
INTERNATIONAL CHILD CARE (USA), INC.

FINANCIAL STATEMENTS

For the year ended June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
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, 2020, 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.

Auditor's 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.

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, 2020, 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.

Respectfully,

Bennett & Associates CPAs PLLC

Ann Arbor, Michigan
September 9, 2020

INTERNATIONAL CHILD CARE (USA), INC.
STATEMENT OF FINANCIAL POSITION
June 30,

	<u>06/30/2020</u>
ASSETS	
Cash and cash equivalents	\$ 525,607
Prepaid expenses	2,939
Property and equipment, net	5,839
Trademarks	24,344
TOTAL ASSETS	<u><u>\$ 558,729</u></u>
 LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts payable	\$ 1,225
Accrued liabilities	1,741
Funds held for others	13,066
TOTAL LIABILITIES	<u><u>16,032</u></u>
 NET ASSETS	
Without donor restrictions	366,195
With donor restrictions	176,502
TOTAL NET ASSETS	<u><u>542,697</u></u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 558,729</u></u>

INTERNATIONAL CHILD CARE (USA), INC.
STATEMENT OF ACTIVITIES
For the year ended June 30,

	06/30/2020
NET ASSETS WITHOUT DONOR RESTRICTIONS	
REVENUES, GAINS, AND OTHER SUPPORT	
Contributions and grants	\$ 340,119
Net investment return	(1)
Other revenues, gains, and support	1,028
	341,146
Net assets released from restrictions	202,718
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	543,864
EXPENSES AND LOSSES	
Program services	243,419
Supporting services	
Management and general	50,910
Fundraising	66,469
Total supporting services	117,379
TOTAL EXPENSES AND LOSSES	360,798
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	183,066
NET ASSETS WITH DONOR RESTRICTIONS	
Contributions and grants	105,167
Net assets released from restrictions	(202,718)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	(97,551)
CHANGE IN NET ASSETS	85,515
NET ASSETS AT BEGINNING OF YEAR	457,182
NET ASSETS AT END OF YEAR	\$ 542,697

INTERNATIONAL CHILD CARE (USA), INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30,

	Program Services	Supporting Services		2020 Total
		Management and General	Fund- Raising	
Grants and assistance	\$ 243,419	\$ -	\$ -	\$ 243,419
Employee Compensation				
Salaries and wages	-	20,025	20,025	40,050
Payroll taxes	-	1,556	1,556	3,112
	-	21,581	21,581	43,162
Other Expenses				
Legal fees	-	12,954	-	12,954
Accounting fees	-	4,813	4,813	9,626
Fees for other services	-	2,470	10	2,480
Advertising and promotion	-	-	11,048	11,048
Office expenses	-	2,900	2,742	5,642
Information technology	-	995	8,790	9,785
Occupancy	-	2,340	-	2,340
Travel	-	-	-	-
Conferences and meetings	-	828	-	828
Depreciation	-	452	-	452
Insurance	-	1,577	-	1,577
State registration fees	-	-	4,161	4,161
Fundraising events	-	-	13,324	13,324
Total expenses	\$ 243,419	\$ 50,910	\$ 66,469	\$ 360,798

INTERNATIONAL CHILD CARE (USA), INC.
STATEMENT OF CASH FLOWS
For the year ended June 30,

	<u>06/30/2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 85,515
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation and amortization	452
Net realized (gain)/loss on investments	27
Value of donated investments	(7,670)
Change in:	
Grants receivable	161,785
Prepaid expenses	(326)
Accounts payable	(327)
Accrued liabilities	111
Funds held for others	742
Net cash from (used for) operating activities	<u>\$ 240,309</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales of investments	<u>7,643</u>
Net cash from (used for) investing activities	<u>7,643</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	247,952
BEGINNING CASH AND CASH EQUIVALENTS	<u>277,655</u>
ENDING CASH AND CASH EQUIVALENTS	<u><u>\$ 525,607</u></u>

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

International Child Care (USA), Inc. (the “Organization”) is an Indiana non-profit corporation 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.

