

THE WORLD ORPHAN FUND, INC.

FINANCIAL STATEMENTS

December 31, 2013

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The World Orphan Fund, Inc.
Randolph, Wisconsin

We have audited the accompanying financial statements of The World Orphan Fund, Inc., which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, functional expenses and cash flows for the year 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 audit. We conducted our audit 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 The World Orphan Fund, Inc. as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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THE WORLD ORPHAN FUND, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2013

ASSETS	
Cash	\$ 292,217
Intangible asset	<u>2,607</u>
Total assets	<u><u>\$ 294,824</u></u>
LIABILITIES	\$ -
NET ASSETS	
Unrestricted	<u>294,824</u>
Total liabilities and net assets	<u><u>\$ 294,824</u></u>

See accompanying notes.

THE WORLD ORPHAN FUND, INC.
STATEMENT OF ACTIVITIES
Year Ended December 31, 2013

UNRESTRICTED NET ASSETS

SUPPORT AND REVENUE

Contributions	\$ 379,154
In-kind contributions	<u>27,579</u>

Total support and revenue	406,733
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EXPENSES

Program services	
Support to orphanages	239,535
Supporting activities	
Administrative	2,859
Fundraising	<u>963</u>

Total expenses	<u>243,357</u>
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Change in net assets	163,376
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Net assets - beginning of year	<u>131,448</u>
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Net assets - end of year	<u><u>\$ 294,824</u></u>
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See accompanying notes.

THE WORLD ORPHAN FUND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2013

	Program Services	Management and General	Fundraising	Totals
Grants	\$ 210,091	\$ -	\$ -	\$ 210,091
Travel	21,719	-	-	21,719
Bank fees	4,184	-	-	4,184
Accounting fees	-	1,725	-	1,725
Supplies	1,294	-	-	1,294
Advertising	-	1,134	-	1,134
Gala expenses	-	-	963	963
Website	724	-	-	724
Conference and seminars	736	-	-	736
Postage	375	-	-	375
Amortization	252	-	-	252
Insurance	150	-	-	150
Miscellaneous	10	-	-	10
Total expenses	<u>\$ 239,535</u>	<u>\$ 2,859</u>	<u>\$ 963</u>	<u>\$ 243,357</u>

See accompanying notes.

THE WORLD ORPHAN FUND, INC.
STATEMENT OF CASH FLOWS
Year Ended December 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 163,376
Adjustments to reconcile change in net assets to net change in cash	
Amortization	<u>252</u>
Net change in cash	163,628
Cash - beginning of year	<u>128,589</u>
Cash - end of year	<u><u>\$ 292,217</u></u>

See accompanying notes.

THE WORLD ORPHAN FUND, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

The World Orphan Fund, Inc. (Fund) provides vital support to organizations that are making a profound difference in the lives of orphaned children. All contributions are directed to providing food, shelter, medical assistance, education and a loving environment to orphaned children.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Fund 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.

Contributions

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donated Materials and Services

Donated materials are recorded at their estimated fair values in the period received. Donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their estimated fair values in the period received.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the program services and supporting activities benefited, as follows:

Program Services - The Fund works directly with orphanages to build housing, clinics and classrooms. After a safe and loving home, nothing is more important to their future than a quality education. The Fund provides grants and scholarships for college, technical schools and jobs skills training to get orphans on the road to self-sufficiency. The Fund also gives financial assistance to orphanages and through organizations like *Feed the Nations* to provide a nutritious and balanced diet to orphaned children, as well as provides funding for digging wells and treating water. Lastly, the Fund helps orphans overcome physical challenges through surgeries and other procedures.

Management and General - Includes accounting and production of financial reports, development and oversight of the annual budget, and organizational governance.

THE WORLD ORPHAN FUND, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued).

Expense Allocation (continued)

Fundraising - Includes the cultivation of new donors, the administration of fundraising events, membership solicitations, and direct mailings.

Income Tax Status

The Fund is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Fund's federal exempt organization returns are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

Advertising

Advertising costs are expensed as incurred. Advertising expense was \$1,134 for 2013.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Date of Management's Review

Management has evaluated subsequent events through March 27, 2015, the date which the financial statements were available to be issued.

NOTE 2 - CONCENTRATION OF CREDIT RISK

The Fund maintains its cash balances in one financial institution located in Wisconsin. The balance is insured by the Federal Deposit Insurance Corporation for up to \$250,000. At December 31, 2013, the Fund's uninsured cash balances totaled \$17,552

NOTE 3 - IN-KIND CONTRIBUTIONS

The fair value of in-kind contributions included in the financial statements is as follows:

	Program Services	Management and General	Fundraising	Total
Travel	\$ 21,219	\$ -	\$ -	\$ 21,219
Accounting services	-	1,725	-	1,725
Advertising	-	1,134	-	1,134
Supplies	1,294	-	-	1,294
Other	1,244	-	963	2,207
	<u>23,757</u>	<u>2,859</u>	<u>963</u>	<u>27,579</u>
Donated services	<u>\$ 23,757</u>	<u>\$ 2,859</u>	<u>\$ 963</u>	<u>\$ 27,579</u>