

International Child Care (USA), Inc.

(a nonprofit Indiana corporation)
Ann Arbor, Michigan

Financial Statements

June 30, 2019

International Child Care (USA), Inc.

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Independent Auditors' Report

To the Board of Directors
International Child Care (USA), Inc.
Ann Arbor, Michigan

We have audited the accompanying financial statements of International Child Care (USA), Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, 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.

Auditors' 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.

Independent Auditors' Report (continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of International Child Care (USA), Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Altruic Advisors, PLLC

Certified Public Accountants

Ann Arbor, Michigan
September 19, 2019

International Child Care (USA), Inc.

Statement of Financial Position

June 30, 2019

ASSETS

Current Assets

Cash and cash equivalents	\$ 277,655
Grants receivable	161,785
Prepaid expenses	2,428
Total current assets	<u>441,868</u>

Property and Equipment

Land	5,000
Office equipment	2,260
Less accumulated depreciation	(969)
Net property and equipment	<u>6,291</u>

Other Assets

Trademarks	24,344
Security deposits	185
Total other assets	<u>24,529</u>

Total assets	<u><u>\$ 472,688</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 1,552
Accrued payroll	1,630
Funds held for others	12,324
Total current liabilities	<u>15,506</u>

Net Assets

Without donor restrictions	183,129
With donor restrictions	274,053
Total net assets	<u>457,182</u>

Total liabilities and net assets	<u><u>\$ 472,688</u></u>
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International Child Care (USA), Inc.

Statement of Activities

Year ended June 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Support			
Contributions and grants	\$ 204,087	\$ 370,561	\$ 574,648
Net assets released from restrictions			
Satisfaction of program restrictions	172,703	(172,703)	-
Expiration of time restrictions	57,290	(57,290)	-
Total operating support	<u>434,080</u>	<u>140,568</u>	<u>574,648</u>
Operating Expenses			
Program services	244,703	-	244,703
Supporting services			
General and administrative	39,584	-	39,584
Fundraising	53,794	-	53,794
Total operating expenses	<u>338,081</u>	<u>-</u>	<u>338,081</u>
 Total operating support in excess of operating expenses	<u>95,999</u>	<u>140,568</u>	<u>236,567</u>
Other Changes			
Investment income	217	-	217
Loss on sale of investments	(1,279)	-	(1,279)
Total other changes	<u>(1,062)</u>	<u>-</u>	<u>(1,062)</u>
Change in Net Assets	94,937	140,568	235,505
Net Assets, Beginning of Year	<u>88,192</u>	<u>133,485</u>	<u>221,677</u>
Net Assets, End of Year	<u>\$ 183,129</u>	<u>\$ 274,053</u>	<u>\$ 457,182</u>

The accompanying Notes are an integral
part of these financial statements

International Child Care (USA), Inc.

Statement of Functional Expenses

Year ended June 30, 2019

	Program Services	Supporting Services			Total Expenses
		General and Administrative	Fundraising	Total	
Salaries and wages	\$ -	\$ 17,342	\$ 17,342	\$ 34,684	\$ 34,684
Payroll taxes	-	1,430	1,429	2,859	2,859
Total personnel costs	-	18,772	18,771	37,543	37,543
Grants and assistance	244,450	-	-	-	244,450
Legal and professional fees	-	12,444	853	13,297	13,297
Website and IT expenses	-	840	7,694	8,534	8,534
Marketing	-	-	8,754	8,754	8,754
Other fundraising costs	-	-	7,961	7,961	7,961
Licenses and fees	-	-	5,697	5,697	5,697
Occupancy	-	2,310	-	2,310	2,310
Insurance	-	2,081	-	2,081	2,081
Miscellaneous expenses	-	749	1,249	1,998	1,998
Bank and credit card fees	253	361	1,025	1,386	1,639
Office expenses	-	795	823	1,618	1,618
Postage and shipping	-	342	967	1,309	1,309
Depreciation	-	452	-	452	452
Telephone and internet	-	332	-	332	332
Travel	-	106	-	106	106
Total expenses	\$ 244,703	\$ 39,584	\$ 53,794	\$ 93,378	\$ 338,081

The accompanying Notes are an integral part of these financial statements

International Child Care (USA), Inc.

