FOR HIS CHILDREN

Financial Statements For The Years Ended
December 31, 2017 And 2016

Together With Independent Accountants' Compilation Report

JDS professional group

certified public accountants, consultants and advisors

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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

To the Board of Directors of the
For His Children:

Management is responsible for the accompanying financial statements of For His Children (the Organization), which comprise the statements of assets, liabilities, and net assets—modified cash basis and the related statements of revenues, expenses, and other changes in net assets, functional expenses, and cash flows—modified cash basis as of December 31, 2017 and 2016, and the related notes to the financial statements in accordance with the modified cash basis of accounting, and for determining that the modified cash basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

We draw attention to Note (2) of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

JDS Professional Group

September 4, 2018

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FOR HIS CHILDREN

Statements Of Assets, Liabilities, And Net Assets - Modified Cash Basis
As Of December 31, 2017 And 2016

	2017	2016
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 529,710	$ 338,713
Non-Current Assets:		
Property and equipment net of accumulated depreciation of $197,476 and $213,087, respectively	919,267	943,905
TOTAL ASSETS	$ 1,448,977	$ 1,282,618
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accrued payroll liability	$ 242	$ 212
Net Assets:		
Unrestricted	1,384,216	1,244,167
Temporarily restricted	64,519	38,239
Total Net Assets	1,448,735	1,282,406
TOTAL LIABILITIES AND NET ASSETS	$ 1,448,977	$ 1,282,618

See accompanying notes and independent accountants' compilation report.

FOR HIS CHILDREN

Statement Of Revenues, Expenses, And Other Changes in Net Assets - Modified Cash Basis
For Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	2017 Total
Support and Revenue:			
Contributions	$ 798,105	$ 43,827	$ 841,932
Other revenue	7,076		7,076
Net assets released from restrictions-			
Satisfaction of purpose restriction	17,547	(17,547)	
Total Support and Revenue	822,728	26,280	849,008
Expenses:			
Program Services	458,769		458,769
Supporting Services-			
Management and general	102,249		102,249
Fundraising	121,661		121,661
Total Supporting Services	223,910		223,910
Total Expenses	682,679		682,679
CHANGES IN NET ASSETS	140,049	26,280	166,329
Net Assets, Beginning Of Year	1,244,167	38,239	1,282,406
NET ASSETS, END OF YEAR	$ 1,384,216	$ 64,519	$ 1,448,735

See accompanying notes and independent accountants' compilation report.

FOR HIS CHILDREN

Statement Of Revenues, Expenses, And Other Changes in Net Assets - Modified Cash Basis
For The Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	2016 Total
Support and Revenue:			
Contributions	$ 558,113	$ 58,635	$ 616,748
Other revenue	6,202		6,202
Net assets released from restrictions-			
Satisfaction of purpose restriction	21,909	(21,909)	
Total Support and Revenue	586,224	36,726	622,950
Expenses:			
Program Services	443,448		443,448
Supporting Services-			
Management and general	150,127		150,127
Fundraising	65,387		65,387
Total Supporting Services	215,514		215,514
Total Expenses	658,962		658,962
CHANGES IN NET ASSETS	(72,738)	36,726	(36,012)
Net Assets, Beginning Of Year	1,316,905	1,513	1,318,418
NET ASSETS, END OF YEAR	$ 1,244,167	$ 38,239	$ 1,282,406

See accompanying notes and independent accountants' compilation report.

FOR HIS CHILDREN

Statement Of Functional Expenses
For The Year Ended December 31, 2017

	Program Services	General Administrative	Fundraising	Total
Salaries	$ 56,443	$ 26,741	$ 72,437	$ 155,621
Payroll taxes and employee benefits	5,272	2,497	6,766	14,535
Ecuador homes	384,795			384,795
Board expenses		1,872		1,872
Contract expense		31,629		31,629
Promotion			26,726	26,726
Bank fees		14,464		14,464
Office expense		10,430		10,430
Other expense		8,808		8,808
Depreciation	12,259	5,808	15,732	33,799
Total	$ 458,769	$ 102,249	$ 121,661	$ 682,679

FOR HIS CHILDREN

Statement Of Functional Expenses
For The Year Ended December 31, 2016

	Program Services	General Administrative	Fundraising	Total
Salaries	$ 18,704	$ 65,154	$ 36,759	$ 120,617
Payroll taxes and employee benefits	2,517	8,682	3,205	14,404
Ecuador homes	417,199			417,199
Board expenses		1,883		1,883
Contract expense		31,629		31,629
Promotion			15,542	15,542
Bank fees		13,043		13,043
Office expense		8,982		8,982
Other expense		3,239		3,239
Depreciation	5,028	17,515	9,881	32,424
Total	$ 443,448	$ 150,127	$ 65,387	$ 658,962

