

**AS OUR OWN, NFP
AND SUBSIDIARY**

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2017 AND 2016

AS OUR OWN, NFP AND SUBSIDIARY

YEARS ENDED SEPTEMBER 30, 2017 AND 2016

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Independent Auditors' Report

Board of Directors
As Our Own, NFP

We have audited the accompanying consolidated financial statements of As Our Own, NFP and Aspire International, LLC, collectively referred to as the Organization, which comprise the consolidated statements of financial position as September 30, 2017 and 2016, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Ostrow Reisin Berk & Abrams, Ltd.

February 5, 2018

AS OUR OWN, NFP AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

September 30, 2017	Unrestricted	Temporarily restricted	Total
ASSETS			
Cash	\$ 648,323		\$ 648,323
Promises receivable		\$ 50,000	50,000
Prepaid expenses	15,883		15,883
Other assets	3,506		3,506
Property and equipment, net	40,411		40,411
Total assets	\$ 708,123	\$ 50,000	\$ 758,123
LIABILITIES AND NET ASSETS			
Liabilities:			
Accounts payable and accrued expenses	\$ 22,761		\$ 22,761
Net assets	685,362	\$ 50,000	735,362
Total liabilities and net assets	\$ 708,123	\$ 50,000	\$ 758,123

See notes to consolidated financial statements.

AS OUR OWN, NFP AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

September 30, 2016	Unrestricted	Temporarily restricted	Total
ASSETS			
Cash	\$ 553,680	\$ 55,540	\$ 609,220
Promises receivable		125,000	125,000
Prepaid expenses	14,516		14,516
Other assets	4,640		4,640
Property and equipment, net	53,855		53,855
Total assets	\$ 626,691	\$ 180,540	\$ 807,231
LIABILITIES AND NET ASSETS			
Liabilities:			
Accounts payable and accrued expenses	\$ 33,881		\$ 33,881
Net assets	592,810	\$ 180,540	773,350
Total liabilities and net assets	\$ 626,691	\$ 180,540	\$ 807,231

See notes to consolidated financial statements.

AS OUR OWN, NFP AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF ACTIVITIES

Year ended September 30, 2017	Unrestricted	Temporarily restricted	Total
Revenues and support:			
Care		\$ 16,820	\$ 16,820
Training		50	50
Replication		50	50
Capital Campaign		168,515	168,515
Contributions	\$ 1,863,408	40,700	1,904,108
Interest income	577		577
Net assets released from restrictions	356,675	(356,675)	
Total revenues and support	2,220,660	(130,540)	2,090,120
Expenses:			
Program services	1,620,238		1,620,238
Management and general	228,038		228,038
Fundraising and development	279,832		279,832
Total expenses	2,128,108		2,128,108
Change in net assets	92,552	(130,540)	(37,988)
Net assets:			
Balance, beginning of year	592,810	180,540	773,350
Balance, end of year	\$ 685,362	\$ 50,000	\$ 735,362

See notes to consolidated financial statements.

AS OUR OWN, NFP AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF ACTIVITIES (CONTINUED)

Year ended September 30, 2016	Unrestricted	Temporarily restricted	Total
Revenues and support:			
Care		\$ 30,870	\$ 30,870
Training		200	200
Replication		200	200
Capital Campaign		325,000	325,000
Contributions	\$ 1,436,794	7,420	1,444,214
Interest income	609		609
Net assets released from restrictions	1,111,500	(1,111,500)	
Total revenues and support	2,548,903	(747,810)	1,801,093
Expenses:			
Program services	1,840,209		1,840,209
Management and general	268,579		268,579
Fundraising and development	341,632		341,632
Total expenses	2,450,420		2,450,420
Change in net assets	98,483	(747,810)	(649,327)
Net assets:			
Balance, beginning of year	494,327	928,350	1,422,677
Balance, end of year	\$ 592,810	\$ 180,540	\$ 773,350

See notes to consolidated financial statements.

