INTERNATIONAL CARE MINISTRIES

Financial Statements

For the Years Ended May 31, 2024 and 2023

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Clark Nuber PS

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, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows 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, 2024 and 2023, 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
October 28, 2024

INTERNATIONAL CARE MINISTRIES

Statements of Financial Position
May 31, 2024 and 2023

	2024	2023
Assets:		
Cash and cash equivalents	$ 66,390	$ 207,033
Affiliate note receivable	1,426,935	1,246,935
Interest receivable	71,635	
Gifts-in-kind supplies on hand		474,655
Total Assets	**$ 1,564,960**	**$ 1,928,623**
Liabilities and Net Assets		
Liabilities:		
Gifts-in-kind payable	$ -	$ 474,655
Accrued expenses	128,580	179,411
Notes payable	1,250,000	1,250,000
Total Liabilities	**1,378,580**	**1,904,066**
Net Assets:		
Without donor restrictions	186,380	24,557
Total Net Assets	**186,380**	**24,557**
Total Liabilities and Net Assets	**$ 1,564,960**	**$ 1,928,623**

See accompanying notes.

INTERNATIONAL CARE MINISTRIES

Statements of Activities and Changes in Net Assets
For the Years Ended May 31, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support:						
Contributions	$ 3,234,486	$ 900,000	$ 4,134,486	$ 2,998,803	$ 301,000	$ 3,299,803
Gifts-in-kind goods - food products	4,166,366		4,166,366	7,469,014		7,469,014
Gifts-in-kind goods - other				23,998		23,998
Net assets released for program fulfillment	900,000	(900,000)		551,000	(551,000)	
Total Revenue and Support	**8,300,852**		**8,300,852**	**11,042,815**	**(250,000)**	**10,792,815**
Expenses:						
Program services	7,501,661		7,501,661	10,864,161		10,864,161
Total program services	7,501,661		7,501,661	10,864,161		10,864,161
Supporting services-						
Management and general	293,777		293,777	175,073		175,073
Fundraising	479,099		479,099	534,173		534,173
Total supporting services	772,876		772,876	709,246		709,246
Total Expenses	**8,274,537**		**8,274,537**	**11,573,407**		**11,573,407**
Change in Net Assets Before Transfer	**26,315**		**26,315**	**(530,592)**	**(250,000)**	**(780,592)**
Transfer from affiliate (Note 4)	135,508		135,508	150,452		150,452
Change in Net Assets	**161,823**		**161,823**	**(380,140)**	**(250,000)**	**(630,140)**
Net assets, beginning of year	24,557		24,557	404,697	250,000	654,697
Net Assets, End of Year	**$ 186,380**	**$ -**	**$ 186,380**	**$ 24,557**	**$ -**	**$ 24,557**

See accompanying notes.

INTERNATIONAL CARE MINISTRIES

Statements of Functional Expenses
For the Years Ended May 31, 2024 and 2023

	2024				2023			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Gifts-in-kind goods - food products	$ 4,166,366	$ -	$ -	$ 4,166,366	$ 7,469,014	$ -	$ -	$ 7,469,014
Grants to affiliate organizations	2,879,100			2,879,100	2,648,500			2,648,500
Compensation	255,680	19,592	278,333	553,605	220,000	29,200	294,377	543,577
Donations to other organizations					200,000			200,000
Gifts-in-kind services from affiliate		35,508	100,000	135,508		10,452	140,000	150,452
Shipping	195,018			195,018	326,647			326,647
Other	5,497	164,998	100,766	271,261		88,664	73,298	161,962
Gifts-in-kind goods - other							23,998	23,998
Professional fees		7,981		7,981		22,110	2,500	24,610
Travel		65,698		65,698		24,647		24,647
Total Expenses	**$ 7,501,661**	**$ 293,777**	**$ 479,099**	**$8,274,537**	**$10,864,161**	**$ 175,073**	**$ 534,173**	**$11,573,407**

See accompanying notes.

INTERNATIONAL CARE MINISTRIES

Statements of Cash Flows
For the Years Ended May 31, 2024 and 2023

	2024	2023
Cash Flows From Operating Activities:		
Change in net assets	$ 161,823	$ (630,140)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities-		
Change in operating assets and liabilities:		
Interest receivable	(71,635)	
Gifts-in-kind supplies on hand	474,655	181,251
Gifts-in-kind payable	(474,655)	(181,251)
Prepaid expense		46
Accrued expenses	(50,831)	179,411
Net Cash Provided by (Used in) Operating Activities	**39,357**	**(450,683)**
Cash Flows From Investing Activities:		
Proceeds from affiliate note receivable	650,000	
Issuance of affiliate note receivable	(830,000)	(1,246,935)
Net Cash Used in Investing Activities	**(180,000)**	**(1,246,935)**
Cash Flows From Financing Activities:		
Payments on notes payable	(1,300,000)	
Proceeds for issuance of notes payable	1,300,000	1,250,000
Net Cash Provided by Financing Activities		**1,250,000**
Net Change in Cash and Cash Equivalents	**(140,643)**	**(447,618)**
Cash and cash equivalents, beginning of year	207,033	654,651
Cash and Cash Equivalents, End of Year	**$ 66,390**	**$ 207,033**
Supplementary Cash Flow Information:		
Cash paid for interest	$ 105,019	$ -
Gifts-in-kind supplies on hand and gifts-in-kind payable	$ -	$ 474,655
Gifts-in-kind revenue and expense	$ 4,166,366	$ 7,493,012
Transfer from affiliate	$ 135,508	$ 150,452

See accompanying notes.

