

INFINITE FAMILY AND INFINITE FAMILY NPC

**FINANCIAL STATEMENTS WITH
SUPPLEMENTARY INFORMATION**

December 31, 2015 (Consolidating) and
December 31, 2014 (Consolidated)

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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, 2015, and the related consolidating statements of activities and cash flows for the year then ended, and the related notes to the financial statements. We have also audited the accompanying consolidated financial statements of Infinite Family and Infinite Family NPC, which comprise the consolidated statement of financial position as of December 31, 2014, and the related consolidated 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 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 audits. We did not audit the financial statements of Infinite Family NPC, a wholly-owned subsidiary, which statements reflect total assets of \$61,403 and \$109,002 as of December 31, 2015 and 2014, respectively, and total revenues of \$241,417 and \$267,088, respectively, for the years 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 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 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.

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Opinion

In our opinion, based on our audits and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Infinite Family and Infinite Family NPC as of December 31, 2015 and 2014, and the changes in their consolidated net assets and their consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Also, in our opinion, the 2015 consolidating financial statements referred to in the first paragraph present fairly, in all material respects, the individual financial positions of Infinite Family and Infinite Family NPC other than Infinite Family NPC (as to which we express no opinion because those statements were audited by other auditors as indicated in the first paragraph of the Auditor's Responsibility section), as of December 31, 2015, and the changes in their individual net assets and their individual cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The management's discussion and analysis and related schedules on pages 11-12, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Wegner CPAs LLP

Wegner CPAs, LLP
New York, New York
December 7, 2016

INFINITE FAMILY AND INFINITE FAMILY NPC
STATEMENTS OF FINANCIAL POSITION
December 31, 2015 (Consolidating) and December 31, 2014 (Consolidated)

	2015			2014	
	Infinite Family	Infinite Family NPC	Eliminations	Consolidated Totals	Consolidated Totals
ASSETS					
CURRENT ASSETS					
Cash	\$ 22,817	\$ 25,907	\$ -	\$ 48,724	\$ 85,874
Unconditional promises to give	7,525	-	-	7,525	32,218
Prepaid expenses	128	704	-	832	5,358
Total current assets	30,470	26,611	-	57,081	123,450
EQUIPMENT AND SOFTWARE					
Equipment and software	61,871	44,409	-	106,280	121,329
Accumulated depreciation	(61,695)	(9,617)	-	(71,312)	(68,230)
Equipment and software - net	176	34,792	-	34,968	53,099
Total assets	\$ 30,646	\$ 61,403	\$ -	\$ 92,049	\$ 176,549
LIABILITIES AND NET ASSETS (DEFICIT)					
CURRENT LIABILITIES					
Accounts payable	\$ 10,448	\$ 4,544	\$ -	\$ 14,992	\$ 18,777
Note payable	75,851	-	-	75,851	75,851
Total liabilities	86,299	4,544	-	90,843	94,628
NET ASSETS (DEFICIT)					
Unrestricted net assets (deficit)	(55,653)	5,419	-	(50,234)	(45,632)
Temporarily restricted net assets	-	51,440	-	51,440	127,553
Total net assets (deficit)	(55,653)	56,859	-	1,206	81,921
Total liabilities and net assets (deficit)	\$ 30,646	\$ 61,403	\$ -	\$ 92,049	\$ 176,549

See accompanying notes.

INFINITE FAMILY AND INFINITE FAMILY NPC
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2015 (Consolidating) and December 31, 2014 (Consolidated)