AS OUR OWN, NFP AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

Year ended September 30, 2017	Program Services				Management and general	Fundraising and development	Total
	Care	Training	Replication	Program Total			
Advertising						\$ 6,762	\$ 6,762
Bank and merchant service charges					\$ 16,336		16,336
Compensation and payroll taxes	\$ 156,969	\$ 54,711	\$ 48,630	\$ 260,310	116,412	179,565	556,287
Depreciation and amortization	4,170	1,015	1,382	6,567	4,016	4,939	15,522
Dues and subscriptions					1,907		1,907
Employee benefits	14,805	6,848	7,122	28,775	17,369	15,346	61,490
Insurance					6,646		6,646
Meetings and seminars	427			427	6,567	2,425	9,419
Miscellaneous expense	13,261	1,284	1,148	15,693	265	2,689	18,647
Office	4,175	1,085	1,168	6,428	4,555	4,050	15,033
Professional fees	20,613	6,838	7,050	34,501	32,342	16,250	83,093
Program grants	756,197	188,715	214,387	1,159,299			1,159,299
Rent	13,470	3,415	3,817	20,702	14,586	12,445	47,733
Shipping and postage	15			15	272	4,782	5,069
Staff development					571		571
Stationary and printing	129			129	71	11,595	11,795
Telephone	2,697	927	764	4,388	2,920	2,492	9,800
Travel:							
Domestic	1,010	1,744	1,277	4,031	815	12,131	16,977
International	42,358	20,124	16,491	78,973	1,231	4,361	84,565
Website fees					1,157		1,157
Total functional expenses	\$ 1,030,296	\$ 286,706	\$ 303,236	\$ 1,620,238	\$ 228,038	\$ 279,832	\$ 2,128,108

See notes to consolidated financial statements.

AS OUR OWN, NFP AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)

Year ended September 30, 2016	Program Services				Management and general	Fundraising and development	Total
	Care	Training	Replication	Program Total			
Advertising		\$ 1,000		\$ 1,000		\$ 7,717	\$ 8,717
Bank and merchant service charges					\$ 16,461		16,461
Compensation and payroll taxes	\$ 120,985	58,573	\$ 58,903	238,461	129,370	214,481	582,312
Depreciation and amortization	4,838	2,411	2,673	9,922	9,401	14,999	34,322
Dues and subscriptions					1,509	564	2,073
Employee benefits	13,100	6,967	6,607	26,674	17,982	12,237	56,893
Insurance					6,054		6,054
Meetings and seminars	160	171	7	338	310	2,725	3,373
Miscellaneous expense	642	25		667	796	2,142	3,605
Office	4,666	3,946	1,338	9,950	5,014	3,595	18,559
Professional fees	10,731	6,643	5,980	23,354	61,349	34,026	118,729
Program grants	995,857	197,235	276,474	1,469,566			1,469,566
Rent	13,184	3,769	3,832	20,785	15,647	9,815	46,247
Shipping and postage					58	4,214	4,272
Staff development					1,276	611	1,887
Stationary and printing						13,749	13,749
Telephone	2,338	977	680	3,995	2,775	1,741	8,511
Travel:							
Domestic	6	1,862		1,868	577	18,191	20,636
International	24,683	7,897	1,049	33,629			33,629
Website fees						825	825
Total functional expenses	\$ 1,191,190	\$ 291,476	\$ 357,543	\$ 1,840,209	\$ 268,579	\$ 341,632	\$ 2,450,420

See notes to consolidated financial statements.

AS OUR OWN, NFP AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended September 30,	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ (37,988)	\$ (649,327)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	15,522	34,322
(Increase) decrease in operating assets:		
Promises receivable	75,000	25,000
Prepaid expenses	(1,367)	1,247
Other assets	1,134	(1,134)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(11,120)	4,319
Net cash provided by (used in) operating activities	41,181	(585,573)
Cash flows from investing activity:		
Acquisition of property and equipment	(2,078)	
Net cash used in investing activity	(2,078)	
Net increase (decrease) in cash	39,103	(585,573)
Cash, beginning of year	609,220	1,194,793
Cash, end of year	\$ 648,323	\$ 609,220

See notes to consolidated financial statements.

