



FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

Table of Contents

Independent Auditor's Report	1
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4
Statements of Cash Flow	5
Notes to Financial Statements	6-11



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Wide Horizons for Children, Inc.

We have audited the accompanying financial statements of Wide Horizons for Children, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2015, 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 Wide Horizons for Children, Inc. as of June 30, 2015, and the changes in its net assets, functional expenses and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Wide Horizons for Children, Inc.'s 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 27, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Handwritten signature of QRG LLP in black ink.

QRGA, LLP
Certified Public Accountants
December 4, 2015

WIDE HORIZONS FOR CHILDREN, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015
with comparative totals for the year ended June 30, 2014

ASSETS		
	2015	2014
Current assets		
Cash and cash equivalents	\$ 787,733	\$ 576,606
Accounts receivable, net	93,974	66,241
Pledges receivable, net	95,000	46,575
Prepaid items	112,051	29,423
Deposits	21,555	1,572
Total current assets	1,110,313	720,417
Investments	1,824,876	1,171,454
Property and equipment		
Land	-	110,000
Building	-	620,158
Building and leasehold improvements	12,335	261,592
Land improvements	-	79,712
Furniture and fixtures	453,921	579,128
Motor vehicles	280,729	272,302
Total	746,985	1,922,892
Less - accumulated depreciation	(620,097)	(1,325,648)
Total property and equipment	126,888	597,244
Total assets	\$ 3,062,077	\$ 2,489,115
LIABILITIES AND NET ASSETS		
Current liabilities		
Current portion of long-term debt	\$ -	\$ 24,365
Accounts payable	37,743	129,495
Accrued expenses	155,088	123,774
Customer deposits	25,250	55,900
Deferred income	284,847	286,451
Third party fees	92,167	124,838
Total current liabilities	595,095	744,823
Long-term debt	-	876,951
Total liabilities	595,095	1,621,774
Net assets		
Unrestricted	2,286,606	618,682
Temporarily restricted	180,376	248,659
Total net assets	2,466,982	867,341
Total liabilities and net assets	\$ 3,062,077	\$ 2,489,115

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

WIDE HORIZONS FOR CHILDREN, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015
with comparative totals for the year ended June 30, 2014

	2015			2014
	Unrestricted	Temporarily Restricted	Total	Total
Revenue, gains, and other support				
Fees	\$ 1,420,316	\$ -	\$ 1,420,316	\$ 1,368,476
Contributions	755,611	770,918	1,526,529	1,728,053
Fundraising events	1,151,493	-	1,151,493	543,020
Donated goods and services	87,843	-	87,843	82,731
Miscellaneous income	88	-	88	265
Investment return	1,010	-	1,010	1,252
Satisfaction of donor restrictions	839,201	(839,201)	-	-
Gain on sale of property and equipment	1,256,987	-	1,256,987	-
Gain on sale of investments and other income	53	-	53	20,233
Total revenues, gains, and other support	5,512,602	(68,283)	5,444,319	3,744,030
Expenses and losses				
Programs	2,933,451	-	2,933,451	3,044,967
Management and general	214,508	-	214,508	287,581
Fundraising	696,719	-	696,719	511,550
Total expenses	3,844,678	-	3,844,678	3,844,098
Change in net assets	1,667,924	(68,283)	1,599,641	(100,068)
Net assets, beginning of year	618,682	248,659	867,341	967,409
Net assets, end of year	\$ 2,286,606	\$ 180,376	\$ 2,466,982	\$ 867,341

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

WIDE HORIZONS FOR CHILDREN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015
with comparative totals for the year ended June 30, 2014

