

Little Children of the World, Inc.
(A Not-For-Profit Organization)
Audited Financial Statements
For the Year Ended December 31, 2017



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Little Children of the World, Inc.
(A Not-For-Profit Organization)

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Independent Auditor's Report

J. Robyn Underwood, CPA

Member of American Institute of Certified Public Accountants

302-A Taylor Street • Barnesville, GA 30204

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Independent Auditor's Report

To the Board of Directors
Little Children of the World, Inc.
Barnesville, Georgia

We have audited the accompanying statement of financial position of Little Children of the World, Inc. (a Not-For-Profit organization) as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

- In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Little Children of the World, Inc. as of December 31, 2017, and the changes in its net positions and its cash flows for the year then ended in conformity with generally accepted accounting principles in the United States of America.



J. Robyn Underwood, CPA
May 3, 2018

Financial Statements

Statement of Financial Position

Little Children of the World, Inc.
 (A Not-For-Profit Organization)
COMBINED STATEMENT OF FINANCIAL POSITION
For the Year Ended December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Assets				
Current Assets				
Cash and Cash Equivalents	\$ 19,557	\$ 169,269	\$ -----	\$ 188,826
Property and Equipment				
Building	\$ 4,435	\$ -----	\$**347,000	\$ 351,435
Other Investments				
Stock (Microsoft)	\$ -----	\$ 965	\$ -----	\$ 965
Charles Schwab and Vanguard Mutual Funds	<u>685,185</u>	<u>44,297</u>	<u>821,479</u>	<u>1,550,961</u>
Total Other Investments	<u>\$ 685,185</u>	<u>\$ 45,297</u>	<u>\$ 821,479</u>	<u>\$1,551,926</u>
Total Assets	<u>\$ 709,177</u> =====	<u>\$ 214,531</u> =====	<u>\$1,168,479</u> =====	<u>\$2,092,187</u> =====

** LCP Philippines multipurpose facility

See the Notes to the Financial Statements.

Little Children of the World, Inc.
(A Not-For-Profit Organization)
COMBINED STATEMENT OF FINANCIAL POSITION
For the Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Liabilities and Net Positions				
Current Liabilities				
Accounts Payable	\$ 1,079	\$ -----	\$ -----	\$ 1,079
Total Current Liabilities	\$ 1,079	\$ -----	\$ -----	\$ 1,079
Net Positions				
Available for Operations	\$ 703,663	\$ 214,531	\$ -----	\$ 918,194
Property and Equipment	4,435	-----	**347,000	351,435
Endowment Fund	-----	-----	821,479	821,479
Total Net Positions	\$ 708,098	\$ 214,531	\$1,168,479	\$2,091,108
Total Liabilities and Net Positions	\$ 709,177	\$ 214,531	\$1,168,479	\$2,092,187

***LCP Philippines multipurpose facility*

See the Notes to the Financial Statements.

Little Children of the World, Inc.
 (A Not-For-Profit Organization)
 Dumaguete Project
STATEMENT OF FINANCIAL POSITION
For the Year Ended December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Assets				
Current Assets				
Cash and Cash Equivalents	\$ 14,044	\$ 169,269	\$ -----	\$ 183,313
Property and Equipment				
Building	\$ -----	\$ -----	\$ *347,000	\$ 347,000
Other Investments				
Stock	\$ -----	\$ 965	\$ -----	\$ 965
Charles Schwab and Vanguard Mutual Funds	<u>685,185</u>	<u>44,297</u>	<u>821,479</u>	<u>1,550,961</u>
Total Other Investments	<u>\$ 685,185</u>	<u>\$ 45,262</u>	<u>\$ 821,479</u>	<u>\$1,551,926</u>
Total Assets	<u>\$ 699,229</u> =====	<u>\$ 214,531</u> =====	<u>\$1,168,479</u> =====	<u>\$2,082,239</u> =====

See the Notes to the Financial Statements.