AS OUR OWN, NFP AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of activities

Nature of organization:

As Our Own, NFP is an Illinois not-for-profit corporation, incorporated in April 2006 and is organized exclusively for religious, charitable and educational purposes. Aspire International, LLC is an Indiana limited liability company, formed in May 2013 as a wholly-owned subsidiary of As Our Own, NFP and organized for the sole purpose of directing grants from As Our Own, NFP to qualified charitable organizations in India. Collectively, these companies are referred to as the Organization in these consolidated financial statements. Currently, the Organization operates primarily from Houston, Texas.

Program activities:

The Organization's program goals are mainly achieved by making grants to qualified charitable organizations in India with similar charitable missions. The Organization's programs are supported primarily through public donations.

The program activities of the Organization include the following:

- *Care* – provide vulnerable children a lifelong family, an identity as our daughter and as daughters of a loving Father and to provide a high quality education through college to empower them to fulfill their God-given purpose.
- *Training* – equip and disciple India's next generation of leaders and caregivers through the Hope College Child Development Institute, which offers a Master's degree in child development.
- *Replication* – empower, mentor and equip other organizations to elevate the quality of care in their group homes and replicate the As Our Own model.

AS OUR OWN, NFP AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies

Principles of consolidation:

These consolidated financial statements include the accounts of As Our Own, NFP and its wholly-owned subsidiary, Aspire International, LLC. Material intercompany balances and transactions have been eliminated.

Basis of presentation:

The Organization reports information regarding its consolidated financial position and consolidated activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. These classes of net assets are based on the existence or absence of externally (donor) imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified as follows:

Unrestricted - Unrestricted net assets are not subject to donor imposed stipulations. They include all activities of the Organization except for amounts that are temporarily or permanently restricted. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates and the purposes specified in its articles of incorporation.

Temporarily Restricted - Temporarily restricted net assets are subject to donor imposed stipulations that can be removed through the passage of time (time restrictions) or actions of the Organization (purpose restrictions).

Permanently Restricted - Permanently restricted net assets are subject to the restrictions imposed by donors who require that the principal in these classes of net assets be invested in perpetuity and only the investment income be expended. The Organization had no permanently restricted net assets as of September 30, 2017 and 2016.

Contributions and promises to give:

Contributions are recognized when a donor makes a promise to give to the Organization that is, in substance, unconditional. Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. Temporarily restricted support is reclassified to unrestricted net assets upon satisfaction of the restriction.

AS OUR OWN, NFP AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

Contributions and promises to give: (continued)

The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. As of September 30, 2017 and 2016, the Organization has determined that all promises receivable were fully collectible.

Donated goods and services:

The Organization receives a significant amount of donated services from unpaid volunteers who assist in fundraising, clerical and special projects. These donated services are not reflected in the consolidated financial statements since the services do not meet the criteria for recognition.

Contributions of 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 fair values in the period received.

Contributions of donated non-cash assets are recorded at their fair values in the period received. The Organization reports these gifts as unrestricted support, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

Property and equipment and related depreciation and amortization:

Purchased property and equipment is recorded at historical cost. Donated property and equipment is recorded at its fair value as of the date of the donation. The Organization capitalizes property and equipment additions over \$500 having a useful life of more than one year. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Amortization of leasehold improvements is provided over the lesser of the estimated life of the asset or the remaining lease term using the straight-line method. Maintenance and repairs, which neither materially add to the value of the property nor appreciably prolong its life, are expensed as incurred.

AS OUR OWN, NFP AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

Allocated expenses:

Expenses are charged to the functional category that they are directly identified with. In the case that these expenses are identified with more than one functional area, they are allocated on the basis of ratios estimated by management.

Advertising costs:

Advertising is primarily used by the Organization to promote its activities and programs among donors and prospective donors. Advertising costs are expensed as incurred. The Organization's advertising costs totaled \$6,762 and \$8,717 for the years ended September 30, 2017 and 2016, respectively.

Income taxes:

As Our Own, NFP is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. Aspire International, LLC is considered a disregarded entity for income tax purposes and does not file its own income tax returns.

