



Financial Statements

International Child Care (USA), Inc.

Year ended June 30, 2015

JANSEN VALK THOMPSON REAHM PC
Certified Public Accountants and Consultants

International Child Care (USA), Inc.

Year ended June 30, 2015

Contents

Report of Independent Auditors.....	1
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses.....	6
Statement of Cash Flows.....	7
Notes to Financial Statements	8



Report of Independent Auditors

Board of Directors
International Child Care (USA), Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of International Child Care (USA), Inc., which comprise the statement of financial position as of June 30, 2015, 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 Organization'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 Organization'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, 2015, 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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 11, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Jansen Valk Thompson & Reahm PC

September 11, 2015

International Child Care (USA), Inc.

Statement of Financial Position (with Comparative Totals for 2014)

	June 30	
	2015	2014
Assets		
Cash	\$ 192,969	\$ 279,696
Receivables:		
Contributions	3,300	6,481
Other	-	1,076
Inventory	4,652	4,129
Prepaid expenses	4,313	3,452
Beneficial interest in assets held by Columbus Foundation	39,474	38,624
Furniture and equipment, less accumulated depreciation	322	450
Trademarks	28,783	21,293
Total assets	<u>\$ 273,813</u>	<u>\$ 355,201</u>
Liabilities		
Accounts payable	\$ 8,018	\$ 6,758
Net Assets		
Unrestricted	(40,475)	38,740
Temporarily restricted	306,270	309,703
Total net assets	<u>265,795</u>	<u>348,443</u>
Total liabilities and net assets	<u>\$ 273,813</u>	<u>\$ 355,201</u>

See accompanying notes to financial statements.

International Child Care (USA), Inc.

Statement of Activities (with Comparative Totals for 2014)

	Year ended June 30			
	2015			2014
	Unrestricted	Temporarily Restricted	Total	Total
Support and revenue:				
Appreciation in beneficial interest	\$ 850	\$ -	\$ 850	\$ 4,794
Book and other merchandise sales, net of cost	194	-	194	568
Capital campaign	4,416	10,303	14,719	104,323
Capital items and other special projects	-	18,856	18,856	12,407
Child to child	101	236	337	1,041
Community health	10,336	24,117	34,453	9,691
Grace Children's Hospital	64,659	150,871	215,530	270,420
Individual contributions	214,644	30,380	245,024	221,884
In-kind contributions	35,339	-	35,339	573,209
Interest	210	-	210	364
Mission encounter trips	6,863	42,829	49,692	66,300
Other	2,105	-	2,105	1,598
Partners in Grace	15,873	-	15,873	16,107
Rehabilitation	2,870	6,696	9,566	2,669
Vaccinations	165	385	550	940
Total support and revenue	358,625	284,673	643,298	1,286,315
Net assets released from restrictions	288,106	(288,106)	-	-
Total support, revenue and reclassifications	646,731	(3,433)	643,298	1,286,315

International Child Care (USA), Inc.

Statement of Activities (continued)
(with Comparative Totals for 2014)

	Year ended June 30			2014
	2015			
	Unrestricted	Temporarily Restricted	Total	
Expenses:				
Program services:				
Field programs	304,898	-	304,898	1,308,470
Education	180,320	-	180,320	209,058
Total program services	485,218	-	485,218	1,517,528
Supportive services:				
Fund-raising	154,122	-	154,122	209,153
General and administrative	86,606	-	86,606	86,191
Total supportive services	240,728	-	240,728	295,344
Total expenses	725,946	-	725,946	1,812,872
Change in net assets	(79,215)	(3,433)	(82,648)	(526,557)
Net assets, beginning of year	38,740	309,703	348,443	875,000
Net assets, end of year	\$ (40,475)	\$ 306,270	\$ 265,795	\$ 348,443

See accompanying notes to financial statements.

International Child Care (USA), Inc.

Statement of Functional Expenses (with Comparative Totals for 2014)

Year ended June 30

Field	Program Services		Supportive Services			2015		2014	
	Programs	Education	Total	Fund-raising	General and Administrative	Total	Total Expenses	Total Expenses	Total Expenses
Bank and software charges	\$ -	\$ 5,182	\$ 5,182	\$ 2,592	\$ 5,651	\$ 8,243	\$ 13,425	\$ 8,581	\$ 8,581
Board expenses	-	2,162	2,162	2,162	-	2,162	4,324	10,821	10,821
Capital	-	-	-	-	1,112	1,112	1,112	868	868
Communications	-	2,229	2,229	1,114	1,114	2,228	4,457	4,669	4,669
Depreciation	-	-	-	-	128	128	128	349	349
Dues and subscriptions	-	411	411	263	201	464	875	850	850
Insurance	-	4,071	4,071	661	356	1,017	5,088	4,200	4,200
Marketing	-	13,874	13,874	13,875	-	13,875	27,749	38,997	38,997
Mission encounter trips	-	48,577	48,577	-	-	-	48,577	69,921	69,921
Occupancy	-	3,800	3,800	1,900	2,523	4,423	8,223	7,359	7,359
Office supplies and printing	-	755	755	378	378	756	1,511	1,618	1,618
Other	-	1,260	1,260	1,224	1,224	2,448	3,708	(2,354)	(2,354)
Personnel	-	94,428	94,428	97,273	47,214	144,487	238,915	280,019	280,019
Postage and delivery	-	-	-	2,739	685	3,424	3,424	4,814	4,814
Professional services	-	-	-	28,155	24,234	52,389	52,389	56,532	56,532
Transfers to field programs	304,898	-	304,898	-	-	-	304,898	1,308,470	1,308,470
Travel	-	3,571	3,571	1,786	1,786	3,572	7,143	17,158	17,158
Total	\$ 304,898	\$ 180,320	\$ 485,218	\$ 154,122	\$ 86,606	\$ 240,728	\$ 725,946	\$ 1,812,872	\$ 1,812,872