Little Children of the World, Inc.
 (A Not-For-Profit Organization)
 Dumaguete Project
STATEMENT OF FINANCIAL POSITION
For the Year Ended December 31, 2017

Liabilities and Net Positions	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Total Current Liabilities	\$ -----	\$ -----	\$ -----	\$ -----
Net Positions				
Available for Operations	\$ 699,229	\$ 214,531	\$ -----	\$ 913,760
Property and Equipment	-----	-----	* 347,000	347,000
Endowment Fund	-----	-----	821,479	821,479
Total Net Positions	<u>\$ 699,229</u>	<u>\$ 214,531</u>	<u>\$1,168,479</u>	<u>\$2,082,239</u>
Total Liabilities and Net Positions	<u>\$ 699,229</u>	<u>\$ 214,531</u>	<u>\$1,168,479</u>	<u>\$2,082,239</u>

*LCP Philippines multipurpose facility.

See the Notes to the Financial Statements.

Little Children of the World, Inc.
 (A Not-For-Profit Organization)
 Leyte Project
STATEMENT OF FINANCIAL POSITION
For the Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Assets				
Cash and Cash Equivalents	\$ 5,513	\$ -----	\$ -----	\$ 5,513
Property and Equipment Building	\$ 4,435	\$ -----	\$ -----	\$ 4,435
Total Assets	\$ 9,948	\$ -----	\$ -----	\$ 9,948

See the Notes to the Financial Statements.

Little Children of the World, Inc.

(A Not-For-Profit Organization)

Leyte Project

STATEMENT OF FINANCIAL POSITION

For the Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Liabilities and Net Positions				
Current Liabilities				
Bank Overdraft	\$ -----	\$ -----	\$ -----	\$ -----
Accounts Payable	<u>1,079</u>	<u>-----</u>	<u>-----</u>	<u>1,079</u>
Total Current Liabilities	<u>\$ 1,079</u>	<u>\$ -----</u>	<u>\$ -----</u>	<u>\$ 1,079</u>
Net Positions				
Property and Equipment	\$ 4,435	\$ -----	\$ -----	\$ 4,435
Available for Operations	<u>4,434</u>	<u>-----</u>	<u>-----</u>	<u>4,434</u>
Total Net Positions	<u>\$ 8,869</u>	<u>\$ -----</u>	<u>\$ -----</u>	<u>\$ 8,869</u>
Total Liabilities and Net Positions	<u>\$ 9,948</u> =====	<u>\$ -----</u> =====	<u>\$ -----</u> =====	<u>\$ 9,948</u> =====

See the Notes to the Financial Statements.

Statement of Activities

Little Children of the World, Inc.
(A Not-For-Profit Organization)
COMBINED STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue				
Contributions	\$ 167,156	\$ 644,809	\$ 53,815	\$ 865,780
Contributions - In Kind*	-----	56,244	-----	56,244
Projects (Net)	5,990	-----	-----	5,990
Investment Income	14,089	1,461	20,123	35,673
Unrealized Gain/<Loss> on Investments	34,877	38,120	60,817	133,814
Net Assets Released From Restrictions				
Satisfied by Payments	811,310	< 811,310>	-----	-----
Net Assets Transferred from				
Temporarily Restricted to				
Permanently Restricted	-----	-----	-----	-----
Total Revenue	\$ 1,033,422	\$< 70,676>	\$ 134,755	\$ 1,097,501
Expenses and Losses				
Ministry Services				
Haiti and Philippine Programs*	\$ 603,557	\$ -----	\$ -----	\$ 603,557
International Program	83,055	-----	-----	83,055
Sponsor Services	112,199	-----	-----	112,199
Retreat and Conference Center	2,050	-----	-----	2,050
Peace and Faith Fund	-----	-----	-----	-----
Total Ministry Services	\$ 800,861	\$ -----	\$ -----	\$ 800,861
Supporting Services				
Administrative				
Operational Expenses	\$ 63,232	\$ -----	\$ -----	\$ 63,232
Fund Raising Expenses	29,266	-----	-----	29,266
Total Supporting Services	\$ 92,498	\$ -----	\$ -----	\$ 92,498
Total Expenses and Losses	\$ 893,359	\$ -----	\$ -----	\$ 893,359
Change in Net Positions	140,063	\$< 70,676>	\$ 134,755	\$ 204,142
Net Positions - Beginning of Year	568,035	285,207	1,033,724	1,886,966
Net Positions - End of Year	\$ 708,098	\$ 214,531	\$ 1,168,479	\$ 2,091,108

