



FINANCIAL STATEMENTS
With Accountants' Compilation Report

December 31, 2014 and 2013

LIVADA ORPHAN CARE, INC.

Table of Contents

	<u>Page</u>
Accountants' Compilation Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4
Statements of Cash Flows	6
Notes to Financial Statements	7

ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Livada Orphan Care, Inc.
Plano, Texas

We have compiled the accompanying statement of financial position of Livada Orphan Care, Inc., as of December 31, 2014, and the related statements of activities, functional expenses and cash flows for the year then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

The financial statements for the year ended December 31, 2013, were audited by us, and we expressed an unqualified opinion on them in our report dated September 24, 2014, but we have not performed any auditing procedures since that date.

Capin Crouse LLP

Dallas, Texas
August 11, 2015

LIVADA ORPHAN CARE, INC.

Statements of Financial Position

	December 31,	
	2014	2013
	(Unaudited)	(Audited)
ASSETS:		
Cash	\$ 171,884	\$ 183,181
Grant and other receivables	32,000	42,549
Property and equipment—net	5,988	5,320
Total Assets	<u>\$ 209,872</u>	<u>\$ 231,050</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and other liabilities	<u>\$ 16,246</u>	<u>\$ 7,496</u>
Net assets:		
Unrestricted	76,868	134,947
Temporarily restricted	116,758	88,607
Total Liabilities and Net Assets	<u>\$ 209,872</u>	<u>\$ 231,050</u>

See accompanying notes and accountants' report

LIVADA ORPHAN CARE, INC.

Statements of Activities

	Year Ended December 31,					
	2014 (Unaudited)			2013 (Audited)		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:						
Contributions	\$ 589,482	\$ 493,589	\$ 1,083,071	\$ 632,398	\$ 385,841	\$ 1,018,239
Special event - net	89,169	-	89,169	71,375	-	71,375
Total Support and Revenue	678,651	493,589	1,172,240	703,773	385,841	1,089,614
NET ASSETS RELEASED:						
Purpose restrictions	455,438	(455,438)	-	330,130	(330,130)	-
Time restrictions	10,000	(10,000)	-	-	-	-
	465,438	(465,438)	-	330,130	(330,130)	-
EXPENSES:						
Program services:						
International grant expense	443,071	-	443,071	409,511	-	409,511
Mission trips	230,661	-	230,661	162,345	-	162,345
Missionary support	89,770	-	89,770	82,501	-	82,501
Other program services	165,776	-	165,776	152,501	-	152,501
	929,278	-	929,278	806,858	-	806,858
Supporting activities:						
Management and general	204,309	-	204,309	154,208	-	154,208
Fund-raising	68,581	-	68,581	73,750	-	73,750
Total Expenses	1,202,168	-	1,202,168	1,034,816	-	1,034,816
Change in Net Assets	(58,079)	28,151	(29,928)	(913)	55,711	54,798
Net Assets, Beginning of Year	134,947	88,607	223,554	135,860	32,896	168,756
Net Assets, End of Year	\$ 76,868	\$ 116,758	\$ 193,626	\$ 134,947	\$ 88,607	\$ 223,554

See accompanying notes and accountants' report

LIVADA ORPHAN CARE, INC.

Statement of Functional Expenses

December 31, 2014

(Unaudited)

	Supporting Activities				Total
	Program Services	Management and General	Fundraising	Total Supporting	
Missions					
Fundatia LOC	\$ 443,071	\$ -	\$ -	\$ -	\$ 443,071
Mission trips	230,661	-	-	-	230,661
Missionary support	89,770	-	-	-	89,770
Other ministries	13,943	-	-	-	13,943
Compensation	92,273	121,777	49,756	171,533	263,806
Office costs	-	26,380	-	26,380	26,380
Computer and software costs	-	4,325	-	4,325	4,325
Travel	59,211	-	2,591	2,591	61,802
Credit card processing fees	-	24,999	-	24,999	24,999
Insurance	349	3,205	-	3,205	3,554
Marketing and promotion	-	-	1,241	1,241	1,241
Professional fees	-	12,922	-	12,922	12,922
Depreciation	-	2,128	-	2,128	2,128
Training, dues and subscriptions	-	2,489	-	2,489	2,489
Fundraising and development	-	-	14,993	14,993	14,993
Other	-	6,084	-	6,084	6,084
	\$ 929,278	\$ 204,309	\$ 68,581	\$ 272,890	\$ 1,202,168

See accompanying notes and accountants' report

LIVADA ORPHAN CARE, INC.

