



**INTERNATIONAL CARE MINISTRIES**

Financial Statements  
For the Years Ended May 31, 2021 and 2020

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## **Independent Auditor's Report**

**To the 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, 2021 and 2020, and the related statements of activities and changes in net assets, statements of functional expenses, 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.



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## **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, 2021 and 2020, 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.

## **Other Matter**

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The unaudited data presented in Note 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*Clark Nuber P.S.*

Certified Public Accountants  
August 30, 2021

INTERNATIONAL CARE MINISTRIES

Statements of Financial Position  
May 31, 2021 and 2020

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	<u>2021</u>	<u>2020</u>
<b>Assets:</b>		
Cash and cash equivalents	\$ 1,159,120	\$ 965,141
Gifts-in-kind supplies on hand	852,466	596,246
Prepaid expense	7,887	
<b>Total Assets</b>	<b><u>\$ 2,019,473</u></b>	<b><u>\$ 1,561,387</u></b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Gifts-in-kind payable	\$ 852,466	\$ 596,246
<b>Total Liabilities</b>	<b>852,466</b>	<b>596,246</b>
<b>Net Assets:</b>		
Without donor restrictions	967,007	965,141
With donor restrictions	200,000	
<b>Total Net Assets</b>	<b><u>1,167,007</u></b>	<b><u>965,141</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 2,019,473</u></b>	<b><u>\$ 1,561,387</u></b>

See accompanying notes.

INTERNATIONAL CARE MINISTRIES

Statements of Activities and Changes in Net Assets  
For the Years Ended May 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support:</b>						
Contributions	\$ 3,275,355	\$ 200,000	\$ 3,475,355	\$ 3,902,317	\$ -	\$ 3,902,317
Gifts-in-kind goods	4,690,743		4,690,743	5,507,578		5,507,578
Gifts-in-kind services	254,483		254,483	296,761		296,761
<b>Total Revenue and Support</b>	<b>8,220,581</b>	<b>200,000</b>	<b>8,420,581</b>	<b>9,706,656</b>		<b>9,706,656</b>
<b>Expenses:</b>						
Program services	7,582,601		7,582,601	8,778,378		8,778,378
Total program services	7,582,601		7,582,601	8,778,378		8,778,378
Supporting services-						
Management and general	57,757		57,757	42,763		42,763
Fundraising	578,357		578,357	305,611		305,611
Total supporting services	636,114		636,114	348,374		348,374
<b>Total Expenses</b>	<b>8,218,715</b>		<b>8,218,715</b>	<b>9,126,752</b>		<b>9,126,752</b>
<b>Change in Net Assets</b>	<b>1,866</b>	<b>200,000</b>	<b>201,866</b>	<b>579,904</b>		<b>579,904</b>
Net assets, beginning of year	965,141		965,141	385,237		385,237
<b>Net Assets, End of Year</b>	<b>\$ 967,007</b>	<b>\$ 200,000</b>	<b>\$ 1,167,007</b>	<b>\$ 965,141</b>	<b>\$ -</b>	<b>\$ 965,141</b>

See accompanying notes.

INTERNATIONAL CARE MINISTRIES

Statements of Functional Expenses  
For the Years Ended May 31, 2021 and 2020

	2021				2020			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Gifts-in-kind food products	\$ 4,690,743	\$ -	\$ -	\$ 4,690,743	\$ 5,507,578	\$ -	\$ -	\$ 5,507,578
Grants to affiliate organizations	2,375,000			2,375,000	3,010,000			3,010,000
Compensation	51,997		299,485	351,482				
Donations to other organizations	274,105			274,105	57,087			57,087
Gifts-in-kind services		11,565	242,918	254,483			296,761	296,761
Shipping	188,725			188,725	203,713			203,713
Other		26,729	26,649	53,378		14,466	8,850	23,316
Professional fees		19,463	5,131	24,594		19,195		19,195
Travel	2,031		4,174	6,205		9,102		9,102
<b>Total Expenses</b>	<b>\$ 7,582,601</b>	<b>\$ 57,757</b>	<b>\$ 578,357</b>	<b>\$ 8,218,715</b>	<b>\$ 8,778,378</b>	<b>\$ 42,763</b>	<b>\$ 305,611</b>	<b>\$ 9,126,752</b>

See accompanying notes.