	2015			2014	
	Program Services	Management and General	Fundraising	Total	Total
Salaries and wages	\$ 1,097,573	\$ 113,346	\$ 336,525	\$ 1,547,444	\$ 1,541,750
Orphan care/prevention	601,848	-	-	601,848	537,067
Professional fees	171,918	31,910	28,070	231,898	190,519
Fundraising events	-	-	192,615	192,615	137,688
Employee benefits	151,449	14,800	26,130	192,379	219,682
Program development and maintenance	183,553	-	-	183,553	308,560
Adoption subsidies	162,000	-	-	162,000	120,000
Rent expense	127,967	10,337	21,040	159,344	118,054
Payroll taxes	83,451	9,329	28,151	120,931	123,095
Auto and travel	98,254	10,595	2,753	111,602	97,811
Insurance	66,714	8,671	565	75,950	82,196
Postage	33,880	751	9,365	43,996	43,633
Office expense	28,703	3,588	3,633	35,924	19,867
Depreciation	31,191	1,205	3,370	35,766	51,534
Investment and bank fees	15,566	2,226	16,643	34,435	36,891
Repairs and maintenance	27,484	943	4,021	32,448	39,149
Telephone and internet	25,954	1,875	3,694	31,523	37,577
Printing	10,584	177	18,135	28,896	35,652
Advertising	5,808	-	2,009	7,817	26,597
Bad debts	7,047	-	-	7,047	10,818
Interest expense	-	4,755	-	4,755	56,952
Miscellaneous expense	1,576	-	-	1,576	8,578
Employee training	931	-	-	931	428
Total	\$ 2,933,451	\$ 214,508	\$ 696,719	\$ 3,844,678	\$ 3,844,098

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

WIDE HORIZONS FOR CHILDREN, INC.
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2015
with comparative totals for the year ended June 30, 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,599,641	\$ (100,068)
Adjustments to reconcile changes in unrestricted net assets to net cash provided by operation activities:		
Depreciation	35,766	51,534
Gain on sale of property and equipment and investments	(1,257,040)	(20,233)
Decrease in allowance for doubtful accounts	-	(6,060)
Changes in operating assets and liabilities:		
Accounts receivable	(27,733)	(2,044)
Pledge receivable	(48,425)	(46,575)
Prepaid items	(82,628)	24,518
Deposits	(19,983)	-
Accounts payable	(91,752)	48,551
Third party fees	(32,671)	801
Deferred income	(1,604)	(10,649)
Customer deposits	(30,650)	(17,975)
Accrued expenses	31,314	6,868
Cash provided (used) by operating activities	74,235	(71,332)
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchases) sales of investments, net	(653,422)	139,111
Proceeds from sale of property and equipment, net	1,804,350	20,263
Acquisition of property and equipment	(112,720)	(15,937)
Cash provided by investing activities	1,038,208	143,437
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term debt	(901,316)	(22,232)
Cash used by financing activities	(901,316)	(22,232)
Net increase in cash and cash equivalents	211,127	49,873
Cash and cash equivalents, beginning of year	576,606	526,733
Cash and cash equivalents, end of year	\$ 787,733	\$ 576,606
SUPPLEMENTAL DISCLOSURES		
Cash paid during the year for interest	\$ 4,755	\$ 56,952

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

WIDE HORIZONS FOR CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – NATURE OF ACTIVITIES

Wide Horizons for Children, Inc. (the Organization) is a not-for-profit organization as defined by Section 501 (c)(3) of the Internal Revenue. The Organization is dedicated to family permanency for orphaned and vulnerable children through adoption, child sponsorship and humanitarian aid. The Organization's main office is located in Waltham, Massachusetts, and there are regional offices in Connecticut, New Hampshire, New Jersey, New York, Rhode Island, and Vermont in the United States; and in Colombia and Ethiopia internationally.

Due to a worldwide decrease in the number of children eligible for international adoption placement, the Organization has been transitioning its focus areas to reflect the best strategies to help vulnerable children. These include orphan prevention and orphan care initiatives. Additionally, the Organization is placing more emphasis on generating revenue through philanthropic gifts. For more information on services, visit the Organization's website www.whfc.org.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Restrictions may only be imposed by donors; not by the Board of Trustees or any other body. Temporary restrictions are those restrictions that lapse through the passage of time or through specific performance. Temporarily restricted funds primarily relate to sponsorship donations, which by donor designation are to be used for specified programs in subsequent periods. Permanent restrictions, as their name implies, never lapse. There are currently no permanently restricted funds.

The financial statements include certain prior-year summarized comparative information in total but not by supporting services categories. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2014, from which the summarized information was derived.

Use of Estimates

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

Revenue Recognition

Adoption program fees are recognized when a family accepts a child referral for adoption, service and agency fees are recognized when such services are provided. Fees that are received in advance are recorded as a deferred revenue liability until related services are completed.

WIDE HORIZONS FOR CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Contributions are recorded at their fair value as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor-imposed restrictions. Contributions of assets other than cash are reported at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, when collected.

