



**FINANCIAL STATEMENTS**  
**Year Ended December 31, 2021**

**with**

**Independent Auditors' Report**

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# INTERNATIONAL CHILDREN'S CARE, INC.

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## **Independent Auditors' Report**

The Board of Trustees  
International Children's Care, Inc.

### **Opinion**

We have audited the accompanying financial statements of International Children's Care, Inc., which comprise the statement of financial position as of December 31, 2021, 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 Children's Care, Inc. as of December 31, 2021, 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 Children's Care, 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 Children's Care, 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 Children's Care, 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 Children's Care, 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.

## **Report on Summarized Comparative Information**

We have previously audited International Children's Care, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 6, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Hoffman, Stewart & Schmidt, P.C.*

Lake Oswego, Oregon  
May 5, 2022

**INTERNATIONAL CHILDREN'S CARE, INC.**

**Statement of Financial Position**

<b>December 31, 2021</b> <i>(With Comparative Amounts for 2020)</i>	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 807,219	\$ 931,725
Investments	510,426	483,552
Contributions receivable	102,793	84,298
CARES Act tax credits receivable	197,561	-
Loans receivable	95,950	91,475
Prepaid expenses	35,908	31,339
Beneficial interest in funds held by Prolasa Canada, Inc.	1,478	121,122
Investments held for endowment	259,123	129,585
Contribution receivable restricted for endowment	-	125,000
Receivable from charitable trusts	84,407	85,023
Receivable from charitable gift annuities	183,889	155,357
Property and equipment - net	112,115	123,264
<b>Total assets</b>	<b><u>\$ 2,390,869</u></b>	<b><u>\$ 2,361,740</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued liabilities	\$ 5,133	\$ 5,477
Accrued vacation	95,125	82,400
<b>Total liabilities</b>	<b>100,258</b>	<b>87,877</b>
<b>Net assets:</b>		
Without donor restrictions	1,016,241	1,034,468
With donor restrictions	1,274,370	1,239,395
<b>Total net assets</b>	<b><u>2,290,611</u></b>	<b><u>2,273,863</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$ 2,390,869</u></b>	<b><u>\$ 2,361,740</u></b>

*The accompanying notes are an integral part of the financial statements.*

**INTERNATIONAL CHILDREN'S CARE, INC.**

**Statement of Activities**

**Year Ended December 31, 2021** *(With Comparative Totals for 2020)*

	Without Donor Restrictions	With Donor Restrictions	Total	
			2021	2020
<b>Revenue and support:</b>				
Contributions	\$ 3,487,646	\$ 139,965	\$ 3,627,611	\$ 4,106,215
In-kind contributions	36,394	-	36,394	30,272
Net assets released from restrictions	137,444	(137,444)	-	-
<b>Net revenue and support</b>	<b>3,661,484</b>	<b>2,521</b>	<b>3,664,005</b>	<b>4,136,487</b>
<b>Expenses:</b>				
Program services	3,551,585	-	3,551,585	3,739,230
Management and general	169,445	-	169,445	166,532
Fundraising	163,777	-	163,777	172,571
<b>Total expenses</b>	<b>3,884,807</b>	<b>-</b>	<b>3,884,807</b>	<b>4,078,333</b>
<b>Income (loss) from operations</b>	<b>(223,323)</b>	<b>2,521</b>	<b>(220,802)</b>	<b>58,154</b>
<b>Non-operating activities:</b>				
CARES Act tax credits	197,561	-	197,561	-
Forgiveness of Paycheck Protection Program loan	-	-	-	182,500
Change in value of receivable from:				
Charitable trusts	-	(616)	(616)	14,564
Charitable gift annuities	-	28,532	28,532	6,695
Net investment return	7,535	4,538	12,073	29,403
<b>Net non-operating activities</b>	<b>205,096</b>	<b>32,454</b>	<b>237,550</b>	<b>233,162</b>
<b>Increase (decrease) in net assets</b>	<b>(18,227)</b>	<b>34,975</b>	<b>16,748</b>	<b>291,316</b>
Net assets, beginning of year	1,034,468	1,239,395	2,273,863	1,982,547
<b>Net assets, end of year</b>	<b>\$ 1,016,241</b>	<b>\$ 1,274,370</b>	<b>\$ 2,290,611</b>	<b>\$ 2,273,863</b>

