

INFINITE FAMILY AND INFINITE FAMILY NPC
CONSOLIDATING FINANCIAL STATEMENTS
December 31, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Infinite Family
New York, New York

We have audited the accompanying consolidating financial statements of Infinite Family and Infinite Family NPC, which comprise the consolidating statement of financial position as of December 31, 2014, and the related consolidating statements of activities 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 consolidating 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 consolidating 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 consolidating financial statements based on our audit. We did not audit the financial statements of Infinite Family NPC, a wholly-owned subsidiary, which statements reflect total assets of \$109,002 at December 31, 2014, and total revenues of \$267,088 for the year then ended. Those statements, which were prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, were audited by other auditors, whose report has been furnished to us. We have applied audit procedures on the conversion adjustments to the financial statements of Infinite Family NPC, which conform those financial statements to accounting principles generally accepted in the United States of America. Our opinion, insofar as it relates to the amounts included for Infinite Family NPC, prior to these conversion adjustments, is based solely on the report of the other auditors. 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 consolidating financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidating financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidating 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 consolidating 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 consolidating financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the consolidating financial statements referred to above present fairly, in all material respects, the individual and consolidated financial positions of Infinite Family and Infinite Family NPC as of December 31, 2014, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Wegner CPAs LLP

Wegner CPAs, LLP
New York, New York
November 10, 2015

INFINITE FAMILY AND INFINITE FAMILY NPC
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2014

	<u>Infinite Family</u>	<u>Infinite Family NPC</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS				
CURRENT ASSETS				
Cash	\$ 47,559	\$ 38,315	\$ -	\$ 85,874
Promises to give	15,000	17,218	-	32,218
Prepaid expenses	4,417	941	-	5,358
	<u>66,976</u>	<u>56,474</u>	<u>-</u>	<u>123,450</u>
EQUIPMENT AND SOFTWARE				
Equipment and software	61,871	59,458	-	121,329
Accumulated depreciation	(61,300)	(6,930)	-	(68,230)
	<u>571</u>	<u>52,528</u>	<u>-</u>	<u>53,099</u>
Total assets	<u>\$ 67,547</u>	<u>\$ 109,002</u>	<u>\$ -</u>	<u>\$ 176,549</u>
LIABILITIES AND NET ASSETS (DEFICIT)				
CURRENT LIABILITIES				
Accounts payable	\$ 18,777	\$ -	\$ -	\$ 18,777
Note payable	75,851	-	-	75,851
	<u>94,628</u>	<u>-</u>	<u>-</u>	<u>94,628</u>
NET ASSETS (DEFICIT)				
Unrestricted net assets (deficit)	(50,127)	4,495	-	(45,632)
Temporarily restricted net assets	23,046	104,507	-	127,553
	<u>(27,081)</u>	<u>109,002</u>	<u>-</u>	<u>81,921</u>
Total liabilities and net assets (deficit)	<u>\$ 67,547</u>	<u>\$ 109,002</u>	<u>\$ -</u>	<u>\$ 176,549</u>

See accompanying notes.

INFINITE FAMILY AND INFINITE FAMILY NPC
CONSOLIDATING STATEMENT OF ACTIVITIES
Year Ended December 31, 2014

	Infinite Family	Infinite Family NPC	Eliminations	Total
UNRESTRICTED NET ASSETS				
SUPPORT AND REVENUE				
Contributions	\$ 184,711	\$ 138,989	\$ (50,651)	\$ 273,049
In-kind contributions	96,679	-	-	96,679
Other	2	2,260	-	2,262
Total unrestricted support and revenue	281,392	141,249	(50,651)	371,990
EXPENSES AND LOSSES				
Program service				
Program support services	206,043	161,343	(51,510)	315,876
Supporting activities				
Management and general	52,977	794	-	53,771
Fundraising	95,130	332	-	95,462
Total supporting activities	148,107	1,126	-	149,233
Total expenses	354,150	162,469	(51,510)	465,109
Foreign currency translation loss	-	9,944	859	10,803
Total expenses and losses	354,150	172,413	(50,651)	475,912
Net assets released from restrictions	50,778	-	-	50,778
Change in unrestricted net assets	(21,980)	(31,164)	-	(53,144)
TEMPORARILY RESTRICTED NET ASSETS				
Contributions	23,046	65,839	-	88,885
Net assets released from restrictions	(50,778)	-	-	(50,778)
Change in temporarily restricted net assets	(27,732)	65,839	-	38,107
Change in net assets	(49,712)	34,675	-	(15,037)
Net assets - beginning of year	22,631	74,327	-	96,958
Net assets (deficit) - end of year	\$ (27,081)	\$ 109,002	\$ -	\$ 81,921

See accompanying notes.

