



INTERNATIONAL CARE MINISTRIES

Financial Statements
For the Years Ended May 31, 2022 and 2021

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Independent Auditor's Report

To the Board of Directors
International Care Ministries
La Plata, Maryland

Opinion

We have audited the financial statements of International Care Ministries (ICM-US), which comprise the statements of financial position as of May 31, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flow for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of ICM-US as of May 31, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 ICM-US and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 ICM-US's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.



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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 GAAS 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 GAAS, 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 ICM-US'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 ICM-US'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.



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
September 20, 2022

INTERNATIONAL CARE MINISTRIES

Statements of Financial Position
May 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets:		
Cash and cash equivalents	\$ 654,651	\$ 1,159,120
Gifts-in-kind supplies on hand	655,906	852,466
Prepaid expense	46	7,887
	<u>46</u>	<u>7,887</u>
Total Assets	<u>\$ 1,310,603</u>	<u>\$ 2,019,473</u>
Liabilities and Net Assets		
Liabilities:		
Gifts-in-kind payable	\$ 655,906	\$ 852,466
	<u>655,906</u>	<u>852,466</u>
Total Liabilities	655,906	852,466
Net Assets:		
Without donor restrictions	404,697	967,007
With donor restrictions	250,000	200,000
	<u>250,000</u>	<u>200,000</u>
Total Net Assets	<u>654,697</u>	<u>1,167,007</u>
Total Liabilities and Net Assets	<u>\$ 1,310,603</u>	<u>\$ 2,019,473</u>

See accompanying notes.

INTERNATIONAL CARE MINISTRIES

Statements of Activities and Changes in Net Assets
For the Years Ended May 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support:						
Contributions	\$ 3,674,104	\$ 250,000	\$ 3,924,104	\$ 3,275,355	\$ 200,000	\$ 3,475,355
Gifts-in-kind goods - food products	3,670,186		3,670,186	4,690,743		4,690,743
Gifts-in-kind goods - other	41,806		41,806			
Net assets released for program fulfillment	200,000	(200,000)				
Total Revenue and Support	7,586,096	50,000	7,636,096	7,966,098	200,000	8,166,098
Expenses:						
Program services	7,338,700		7,338,700	7,582,601		7,582,601
Total program services	7,338,700		7,338,700	7,582,601		7,582,601
Supporting services-						
Management and general	100,737		100,737	57,757		57,757
Fundraising	870,448		870,448	578,357		578,357
Total supporting services	971,185		971,185	636,114		636,114
Total Expenses	8,309,885		8,309,885	8,218,715		8,218,715
Change in Net Assets Before Transfer	(723,789)	50,000	(673,789)	(252,617)	200,000	(52,617)
Transfer from affiliate (Note 2)	161,479		161,479	254,483		254,483
Change in Net Assets	(562,310)	50,000	(512,310)	1,866	200,000	201,866
Net assets, beginning of year	967,007	200,000	1,167,007	965,141		965,141
Net Assets, End of Year	\$ 404,697	\$ 250,000	\$ 654,697	\$ 967,007	\$ 200,000	\$ 1,167,007

See accompanying notes.

INTERNATIONAL CARE MINISTRIES

**Statements of Functional Expenses
For the Years Ended May 31, 2022 and 2021**

	2022				2021			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Gifts-in-kind goods - food products	\$ 3,670,186	\$ -	\$ -	\$ 3,670,186	\$ 4,690,743	\$ -	\$ -	\$ 4,690,743
Grants to affiliate organizations	2,652,071			2,652,071	2,375,000			2,375,000
Compensation	126,116		503,049	629,165	51,997		299,485	351,482
Donations to other organizations	650,000			650,000	274,105			274,105
Gifts-in-kind services from affiliate		21,479	140,000	161,479		11,565	242,918	254,483
Shipping	240,327			240,327	188,725			188,725
Other		33,216	175,443	208,659		26,729	26,649	53,378
Gifts-in-kind goods - other			41,806	41,806				
Professional fees		18,869	10,150	29,019		19,463	5,131	24,594
Travel		27,173		27,173	2,031		4,174	6,205
Total Expenses	\$ 7,338,700	\$ 100,737	\$ 870,448	\$ 8,309,885	\$ 7,582,601	\$ 57,757	\$ 578,357	\$ 8,218,715

See accompanying notes.

INTERNATIONAL CARE MINISTRIES

Statements of Cash Flows
For the Years Ended May 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ (512,310)	\$ 201,866
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities-		
Noncash change in operating assets and liabilities:		
Gifts-in-kind supplies on hand	196,560	(256,220)
Gifts-in-kind payable	(196,560)	256,220
Prepaid expense	7,841	(7,887)
	<u>(504,469)</u>	<u>193,979</u>
Net Cash (Used In) Provided by Operating Activities and Net Change in Cash and Cash Equivalents		
Cash and cash equivalents, beginning of year	<u>1,159,120</u>	<u>965,141</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 654,651</u></u>	<u><u>\$ 1,159,120</u></u>
Supplementary Cash Flow Information:		
Gifts-in-kind supplies on hand and gifts-in-kind payable	\$ 655,906	\$ 852,466
Gifts-in-kind revenue and expense	\$ 3,711,992	\$ 4,690,743
Transfer from affiliate	\$ 161,479	\$ 254,483

See accompanying notes.