*The accompanying notes are an integral part of the financial statements.*

**INTERNATIONAL CHILDREN'S CARE, INC.**

**Statement of Functional Expenses**

**Year Ended December 31, 2021** *(With Comparative Totals for 2020)*

	Program Services	Management and General	Fundraising	Total	
				2021	2020
Grants and allocations	\$ 2,504,124	\$ -	\$ -	\$ 2,504,124	\$ 2,721,995
Salaries and wages	745,287	92,786	99,159	937,232	906,562
Payroll taxes	62,440	7,774	8,307	78,521	75,109
Employee benefits	111,066	13,827	14,777	139,670	143,355
Professional fees	-	18,625	-	18,625	20,923
Supplies	16,730	2,083	2,226	21,039	17,791
Telephone	10,636	1,324	1,415	13,375	11,613
Postage and shipping	10,702	2,675	4,459	17,836	17,635
Occupancy	15,297	5,538	5,539	26,374	23,766
Equipment rental and maintenance	7,960	2,882	2,882	13,724	12,553
Printing and publications	17,278	4,319	7,199	28,796	27,843
Travel	2,020	251	269	2,540	3,266
Conferences and meetings	143	18	19	180	4,136
Depreciation	6,466	2,341	2,342	11,149	16,724
Foreign development	-	-	182	182	14,213
Other	41,436	15,002	15,002	71,440	60,849
	<b>\$ 3,551,585</b>	<b>\$ 169,445</b>	<b>\$ 163,777</b>	<b>\$ 3,884,807</b>	<b>\$ 4,078,333</b>

*The accompanying notes are an integral part of the financial statements.*

**INTERNATIONAL CHILDREN'S CARE, INC.**

**Statement of Cash Flows**

<b>Year Ended December 31, 2021</b> <i>(With Comparative Totals for 2020)</i>	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities:</b>		
Cash receipts:		
Contributions	\$ 3,728,760	\$ 4,161,577
Interest and dividends	67	3,752
Cash paid:		
Grantees, suppliers, and employees	<u>(3,829,452)</u>	<u>(4,020,365)</u>
<b>Net cash provided (used) by operating activities</b>	<b>(100,625)</b>	<b>144,964</b>
<b>Cash flows from investing activities:</b>		
Purchases of equipment	-	(4,702)
Purchases of investments	(144,406)	(249,807)
Proceeds from sale of investments	-	116,829
Loan receivable issuances	<u>(4,475)</u>	<u>(73,045)</u>
<b>Net cash used by investing activities</b>	<b>(148,881)</b>	<b>(210,725)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from contributions restricted for endowment	125,000	125,000
Proceeds from Paycheck Protection Program loan	<u>-</u>	<u>182,500</u>
<b>Net cash provided by financing activities</b>	<b>125,000</b>	<b>307,500</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(124,506)</b>	<b>241,739</b>
Cash and cash equivalents, beginning of year	<u>931,725</u>	<u>689,986</u>
<b>Cash and cash equivalents, end of year</b>	<b><u>\$ 807,219</u></b>	<b><u>\$ 931,725</u></b>

*The accompanying notes are an integral part of the financial statements.*



**INTERNATIONAL CHILDREN'S CARE, INC.**

**Statement of Cash Flows - Continued**

<b>Year Ended December 31, 2021</b> <i>(With Comparative Totals for 2020)</i>	<b>2021</b>	<b>2020</b>
<b>Reconciliation of increase in net assets to net cash provided (used) by operating activities:</b>		
Increase in net assets	\$ 16,748	\$ 291,316
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
Depreciation	11,149	16,724
Change in value of receivable from:		
Charitable trusts	616	(14,564)
Charitable gift annuities	(28,532)	(6,695)
Unrealized and realized gains on investments	(12,006)	(25,651)
Distribution from a charitable gift annuity	-	72,702
Forgiveness of Paycheck Protection Program loan	-	(182,500)
Change in operating assets and liabilities:		
Contributions receivable	(18,495)	(22,955)
CARE Act tax credits receivable	(197,561)	-
Beneficial interest in funds held by Prolasa Canada, Inc.	119,644	5,615
Prepaid expenses	(4,569)	(1,700)
Accounts payable and accrued liabilities	(344)	(312)
Accrued vacation	12,725	12,984
<b>Net cash provided (used) by operating activities</b>	<b><u>\$ (100,625)</u></b>	<b><u>\$ 144,964</u></b>

*The accompanying notes are an integral part of the financial statements.*

# INTERNATIONAL CHILDREN'S CARE, INC.

## Notes to Financial Statements

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### 1. Significant Accounting Policies

**Nature of Activities** - International Children's Care, Inc. (ICC) is a private relief and development organization. ICC was established for the specific purpose of giving high-quality care for needy children. ICC supports orphanages and schools in foreign countries. Presently, ICC's involvement is most prevalent in the following countries:

Congo	India
Dominican Republic	Mexico
El Salvador	Nicaragua
Ghana	Romania
Guatemala	Zambia

ICC receives substantially all of its revenue from contributions. Fundraising efforts take place in the United States and abroad.