See accompanying notes to financial statements.

International Child Care (USA), Inc.

Statement of Cash Flows (with Comparative Totals for 2014)

	Year ended June 30	
	2015	2014
Operating activities		
Change in net assets	\$ (82,648)	\$ (526,557)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	128	349
Appreciation in beneficial interest in assets held by Columbus Foundation	(850)	(4,794)
Changes in operating assets and liabilities:		
Receivables	4,257	470,168
Inventory	(523)	111
Prepaid expenses	(861)	429
Accounts payable	1,260	3,619
Total adjustments	3,411	469,882
Net cash used in operating activities	(79,237)	(56,675)
Investing activities		
Trademark expenditures	(7,490)	(3,084)
Property and equipment expenditures	-	(381)
Net cash used in investing activities	(7,490)	(3,465)
Net decrease in cash	(86,727)	(60,140)
Cash, beginning of year	279,696	339,836
Cash, end of year	\$ 192,969	\$ 279,696

See accompanying notes to financial statements.

International Child Care (USA), Inc.

Notes to Financial Statements
June 30, 2015

Note A—Summary of Accounting Policies

Organization

International Child Care (USA), Inc. (ICC-USA or the “Organization”) is a Christian health and development organization whose focus is promoting health and wholeness for children in Haiti and the Dominican Republic. ICC-USA solicits and receives contributions from sources within the United States, and in turn provides funding to the field programs run by ICC-Haiti and ICC-Dominican Republic.

ICC-USA has entered into an agreement with ICC-Haiti and ICC-Dominican Republic, the purpose of which is to establish an administrative managerial structure for regulating and overseeing the ministry activities that are co-funded by the parties. This agreement recognizes that each of the organizations is an autonomous organization, and provides for an international council to oversee activities pursuant to the agreement.

These financial statements reflect the activity of ICC-USA only.

Basis of Accounting

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables and payables.

Basis of Presentation

The Organization follows net asset accounting methods, whereby revenues are classified for accounting and reporting purposes into one of three net asset classes:

- Unrestricted net assets—net assets which are not subject to donor-imposed restrictions.
- Temporarily restricted net assets—net assets subject to donor-imposed restrictions that may or will be met either by actions of the Organization or the passage of time, or both. When a temporary 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.”
- Permanently restricted net assets—net assets subject to donor-imposed restrictions that they be maintained permanently by the Organization. The Organization has no permanently restricted net assets.

International Child Care (USA), Inc.

Notes to Financial Statements (continued)

Note A—Summary of Accounting Policies (continued)

Use of Estimates

Management uses estimates and assumptions in preparing the Organization's financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Inventory

Inventory consists of books and shirts available for sale and donated supplies and equipment that have not yet been sent to the field, and is valued at cost using the specific identification method.

Furniture, Equipment and Depreciation

Expenditures for furniture and equipment are stated at cost. Depreciation is computed by the straight-line method over the depreciable lives (five to ten years) of the assets. The cost of maintenance and repairs is charged to operations as incurred, whereas costs of significant replacements and improvements are capitalized and depreciated over the periods benefited.

Trademarks

Legal fees incurred to submit trademark applications and other related correspondence to the United States Patent and Trademark Office have been capitalized. Since trademarks are considered to have an indefinite life, generally accepted accounting principles do not allow amortization, but the assets are subject to an annual impairment test.

Donated Materials and Equipment

Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated fair values at date of receipt.

Revenue Recognition

Grant support is recognized over the grant period. Grants received under cost-reimbursement programs are recognized to the extent expenses are incurred. Grants received in advance of grant periods are recorded as deferred income until the services are performed.

A substantial number of unpaid volunteers have made significant contributions of their time to develop the Organization's programs. The value of this time cannot be determined objectively and therefore is not reflected in the financial statements.

International Child Care (USA), Inc.

Notes to Financial Statements (continued)

Note A—Summary of Accounting Policies (continued)

Functional Allocation of Expenses

The cost of providing program and support services has been reported on a functional basis in the statement of activities. Indirect costs have been allocated between the various programs and support services based on estimates, as determined by management. Although the methods of allocation used are considered reasonable, other methods could be used that would produce different amounts.