* Includes In Kind Contribution of \$56,244 for Dumaguete Philippine Project.

See the Notes to the Financial Statements.

Little Children of the World, Inc.

(A Not-For-Profit Organization)

Dumaguete Project

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue				
Contributions	\$ 152,288	\$ 644,809	\$ 53,815	\$ 850,912
Contributions - In Kind*	-----	56,244	-----	56,244
Investment Income	14,089	1,461	20,123	35,673
Projects (Net)	5,990	-----	-----	5,990
Unrealized Gain/<Loss> on Investments	34,877	38,120	60,817	133,814
Net Assets Released From Restrictions Satisfied by Payments	<u>807,908</u>	<u>< 807,908></u>	<u>-----</u>	<u>-----</u>
 Total Revenue	 <u>\$1,015,152</u>	 <u>\$< 67,274></u>	 <u>\$ 134,755</u>	 <u>\$1,082,633</u>
Expenses and Losses				
Ministry Services				
Philippine Programs**	\$ 599,637	\$ -----	\$ -----	\$ 599,637
International Program	83,055	-----	-----	83,055
Sponsor Services	112,199	-----	-----	112,199
Retreat and Training Center	<u>2,050</u>	<u>-----</u>	<u>-----</u>	<u>2,050</u>
Total Ministry Services	<u>\$ 796,941</u>	<u>\$ -----</u>	<u>\$ -----</u>	<u>\$ 796,941</u>
Supporting Services				
Administrative				
Operational Expenses	\$ 61,168	\$ -----	\$ -----	\$ 61,168
Fund Raising Expenses	<u>29,266</u>	<u>-----</u>	<u>-----</u>	<u>29,266</u>
Total Supporting Services	<u>\$ 90,434</u>	<u>\$ -----</u>	<u>\$ -----</u>	<u>\$ 90,434</u>
Total Expenses and Losses	<u>\$ 887,375</u>	<u>\$ -----</u>	<u>\$ -----</u>	<u>\$ 887,375</u>
Change in Net Positions	<u>\$ 127,777</u>	<u>\$< 67,274></u>	<u>\$ 134,755</u>	<u>\$ 195,258</u>
Net Positions - Beginning of Year	<u>571,452</u>	<u>281,805</u>	<u>1,033,724</u>	<u>1,886,981</u>
Net Positions - End of Year	<u>\$ 699,229</u>	<u>\$ 214,531</u>	<u>\$1,168,479</u>	<u>\$2,082,239</u>

**Includes In Kind Contributions of \$56,244

See the Notes to the Financial Statements.

Little Children of the World, Inc.

(A Not-For-Profit Organization)