**Basis of Accounting** - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

**Basis of Presentation** - Net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of ICC and changes therein are classified and reported as follows:

*Net assets without donor restrictions* - Net assets not subject to donor-imposed stipulations.

*Net assets with donor restrictions* - Net assets subject to donor-imposed stipulations that will be met by either actions of ICC and/or the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

**Measure of Operations** - The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to ICC's ongoing program services. Non-operating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

# INTERNATIONAL CHILDREN'S CARE, INC.

## Notes to Financial Statements - Continued

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### 1. Significant Accounting Policies - Continued

**Use of Estimates** - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Estimates are used in the financial statements for, among other things, the valuation of receivables from charitable trusts and gift annuities, the calculation of depreciation expense, and the functional allocation of certain expenses.

**Cash Equivalents** - ICC considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents. ICC maintains its cash balances in various financial institutions in Vancouver, Washington.

**Investments** - Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statement of financial position, and changes in fair value are reported as investment return in the statement of activities.

**Property and Equipment and Depreciation** - Property and equipment is recorded at cost at date of purchase or estimated fair value at date of donation. Small equipment purchases of \$1,000 or less are charged to expense. Depreciation of property and equipment has been computed using the straight-line method over the following estimated useful lives:

Building	31.5 years
Furniture and fixtures	10 years
Equipment	3 - 10 years

**Financial Instruments with Concentrations of Credit Risk** - Financial instruments that potentially subject ICC to concentrations of credit risk consist primarily of cash equivalents and investments. At December 31, 2021, and often during this year, cash and cash equivalents include bank deposits in excess of Federal Deposit Insurance Corporation (FDIC) insurable limits. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible changes in the values of investment securities will occur in the near term and such changes could materially affect the market value reported in the financial statements.

**Fair Value Measurements** - Accounting standards pertaining to fair value measurements establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels. ICC uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, ICC measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value, and Level 3 inputs were only used when Level 1 or Level 2 inputs were not available.

# INTERNATIONAL CHILDREN'S CARE, INC.

## Notes to Financial Statements - Continued

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### 1. Significant Accounting Policies - Continued

**Fair Value Measurements - Continued** - The three levels of the fair value hierarchy are described as follows:

*Level 1* - Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets ICC has the ability to access.

*Level 2* - Inputs to the valuation methodology include:

- Quoted prices for similar assets in active markets.
- Quoted prices for identical or similar assets in inactive markets.
- Inputs, other than quoted prices observable for the asset.
- Inputs derived principally from or corroborated by observable market data by correlation or other means.

*Level 3* - Inputs to the valuation methodology that are unobservable and significant to the fair value measurement.

**Revenue Recognition** - ICC recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

ICC reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. In absence of explicit donor stipulations about how long those long-lived assets must be maintained, ICC reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

## INTERNATIONAL CHILDREN'S CARE, INC.

### Notes to Financial Statements - Continued

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#### 1. Significant Accounting Policies - Continued

**In-Kind Contributions** - ICC recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Donated services have not been reflected in the accompanying financial statements since the appropriate criteria for recording these services has not been met. Nevertheless, a substantial number of volunteers have donated significant amounts of their time to ICC's program services and its fundraising campaigns.

In-kind contributions of equipment and other materials are recorded where there is an objective basis upon which to value these contributions. In-kind contributions recognized are items that ICC will use for administrative or program purposes, and which ICC would otherwise need to purchase. During the year ended December 31, 2021, ICC recognized in-kind contributions of \$36,394 consisting mostly of donated supplies for ICC's program services.

**Income Taxes** - Income taxes are not provided for in the financial statements since ICC is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and similar state provisions. ICC is not classified as a private foundation.

**Advertising** - Advertising costs are charged to expense as incurred. Advertising and promotional expense for the year ended December 31, 2021, totaled \$11,439.

