
INTERNATIONAL CHILD CARE (USA), INC.

FINANCIAL STATEMENTS

For the year ended June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of International Child Care (USA), Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about International Child Care (USA), Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 International Child Care (USA), Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about International Child Care (USA), Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Respectfully,

Bennett & Associates CPAs PLLC

Ann Arbor, Michigan
September 20, 2022

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

	<u>2022</u>
ASSETS	
Cash and cash equivalents	\$ 936,394
Investments	5,979
Prepaid expenses	900
Property and equipment, net	5,088
Trademarks	<u>24,344</u>
TOTAL ASSETS	<u>\$ 972,705</u>
 LIABILITIES AND NET ASSETS	
LIABILITIES	
Accrued liabilities	\$ 1,686
Funds held for others	<u>1,131</u>
TOTAL LIABILITIES	<u>2,817</u>
 NET ASSETS	
Without donor restrictions	944,511
With donor restrictions	<u>25,377</u>
TOTAL NET ASSETS	<u>969,888</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 972,705</u>

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

	2022
NET ASSETS WITHOUT DONOR RESTRICTIONS	
REVENUES, GAINS, AND OTHER SUPPORT	
Contributions of cash and other financial assets	\$ 255,491
Contributions of nonfinancial assets	3,351
Net investment return	(1,629)
Gross special events revenue	59,193
Other revenues, gains, and support	943
	317,349
Net assets released from restrictions	310,835
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	628,184
EXPENSES AND LOSSES	
Program services	311,495
Supporting services	
Management and general	29,318
Fundraising	36,796
Total supporting services	66,114
TOTAL EXPENSES AND LOSSES	377,609
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	250,575
NET ASSETS WITH DONOR RESTRICTIONS	
Contributions and grants	239,368
Net assets released from restrictions	(310,835)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	(71,467)
CHANGE IN NET ASSETS	179,108
NET ASSETS AT BEGINNING OF YEAR	790,780
NET ASSETS AT END OF YEAR	\$ 969,888

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

	Program Services	Supporting Services		2022 Total
		Management and General	Fund- Raising	
Grants and assistance	\$ 287,057	\$ -	\$ -	\$ 287,057
Employee Compensation				
Salaries and wages	16,655	12,491	16,306	45,452
Payroll taxes	1,293	970	1,276	3,539
	<u>17,948</u>	<u>13,461</u>	<u>17,582</u>	<u>48,991</u>
Other Expenses				
Legal fees	-	50	-	50
Accounting fees	699	8,728	887	10,314
Advertising and promotion	-	-	7,923	7,923
Office expenses	2,963	2,221	2,221	7,405
Information technology	1,892	1,419	1,461	4,772
Occupancy	936	702	702	2,340
Conferences and meetings	-	182	-	182
Depreciation	-	298	-	298
Insurance	-	2,257	-	2,257
State registration fees	-	-	3,762	3,762
Fundraising events	-	-	2,258	2,258
	<u>-</u>	<u>-</u>	<u>2,258</u>	<u>2,258</u>
Total expenses	<u>\$ 311,495</u>	<u>\$ 29,318</u>	<u>\$ 36,796</u>	<u>\$ 377,609</u>

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

	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 179,108
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation and amortization	298
Net realized and unrealized (gain)/loss on investments	1,629
Value of donated investments	(7,848)
Change in:	
Prepaid expenses	(370)
Accrued liabilities	(3,008)
Funds held for others	<u>(1,540)</u>
Net cash from (used for) operating activities	<u>\$ 168,269</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales of investments	<u>9,766</u>
Net cash from (used for) investing activities	<u>9,766</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Net cash from (used for) financing activities	<u>-</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	178,035
BEGINNING CASH AND CASH EQUIVALENTS	<u>758,359</u>
ENDING CASH AND CASH EQUIVALENTS	<u><u>\$ 936,394</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 is to promote health and well-being for the children and families of Haiti through caring service and the education of others. 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.

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.

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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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's policy is to sell all donated stock as soon as practicable after donation.

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, 2022.

Funds Held for Others

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

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.

Contributions of Nonfinancial Assets

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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 20, 2022, 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, 2022, comprise the following:

Financial assets:	
Cash and cash equivalents	\$ 936,394
Investments	5,979
Total financial assets	942,373
Less financial assets held to meet donor-imposed restrictions:	
Purpose-restricted net assets	(25,377)
Less financial assets not available within one year:	
Promises to give	-
Amount available for general expenditures within one year	\$ 916,996

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 - INVESTMENTS

Investments at June 30, 2022 consist of shares of one publicly traded common stock, valued at the stock's published closing price at June 30, 2022. Management intends to sell the shares when market conditions are favorable. Investment income and any sale proceeds are without donor restrictions.

NOTE D - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as of June 30, 2022:

Subject to expenditure for specified purpose:

Grace Children's Hospital	\$	25,377
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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, 2022:

Satisfaction of purpose restrictions:

Grace Children's Hospital	\$	310,835
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NOTE E - CONTRIBUTIONS OF NONFINANCIAL ASSETS

Contributions of nonfinancial assets consist principally of medical equipment and supplies to be used in patient care in Haiti.

NOTE F - COMMITMENTS

Operating Leases

The Organization leased office space under an operating lease agreement effective October 1, 2021 and ending September 30, 2022. The Organization's rent is \$195 per month with total lease cost of \$2,340. The lease has no option to renew. Because the term of the lease is twelve months or less, the Organization has elected to not apply the requirements of ASC 842-20 and recognizes the lease payments on a straight-line basis over the lease term.

NOTE G - CONCENTRATIONS

Major Donors

During the year ended June 30, 2022, the Organization received grant funding from an unrelated grantor organization, totaling approximately 26% of total support.

Credit Risk in Bank Deposits

The Organization maintained cash balances in excess of federally insured limits at certain times during the year ended June 30, 2022.

NOTE H - RELATED PARTY TRANSACTIONS

During the year ended June 30, 2022, board members of the Organization contributed \$12,536 to the Organization.