Leyte Project

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue				
Contributions	\$ 14,868	\$ -----	\$ -----	\$ 14,868
Net Assets Released From Restrictions				
Restrictions Satisfied by Payments	<u>3,402</u>	<u>< 3,402 ></u>	<u>-----</u>	<u>-----</u>
Total Revenue	<u>\$ 18,270</u>	<u>\$ < 3,402 ></u>	<u>\$ -----</u>	<u>\$ 14,868</u>
Expenses and Losses				
Ministry Services				
Philippine Programs	<u>\$ 3,920</u>	<u>\$ -----</u>	<u>\$ -----</u>	<u>\$ 3,920</u>
Total Ministry Services	<u>\$ 3,920</u>	<u>\$ -----</u>	<u>\$ -----</u>	<u>\$ 3,920</u>
Supporting Services				
Administrative				
Operational Expenses	<u>\$ 2,064</u>	<u>\$ -----</u>	<u>\$ -----</u>	<u>\$ 2,064</u>
Total Supporting Services	<u>\$ 2,064</u>	<u>\$ -----</u>	<u>\$ -----</u>	<u>\$ 2,064</u>
Total Expenses and Losses	<u>\$ 5,984</u>	<u>\$ -----</u>	<u>\$ -----</u>	<u>\$ 5,984</u>
Change in Net Positions	\$ 12,286	\$ < 3,402 >	\$ -----	\$ 8,884
Net Positions - Beginning of Year	<u>< 3,417 ></u>	<u>3,402</u>	<u>-----</u>	<u>< 15 ></u>
Net Positions - End of Year	<u>\$ 8,869</u>	<u>\$ -----</u>	<u>\$ -----</u>	<u>\$ 8,869</u>

See the Notes to the Financial Statements.

Statement of Functional Expenses

Little Children of the World, Inc.
(A Not-For-Profit Organization)
Dumaguete Project
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2017

	Ministry Services	Supporting Services		Total
		Management and General	Fund Raising	
Philippine Project				
Support Staff	\$ 74,385	\$ 30,994	\$ 18,596	\$ 123,975
Payroll Taxes	<u>5,691</u>	<u>11,005</u>	<u>1,423</u>	<u>18,119</u>
Total Salaries and Related Expenses	\$ <u>80,076</u>	\$ <u>41,999</u>	\$ <u>20,019</u>	\$ <u>142,094</u>
Legal and Professional	\$ 1,645	\$ 1,235	\$ 330	\$ 3,210
Bank and Credit Card Fees	4,250	1,855	1,063	7,168
Occupancy	3,848	1,633	908	6,389
Office Supplies	11,657	7,839	2,843	22,339
Permits and Licenses	-----	50	240	290
Postage	2,258	941	565	3,764
Program Services*	682,692	-----	-----	682,692
Promotional	76	-----	179	255
Repairs and Maintenance	59	2,231	-----	2,290
Travel and Conference	6,018	2,054	2,321	10,393
Utilities and Telephone	<u>4,362</u>	<u>1,331</u>	<u>798</u>	<u>6,491</u>
Total Expenses	\$ <u>796,941</u>	\$ <u>61,168</u>	\$ <u>29,266</u>	\$ <u>887,375</u>

* Includes In Kind Contribution of \$56,244

See the Notes to the Financial Statements.

Little Children of the World, Inc.
 (A Not-For-Profit Organization)
 Leyte Project
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2017

Leyte Project	Ministry Services	Management and General	Total
Education Expense	\$ 3,266	\$ -----	\$ 3,266
Office Supplies	-----	555	555
Program Services	-----	-----	-----
Shipping	-----	963	963
Communications	-----	546	546
Livelihood	499	-----	499
Occupancy	155	-----	155
	<hr/>	<hr/>	<hr/>
Total Expenses	\$ 3,920	\$ 2,064	\$ 5,984
	=====	=====	=====

See the Notes to the Financial Statements.