Statement of Cash Flows

Increase (Decrease) in Cash and Cash Equivalents

Year ended June 30, 2019

Cash Flows From Operating Activities

Change in net assets	\$ 235,505
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	452
Net realized loss on investments	1,279
Donated stocks	(6,907)
Increase (decrease) from changes in assets and liabilities	
Pledges receivable	(161,785)
Prepaid expenses	(897)
Accounts payable	1,165
Accrued payroll	1,630
Funds held for others	(9,616)
Net cash provided by operating activities	<u>60,826</u>

Cash Flows From Investing Activities

Proceeds from sale of investments	<u>9,784</u>
Net cash provided by investing activities	<u>9,784</u>

Net Increase in Cash and Cash Equivalents **70,610**

Cash and Cash Equivalents, Beginning of Year **207,045**

Cash and Cash Equivalents, End of Year **\$ 277,655**

International Child Care (USA), Inc.

Notes to Financial Statements

June 30, 2019

Note 1 – Nature of Organization and Significant Accounting Policies

Nature of Organization's Activities. International Child Care USA, Inc. ("the Organization") is an Indiana non-profit corporation that was established in 1965 whose mission, in response to a loving God, is to provide financial, educational, and volunteer resources which promote health and well-being to the children and families of Haiti and the Dominican Republic. The Organization receives the majority of its support from contributions and grants.

Description of Program Services:

International Child Care (Haiti): The Organization provides support to Grace Children's Hospital in Port-Au-Prince, Haiti for the medical care of children. In Haiti, the Organization seeks to empower communities by providing education to promote healthy hygiene and nutrition practices and to prevent diseases. The Organization works directly with children, adolescents, and their families and the schools and communities in the area. The Organization also funds mobile clinics throughout northern Haiti.

International Child Care (The Dominican Republic): The Organization provides support to Fundacion Cuidado Infantil Dominicano (FCID). This organization supports individuals with disabilities within the city and surrounding neighborhoods of Santiago De Los Caballeros. As with the program in Haiti, the Dominican Republic program focuses their work directly with children, adolescents, their families, and community inclusion of people with disabilities.

Description of Supporting Services:

Management and General - Includes the functions necessary to provide support to the Organization's program activities. General and administrative activities include those that provide governance (Board of Directors), oversight, business management, financial recordkeeping, budgeting, legal services, human resource management, and similar activities that ensure an adequate working environment and an equitable employment program.

Fundraising - Provides the structure necessary to encourage and secure private financial support from individuals, foundations, governments, and corporations, including donations and pledges received.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Basis of Accounting. The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

International Child Care (USA), Inc.

Notes to Financial Statements

June 30, 2019

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Net Asset Classification. The Organization distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. The Organization complies with established standards for external reporting by not-for-profit organizations, which requires that resources be classified for reporting purposes into two net asset categories according to externally (donor) imposed restrictions. The two net asset categories are as follows:

Net Assets Without Donor Restrictions. Net assets resulting from revenues generated, receiving contributions that have no donor stipulations, providing services, receiving rents, and receiving interest and other income, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Net Assets With Donor Restrictions. Net assets resulting from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated net assets, until the donor restriction expires, that is, until the stipulated time restriction ends or the purpose restriction is accomplished.

Cash and Cash Equivalents. The Organization considers all highly liquid debt instruments with maturities of three months or less to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Grants Receivable. Uncollectible promises to give are recognized as revenue in the period received. Grants receivable are recorded at the amount the Organization expects to receive, allowing for estimated uncollectible grants. The allowance for uncollectible grants is estimated based on management's review of specific contributions outstanding. As of June 30, 2019, management believes all grants receivable are fully collectible, and accordingly, no allowance for doubtful accounts has been recorded. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Investments. The Organization investments are stated at fair value. 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. The Organization's management determines the valuation policies utilizing information provided by the investment advisors and custodians. The Organization sold all of their investments during the year ended June 30, 2019, but maintains an open investment account to accommodate for future donations of securities.

Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Net investment income (loss) consisted of the following for the year ended June 30, 2019:

Dividends and interest	\$ 217
Net realized investment loss	(1,279)
	<u>\$ (1,062)</u>

International Child Care (USA), Inc.

Notes to Financial Statements

June 30, 2019

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Property and Equipment. The Organization capitalizes all expenditures for property and equipment in excess of \$1,000. Property and equipment are recorded at cost for purchased items and at fair market value at the time of receipt for donated items. Depreciation is computed utilizing the straight-line method over the estimated useful lives of the assets which are currently calculated at five years for equipment. Expenditures for major renewal and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. The cost and accumulated depreciation of property sold or retired is removed from the related asset and accumulated depreciation accounts, and any resulting gain or loss is recorded in the year of sale or disposal. Depreciation expense for the year ended June 30, 2019 was \$452.