An allowance for uncollectible pledges receivable is provided based upon management's judgment of potential defaults. The determination includes such factors as prior collection history, type of contribution and nature of fund raising activities.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in bank accounts, deposits in money market accounts and amounts invested in certificates of deposit with original maturities of 90 days or less. At June 30, 2015 and 2014, the Organization has restricted cash of \$272,543 and \$373,497, respectively, consisting of third party fees and temporarily restricted net assets, which are restricted by the donors as to its use.

Third Party Fees

As part of the adoption program fees, the Organization receives designated amounts to be paid to third parties at various stages of the adoption. These pass through fees are recorded as a liability in the Third Party Fees account until contractual terms are met.

Investments and Investment Income

The Organization's investments in marketable securities with readily determinable fair values are measured at fair values, as established by major securities markets, in the statement of financial position. Fair value is the price 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. See Note 5 for discussion of fair value measurements.

Purchases and sales of securities are recorded on trade dates, and realized gains and (losses) are determined on the basis of the average cost of securities sold. Further, changes in the fair value of marketable securities are reported as unrealized gains (losses) in the statement of activities.

Investment income from unrestricted investments is reported as unrestricted revenue. Investment interest and gains (losses) on investments of temporarily restricted net assets are reported as increases (decreases) in temporarily restricted net assets.

Orphan Care/Prevention Projects

As part of its mission the Organization provides care and services to vulnerable, orphaned and abandoned children throughout the world. Examples of projects include the funding of small hogars (orphanages) in Guatemala, educational and vocational stipends for adolescents aging out of their orphanages, a school feeding program for malnourished children, and sponsorship stipends to help keep children in school and families intact. Collectively, the Organization's programs positively impact the lives of over 40,000 children annually.

WIDE HORIZONS FOR CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment and Depreciation

The components of property and equipment are recorded at cost or estimated fair market value at contribution date and are depreciated using the straight-line method over the estimated useful lives of the assets as follows:

Building	39 years
Building improvements	39 years
Leasehold improvements	5 - 10 years
Computer equipment	3 – 5 years
Furniture and Fixtures	5 - 7 years
Land improvements	15 years
Motor Vehicles	5 years

Advertising

The Organization expenses advertising as incurred or the first time the advertising takes place. Advertising expense for the years ended June 30, 2015 and 2014 amounted to \$7,817 and \$26,597, respectively.

Functional Allocation of Expenses

Expenses have been charged directly to program, fundraising or general and administrative categories based on specific identification. Indirect costs have been allocated among the program and the supporting services in reasonable ratios determined by management.

Reclassifications

Certain reclassifications were made to prior year amounts in order to conform to the current year presentation.

Subsequent events

The Organization has evaluated subsequent events through the date of this report, the date on which the financial statements were available to be issued.

NOTE 3 – INCOME TAXES

The Organization is incorporated under the not-for-profit laws of the Commonwealth of Massachusetts. The Organization is held exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore no provision for income taxes is reflected in the financial statements. The Organization annually evaluates its tax positions, applying a “More Likely Than Not” standard, and believes that there would be no material changes to the results of its operations or financial position as a result of an audit by the applicable taxing authorities, federal or state. The Organization has filed all of its known and required returns in a timely manner including within approved extension dates.

NOTE 4 – ACCOUNTS RECEIVABLE AND PLEDGES RECEIVABLE

Substantially all accounts receivables are derived from providing adoption services. The Organization maintains an allowance for doubtful accounts based upon the expected collectability of all account receivable. At June 30, 2015 and 2014, the management of the Organization provided an allowance for doubtful accounts of \$6,080.

Pledges receivable of \$95,000 and \$46,575 represent unconditional promises expected to be collected within one year at June 30, 2015 and 2014, respectively. Management believes that all amounts included in pledges receivable are collectible and no discount rate to net present value was calculated.

WIDE HORIZONS FOR CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 5 – FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.
- Level 2 Inputs to the valuation methodology include
- Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Organization utilized the following methods and assumptions in estimating its fair value disclosure for investments. There have been no changes in the methodologies used at June 30, 2015 and 2014.