	2015			2014	
	Infinite Family	Infinite Family NPC	Eliminations	Consolidated Totals	Consolidated Totals
UNRESTRICTED NET ASSETS					
SUPPORT AND REVENUE					
Contributions	\$ 157,434	\$ 146,245	\$ (51,235)	\$ 252,444	\$ 273,049
In-kind contributions	99,215	94,077	-	193,292	96,679
Other	573	1,095	-	1,668	2,262
Total unrestricted support and revenue	257,222	241,417	(51,235)	447,404	371,990
EXPENSES AND LOSSES					
Program services					
Mentorships	181,952	268,583	(53,729)	396,806	315,876
Supporting activities					
Management and general	48,495	1,034	-	49,529	53,771
Fundraising	55,347	1,891	-	57,238	95,462
Total supporting activities	103,842	2,925	-	106,767	149,233
Total expenses	285,794	271,508	(53,729)	503,573	465,109
Foreign currency translation loss	-	22,052	2,494	24,546	10,803
Total expenses and losses	285,794	293,560	(51,235)	528,119	475,912
Net assets released from restrictions	23,046	32,618	-	55,664	50,778
Change in unrestricted net assets	(5,526)	(19,525)	-	(25,051)	(53,144)
TEMPORARILY RESTRICTED NET ASSETS					
Contributions	-	-	-	-	88,885
Net assets released from restrictions	(23,046)	(32,618)	-	(55,664)	(50,778)
Change in temporarily restricted net assets	(23,046)	(32,618)	-	(55,664)	38,107
Change in net assets	(28,572)	(52,143)	-	(80,715)	(15,037)
Net assets (deficit) - beginning of year	(27,081)	109,002	-	81,921	96,958
Net assets (deficit) - end of year	<u>\$ (55,653)</u>	<u>\$ 56,859</u>	<u>\$ -</u>	<u>\$ 1,206</u>	<u>\$ 81,921</u>

See accompanying notes.

INFINITE FAMILY AND INFINITE FAMILY NPC
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2015 (Consolidating) and December 31, 2014 (Consolidated)

	2015			2014	
	Infinite Family	Infinite Family NPC	Eliminations	Consolidated Totals	Consolidated Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Change in net assets	\$ (28,572)	\$ (52,143)	\$ -	\$ (80,715)	\$ (15,037)
Adjustments to reconcile change in net assets to net cash flows from operating activities					
Depreciation	395	-	-	395	5,174
Effect of exchange rate changes on fixed assets	-	18,407	-	18,407	2,594
(Increase) decrease in assets					
Accounts receivable	-	-	-	-	6,250
Unconditional promises to give	7,475	15,760	-	23,235	(33,444)
Prepaid expenses	4,289	-	-	4,289	(3,763)
Increase (decrease) in liabilities					
Accounts payable	(8,329)	5,568	-	(2,761)	13,404
Net cash flows from operating activities	(24,742)	(12,408)	-	(37,150)	(24,822)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of equipment	-	-	-	-	(39,657)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from note payable	20,000	-	-	20,000	-
Payments on note payable	(20,851)	-	-	(20,851)	-
Accrued interest on note payable	851	-	-	851	851
Net cash flows from financing activities	-	-	-	-	851
Change in cash	(24,742)	(12,408)	-	(37,150)	(63,628)
Cash - beginning of year	47,559	38,315	-	85,874	149,502
Cash - end of year	<u>\$ 22,817</u>	<u>\$ 25,907</u>	<u>\$ -</u>	<u>\$ 48,724</u>	<u>\$ 85,874</u>
SUPPLEMENTAL DISCLOSURES					
Cash paid for interest	\$ 2,256	\$ -	\$ -	\$ 2,256	\$ 3,101

See accompanying notes.

INFINITE FAMILY AND INFINITE FAMILY NPC
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 (Consolidating) and December 31, 2014 (Consolidated)

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 volunteer adult mentors worldwide with African teens affected by HIV/AIDS and poverty using video conferencing, e-mail, a secure Internet site, and interactive tools and resources, to inspire the teens to make good decisions, stay healthy, and develop academic and life skills. The adult volunteers are role models that help teach resilience, resourcefulness and responsibility, and provide adult guidance to help South African teens become self-reliant young adults. 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 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, 2015 and 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 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 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 FINANCIAL STATEMENTS
December 31, 2015 (Consolidating) and December 31, 2014 (Consolidated)

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 statement 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 and is registered as an NPO (non-profit organization) and a PBO (public benefit organization). 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 December 7, 2016, the date which the 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 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 statement of activities.