**Functional Allocation of Expenses** - Costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Most natural expenses are attributable to more than one functional expense category and are allocated using a variety of cost allocation methods such as estimates of time and effort and square footage.

**Adoption of New Accounting Pronouncement** - During the year ended December 31, 2021, ICC adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-13, *Fair Value Measurements (Topic 820) Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. The amendments in this ASU modify the disclosure requirements for fair value measurements. The adoption of this pronouncement had no material effect on ICC's current or previously issued financial statements.

**Summarized Financial Information for 2020** - The financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with ICC's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

# INTERNATIONAL CHILDREN'S CARE, INC.

## Notes to Financial Statements - Continued

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### 1. Significant Accounting Policies - Continued

**Endowment** - ICC's endowment consists of one fund established by a donor to provide annual funding for ICC's general operations. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. No net assets without donor restrictions were functioning as an endowment for 2021.

ICC manages its endowment in accordance with the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Board of Directors interpreted UPMIFA as allowing ICC to appropriate for expenditure or accumulate so much of an endowment fund as ICC determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift agreement. Unless otherwise stated in the gift instrument, the assets in an endowment fund shall be donor restricted assets until appropriated for expenditure by the Board of Directors.

As a result of this interpretation, ICC classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by ICC in a manner consistent with the standard of prudence prescribed by UPMIFA.

ICC's investment objective for endowment assets is to provide a predictable stream of income for programs while also achieving long-term growth. Currently, the spending rate is 80 percent of the annual net investment return with the remaining 20 percent added to the permanent endowment.

### 2. Program and Supporting Services

**Program Services** - ICC supports the operations of orphanages and schools in several foreign countries, including providing financial support for the day-to-day operations of the orphanages and schools, and acquiring land and buildings for new orphanages. ICC also provides information about the plight of orphans and offers ways that interested individuals can become involved in their care and support.

**Management and General** - Management and general activities include business management, recordkeeping, budgeting, financing, and related administrative activities. These services provide the necessary developmental, organizational, and management support for the effective operation of programs.

**Fundraising** - Fundraising activities include conducting fundraising campaigns, preparing and distributing fundraising materials, and conducting other activities involving soliciting contributions from individuals, foundations, and others.

**INTERNATIONAL CHILDREN'S CARE, INC.**

**Notes to Financial Statements - Continued**

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**3. Liquidity and Availability of Resources**

ICC's financial assets available within one year for general expenditures are as follows at December 31:

	<b>2021</b>	<b>2020</b>
Cash and cash equivalents	\$ 807,219	\$ 931,725
Operating investments	510,426	483,552
Contributions receivable	102,793	84,298
CARE Act tax credits receivable	197,561	-
Current portion of loans receivable	66,830	91,475
Beneficial interest in funds held by Prolasa Canada, Inc.	<u>1,478</u>	<u>121,122</u>
Total financial assets available within one year	1,686,307	1,712,172
Less:		
Board designated funds	(10,000)	(10,000)
Amounts unavailable for general expenditures within one year due to donor-stipulated purpose restrictions	<u>(746,951)</u>	<u>(744,430)</u>
Total financial assets available for general expenditures within one year	<u>\$ 929,356</u>	<u>\$ 957,742</u>

ICC maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Financial assets in excess of daily cash requirements are invested in a money market fund, which is a short-term investment. Additionally, ICC's Board designated funds are a component of net assets without donor restriction. Although management intends to use this fund in accordance with provisions outlined by the Board of Directors, amounts could be made available for current operations, if approved by the Board.

**INTERNATIONAL CHILDREN'S CARE, INC.**

**Notes to Financial Statements - Continued**

**4. Investments**

	<b>2021</b>	<b>2020</b>
Money market fund	\$ 534,918	\$ 409,487
Common stock	82,374	81,198
Fixed income fund	131,449	122,452
Equity mutual funds	20,808	-
	<u>769,549</u>	<u>613,137</u>
Less investments held for endowment	<u>(259,123)</u>	<u>(129,585)</u>
	<u><u>\$ 510,426</u></u>	<u><u>\$ 483,552</u></u>

**5. Contributions Receivable**

Contributions receivable represent the following at December 31:

	<b>2021</b>	<b>2020</b>
Estate receivable	\$ 5,000	\$ 5,000
Year-end gifts	97,793	79,298
	<u><u>\$ 102,793</u></u>	<u><u>\$ 84,298</u></u>

In addition, at December 31, 2020, ICC had a \$125,000 contribution receivable restricted for the ICC Endowment Fund.