Statement of Cash Flows

Little Children of the World, Inc.
(A Not-For-Profit Organization)
Dumaguete Project
STATEMENT OF CASH FLOWS
Inflows (Outflows) in Cash and Cash Equivalents
For the Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Cash Flows From Operating Activities:				
Cash Received from Contributions	\$ 152,288	\$ 701,053	\$ 53,815	\$ 907,156
Cash Received from Investment Income	14,089	1,463	20,123	35,673
Cash Received from Projects	5,990	-----	-----	5,990
Cash Released by Restrictions	807,908	< 807,908>	-----	-----
Cash Paid for Ministry Services				
Philippine Ministry	< 599,637>	-----	-----	< 599,637>
International Program	< 83,055>	-----	-----	< 83,055>
Sponsor Services	< 112,199>	-----	-----	< 112,199>
Retreat and Training Center	< 2,050>	-----	-----	< 2,050>
Cash Paid for Fund Raising	< 29,266>	-----	-----	< 29,266>
Cash Paid for Administration	< 61,168>	-----	-----	< 61,168>
Unrealized Gain/<Loss> on Investments	34,877	38,120	60,817	133,814
Net Cash Provided (Used) by Operating Activities	<u>\$ 127,777</u>	<u>\$< 67,274></u>	<u>\$ 134,755</u>	<u>\$ 195,258</u>
Cash Flow From Investing Activities:				
<Increase> Mutual Fund Investments	<u>\$< 125,370></u>	<u>\$ 56,671</u>	<u>\$< 134,755></u>	<u>\$< 203,454></u>
Cash and Cash Equivalents:				
Net Cash Flows	\$ 2,407	\$< 10,603>	\$ -----	\$< 8,196>
Beginning of Year	11,637	179,872	-----	191,509
End of Year	<u>\$ 14,044</u>	<u>\$ 169,269</u>	<u>\$ -----</u>	<u>\$ 183,313</u>

See the Notes to the Financial Statements.

Little Children of the World, Inc.
 (A Not-For-Profit Organization)
 Dumaguete Project
STATEMENT OF CASH FLOWS
 Inflows (Outflows) in Cash and Cash Equivalents
For the Year Ended December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Reconciliation of Change in Net Positions to Net Cash Provided by Operating Activities:				
Increase/<Decrease> in Net Positions	\$ 162,654	\$< 105,394>	\$ 195,572	\$ 329,072
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:				
Unrealized <Gain>/Loss	<u>< 34,877></u>	<u>< 38,120></u>	<u>< 60,817></u>	<u>< 133,814></u>
Net Cash Provided/<Used> by Operating Activities	<u>\$ 127,777</u>	<u>\$< 67,274></u>	<u>\$ 134,755</u>	<u>\$ 195,258</u>
Non Cash Transactions:				
None				

See the Notes to the Financial Statements.

Little Children of the World, Inc.
(A Not-For-Profit Organization)
Leyte Project
STATEMENT OF CASH FLOWS
Inflows (Outflows) in Cash and Cash Equivalents
For the Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Total
Cash Flows from Operating Activities			
Cash received from Contributions	\$ 14,868	\$ -----	\$ 14,868
Cash released by Restrictions	3,402	< 3,402>	-----
Cash paid for Ministry Services			
Leyte Ministry	< 3,920>	-----	< 3,920>
Administration	< 2,064>	-----	< 2,064>
Net Cash Provided (Used) by Operating Activities	\$ <u>12,286</u>	\$< <u>3,402</u> >	\$< <u>8,884</u> >
Cash Provided or (Used) by Capital Activities			
Capital Asset Purchase	\$< <u>4,435</u> >	\$ -----	\$< <u>4,435</u> >
Cash Provided NonInvesting Activities			
Increase in Accounts Payable	\$ <u>1,079</u>	\$ -----	\$ <u>1,079</u>
Cash and Cash Equivalents			
Net Cash Flows	\$ 8,930	\$ -----	\$ 8,930
Beginning of Year	< <u>3,417</u> >	<u>3,402</u>	< <u>15</u> >
End of Year	\$ <u>5,513</u>	\$ -----	\$ <u>5,513</u>

See the Notes to the Financial Statements.