INFINITE FAMILY AND INFINITE FAMILY NPC
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 (Consolidating) and December 31, 2014 (Consolidated)

NOTE 2—DONATED SERVICES

During 2015 and 2014, Infinite Family recorded donated services of \$81,215 and \$81,679. Donated services consist of a portion of the salary of the chief executive officer that is the difference between what is paid and what is market rate for this position. The chief executive officer was compensated \$29,142 and \$27,791 in 2015 and 2014, respectively. Donated services are included in the statements of activities and the expenses are allocated \$51,978 to program support services, \$7,309 to management and general, and \$21,928 to fundraising for 2015 and \$42,227 to program support services, \$19,726 to management and general, and \$19,726 to fundraising for 2014.

During 2015, Infinite Family NPC recorded donated services of \$94,077. Donated services consisted of internet connectivity support. Donated services are included in the statements of activities and the expenses are for program support services.

NOTE 3—CONCENTRATIONS

In 2015 and 2014, Infinite Family received approximately 65% and 60% of total contributions from three and four donors, respectively.

Infinite Family NPC maintains cash balances in a financial institution located in South Africa. Accounts at this institution are not insured. At December 31, 2015 and 2014, Infinite Family NPC's uninsured cash balances totaled \$25,907 and \$38,315.

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

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. Full payment is due 180 days following demand by lender. Interest expense related to this note was \$2,256 and \$3,101 in 2015 and 2014. As of December 31, 2015 and 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 2015 and 2014. Future minimum lease payments are \$14,680 for 2016.

INFINITE FAMILY AND INFINITE FAMILY NPC
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015

INSTITUTIONAL AND FINANCIAL STRUCTURE

Infinite Family is comprised of Infinite Family, a US-based 501(c)(3) non-profit company, and Infinite Family NPC, a South African non-profit corporation that is registered as a Non-Profit Organization (NPO) and a Public Benefit Organization (PBO). South African auditors at Douglas & Velcich perform Infinite Family NPC's financial audits. Infinite Family's US audit and consolidated financials are prepared by Wegner CPAs.

Infinite Family receives funding in dollars, rand, pounds and euros from American, South African, British and European sponsors and is exposed to foreign exchange fluctuations. During 2015, the Rand depreciated from R11.6 to R15.5 to the dollar, a fluctuation of approximately 34%, which both increased the cost of transferring funds from South Africa to the United States and also created a negative non-cash effect on our financial results.

Program, development and governance activities are conducted by staff in the United States and South Africa with grants received in one currency often covering activities in both. In 2015, expenses in United States comprised seventy percent (70%) of total expenses while foreign contributions, predominantly in the form of South African Rand, represented forty-two (42%). As a result of the Rand's volatility, the value of funds transferred from South Africa to the United States was lower than projected. Funds are transferred from South Africa to the United States in compliance with and approved by the South African Reserve Bank.

Infinite Family's financial statements are prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities in South Africa and generally accepted accounting principles (GAAP) in the United States. However, management uses non-GAAP financial reports, including, but not limited to, Constant Currency Schedules of Activities and Financial Position to reduce the effects of currency volatility and to evaluate annual financial activities in a consistently comparable manner despite the currency volatility that may be experienced through the year.

FINANCIAL HIGHLIGHTS

The average foreign exchange rates between the dollar and South African Rand were \$0.0779 and \$0.0922 per R1.00, respectively, for the years ended December 31, 2015 and December 31, 2014.

- On a GAAP basis, Infinite Family's support and revenue declined by \$18,663 during 2015. Using Constant Currency calculations, 2015 support and revenues increased by \$6,391.
- South African sources represented 56% of support and revenue per GAAP standards and 59% of support and revenue per Constant Currency reporting.
- Unrestricted net assets declined by \$25,051 per GAAP reporting, whereas the effect on unrestricted net assets was negligible (declining \$235) as reported using Constant Currency calculations.
- Total assets declined by 48% per GAAP reporting and 36% according to Constant Currency calculations.
- Program expenses represented 79% of 2015 expenses according to GAAP procedures and 80% of expenses recorded per Constant Currency evaluations.

**INFINITE FAMILY AND INFINITE FAMILY NPC
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015**

SUBSEQUENT EVENTS

In 2014, Infinite Family received a \$40,000 grant from TripAdvisor Charitable Foundation. As a result of the successful completion of that grant, we were invited to submit an application for a second round of funding that was expected to be released before December 31, 2015. This grant, totaling \$50,000 was released in 2016.