INTERNATIONAL CARE MINISTRIES

Notes to Financial Statements For the Years Ended May 31, 2022 and 2021

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. In addition, there is an international advisory board that is made up of members from the ICM-US, Philippines, Hong Kong and United Kingdom (ICM-UK) boards of directors. However, there is not a legal entity related to this advisory board or any governing articles. 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, 2022 and 2021 are restricted for the Transform program in Mindanao, Philippines.

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.

INTERNATIONAL CARE MINISTRIES

Notes to Financial Statements For the Years Ended May 31, 2022 and 2021

Note 2 - Continued

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, 2022 and 2021, 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, 2022 and 2021, which would be recognized as revenue in the period in which the donor conditions are satisfied.

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, 2022, ICM-US received other donated goods in the form of jewelry.

In-kind contributions consist of the following for the years ending May 31:

	<u>2022</u>	<u>2021</u>
Gifts-in-kind goods - food products	\$ 3,670,186	\$ 4,690,743
Gifts-in-kind goods - other	41,806	
Transfer from affiliate - services provided by affiliate personnel	<u>161,479</u>	<u>254,483</u>
Total In-Kind Contributions and Transfers	<u>\$ 3,873,471</u>	<u>\$ 4,945,226</u>

During the year ended May 31, 2022, ICM-US received approximately 1,600,000 packs of rice and soy protein, which represents approximately 15,298,000 meals. The meals were valued at \$0.23 to \$0.24 each. 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. The value of the GIK rice and soy protein totaled \$3,670,186 and \$4,690,743 during the years ended May 31, 2022 and 2021, 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 the years ended May 31, 2022 and 2021. 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.

INTERNATIONAL CARE MINISTRIES

Notes to Financial Statements For the Years Ended May 31, 2022 and 2021

Note 2 - Continued

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 \$161,479 and \$254,483 during the years ended May 31, 2022 and 2021, respectively. Fundraising and accounting services GIK expense are reported as a distinct line item on the statements of functional expenses. Fundraising and accounting services GIK constituted approximately 4% and 5% of the total value of GIK received during each of the years ended May 31, 2022 and 2021, respectively. 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.

During the year ended May 31, 2022, ICM-US received donated jewelry valued at \$41,806 based on discounted retail prices published by the donor during a liquidation sale. The jewelry was donated by ICM-US to ICM-Hong Kong for auction during its annual fundraising event. The donated jewelry constituted approximately 1% of the total value of GIK received during the year ended May 31, 2022. The GIK revenue is reported as a distinct line item on the statements of activities and changes in net assets. The GIK expense is reported as a distinct line item on the statements of functional expenses.

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, 2022 and 2021.

Concentrations - For the year ended May 31, 2022, 95% of ICM-US' GIK revenue was received from one donor. For the year ended May 31, 2021, 92% of ICM-US' GIK revenue was received from one donor. Approximately 38% and 37% of ICM-US' contribution revenue, net of GIK, was from three donors for the years ended May 31, 2022 and 2021, respectively.

Related Party Transactions - Grants provided by ICM-US to ICM-Hong Kong totaled \$2,652,071 and \$2,375,000 during the years ended May 31, 2022 and 2021, respectively. GIK provided by ICM-US to the International Care Ministries organization in the Philippines totaled \$2,949,264 and \$4,690,743 during the years ended May 31, 2022 and 2021, respectively. GIK provided by ICM-US to ICM-Hong Kong totaled \$41,806 and \$0 during the years ended May 31, 2022 and 2021, respectively. Gifts from board members totaled approximately \$0 and \$13,500 during the years ended May 31, 2022 and 2021, respectively. ICM-US received contributions from ICM-Hong Kong totaling \$161,479 and \$254,483 during the years ended May 31, 2022 and 2021, 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 of functional 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.

INTERNATIONAL CARE MINISTRIES

Notes to Financial Statements For the Years Ended May 31, 2022 and 2021

Note 2 - Continued

Subsequent Events - ICM-US has evaluated subsequent events through September 20, 2022, 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, 2022, ICM-US had \$654,651 in financial assets, consisting entirely of cash and cash equivalents. Of that amount, \$250,000 consists of donor-restricted net assets, leaving \$404,651 available to meet cash needs for general expenditures arising within the next year of the statement of financial position date. 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. 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. This project continued in 2022 through a separate agreement between ABS and ICM-HK.