Little Children of the World, Inc.
 (A Not-For-Profit Organization)
 Leyte Project
STATEMENT OF CASH FLOWS
 Inflows (Outflows) in Cash and Cash Equivalents
For the Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Total
Reconciliation of Change in Net Positions to Net Cash Provided by Operating Activities			
Increase/<Decrease> in Net Positions	\$ 12,286	\$< 3,402>	\$ 8,884
Adjustments to Reconcile Change in Net Positions to Net Cash Provided by Operating Activities:			
None			
 Net Cash Provided by Operating Activities	 \$ 12,286 =====	 \$< 3,402> =====	 \$ 8,884 =====
 Non Cash Transactions:			
None			

See the Notes to the Financial Statements.

Notes to the Financial Statements

Little Children of the World, Inc.

(A Not-For-Profit Organization)

Notes to the Financial Statements

For the Year Ended December 31, 2017

Note 1 – Summary of Significant Accounting Principles

Nature of Activities: Little Children of the World, Inc. (LCW) is a not-for-profit, international Christian service agency dedicated to helping develop caring communities for the world's children at risk. LCW has two projects in the Philippines (Dumaguete, Leyte), and one in Haiti – Christian School of New Vision (CSNV).

The Dumaguete project was established in 1989 and incorporated as the Little Children of the Philippines and serves as a prototype for the development of additional projects. A Memorandum of Agreement was signed for the Leyte project in 2002 wherein the "Leyte project director shall seek financial support and manage the program in a way consistent with LCP/LCW's By-Laws, Articles of Incorporation and Manual of Operation." (Memorandum of Agreement, Article II:I, page 2).

Basis of Accounting: The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation: Financial statement presentation follows the recommendations of the *Financial Accounting Standards Board* in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of the net positions: unrestricted net positions, temporarily restricted net positions and permanently restricted net positions. The financial statements report amounts separately for the classes of net positions as follows:

- A. Unrestricted net positions are those currently available for use by LCW's Board of Directors at their discretion, and those resources invested in buildings and equipment within the context of the ministry.
- B. Temporarily restricted net positions are those stipulated by donors for specific operating purpose or those not currently available for use until commitments regarding their use has been fulfilled.
- C. Permanently restricted net positions are those stipulated by donors for the endowment fund.

Fund Accounting: Separate Fund Accounting is used for Leyte Project with an account in Spokane, Washington. These funds are restricted by donors for this specific LCW projects (SFAS117).

Donated Goods and Services: A large number of volunteers have contributed significant amounts of time to the Organization without compensation. The financial statements do not reflect the value of this contributed time since the services do not require specialized skills. Materials and other assets received as donations are recorded in the accompanying financial statements at their fair values at the date of receipt.

Cash and Cash Equivalents: For purposes of the statement of cash flows, the Organization considers highly liquid financial instruments purchased with a maturity of three months or less to be cash equivalents.

Property and Equipment: Fixed assets greater than \$600 have been recorded at cost or, if donated, fair value at date of receipt. Depreciation is provided on a declining balance basis over the estimated useful lives of the assets.

Use of Estimates: The preparation of financial statements in conformity with the basis of accounting disclosed above requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Actual results could differ from those estimates.

Income Tax Status: LCW qualifies as a tax-exempt organization under Section 501(c)(3) of the U.S. Internal Revenue Code and, therefore, has no provision for federal income taxes. However, income from certain activities not directly related to the Organization's tax-exempt purpose could be subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Note 2 – Concentrations of Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist primarily of cash and cash equivalents. At December 31, 2017, the cash and cash equivalents did not exceed FDIC insured levels. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on such balances.

Little Children of the World, Inc.

(A Not-For-Profit Organization)

Notes to the Financial Statements

For the Year Ended December 31, 2017

Note 3 – Operating Leases

The Organization currently leases its office and housing facilities on a year to year basis. Rent paid for such facilities was \$5,580 for the year ended December 31, 2017. Contributions designated to cover the rental cost of these facilities have been recorded as support in the accompanying financial statements.