**6. Loans Receivable**

ICC has loans receivable from the Congo Project, the Guatemala Los Pinos Project, and the Mexico Project. The repayment terms are not under formal agreements. The loans are unsecured and do not bear interest. At December 31, 2021, \$66,830 is expected to be repaid during the next fiscal year. At December 31, 2021 and 2020, the balance of loans receivable totaled \$95,960 and \$91,475, respectively.



## INTERNATIONAL CHILDREN'S CARE, INC.

### Notes to Financial Statements - Continued

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#### **7. Beneficial Interest in Funds Held by Prolasa Canada, Inc.**

Prolasa Canada, Inc. (Prolasa) (a nonprofit organization in Canada) accepts contributions raised in Canada that have been designated for ICC. At the direction of ICC's management, Prolasa disburses these funds to one of ICC's project sites. Therefore, because ICC has the ability to direct the use of these funds, the funds held by Prolasa for ICC are recorded as an asset by ICC. At December 31, 2021, the balance of ICC's beneficial interest in funds held by Prolasa totaled \$1,478.

Prolasa is a related party to ICC as it has a management member that is related to management members of ICC.

#### **8. Receivable from Charitable Trusts**

ICC has a remainder interest in two irrevocable charitable remainder unitrusts. The terms of the trusts provide ICC with the trust value (or percentage thereof) upon the death of lifetime beneficiaries. ICC's interest has been recorded at the present value of the estimated fair value of assets to be received in the future.

For one charitable trust, the value is based on the most recently provided information on the fair value of the trust assets, which is not as of the year-end. However, based on historical values, management does not believe this would cause a material difference in the receivable amount recorded.

#### **9. Receivable from Charitable Gift Annuities**

ICC has a beneficial interest in 9 charitable gift annuities. The annuities are being administered by North Pacific Union Conference Association of the Seventh-day Adventists and Western Adventist Foundation. The annuities have been recorded at their estimated fair values, based on the terms of each specific annuity.

**INTERNATIONAL CHILDREN'S CARE, INC.**

**Notes to Financial Statements - Continued**

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**10. Property and Equipment - Net**

	<b>2021</b>	<b>2020</b>
Land	\$ 95,000	\$ 95,000
Buildings	401,215	401,215
Furniture and fixtures	13,531	13,531
Equipment	<u>132,166</u>	<u>136,196</u>
	641,912	645,942
Less accumulated depreciation	<u>(529,797)</u>	<u>(522,678)</u>
	<u>\$ 112,115</u>	<u>\$ 123,264</u>

**11. Commitments and Rent Expense**

ICC leases certain equipment under operating leases expiring through July 2023. Future minimum lease payments under operating leases are as follows:

<b>Years Ending December 31,</b>	<b>Amount</b>
2022	\$ 7,200
2023	<u>3,600</u>
	<u>\$ 10,800</u>

Rent expense during the year ended December 31, 2021, totaled \$13,103.

**INTERNATIONAL CHILDREN'S CARE, INC.**

**Notes to Financial Statements - Continued**

**12. Net Assets**

Net assets without donor restrictions include \$10,000 that has been designated by the Board of Directors for ICC's emergency reserve fund.

Net assets with donor restrictions are restricted as follows at December 31:

	<b>2021</b>	<b>2020</b>
Subject to expenditure for specified purpose:		
Congo Project	\$ 170,368	\$ 85,030
Development projects	242,003	360,215
Dominican Project	69,169	21,874
Education	5,590	5,590
El Salvador Project	85,717	85,667
Guatemala Los Pinos and ICAP Projects	58,773	70,388
India Project	62,198	69,814
Mexico Project	52,883	45,602
Other countries	250	250
	746,951	744,430
Subject to the passage of time:		
Receivable from charitable trusts	84,407	85,023
Receivable from charitable gift annuities	183,889	155,357
	268,296	240,380
Endowment:		
Unspent earnings available for expenditure	7,298	3,668
Perpetual in nature:		
ICC Endowment Fund	251,825	250,917
Total endowment	259,123	254,585
	<b>\$ 1,274,370</b>	<b>\$ 1,239,395</b>

During the year ended December 31, 2021, net assets totaling \$137,444 were released from donor restrictions by the occurrence of specific events and the passage of time.

