



**INTERNATIONAL CARE MINISTRIES**

Financial Statements  
For the Years Ended May 31, 2015 and 2014

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## Independent Auditor's Report

**Board of Directors  
International Care Ministries  
La Plata, Maryland**

We have audited the accompanying financial statements of International Care Ministries (ICM-US), which comprise the statements of financial position as of May 31, 2015 and 2014, and the related statements of activities and changes in unrestricted net assets and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 principles used and the reasonableness of significant 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 ICM-US as of May 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

*Clark Nuber PS*  
Certified Public Accountants  
November 19, 2015



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INTERNATIONAL CARE MINISTRIES

Statements of Financial Position  
May 31, 2015 and 2014

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	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 22,949	\$ 20,059
Gifts-in-kind supplies on hand	<u>504,636</u>	<u>390,418</u>
<b>Total Assets</b>	<b><u>\$ 527,585</u></b>	<b><u>\$ 410,477</u></b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Gifts-in-kind payable	\$ 504,636	\$ 390,418
<b>Net Assets:</b>		
Unrestricted net assets	<u>22,949</u>	<u>20,059</u>
<b>Total Liabilities and Unrestricted Net Assets</b>	<b><u>\$ 527,585</u></b>	<b><u>\$ 410,477</u></b>

See accompanying notes.

INTERNATIONAL CARE MINISTRIES

Statements of Activities and Changes in Unrestricted Net Assets  
For the Years Ended May 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>Unrestricted Revenue and Support:</b>		
Contributions	\$ 2,207,467	\$ 1,104,888
Gifts-in-kind	<u>3,219,132</u>	<u>3,003,005</u>
<b>Total Unrestricted Revenue and Support</b>	<b>5,426,599</b>	<b>4,107,893</b>
<b>Expenses:</b>		
Program-		
Gifts-in-kind	3,219,132	3,003,005
Other program expense	<u>2,181,234</u>	<u>1,075,020</u>
Total program expense	5,400,366	4,078,025
Management and general	<u>23,343</u>	<u>44,772</u>
<b>Total Expenses</b>	<b><u>5,423,709</u></b>	<b><u>4,122,797</u></b>
<b>Change in Unrestricted Net Assets</b>	<b>2,890</b>	<b>(14,904)</b>
Unrestricted net assets, beginning of period	<u>20,059</u>	<u>34,963</u>
<b>Unrestricted Net Assets, End of Period</b>	<b><u>\$ 22,949</u></b>	<b><u>\$ 20,059</u></b>

See accompanying notes.

INTERNATIONAL CARE MINISTRIES

Statements of Cash Flows  
For the Years Ended May 31, 2015 and 2014

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	<u>2015</u>	<u>2014</u>
<b>Cash Flows From Operating Activities:</b>		
Change in unrestricted net assets	\$ 2,890	\$ (14,904)
Adjustments to reconcile change in unrestricted net assets to net cash provided by (used in) operating activities-		
Change in operating assets and liabilities:		
Gifts-in-kind supplies on hand	(114,218)	(270,668)
Gifts-in-kind payable	<u>114,218</u>	<u>270,668</u>
<b>Net Cash Provided by (Used in) Operating Activities and Net Change in Cash and Cash Equivalents</b>	<b>2,890</b>	<b>(14,904)</b>
Cash and cash equivalents, beginning of period	<u>20,059</u>	<u>34,963</u>
<b>Cash and Cash Equivalents, End of Period</b>	<b><u>\$ 22,949</u></b>	<b><u>\$ 20,059</u></b>
<b>Supplemental Cash Flow Information:</b>		
Gifts-in-kind revenue and expense	\$ 3,219,132	\$ 3,003,005

See accompanying notes.