Income Tax

The Organization is exempt from federal income tax under Section 501(a) as an organization described in Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies as a charitable organization as described in Section 170(c) and has been classified under Section 509(a)(2) as an organization that is not a private foundation.

Summarized Prior-Year Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2014, from which the summarized information was derived.

Subsequent Events

Subsequent events were evaluated through September 11, 2015, which is the date the financial statements were available to be issued.

Note B—Cash

Cash is comprised of the following:

	<u>2015</u>	<u>2014</u>
Cash in checking account	\$ 67,905	\$ 64,654
Cash in money market accounts	125,064	215,042
Total	<u>\$ 192,969</u>	<u>\$ 279,696</u>

International Child Care (USA), Inc.

Notes to Financial Statements (continued)

Note C—Contributions Receivable

Contributions receivable are summarized as follows:

	2015	2014
Receivable in less than one year	\$ 3,300	\$ 6,000
Receivable in one year to five years	—	500
Total contributions receivable	3,300	6,500
Less discount to net present value	—	19
Net contributions receivable	\$ 3,300	\$ 6,481

Contributions receivable in more than one year were discounted at 2% per annum for 2014.

Note D—Furniture and Equipment

Furniture and equipment are summarized as follows:

	2015	2014
Furniture and equipment	\$ 14,828	\$ 14,828
Less accumulated depreciation	14,506	14,378
Net furniture and equipment	\$ 322	\$ 450

Note E—Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	2015	2014
Grace Children's Hospital	\$ 174,254	\$ 206,160
Mission Encounter trips	18,018	20,873
Rehabilitation program	70	94
Capital campaign	—	5,423
Capital items and other	113,928	77,153
Total	\$ 306,270	\$ 309,703

International Child Care (USA), Inc.

Notes to Financial Statements (continued)

Note F—Funding

ICC-USA received a portion of its public support through the United Methodist Committee on Relief (UMCOR), an unrelated nonprofit organization, to be used primarily for Grace Children's Hospital. UMCOR collects contributions from various churches and individuals on behalf of ICC-USA and other organizations, and remits these contributions on a monthly basis. Contributions from UMCOR totaled \$194,967 in 2015 and \$206,259 in 2014. These contributions represented approximately 30% and 16% of public support received in 2015 and 2014, respectively.

Although ICC-USA has no formal agreement with UMCOR, substantial support has been received each year.

Contributions from UMCOR are recognized as revenue when received by ICC-USA.

Note G—In-Kind Contributions

Useable supplies and medical services donated to the field programs by mission encounter groups are reflected in the financial statements as in-kind contributions at their estimated fair value on the date of receipt. These donated supplies and medical services are also included in the caption "Transfers to field programs" in the statement of functional expenses.

Donated services are recognized as contributions if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by ICC-USA.

In-kind contributions of supplies and medical services donated to field programs totaled \$35,339 in 2015 and \$573,209 in 2014. The amount recorded in these financial statements may not correspond to the total value of donated supplies and medical services received in the field as individuals or groups may make contributions without notifying the ICC-USA office.

Note H—Lease

In August 2014, ICC-USA signed a 24-month lease extension on their operating lease agreement for office space. The extension provides for lease payments of \$7,800 in the first year and \$9,000 in the second year. Rent expense was \$7,600 in 2015 and \$6,600 in 2014.

International Child Care (USA), Inc.

Notes to Financial Statements (continued)

Note I—Retirement Plan

The Organization maintains a simplified employee pension plan for the retirement benefit of its employees. All employees who meet the age, length of service and hours worked requirements are eligible to participate. The Organization contributes a percentage of each eligible employee's wages. Pension expense was \$8,300 in 2015 and \$8,688 in 2014.

Note J—Funds Held at Foundation

In 1998, ICC-USA established the International Child Care USA Foundation Fund (the "Fund") at Columbus Foundation (the "Foundation"). The Fund is to be used for charitable, educational, and public purposes. Distributions will be made from the Fund to charitable organizations at the discretion of the Foundation's Board of Trustees. ICC-USA's Board of Trustees has reserved the right to recommend how the money will be distributed. In addition, ICC-USA may request that the Fund be returned to ICC-USA, although final authority rests with the Foundation.

When a nonprofit organization establishes a fund at a foundation with its own funds and specifies itself as the beneficiary of that fund, the organization must account for the transfer of such assets as a beneficial interest in assets held by the foundation. Foundations refer to such funds as agency endowment funds. The Foundation maintains variance power and legal ownership of its agency endowment funds and continues to report the funds as assets of the Foundation. However, the Organization has recognized a beneficial interest in assets held by the Foundation for the fair value of its agency endowment fund, which is generally equivalent to the present value of future payments expected to be received by the Organization.

The following table summarizes the activity in the Organization's agency endowment fund at the Foundation:

	2015	2014
Beneficial interest in assets held in the agency endowment fund, beginning of year	\$ 38,624	\$ 33,830
Contributions received from the Organization	—	—
Grants made to the Organization	—	—
Investment return	850	4,794
Beneficial interest in assets held in the agency endowment fund, end of year	<u>\$ 39,474</u>	<u>\$ 38,624</u>