Section 501(c)(3) was approved effective May 15, 2015 and that it was not a "private foundation" as defined in the Internal Revenue Code, for United States tax purposes. As a result of this favorable ruling, the Foundation is not required to pay income taxes on earnings related to its exempt purpose. Income from certain activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income. For the years ended December 31, 2019, the Foundation did not have any unrelated business income and, accordingly, no unrelated business income tax.

The Financial Accounting Standards Board has issued an Interpretation clarifying when an uncertainty in income taxes should be recognized or disclosed in the Foundation's financial statements. The Foundation has reviewed its tax positions and has determined that there are no tax uncertainties requiring recognition or disclosure for the years open to potential Internal Revenue Service examination (2015 - 2017).

PROJECT ORPHANS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

4. Concentrations

The Foundation's cash balances are maintained at a single financial institution in multiple accounts. Cash held in these accounts is insured by the Federal Deposit Insurance Corporation up to \$250,000. At times during the year the cash balances in those accounts may exceed the FDIC limit and be uninsured.

During the year ended December 31, 2019, approximately 44% of cash donations were received from five supporting 501(c)(3) organizations or individuals. None of the remaining donors exceeded 5% of donations received for the year.

5. Liquidity and Availability of Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2019 is comprised of cash of \$245,841.

The Foundation has no formal policy regarding liquidity or requirement to maintain minimum reserves. There were minimal liabilities at December 31, 2019, consisting of credit cards payable of \$5,180, and the Foundation retains cash as part of its ongoing strategic plan for normal operating expenditures.

6. Subsequent Events

Management has evaluated activity of the Foundation through September 4, 2020, the date the statements were issued, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes thereto.

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The Foundation cannot reasonably estimate the length or severity of this pandemic or the extent, if any, to which the disruption may materially impact the financial position, results of fundraising operations, and cash flows in the subsequent fiscal year.