- Deposit Accounts: The carrying amounts of these cash deposits reported in the statement of financial position approximate fair values because of the short maturities of those instruments (Level 1).
- U.S. Treasury Bills: Valued using amortized cost, which approximates fair value (Level 2).
- Cash Reserves: Valued using amortized cost, which approximates fair value (Level 2)

The estimated fair values of the Organization's financial instruments as of June 30, 2015 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Cash Reserves	\$ -	\$1,088,500	\$ -	\$1,088,500
Deposit Accounts	36,368	-	-	36,368
U.S. Treasury Bills	-	700,008	-	700,008
Total Investments	<u>\$ 36,368</u>	<u>\$1,788,508</u>	<u>\$ -</u>	<u>\$1,824,876</u>

The estimated fair values of the Organization's financial instruments as of June 30, 2014 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Cash Reserves	\$ -	\$ 613,500	\$ -	\$ 613,500
Deposit Accounts	32,963	-	-	32,963
U.S. Treasury Bills	-	524,991	-	524,991
Total Investments	<u>\$ 32,963</u>	<u>\$1,138,491</u>	<u>\$ -</u>	<u>\$1,171,454</u>

WIDE HORIZONS FOR CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 5 – FAIR VALUE MEASUREMENTS (Continued)

Investment return for the years ended June 30, 2015 and 2014 were as follows:

	<u>2015</u>	<u>2014</u>
Unrealized net gains	\$ 36	\$ 44
Interest and Dividends	<u>974</u>	<u>1,208</u>
Total investment return	<u>\$ 1,010</u>	<u>\$ 1,252</u>

NOTE 6 – SALE OF THE BUILDING

The Organization sold its building in Waltham, MA that housed its operations, in August 2014 with a sale price of \$1,900,000 and paid commissions and expenses of approximately \$100,000. Net book value of the building and all improvements was \$551,639 at the time of the sale. The Organization paid off the loan of \$906,071 which included accrued interest of \$4,755.

NOTE 7 – COMMITMENTS

In December 2014, the Organization entered into a ten year non-cancellable operating lease agreement for its Massachusetts office space. The lease requires monthly payments of approximately \$10,500 with increases of 2% every year.

The Organization occupies space in Oyster Bay, New York under an operating lease that expires June 30, 2016. The minimum lease payments are approximately \$875 per month.

The Organization occupies space in Addis Ababa, Ethiopia under various leases. The primary office lease ended February 28, 2013, and was continued month to month through the end of the year. The minimum lease payment is \$12,738 per year. The Organization leases smaller office space in Adwa and Awassa, Ethiopia, from which it conducts sponsorship activities.

The Organization occupies space in West Hartford, Connecticut; Providence, Rhode Island; Burlington, Vermont; Concord, New Hampshire; and New York City as a tenant at will.

Rent expense for the years ending June 30, 2015 and 2014 were \$159,344 and \$118,054, respectively.

Future minimum lease payments are as follows:

Year Ending June 30,	
2016	\$ 158,484
2017	151,073
2018	141,430
2019	144,525
2020	147,620
Thereafter	720,043

WIDE HORIZONS FOR CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 8 – EMPLOYEE BENEFIT PLAN

The organization has a 403(b) defined contribution plan (“Plan”) available to all employees who meet certain criteria. Employees can contribute up to the maximum amount allowed by law. The Plan allows the employer to make a discretionary match. The Board did not elect to make a matching contribution for the years ended June 30, 2015 and 2014.

NOTE 9 – FINANCIAL ASSISTANCE

The Organization offers subsidies to support the adoption of waiting children who will typically have complicated medical or developmental needs. Awards are distributed when a family is matched with the child and may be forfeited should the clients stop the process before the adoption occurs. During the years ended June 30, 2015 and 2014 the Organization awarded \$162,000 and \$120,000 in financial assistance to benefit 32 and 22 children and families, respectively.

NOTE 10 – RISKS AND UNCERTAINTIES

In 2015 and 2014, 47% and 39% of the children placed for adoption were from programs in three foreign countries. Adoptions are subject to governmental policy and undergo frequent change, both in the U.S and the sending countries.

NOTE 11 – DONATED GOODS AND SERVICES

Contributed services are reflected in the accompanying statements at their estimated fair values at the date of receipt to the extent that they create or enhance nonfinancial assets or require specialized skills which, if not provided by donation, would have to be purchased by the organization. The estimated fair value of legal services that were contributed to the Organization was \$80,045 and \$48,035 during the years ended June 30, 2015 and 2014, respectively. In addition, the Organization received marketing and printing services with an estimated fair value of \$7,798 and \$34,696 contributed during the years ended June 30, 2015 and 2014, respectively.

NOTE 12 – CONCENTRATIONS

The Organization has, at times, cash balances at financial institutions which exceed federally insured limits.