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.

Basis of Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net assets with donor restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Organization's cash consists of cash on deposit with banks. It considers all highly liquid debt instruments with maturities of three months or less to be cash equivalents.

Grants Receivable

Unconditional promises to give are recognized as revenue in the period received. Grants receivable is 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, 2020, 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

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. The Organization sold all of its investments during the year ended June 30, 2020, but maintains an open investment account to accommodate for future donations of securities. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, and realized and unrealized capital gains and losses. There are little to no external or direct internal investment expenses.

Property and Equipment

All acquisitions of property and equipment and all expenditures for repairs and betterments that materially prolong the useful lives of assets equal to or in excess of \$2,000 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is provided over the estimated useful lives of the related assets using the straight-line method.

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, 2020.

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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

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. Contributed goods are valued at the fair value of the goods at the time of donation.

Expense Allocation

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses are summarized and categorized based upon their functional classification as either program or supporting services. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and insurance, which are allocated on a square-footage basis, as well as salaries, wages, and employee benefits, which are allocated on the basis of estimates of time and effort.

Use of Estimates

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

Tax Status

The Organization is exempt from incomes taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as other than a private foundation.

Subsequent Events

Subsequent events have been evaluated through September 9, 2020, the date the financial statements were available to be issued.

NOTE B - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2020, comprise the following:

Financial assets:		
Cash and cash equivalents	\$	525,607
Less financial assets held to meet donor-imposed restrictions:		
Purpose-restricted net assets		(176,502)
Less financial assets not available within one year:		
Promises to give		-
Amount available for general expenditures within one year	<u>\$</u>	<u>349,105</u>

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. It also monitors its reserves annually.

NOTE C - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as of June 30, 2020:

Subject to expenditure for specified purpose:		
Grace Children's Hospital	\$	176,502

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended June 30, 2020:

Satisfaction of purpose restrictions:		
Grace Children's Hospital	\$	202,718

NOTE D - COMMITMENTS

Operating Leases

The Organization leased office space under an operating lease agreement that ended in September 2019. The Organization's rent was \$195 per month. The Organization commenced a new lease in October 2019 that has been renewed through September 2020 with an automatic one year renewal until September 2021 with a rate of \$195 per month. Rent expense for the year ended June 30, 2020 was \$2,340.

Future annual minimum lease payments under this lease is as follows at June 30, 2020:

<u>Years Ending June 30,</u>	<u>Amount</u>
2021	\$ 2,340
2022	585
2023	-
2024	-
2025	-
Thereafter	-
	<u>\$ 2,925</u>

NOTE E - CONCENTRATIONS OF CREDIT RISK AND RELATED PARTY TRANSACTIONS

Major Donors

During the year ended June 30, 2020, a board member of the Organization contributed \$14,992 to the Organization. During the year ended June 30, 2020, the Organization received grant funding from an unrelated grantor organization, totaling approximately 79% 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, 2020.

NOTE F - NEW ACCOUNTING PRONOUNCEMENTS

The FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which will require recognition of an asset and liability for most leases entered into by lessees. ASU No. 2016-02 will be effective beginning in fiscal year 2023. The Organization is currently evaluating the impact the adoption of ASU No. 2016-02 will have on its financial statements.

NOTE G - CORONAVIRUS PANDEMIC

At the date of issuance of these financial statements, the economy and financial markets have experienced significant declines due to the coronavirus pandemic, which could adversely impact the Organization's operating results. Potential impacts to the Organization include disruptions or restrictions on the organization's ability to work which may include restrictions on its ability to provide services, raise funds, and perform necessary administrative tasks. The potential impacts of the coronavirus pandemic on the Organization's funders that may affect the funders' ability to continue supporting the Organization's operations are unknown. Although management continues to monitor and assess the effects of the coronavirus pandemic on its operations, the ultimate impact of the pandemic is highly uncertain and subject to change.