CONTACTING INFINITE FAMILY'S FINANCIAL MANAGEMENT

If you have questions about or wish for additional information related to this report, please contact:

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Additional information about Infinite Family can be found at www.infinitefamily.org.

INFINITE FAMILY AND INFINITE FAMILY NPC
SCHEDULES OF FINANCIAL POSITION - CONSTANT CURRENCY
December 31, 2015 (Consolidating) and December 31, 2014 (Consolidated)

	2015			2014	
	Infinite Family	Infinite Family NPC	Eliminations	Consolidated Totals	Consolidated Totals
ASSETS					
CURRENT ASSETS					
Cash	\$ 22,817	\$ 34,687	\$ -	\$ 57,504	\$ 85,874
Unconditional promises to give	7,525	-	-	7,525	32,218
Prepaid expenses	128	942	-	1,070	5,358
Total current assets	30,470	35,629	-	66,099	123,450
EQUIPMENT AND SOFTWARE					
Equipment and software	61,871	59,458	-	121,329	121,329
Accumulated depreciation	(61,695)	(12,876)	-	(74,571)	(68,230)
Equipment and software - net	176	46,582	-	46,758	53,099
Total assets	\$ 30,646	\$ 82,211	\$ -	\$ 112,857	\$ 176,549
LIABILITIES AND NET ASSETS (DEFICIT)					
CURRENT LIABILITIES					
Accounts payable	\$ 10,448	\$ 6,084	\$ -	\$ 16,532	\$ 18,777
Note payable	75,851	-	-	75,851	75,851
Total liabilities	86,299	6,084	-	92,383	94,628
NET ASSETS (DEFICIT)					
Unrestricted net assets (deficit)	(55,653)	7,255	-	(48,398)	(45,632)
Temporarily restricted net assets	-	68,872	-	68,872	127,553
Total net assets (deficit)	(55,653)	76,127	-	20,474	81,921
Total liabilities and net assets (deficit)	\$ 30,646	\$ 82,211	\$ -	\$ 112,857	\$ 176,549

INFINITE FAMILY AND INFINITE FAMILY NPC
SCHEDULES OF ACTIVITIES - CONSTANT CURRENCY
Years Ended December 31, 2015 (Consolidating) and December 31, 2014 (Consolidated)

	2015			2014	
	Infinite Family	Infinite Family NPC	Eliminations	Consolidated Totals	Consolidated Totals
UNRESTRICTED NET ASSETS					
SUPPORT AND REVENUE					
Contributions	\$ 157,434	\$ 171,114	\$ (51,235)	\$ 277,313	\$ 273,049
In-kind contributions	99,215	111,307	-	210,522	96,679
Other	573	1,280	-	1,853	2,262
Total unrestricted support and revenue	\$ 257,222	\$ 283,701	\$ (51,235)	\$ 489,688	\$ 371,990
EXPENSES AND LOSSES					
Program services					
Mentorships	181,952	315,487	(59,930)	437,509	315,876
Supporting activities					
Management and general	48,495	1,209	-	49,704	53,771
Fundraising	55,347	2,213	-	57,560	95,462
Total supporting activities	103,842	3,422	-	107,264	149,233
Total expenses	285,794	318,909	(59,930)	544,773	465,109
Foreign currency translation loss	-	(2,333)	8,695	6,362	10,803
Total expenses and losses	285,794	316,576	(51,235)	551,135	475,912
Net assets released from restrictions	23,046	38,165	-	61,211	50,778
Change in unrestricted net assets	(5,526)	5,290	-	(236)	(53,144)
TEMPORARILY RESTRICTED NET ASSETS					
Contributions	-	-	-	-	88,885
Net assets released from restrictions	(23,046)	(38,165)	-	(61,211)	(50,778)
Change in temporarily restricted net assets	(23,046)	(38,165)	-	(61,211)	38,107
Change in net assets	(28,572)	(32,875)	-	(61,447)	(15,037)
Net assets (deficit) - beginning of year	(27,081)	109,002	-	81,921	96,958
Net assets (deficit) - end of year	<u>\$ (55,653)</u>	<u>\$ 76,127</u>	<u>\$ -</u>	<u>\$ 20,474</u>	<u>\$ 81,921</u>