Statement of Functional Expenses

December 31, 2013

(Audited)

	Supporting Activities				Total
	Program Services	Management and General	Fundraising	Total Supporting	
Missions					
Fundatia LOC	\$ 409,511	\$ -	\$ -	\$ -	\$ 409,511
Mission trips	162,345	-	-	-	162,345
Missionary support	82,501	-	-	-	82,501
Other ministries	40,759	-	-	-	40,759
Compensation	87,799	95,965	50,389	146,354	234,153
Office costs	-	21,770	-	21,770	21,770
Computer and software costs	-	2,932	-	2,932	2,932
Travel	23,671	-	859	859	24,530
Credit card processing fees	-	16,998	-	16,998	16,998
Insurance	272	2,680	-	2,680	2,952
Marketing and promotion	-	-	3,791	3,791	3,791
Professional fees	-	5,289	-	5,289	5,289
Depreciation	-	2,128	-	2,128	2,128
Training, dues and subscriptions	-	3,291	-	3,291	3,291
Fundraising and development	-	-	18,711	18,711	18,711
Other	-	3,155	-	3,155	3,155
	\$ 806,858	\$ 154,208	\$ 73,750	\$ 227,958	\$ 1,034,816

See accompanying notes and accountants' report

LIVADA ORPHAN CARE, INC.

Statements of Cash Flows

	December 31,	
	2014	2013
	(Unaudited)	(Audited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (29,928)	\$ 54,798
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	2,128	2,127
Changes in operating assets and liabilities:		
Accounts receivable	10,549	(42,538)
Accounts payable and other liabilities	8,750	290
Net Cash Provided by Operating Activities	<u>(8,501)</u>	<u>14,677</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	<u>(2,796)</u>	<u>-</u>
Net Cash Used by Investing Activities	<u>(2,796)</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	(11,297)	14,677
Cash and Cash Equivalents, Beginning of Year	<u>183,181</u>	<u>168,504</u>
Cash and Cash Equivalents, End of Year	<u>\$ 171,884</u>	<u>\$ 183,181</u>

See accompanying notes and accountants' report

LIVADA ORPHAN CARE, INC.

Notes to Financial Statements

December 31, 2014 and 2013

1. NATURE OF ORGANIZATION:

Livada Orphan Care, Inc. (LOC) located in Plano, Texas is a nonprofit corporation dedicated to making a difference in the lives of Romanian orphans and at-risk children. Livada is the Romania word for orchard. It serves as a symbol of the type of care that every vulnerable child needs and LOC wants to give through nurturing Romanian orphans and at-risk kids to bear fruit that will last.

LOC is affiliated with Fundatia LOC, a Romanian NGO (non-governmental organization), and a majority of activities are conducted through grants to its operations. LOC is committed to helping these wounded kids find their place in the world, through a blend of Christian social work, humanitarian aid, and ministry. LOC facilitates mission service trips to Romania and supports Romanian missions for orphaned children, primarily through Fundatia LOC. The services supported begin with nurturing orphans in the cradle, and ends with them becoming interdependent, contributing members of society.

LOC's missionary support is related to its Short Term InterNational Team (STINT) which consists of western missionaries. STINT works alongside the staff of Fundatia LOC to serve and minister to approximately 700 abandoned and at-risk Gypsy children in Mures County, Romania through various ministries such as Orphan Outreach, Prevention of Abandonment, and Cradle Care. The Orphan Outreach camps serve the majority of the children we reach on a monthly basis. The Prevention of Abandonment program ministers to Gypsy families. The Cradle Care ministry provides therapy to babies in the local hospital, and our group homes offer an alternative to traditional Romanian orphan care.

LOC was founded in 2001 by Bruce and Catherine Thomas, to nurture Romanian orphans so that they would be able to lead fruitful and productive lives. In 2002, LOC was incorporated, and gained recognition as a tax exempt 501(c) (3) organization by the IRS.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of LOC have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader. The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash in checking and savings accounts. These accounts may, at times, exceed federally insured limits. LOC has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

PROPERTY AND EQUIPMENT

Expenditures for property and equipment greater than \$500 are capitalized at cost. Donated items are recorded at fair market value on the date of the gift. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. Estimated useful lives range from four to six years.

LIVADA ORPHAN CARE, INC.

Notes to Financial Statements

December 31, 2014 and 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CLASSES OF NET ASSETS

The financial statements report amounts by class of net assets:

Unrestricted net assets are currently available for operations under the direction of the board and resources invested in property and equipment.