The Organization has adopted the requirements for accounting for uncertain tax positions and management has determined that the Organization was not required to record a liability related to uncertain tax positions as of September 30, 2017 and 2016.

Use of estimates:

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

3. Capital campaign

The Organization is in the middle of a multi-year Capital Campaign that is aimed to redefine orphan care in India by creating a model facility with best practices in education, care, staffing and leadership. This facility will be owned and managed by a strategic partner in India. For the years ended September 30, 2017 and 2016, the Organization has raised \$168,515 and \$325,000, respectively, towards the Capital Campaign.

AS OUR OWN, NFP AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Promises to give

Unconditional promises to give are included in the consolidated financial statements as receivables and revenues of the appropriate net asset category. As of September 30, 2017 and 2016, all promises receivable were restricted for the Capital Campaign.

Promises receivable consist of the following:

<u>September 30,</u>	<u>2017</u>	<u>2016</u>
Due within one year	\$ 50,000	\$ 75,000
Due between two and five years		50,000
Net promises to give	\$ 50,000	\$ 125,000

5. Property and equipment

Property and equipment consist of the following:

<u>September 30,</u>	<u>2017</u>	<u>2016</u>
Computer and equipment	\$ 28,192	\$ 26,114
Furniture and fixtures	65,420	65,420
Leasehold improvements	43,500	43,500
Website development	29,914	29,914
	167,026	164,948
Less accumulated depreciation and amortization	126,615	111,093
Property and equipment, net	\$ 40,411	\$ 53,855

AS OUR OWN, NFP AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Temporarily restricted net assets

Temporarily restricted net assets of the Organization were available for the following purposes:

<u>September 30,</u>	<u>2017</u>	<u>2016</u>
Purpose restricted fund:		
Capital Campaign	\$ 50,000	\$ 180,540

Temporarily restricted net assets released from restrictions were as follows:

<u>Years ended September 30,</u>	<u>2017</u>	<u>2016</u>
Purpose restricted funds:		
Care	\$ 16,820	\$ 30,870
Training	50	200
Replication	50	200
Salary support	13,850	5,920
India donor experience	26,850	1,500
Capital Campaign	299,055	1,072,810
Total net assets released from restrictions	\$ 356,675	\$ 1,111,500

7. Lease commitments

In July 2013, the Organization entered into a three-year lease agreement for office space in Houston, Texas. In August 2016, the Organization extended this lease for a period of two years through August 31, 2018. The remaining future minimum lease payment under this lease is \$42,496.

In addition to base rent, the Organization pays their share of operating expenses and taxes as defined by the lease agreement. Rent expense was \$47,733 and \$46,247 for the years ended September 30, 2017 and 2016, respectively.

AS OUR OWN, NFP AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Concentrations of risk

One donor accounted for 24% of total support for the year ended September 30, 2017 and two donors accounted for 26% of total support for the year ended September 30, 2016. One donor accounted for 100% and 80% of total promises receivable as of September 30, 2017 and 2016, respectively.

The Organization maintains its deposit accounts at a single financial institution. Uninsured balances were approximately \$387,000 and \$350,000 at September 30, 2017 and 2016, respectively. The Organization has not experienced any losses in such accounts. Management believes that the Organization was not exposed to any significant credit risks on these deposits as of September 30, 2017 and 2016.

9. Retirement plan

The Organization has established and sponsors a 401(k) retirement plan for its employees. The plan covers all employees who have attained a stated period of service. Participants can contribute a percentage of their compensation to the plan and receive a 100% matching employer contribution on the first 3% of their contributions and an additional 50% matching employer contribution on contributions ranging from 3% to 5%. Participants are also eligible for discretionary employer matching and profit-sharing contributions. The Organization made \$23,578 and \$21,047 in matching contributions for the years ended September 30, 2017 and 2016, respectively. No discretionary employer matching or profit-sharing contributions were declared as of September 30, 2017 and 2016.

10. Subsequent events

Management of the Organization has reviewed and evaluated subsequent events from September 30, 2017, the consolidated financial statement date, through February 5, 2018, the date the consolidated financial statements were available to be issued.