**INTERNATIONAL CHILDREN'S CARE, INC.**

**Notes to Financial Statements - Continued**

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**13. Endowment**

Change in endowment funds for the year ended December 31, 2021, is as follows:

	<b>Unspent Earnings Available for Expenditures</b>	<b>Permanent Endowment Balance</b>	<b>Total</b>
Endowment net assets, beginning of year	\$ 3,668	\$ 250,917	\$ 254,585
Net investment return	<u>3,630</u>	<u>908</u>	<u>4,538</u>
Endowment net assets, end of year	<u>\$ 7,298</u>	<u>\$ 251,825</u>	<u>\$ 259,123</u>

**14. CARES Act Tax Credits**

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), was enacted in response to the COVID-19 pandemic. This act, among other things, provides fully refundable tax credits against the employer share of federal payroll taxes for employers who meet certain criteria. CARES Act tax credits of \$197,561 are included in the accompanying statement of activities for the year ended December 31, 2021.

ICC has elected to account for the CARES Act tax credits as a government grant using accounting guidance provided by Accounting Standards Codification 958-605: *Not-for-Profit Entities - Revenue Recognition*. Accordingly, the CARES Act tax credits were recognized as revenue when the qualifying payroll expenses were incurred.

**15. Paycheck Protection Program Loan**

In April 2020, ICC received loan proceeds in the amount of \$182,500 from Umpqua Bank under the Paycheck Protection Program (PPP). The PPP, established as part of the CARES Act, provides for full or partial loan forgiveness if loan proceeds are used for qualifying expenses and certain other conditions are satisfied.

The loan was forgiven in full by the Small Business Administration (SBA) in November 2020 and, as such, ICC has recognized a non-operating gain on the statement of activities of \$182,500, the full amount of the original loan.

**INTERNATIONAL CHILDREN'S CARE, INC.**

**Notes to Financial Statements - Continued**

**16. Joint Costs of Activities Including a Fundraising Appeal**

ICC conducts campaigns to distribute information about orphaned children in foreign countries and to appeal for funds. Joint costs, consisting of postage, shipping, printing, and publication costs, were allocated as follows:

	<b>2021</b>	<b>2020</b>
Program services	\$ 27,980	\$ 27,287
Management and general	6,994	6,821
Fundraising	<u>11,658</u>	<u>11,370</u>
	<u><u>\$ 46,632</u></u>	<u><u>\$ 45,478</u></u>

**17. Tax-Deferred Annuity Plan**

ICC has a tax-deferred annuity plan (the Plan) qualified under Section 403(b) of the IRC. The Plan is available to all full-time employees of ICC who may contribute to the Plan up to the maximum amount allowed by the IRC. ICC made discretionary contributions to the Plan totaling \$13,286 in 2021.

**18. Fair Value Measurements**

The following table sets forth by level, within the fair value hierarchy, ICC's assets measured at fair value on a recurring basis as of December 31, 2021:

	<b>Quoted Prices in Active Markets (Level 1)</b>	<b>Unobservable Inputs (Level 3)</b>	<b>Total</b>
Money market fund	\$ 534,918	\$ -	\$ 534,918
Common stock	82,374	-	82,374
Fixed income fund	-	131,449	131,449
Equity mutual funds	<u>20,808</u>	<u>-</u>	<u>20,808</u>
Total investments	638,100	131,449	769,549
Receivable from charitable trusts	-	84,407	84,407
Receivable from charitable gift annuities	<u>-</u>	<u>183,889</u>	<u>183,889</u>
	<u><u>\$ 638,100</u></u>	<u><u>\$ 399,745</u></u>	<u><u>\$ 1,037,845</u></u>

## INTERNATIONAL CHILDREN'S CARE, INC.

### Notes to Financial Statements - Continued

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#### 18. Fair Value Measurements - Continued

Fair value for both the receivable from charitable trusts and receivable from charitable gift annuities is based on the present value of future cash receipts. The present value of future cash receipts is based on the market value of the underlying assets less the estimated present value of future payments to beneficiaries. Both inputs are provided by the trustees of the trusts and charitable gift annuities and are not observable by ICC.

The fixed income fund are investments held and managed by Western Adventist Foundation (WAF). The investments are not actively traded and significant other observable inputs are not available. The fair value of the investment is provided by WAF.

During the year ended December 31, 2021, there were no purchases, sales, or transfers into or out of Level 3 classification.

#### 19. Subsequent Events

Management has evaluated subsequent events through May 5, 2022, the date the financial statements were available for issue.