Long-term use of Land. The Organization has granted long-term use of land that it owns in Haiti. This verbal agreement stipulates that Grace Children's Hospital must use the property for use related to its hospital. The Organization maintains title to the property.

Trademarks. The Organization owns name and design trademarks associated with *International Child Care* that are of material importance to the Organization and are protected by registration in the United States of America. Trademarks have an indefinite life and are not amortized or otherwise depreciated. Occasionally however, the Organization will incur expenses in protecting these intellectual property rights.

Impairment of Long-Lived Assets. In the event that facts and circumstances indicate that property and equipment, trademarks, or other assets, may be impaired, an evaluation of recoverability would be performed. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset are compared to the asset's carrying amount to determine if a write-down to market value would be necessary. No impairment losses were recorded during the year ended June 30, 2019.

Funds Held for Others. As part of its mission, the Organization routinely grants funds to organizations located in Haiti and in the Dominican Republic. Once granted, these funds are often held by the Organization on behalf of these grantee organizations. The grantee organizations may withdraw these funds at any time.

Contributions. Contributions are recognized when support is received. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Contributed Goods and Services. Contributed services are recognized if services received (a) create or enhance non-financial assets or (b) require specialized skills and are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Certain other volunteer services are not recorded in these financial statements as they do not meet the criteria for recognition. The Organization did not receive any contributed goods and services during the year ended June 30, 2019.

Income Taxes. The Organization is a nonprofit corporation exempt from income taxes as described in Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision for income taxes has been made.

International Child Care (USA), Inc.

Notes to Financial Statements

June 30, 2019

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Functional Allocation of Expenses. Direct expenses have been allocated to the applicable program for which the expenses were incurred. Indirect expenses have been allocated between program and supporting services based on an analysis of personnel time and space utilized for the related activities.

Subsequent Events. The Organization evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through September 19, 2019, the date at which the financial statements were available for release.

Note 2 - Net Assets with Donor Restrictions

The balances of net assets with restrictions are as follows:

	<u>July 1, 2018</u> <u>Balance</u>	<u>Additions</u>	<u>Releases</u>	<u>June 30, 2019</u> <u>Balance</u>
Purpose restrictions:				
Grace Children's Hospital	\$ 133,485	\$ 151,486	\$ 172,703	\$ 112,268
Time restrictions	-	219,075	57,290	161,785
	<u>\$ 133,485</u>	<u>\$ 370,561</u>	<u>\$ 229,993</u>	<u>\$ 274,053</u>

Note 3 - Commitments

Operating Leases. The Organization leased office space under an operating lease agreement that ended in August 2017. The Organization's base rent was \$775 per month plus an allocable share of common area maintenance and utilities. The Organization commenced a new lease in October 2017 that has been renewed through September 2020. The base rent of this lease is currently \$195 per month. Rent expense for the year ended June 30, 2019 was \$2,220.

Future annual minimum lease payments under operating leases are as follows at June 30, 2019:

Year ended	Facilities
June 30	
2020	<u>\$ 585</u>

International Child Care (USA), Inc.

Notes to Financial Statements

June 30, 2019

Note 4 - Liquidity and Availability of Resources

The Organization receives significant contributions that are restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability; maintaining adequate liquid assets to fund near-term operating needs; and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization has a goal to maintain current financial assets less current liabilities at a minimum of three months budgeted operating expenses. To achieve this target, the Organization forecasts its future cash flows and monitors its liquidity quarterly, and monitors its reserves annually. During the year ended June 30, 2019, the level of liquidity and reserves was managed within the policy requirements.

The Organization's financial assets available for general expenditures within one year are as follows at June 30, 2019:

Financial assets at year end:	
Cash and cash equivalents	\$ 277,655
Pledges receivable	161,785
Investments	-
Prepaid expenses	<u>2,428</u>
Financial assets available for general expenditures within one year	<u><u>\$ 441,868</u></u>

Note 5 - Concentrations of Credit Risk and Related Party Transactions

Major Donors. During the year ended June 30, 2019, a board member of the Organization contributed \$44,684 to the Organization. During the year ended June 30, 2019, the Organization received grant funding from an unrelated grantor organization, totaling approximately 38% of total support.

Bank Deposits. The Organization maintained cash balances in excess of federally insured limits at certain times during the year ended June 30, 2019.

Grants Receivable. 100% of the Organization's balance of outstanding grants receivable at June 30, 2019 is due from one grantor organization.