## INTERNATIONAL CARE MINISTRIES

### Notes to Financial Statements For the Years Ended May 31, 2015 and 2014

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#### Note 1 - Organization

**Organization** - International Care Ministries (ICM-US) is a nonprofit organization whose primary goal is to free the poorest of the poor in the Philippines from physical, emotional and spiritual bondage. ICM-US provides donations of cash and goods to support the strategic programs of International Care Ministries organizations located in the Philippines and Hong Kong. These programs enhance the lives of more than 100,000 men, women and children (unaudited) each year in thousands of slum communities across the Philippines. ICM-US was organized in 1999 and is governed by a board of directors located in the United States and Hong Kong that is independent of International Care Ministries entities located in the Philippines and Hong Kong. Therefore, these financial statements reflect only the activity of ICM-US.

#### Note 2 - Significant Accounting Policies

**Basis of Presentation** - The financial statements of ICM-US are presented on the accrual basis of accounting. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of ICM-US and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed restrictions that will be met either by actions of ICM-US or passage of time. ICM-US has no temporarily restricted net assets at May 31, 2015 and 2014.

Permanently Restricted Net Assets - Support received in the form of endowment or sustaining funds which can never be spent. ICM-US has no permanently restricted net assets at May 31, 2015 and 2014.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets and liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled or the stipulated time period has lapsed) are reported as reclassifications between the applicable classes of net assets.

**Revenue Recognition** - Cash contributions are recorded as revenue in the period received, in accordance with donor restrictions. ICM-US currently has no promises to give (pledges), which would be recorded at fair value in the period the promise is received, in accordance with donor-imposed restrictions.

**Cash and Cash Equivalents** - Cash and cash equivalents consist of cash on hand and a checking account. Cash balances generally do not exceed federally insured limits during the year. For the purposes of reporting cash flows, ICM-US considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Investments** - ICM-US received contributions consisting of preferred and common shares of a privately held company during the year ended May 31, 2014. The shares were recognized as contribution revenue on the date received at their par value, which approximates fair value. Because there is no active market for the securities, management elected to recognize an allowance for the entire value recognized for the securities. Therefore, this investment does not appear on the statements of financial position. ICM-US had no outstanding commitments with regard to this investment at May 31, 2014. The privately held company was dissolved during the year ended May 31, 2015.

## INTERNATIONAL CARE MINISTRIES

### Notes to Financial Statements For the Years Ended May 31, 2015 and 2014

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#### Note 2 - Continued

**Gifts-in-Kind** - ICM-US receives gifts-in-kind (GIK) of rice and soy protein meal from several donors located in the United States. ICM-US contributes the goods to an organization located in the Philippines. In accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and in consideration of Accord GIK Interagency Standards, ICM-US recognizes GIK revenue on the statements of activities and changes in unrestricted net assets in the period received at the fair value of the GIK based on current estimated wholesale prices. Program expense is recognized in the period the goods are shipped to the Philippines. GIK shipments in transit at the end of the accounting period for which ICM-US has assumed responsibility are recorded as GIK supplies on hand on the statements of financial position. Because the GIK in transit has been awarded to the organization in the Philippines, the shipments in transit are also recorded as GIK payable on the statements of financial position.

GIK contribution revenue and related expense totaled \$3,219,132 and \$3,003,005 for the years ended May 31, 2015 and 2014, respectively, and are reflected on the statements of activities and changes in unrestricted net assets.

**Concentrations** - For the years ended May 31, 2015 and 2014, 92% and 90%, respectively, of ICM-US' gifts-in-kind revenue was received from two donors each year. Approximately 25% of ICM-US' contribution revenue, net of gifts-in-kind, was from two donors for the year ended May 31, 2015, and 17% from one donor for the year ended May 31, 2014. Gifts from board members totaled approximately \$23,000 and \$45,000 for the years ended May 31, 2015 and 2014, respectively. Program expense consists almost entirely of support provided by ICM-US to International Care Ministries organizations located in the Philippines and Hong Kong for the years ended May 31, 2015 and 2014.

**Federal Income Tax Status** - The Internal Revenue Service has determined ICM-US to be a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal income tax has been made in these financial statements.

**Functional Allocation of Expenses** - The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in unrestricted net assets based on the benefits derived by program and management and general activities.

**Use of Estimates** - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results may differ from such estimates.

**Subsequent Events** - ICM-US has evaluated subsequent events through November 19, 2015, the date on which the financial statements were available to be issued.