INTERNATIONAL CARE MINISTRIES

Statements of Cash Flows  
For the Years Ended May 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ 201,866	\$ 579,904
Adjustments to reconcile change in net assets to net cash provided by operating activities-		
Noncash change in operating assets and liabilities:		
Gifts-in-kind supplies on hand	(256,220)	154,371
Gifts-in-kind payable	256,220	(154,371)
Prepaid expense	(7,887)	
<b>Net Cash Provided by Operating Activities and Net Change in Cash and Cash Equivalents</b>	<b>193,979</b>	<b>579,904</b>
Cash and cash equivalents, beginning of year	<u>965,141</u>	<u>385,237</u>
<b>Cash and Cash Equivalents, End of Year</b>	<b><u>\$ 1,159,120</u></b>	<b><u>\$ 965,141</u></b>
<b>Supplementary Cash Flow Information:</b>		
Gifts-in-kind supplies on hand and gifts-in-kind payable	\$ 852,466	\$ 596,246
Gifts-in-kind revenue and expense	\$ 4,945,226	\$ 5,804,339

See accompanying notes.



## INTERNATIONAL CARE MINISTRIES

### Notes to Financial Statements For the Years Ended May 31, 2021 and 2020

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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 from physical, emotional and spiritual bondage. ICM-US provides donations of cash and goods to support the strategic programs of related International Care Ministries organizations operating in the Philippines and Hong Kong. Since 2009, these programs have enhanced the lives of more than 1,500,000 men, women and children (unaudited) in thousands of slum communities across the Philippines. In August 2020, ICM-US entered into a Collaboration Agreement with a charitable partner in Guatemala to pilot an integrated healing and poverty alleviation program (Note 4). In October 2019, the International Care Ministries organization located in Hong Kong (ICM-Hong Kong) formed a strategic partnership with a charitable partner in Uganda. Through its donations to ICM-Hong Kong, ICM-US indirectly supports poverty alleviation programs in Uganda as well.

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 activities 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. ICM-US has presented unclassified statements of financial position which sequence assets according to their nearness of conversion to cash and sequence liabilities according to their nearness of their maturity or resulting use of cash. 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:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions and net assets without donor restrictions that have been designated by ICM-US for various purposes.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions that will be met either by actions of ICM-US or passage of time, as well as support received in the form of endowment or sustaining funds which can never be spent. Net assets with donor restrictions as of May 31, 2021 are restricted for the Transform program in Mindanao, Philippines. There were no net assets with donor restrictions as of May 31, 2020.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of 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. Contributions with donor restrictions whose purpose has been met within the same year that the contribution is received are recognized as net assets without donor restrictions.

**Revenue Recognition** - Unconditional contributions are recorded in the period received. ICM-US considers all contributions received to be without donor restrictions unless otherwise specified by the donor. ICM-US had no promises to give (pledges) as of May 31, 2021 and 2020, which would be recorded at net realizable value in the period the promise is received. ICM-US had no conditional contributions as of May 31, 2021 and 2020, which would be recognized as revenue in the period in which the donor conditions are satisfied.

## INTERNATIONAL CARE MINISTRIES

### Notes to Financial Statements For the Years Ended May 31, 2021 and 2020

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#### Note 2 - Continued

**Cash and Cash Equivalents** - Cash and cash equivalents consist of cash on hand and cash held in bank accounts. Cash balances exceeded federally insured limits at times during the year; however, ICM-US has not realized any losses as a result. 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.

**Gifts-in-Kind** - ICM-US receives gifts-in-kind (GIK) that consist of rice and soy protein meal from several donors located in the United States. ICM-US also recognizes GIK revenue and expenses for professional services that (a) create or enhance nonfinancial assets or (b) require specialized skill and would typically need to be purchased if not donated.

During the year ended May 31, 2021, ICM-US received approximately 1,690,000 packs of rice and soy protein, which represents approximately 19,474,000 meals. The meals were valued at \$0.23 to \$0.29 each. During the year ended May 31, 2020, ICM-US received approximately 3,442,000 packs of rice and soy protein, which represents approximately 22,072,000 meals. The meals were valued at \$0.23 to \$0.29 each. The value of the GIK rice and soy protein totaled \$4,690,743 and \$5,507,578 during the years ended May 31, 2021 and 2020, respectively. The GIK revenue is reported as distinct line items on the statements of activities and changes in net assets. The GIK expense is reported as distinct line items on the statements of functional expenses.

Rice and soy protein GIK constituted approximately 95% of the total value of GIK received during each of the years ended May 31, 2021 and 2020. ICM-US contributes the goods to an International Care Ministries 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 net assets in the period received at fair value 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.

ICM-US also receives fundraising and accounting services from individuals whose salaries are paid by ICM-Hong Kong. The services are recorded at fair value based on the actual amount paid for the services by ICM-Hong Kong and totaled \$254,483 and \$296,761 during the years ended May 31, 2021 and 2020, respectively. Fundraising and accounting services GIK revenue and expense are reported as distinct line items on the statements of functional expenses. Fundraising and accounting services GIK constituted approximately 5% of the total value of GIK received during each of the years ended May 31, 2021 and 2020. The corresponding GIK expense was recognized in the period in which the services were received. Two of the individuals providing the GIK fundraising services became employees of ICM-US during the year ended May 31, 2021.