Note 4 – Functional Allocation of Expenses

The costs of providing the various programs, fund raising and other activities have been summarized on a functional basis in the statement of functional expenses. Certain costs have been allocated among the programs and fund raising activities benefited.

Note 5 – Investments

The Organization reports investments in accordance with Statement of Financial Accounting Standards No. 115, Accounting for Certain Investments in Debt and Equity Securities. This statement addresses the accounting and reporting for investments in equity securities that have readily determined fair values and for all investments in debt securities. Those investments are to be classified in three categories and accounted for as follows:

- Debt securities that the Organization has the positive intent and ability to hold to maturity are classified as investment securities and reported at amortized cost.
- Debt and equity securities that are bought and held principally for the purpose of selling them in the near term are classified as trading securities and reported at fair value, with unrealized gains and losses included in earnings.
- Debt and equity securities not classified as either investment securities or trading securities are classified as available-for-sale securities and reported at fair value, with unrealized gains and losses excluded from earnings and reported in a separate component of stockholders' equity.

As of December 31, 2017, all of the investments of the Organization are classified as trading securities.

	Fair Market Value 2016	Carrying Value	Fair Market Value 2017	Unrealized Holding Gain (Loss)
Equity Securities				
Common Stocks	\$ 4,320	\$ 965	\$ 965	\$ -----
Mutual Funds	<u>1,336,905</u>	<u>1,418,112</u>	<u>1,551,926</u>	<u>133,814</u>
	<u>\$ 1,341,225</u>	<u>\$ 1,419,077</u>	<u>\$ 1,552,891</u>	<u>\$ 133,814</u>
Investment Return				
Net Gain Unrealized				\$ 133,814
Dividends (Interest)				<u>46,945</u>
Total Investment Return (For Current Year Only)				<u>\$ 180,759</u>
Less amount of Investment Expenses reported as a reduction in Investment Income on the Statement of Activities				<u>\$ < 11,272 ></u>
Net Investment Return / <Loss> for the Current Year Only				<u>\$ 169,487</u>

The Organization's policy concerning investments is to report net investment income as operating income. The net investment income is reported as unrestricted, temporarily restricted and permanently restricted based on the earnings per each component of net positions.

Independent Auditor's Report on Supplemental Data

J. Robyn Underwood, CPA

Member of American Institute of Certified Public Accountants

302-A Taylor Street • Barnesville, GA 30204

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Independent Auditor's Report on Supplemental Data

To the Board of Directors
Little Children of the World, Inc.
Barnesville, Georgia

Our report on our audit of the basic financial statements of Little Children of the World, Inc. for the year ended December 31, 2017 appears on page 1. The audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental data on pages 20-25 is presented for purposes of additional analysis and is not required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



J. Robyn Underwood, CPA
May 3, 2018

Supplemental Data

Schedule of Temporarily Restricted Revenue

Little Children of the World, Inc.

(A Not-For-Profit Organization)

Dumaguete Project

SCHEDULE OF TEMPORARILY RESTRICTED REVENUE

For the Year Ended December 31, 2017

Children Gifts	\$ 94,806
Child Sponsorships	313,073
Dormitories	57,987
Education Programs	33,451
Gifts In Kind*	56,244
Goodwill Program	1,571
Handicapped Program	9,425
Health	33,054
Livelihood - Farm and Projects	1,200
Malnourished Program	-----
Occupancy	2,500
Other Designated Expenses	300
Peace Programs	27,775
Preschool Programs	15,505
Reaching Hands	2,545
Shipping	7,145
Soup Kitchen	7,100
Staff and Board Support	13,449
Travel	23,635
Taclobo - Center and Extra Needs	-----
Philippine Flood Fund	-----
SOW - Kids in school	288

Total Temporarily Restricted Revenue	\$* 701,053
	=====

*Includes Gifts In Kind

Little Children of the World, Inc.