FOR HIS CHILDREN

	2017	2016
Cash flows from operating activities:		
Changes in net assets	$ 166,329	$ (36,010)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	33,798	32,424
Changes in operating assets and liabilities -		
Increase in payroll liability	30	16
Net cash provided by (used in) investing activities	200,157	(3,570)
Cash flows from financing activities		
Purchase of fixed assets	(9,160)	
Net cash (used in) investing activities	(9,160)	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	190,997	(3,570)
Cash And Cash Equivalents, Beginning Of Year	338,713	342,283
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 529,710	$ 338,713

(1) Nature Of Organization

For His Children (the "Organization") is a not-for-profit evangelical Christian residential ministry to homeless children with normal needs and special needs in Ecuador. Currently, 40 to 50 children are cared for in two residential care homes in north-east Quito and a home in Latacunga, in the Province of Cotopaxi. The environment provides physical and emotional support, spiritual nurturing, and lots of tender loving care. The residents of the Organization range from newborn to 21 years of age.

Founders Clark and Melinda Vaughn and their two children, Phillip and Lesley Ann (both now adults) moved to Quito in 1990, and began caring for abandoned and orphaned children as foster parents, receiving referrals to care for severely malnourished, premature and disabled children. Supported by God's provision of prayer, donations and encouragement, the ministry grew from one child in 1990, to over 850 children who have been held in the arms of the Organization.

(2) Summary Of Significant Accounting Policies

Method Of Accounting

The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Basis Of Presentation

Financial statement presentation follows the recommendations of *Financial Statements for Not-for-Profit Organizations*. Under this standard, the Organization is required to report information regarding financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As of December 31, 2017 and 2016, the Organization had only unrestricted and temporarily restricted net assets.

Use Of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of support, revenues and expenses during the reported period. Actual results could differ from those estimates.

Cash And Cash Equivalents

The Organization considers cash and cash equivalents to be cash on hand, demand deposits and short-term investments with original maturities of 90 days or less, with the exception of cash and cash equivalents for which the investment advisor has investment discretion.

Restricted Contributions

Contributions and grants received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Property And Equipment

Assets having a cost greater than $1,000 and a life greater than one year are capitalized. Furniture and equipment are recorded at cost and depreciated over a five-year useful life using the straight-line method. Buildings are recorded at cost and depreciated over a thirty-year useful life using the straight-line method.

Subsequent Events

The Organization has performed an evaluation of subsequent events through September 4, 2018, which is the date the financial statements were available to be issued, and has considered any relevant matters in the preparation of the financial statements and footnotes.

(3) Tax Exempt Status

The Organization has previously received notice from the Internal Revenue Service of exemption from income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170. Accordingly, the accompanying financial statements contain no provision for income taxes.

The Organization follows the *Accounting for Uncertainty in Income Taxes* accounting standard which requires the Organization to determine whether a tax position (and the related tax benefit) solely on the technical merits of the position.

The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon settlement, presuming that the tax position is examined by the appropriate taxing authority that has full knowledge of all relevant information. During the years ended December 31, 2017 and 2016, the Organization's management evaluated its tax positions to determine the existence of uncertainties, and did not note any matters that would require recognition or which may have an affect on its tax-exempt status.

The Organization is no longer subject to U.S. federal tax audits on its Form 990 by taxing authorities for years ending prior to 2014. The years subsequent to this year contain matters that could be subject to differing interpretations of applicable tax laws and regulations. Although the outcome of tax audits is uncertain, the Organization believes no issues would arise.

(4) Concentration of Credit Risk

The Organization's cash demand deposits are held at a financial institution at which deposits are insured up to $250,000 by the FDIC. As of December 31, 2017, $216,391 exceeded the FDIC limit.

(5) Property and Equipment

Property and equipment consisted of the following as of December 31, 2017 and 2016:

	2017	2016
Land	$ 70,000	$ 70,000
Furniture and equipment		49,409
Buildings	1,038,743	1,029,583
Leasehold improvements	8,000	8,000
	1,116,743	1,156,992
Less accumulated depreciation	197,476	213,087
	$ 919,267	$ 943,905

(6) Contingencies

The Organization has an agreement in place to pay an officer two weeks of their base salary for each year of employment, payable in twelve equal monthly payments during the year following termination without cause.

(7) **Temporarily Restricted Net Assets**

Temporarily restricted net assets as of December 31, 2017 and 2016, are as follows:

	2017	2016
Security wall	$ 8,500	$ 8,500
Family reunification project	37,442	29,389
Child named by donor	35	350
Van purchase	18,542	
	$ 64,519	$ 38,239