**Grant Expense** - ICM-US makes grants to affiliated organizations as well as other organizations. Grant expense is recognized in the period in which the grant is signed, provided the grant is not subject to future conditions. Grants payable that are expected to be paid in future years are recorded at the present value of expected future payments. Conditional grants are recognized as grant expense in the period in which the grantee meets the terms of the conditions contained in the grant. ICM-US did not have any grants payable or conditional grants outstanding as of May 31, 2021 and 2020.

**Concentrations** - For the year ended May 31, 2021, 92% of ICM-US' GIK revenue was received from one donor, for the year ended May 31, 2020, 98% of ICM-US' GIK revenue was received from two donors. Approximately 37% of ICM-US' contribution revenue, net of GIK, was from three donors for the year ended May 31, 2021, and 26% was from two donors for the year ended May 31, 2020.

## INTERNATIONAL CARE MINISTRIES

### Notes to Financial Statements For the Years Ended May 31, 2021 and 2020

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#### Note 2 - Continued

**Related Party Transactions** - Grants provided by ICM-US to ICM-Hong Kong totaled \$2,375,000 and \$3,010,000 during the years ended May 31, 2021 and 2020, respectively. GIK provided by ICM-US to the International Care Ministries organization in the Philippines totaled \$4,690,743 and \$5,507,578 during the years ended May 31, 2021 and 2020, respectively. Gifts from board members totaled approximately \$13,500 and \$10,000 during the years ended May 31, 2021 and 2020, respectively. ICM-US received contributions from ICM-Hong Kong totaling \$254,483 and \$296,761 during the years ended May 31, 2021 and 2020, respectively, which consisted of in-kind services.

**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 functional of expenses based on the benefits derived by program, management and general, and fundraising activities. All costs are directly identified.

**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 August 30, 2021, the date on which the financial statements were available to be issued.

#### Note 3 - Liquidity and Availability of Financial Assets

ICM-US structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As of May 31, 2021, ICM-US had \$1,159,120 in financial assets, consisting entirely of cash and cash equivalents. Of that amount, \$200,000 consists of donor-restricted net assets, leaving \$959,120 available to meet cash needs for general expenditures arising within the next year of the statement of financial position date. As of May 31, 2020, ICM-US had \$965,141 in financial assets, consisting entirely of cash and cash equivalents available to meet cash needs for general expenditures arising within the next year of the statement of financial position date. None of the financial assets as of May 31, 2020 are subject to donor or other contractual restrictions that make them unavailable for use. If necessary, ICM-US has the ability to reduce the grants awarded to affiliated entities to reduce expenses and manage liquidity.

#### Note 4 - Collaboration Agreement

ICM-US entered into a collaboration agreement (the Agreement) with American Bible Society (ABS) to launch an extensive long-term initiative known as the ABS & ICM Partnership Initiative (AIP) aimed at piloting an integration of ABS' Trauma Healing ministry and ICM's Poverty Reduction Transformation ministry through Bible Society of Guatemala (BSG) to determine if an integrated model has the potential to replicate and scale while maintaining quality of impact and life transformation. Under the terms of the Agreement, ICM-US will provide up to \$104,105 to support the development of an integrated ministry curriculum and model, and the implementation of the ministry through a network of churches in Guatemala. In addition, ICM-US will absorb other costs incurred related to its own personnel who participate in the AIP. During the year ended May 31, 2021, ICM-US provided support in the full amount of \$104,105 which is included in donations paid to other organizations on the statements of functional expenses. The term of the Agreement is from August 13, 2020 through April 30, 2022.

## **INTERNATIONAL CARE MINISTRIES**

### **Notes to Financial Statements For the Years Ended May 31, 2021 and 2020**

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#### **Note 5 - Risks and Uncertainties**

In December 2019, a novel strain of coronavirus (COVID-19) was identified, and the World Health Organization declared the outbreak to constitute a "Public Health Emergency of International Concern." The COVID-19 pandemic caused business disruption through mandated and voluntary closing of multiple businesses and organizations throughout 2020 and continuing in certain locations in 2021. The programs operated by ICM-US' rice and soy protein meal donors have been disrupted. As a result, ICM-US received fewer shipments of rice and soy protein donations (Note 2) than expected starting in April 2020. The International Care Ministries organization located in the Philippines has continued to distribute food during this period to help those who are in need, while certain poverty alleviation programs were revised to adapt to the evolving needs of the communities as well as government regulations. ICM-US continues to monitor events and conditions as they unfold and has established strategies to respond accordingly.