INFINITE FAMILY AND INFINITE FAMILY NPC
CONSOLIDATING STATEMENT OF CASH FLOWS
Year Ended December 31, 2014

	<u>Infinite Family</u>	<u>Infinite Family NPC</u>	<u>Eliminations</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in net assets	\$ (49,712)	\$ 34,675	\$ -	\$ (15,037)
Adjustments to reconcile change in net assets to net cash flows from operating activities				
Depreciation	(129)	5,303	-	5,174
Effect of exchange rate changes on fixed assets	-	2,594	-	2,594
(Increase) decrease in assets				
Accounts receivable	6,250	-	-	6,250
Promises to give	(15,000)	(18,444)	-	(33,444)
Prepaid expenses	(3,763)	-	-	(3,763)
Increase (decrease) in liabilities				
Accounts payable	13,773	(369)	-	13,404
Net cash flows from operating activities	(48,581)	23,759	-	(24,822)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of equipment	-	(39,657)	-	(39,657)
CASH FLOWS FROM FINANCING ACTIVITIES				
Accrued interest on note payable	851	-	-	851
Change in cash	(47,730)	(15,898)	-	(63,628)
Cash - beginning of year	95,289	54,213	-	149,502
Cash - end of year	<u>\$ 47,559</u>	<u>\$ 38,315</u>	<u>\$ -</u>	<u>\$ 85,874</u>
SUPPLEMENTAL DISCLOSURES				
Cash paid for interest	\$ 3,101	\$ -	\$ -	\$ 3,101

See accompanying notes.

INFINITE FAMILY AND INFINITE FAMILY NPC
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
December 31, 2014

Infinite Family was incorporated as a not-for-profit corporation in New York on December 29, 1998. Infinite Family's charitable mission is to work with local organizations in Africa to connect adult mentors worldwide with orphans and vulnerable children using video conferencing, e-mail, a secure internet site, and interactive tools and resources, to help the children learn to make good decisions, stay healthy, and develop academic and life skills. The adult volunteers essentially act as part-time mentors to African children who do not have adult guidance in their lives primarily as a result of the ravages of HIV/AIDS and poverty. Technology based communication tools provide the platform for this interaction. Infinite Family NPC, located in Johannesburg, South Africa, is a non-profit organization that partners with Infinite Family to help further its mission.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidating financial statements include the accounts of Infinite Family and Infinite Family NPC, a wholly-owned subsidiary that was formed in November 2010. All material intra-entity transactions have been eliminated.

Basis of Presentation

Infinite Family and Infinite Family NPC report information regarding their financial position and activities according to three classes of net assets:

Unrestricted net assets—Net assets that are not restricted by donors. Designations are voluntary board-approved segregations of unrestricted net assets for specific purposes, projects, or investments.

Temporarily restricted net assets—Net assets whose use has been limited by donor-imposed time restrictions or purpose restrictions. Temporarily restricted net assets at December 31, 2014 are available for subsequent period activities.

Permanently restricted net assets—Net assets that have been restricted by donors to be maintained by Infinite Family and Infinite Family NPC in perpetuity.

Promises to Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Estimates

The preparation of consolidating financial statements in conformity with generally accepted accounting principles 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 the consolidating financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

INFINITE FAMILY AND INFINITE FAMILY NPC
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
December 31, 2014

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restriction expires (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 restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Equipment and Software

Acquisitions of equipment and software are recorded at cost. Depreciation is computed using the straight-line method.

Donated Services

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.

Income Tax Status

Infinite Family is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, Infinite Family qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). Infinite Family NPC was formed as a charity under the laws of South Africa. Accordingly, it is subject to separate filing and reporting requirements in its country of formation.

Date of Management's Review

Management has evaluated subsequent events through November 10, 2015, the date which the consolidating financial statements were available to be issued.

Foreign Currency Conversion and Translation

Infinite Family's functional currency is the U.S. dollar; however, it transacts business in South African Rand for the South African operations. Assets and liabilities denominated in South African Rand are translated into U.S. dollars at the rates in effect at the date of the consolidating statement of financial position. Revenue and expense items denominated in South African Rand are translated into U.S. dollars at the rates in effect during the period. Gains and losses resulting from the translation to U.S. dollars are reported in the consolidating statement of activities.

Infinite Family NPC's operations are concentrated outside the United States. It is reasonably possible operations could be interrupted in the near term.

INFINITE FAMILY AND INFINITE FAMILY NPC
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
December 31, 2014

NOTE 2—DONATED SERVICES

During 2014, Infinite Family recorded donated services of \$81,679. Donated services for 2014 consisted of the salary of the chief executive officer valued at \$81,679. Donated services are included in the consolidating statement of activities and the expenses are allocated \$42,227 to program, \$19,726 to management and general, and \$19,726 to fundraising.

NOTE 3—CONCENTRATIONS

Infinite Family receives approximately 60% of total contributions from four donors.

Infinite Family NPC maintains cash balances in a financial institution located in South Africa. Accounts at this institution are not insured. At December 31, 2014, Infinite Family NPC's uninsured cash balances totaled \$38,315.

NOTE 4—RELATED PARTY TRANSACTIONS

Infinite Family entered into a loan agreement with the chief executive officer for an amount up to \$75,000, bearing interest on the outstanding principal at 3% per annum, payable semiannually beginning in February 2012. Full payment is due 180 days following demand by lender. Interest expense related to this note was \$3,101 in 2014. As of December 31, 2014, Infinite Family had \$75,851 outstanding under this agreement including \$851 of accrued interest.

NOTE 5—LEASE AGREEMENT

Infinite Family leased space under a noncancelable operating lease requiring monthly payments of \$1,468. The lease expires October 31, 2016. Rent expense was \$17,702 for 2014. Future minimum lease payments are \$17,616 and \$14,680 for 2015 and 2016.