(A Not-For-Profit Organization)

Other Programs

SCHEDULE OF TEMPORARILY RESTRICTED REVENUE

For the Year Ended December 31, 2017

	<u>Leyte Project</u>
Child Sponsorship	\$ -----
Education Programs	-----
Gifts In Kind	-----
Designated for Other Purposes	-----
	<hr/>
Total Temporarily Restricted Revenue	\$ ----- =====

*Schedule of International Program,
Sponsor Services, and Training Center*

Little Children of the World, Inc.
 (A Not-For-Profit Organization)
 Dumaguete Project (Leyte and Haiti Ministry Included)
**SCHEDULE OF INTERNATIONAL PROGRAM,
 SPONSOR SERVICES, AND TRAINING CENTER**
For the Year Ended December 31, 2017

Program Services: Dumaguete, Philippines	
Ind Dorm Fund	\$ 36,000
Shipping	8,220
Sponsorship	2,818
Supplies	4,348
Board Fund	1,110
Travel - Mission Trips	30,559
<i>Total Indirect Program Services</i>	<u>\$ 83,055</u>
Direct Program Services	*541,293
Leyte Ministry	1,800
Haiti Ministry	<u>300</u>
 Total Program Services	 <u>\$ 626,448</u>
Sponsor Services: Dumaguete, Philippines	
Bank and Credit Card Fees	\$ 4,250
Equipment and Repair	-----
Professional Services	1,320
Postage and Shipping	2,258
Occupancy	3,348
Salaries and Related Expenses	80,076
Supplies	11,657
Telephone/Internet	1,633
Travel (USA)	1,088
Utilities	1,563
Promotional	76
Conferences and Board Fund	<u>4,930</u>
 Total Sponsor Services	 <u>\$ 112,199</u>
Retreat and Training Center	
Professional Services	\$ 325
Repairs/Maintenance	59
Utilities	1,166
Training Center	<u>500</u>
 Total Retreat and Training Center	 <u>\$ 2,050</u>

*Page 11 includes Gifts In Kind of \$56,244

Little Children of the World, Inc.

(A Not-For-Profit Organization)

Other LCW Programs

SCHEDULE OF INTERNATIONAL PROGRAM – MINISTRY SERVICES

For the Year Ended December 31, 2017

	<u>Leyte Project</u>
Occupancy	\$ 155
Livelihood	499
Education Expense	<u>3,266</u>
Total Ministry Services	<u>\$ 3,920</u> =====

Schedule of Supporting Services

Little Children of the World, Inc.
 (A Not-For-Profit Organization)
 Dumaguete Project
SCHEDULE OF SUPPORTING SERVICES
For the Year Ended December 31, 2017

Administrative	
Accounting and Professional Fees	\$ 1,235
Occupancy	1,395
Office Supplies and Expenses	8,074
Licenses and Permits	50
Postage and Shipping	941
Public Relations	-----
Repairs and Maintenance	2,231
Salaries and Related Expenses	45,790
Telephone	801
Utilities	651
	<hr/>
Total Administrative Expenses	\$ 61,168
Fund Raising	
Accounting and Professional Fees	\$ 330
Office Supplies	2,984
Occupancy	837
Promotional	179
Postage and Shipping	565
Permits and Licenses	240
Salaries and Related Expenses	22,244
Telephone	408
Travel and Conference	1,088
Repairs	-----
Utilities	391
	<hr/>
Total Fund Raising Expenses	\$ 29,266
Total Supporting Services	\$ 90,434
	=====

Little Children of the World, Inc.
(A Not-For-Profit Organization)
SCHEDULE OF SUPPORTING SERVICES – OTHER PROGRAMS
For the Year Ended December 31, 2017

	<u>Leyte Project</u>
Administrative	
Office Expenses	\$ 555
Postage and Shipping	963
Communications	<u>546</u>
Total Administrative Expenses	<u>\$ 2,064</u>
 Total Supporting Services	 <u>\$ 2,064</u> =====