Temporarily restricted net assets are stipulated by donors for specific operating purposes or for the specific programs of LOC.

SUPPORT, REVENUE, AND EXPENSES

Contributions are recorded when made, which may be when funds are received, unconditional promises are made, or ownership of other assets is transferred to LOC.

LOC reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. Gifts for child sponsorship are considered to be released when received and are reported with unrestricted support. When a donor 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. Administrative assessments are included in net assets released from restrictions. Administrative assessments are set at 15% of the amount given for mission trips. LOC's policy is to record temporarily restricted contributions and net assets released from restrictions.

Expenses are reported when costs are incurred in accordance with the accrual basis of accounting.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Costs are allocated between program services, support services and fundraising based on management's judgment considering square footage used, time spent, or direct relation to the related services.

SPECIAL EVENTS

LOC hosts a special event each year called One Night One Child in which individuals from Romania are invited to share their story. For the year ended December 31, 2014, LOC had contributions totaling \$114,683 which was offset by event expenses of \$25,514. And for the year ended December 31, 2013, LOC had contributions totaling \$98,300 which was offset by event expenses of \$26,925.

LIVADA ORPHAN CARE, INC.

Notes to Financial Statements

December 31, 2014 and 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

UNCERTAIN TAX POSITIONS

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the statement of activities. As of December 31, 2014, LOC had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

LOC's Federal Exempt Organization Business Income Tax Returns (Form 990) for the years ended December 31, 2014, 2013, and 2012 are subject to examination by the IRS, generally for three years after they were filed.

3. GRANT RECEIVABLE:

LOC was awarded a \$50,000 grant in 2013 from an organization that is to be received in increments of \$10,000 over five years through 2017. As of December 31, 2014 and 2013, the receivable balance was \$30,000 and \$40,000, respectively.

4. NET ASSETS:

Unrestricted net assets consist of:

	December 31,	
	2014	2013
Operating	\$ 70,880	\$ 129,627
Investment in property and equipment	5,988	5,320
	<u>\$ 76,868</u>	<u>\$ 134,947</u>

LIVADA ORPHAN CARE, INC.

Notes to Financial Statements

December 31, 2014 and 2013

4. NET ASSETS, continued:

Temporarily restricted net assets consist of:

	December 31, 2013	Contributions	Reclassification	December 31, 2014
Staff and STINT	\$ 35,147	\$ 152,575	\$ (101,976)	\$ 85,746
Ministry trips and summer programs	13,460	341,014	(353,462)	1,012
Time restricted	40,000	-	(10,000)	30,000
	\$ 88,607	\$ 493,589	\$ (465,438)	\$ 116,758
	December 31, 2012	Contributions	Reclassification	December 31, 2013
Staff and STINT	\$ 27,291	\$ 98,760	\$ (90,904)	\$ 35,147
Ministry trips and summer programs	5,605	247,081	(239,226)	13,460
Time restricted	-	40,000	-	40,000
	\$ 32,896	\$ 385,841	\$ (330,130)	\$ 88,607

5. OPERATING LEASES:

LOC leases office space, including phones, under a five year operating lease agreement which expires November 1, 2019.

LOC also leases a copier under a three year operating lease which expires June 2016.

Year Ending December 31,		
2015	\$	16,025
2016		12,127
2017		9,342
2018		9,342
2019		8,564
		\$ 55,400

LIVADA ORPHAN CARE, INC.

Notes to Financial Statements

December 31, 2014 and 2013

6. RELATED PARTY TRANSACTIONS:

Thirty-seven percent, or approximately \$443,100 in 2014 and forty percent, or approximately \$409,500 in 2013, of LOC's program expenses were contributions to Fundatia LOC, a Romanian NGO (nongovernmental, nonprofit organization), which was founded by Bruce and Catherine Thomas, who also founded LOC. Mr. Thomas is on the Board of both organizations, and is an employee of LOC. However, there are no other Board members for either organization that serve on both boards.

The summarized financial data of Fundatia LOC as of December 31, 2014 and 2013 consists of total assets of \$333,008 and \$300,946, liabilities of \$10,087 and \$3,536, net assets of \$322,922 and \$297,410, revenue of \$651,278 and \$437,518, and expenses of \$623,839 and \$467,104. These amounts have been translated into US dollars from Romania New Lei using a published exchange rate at December 31, 2014 and 2013.

7. CONCENTRATION OF SUPPORT RISK:

Approximately 15% and 20% of LOC's support came from the top five donors for the year ended December 31, 2014 and 2013, respectively.

8. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the date of the report, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.