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 2,000,000 men, women and children (unaudited) in thousands of slum communities across the Philippines. 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 (ICM Foundation, Inc.), the United Kingdom, Hong Kong, Guatemala, and Uganda. In addition, there is an international advisory board that is made up of board members of ICM-US as well as board members of various International Care Ministries entities. 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. There were no net assets with donor restrictions as of May 31, 2024 and 2023.

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.

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, 2024, 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, 2024, which would be recognized as revenue in the period in which the donor conditions are satisfied.

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, 2023, ICM-US received other donated goods in the form of art and jewelry. ICM-US did not receive other donated goods during the year ended May 31, 2024.

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

	2024	2023
Gifts-in-kind goods - food products	$ 4,166,366	$ 7,469,014
Gifts-in-kind goods - other		23,998
Transfer from affiliate - services provided by affiliate personnel	135,508	150,452
Total In-Kind Contributions and Transfers	**$ 4,301,874**	**$ 7,643,464**

During the year ended May 31, 2024, ICM-US received approximately 1,948,000 packs of rice and soy protein, which represents approximately 16,548,000 meals. The meals were valued at $0.24 to $0.31 each. During the year ended , ICM-US received approximately 2,793,000 packs of rice and soy protein, which represents approximately 28,823,000 meals. The meals were valued at $0.24 to $0.31 each. The value of the GIK rice and soy protein totaled $4,166,366 and $7,469,014 during the years ended May 31, 2024 and 2023, 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 99% and 98% of the total value of GIK received during the years ended May 31, 2024 and 2023. 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.

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 $135,508 and $150,452 during the years ended May 31, 2024 and 2023, respectively. Fundraising and accounting services GIK expense are reported as a distinct line item on the statements of functional expenses. The corresponding GIK expense was recognized in the period in which the services were received.

Special Events - Special event gross revenues totaled $122,067 and $0 for the years ended June 30, 2024 and 2023, respectively, and are included in contribution revenue on the statement of activities. Direct expenses related to the events totaled $18,172 and $0 for the years ended May 31, 2024 and 2023, respectively, and are included in the statement of functional expenses as fundraising expense.

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, 2024.

Concentrations - For the year ended May 31, 2024, 71% of ICM-US' GIK revenue was received from one donor. For the year ended May 31, 2023, 91% of ICM-US' GIK revenue was received from one donor. For the year ended May 31, 2024, approximately 20% of ICM-US' contribution revenue, net of GIK, was from two donors. For the year ended May 31, 2023, approximately 41% of ICM-US' contribution revenue, net of GIK, was from three donors.

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.

Reclassifications - Certain reclassifications have been made to prior year accounts to conform to the presentation in the current year financial statements. The reclassifications have no effect on the previously reported change in net assets or net asset balances.

Subsequent Events - ICM-US has evaluated subsequent events through October 28, 2024, 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, 2024, ICM-US had $1,493,325 in financial assets, consisting of $66,390 in cash and cash equivalents and $1,426,935 in affiliate note receivable, available to meet cash needs for general expenditures arising within the next year of the statement of financial position date. As of May 31, 2023, ICM-US had $1,453,968 in financial assets, consisting of $207,033 in cash and cash equivalents and $1,246,935 in affiliate note receivable, 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 - Related Party Transactions

ICM-US issued a note receivable for $1,246,935 to ICM-HK on January 1, 2023. ICM-US issued a second note receivable for up to $830,000 to ICM-HK on November 1, 2023. The balance at May 31, 2024 and 2023, was $1,426,935 and $1,246,935, respectively. Both notes mature on May 31, 2025, and carries an interest rate of 4.5%.

Grants provided by ICM-US to ICM-Hong Kong totaled $2,281,000 and $2,648,500 during the years ended May 31, 2024 and 2023, respectively. Grants provided by ICM-US to ICM Foundation Inc. totaled $598,100 and $0 during the years ended May 31, 2024 and 2023, respectively.

GIK provided by ICM-US to the International Care Ministries organization in the Philippines totaled $4,166,366 and $7,469,014 during the years ended May 31, 2024 and 2023, respectively. GIK provided by ICM-US to ICM-Hong Kong totaled $0 and $23,998 during the years ended May 31, 2024 and 2023, respectively.

Gifts from board members totaled approximately $147,000 and $110,000 during the years ended May 31, 2024 and 2023, respectively.

ICM-US received a $250,000 loan from a board member during the year ended May 31, 2023 (Note 5).

ICM-US received contributions from ICM-Hong Kong totaling $135,508 and $150,452 during the years ended May 31, 2024 and 2023, respectively, which consisted of in-kind services.

Note 5 - Notes Payable

On September 9, 2022, ICM-US entered into a loan agreement with a donor for borrowings of $1,000,000 maturing on December 31, 2023. Interest accrues at a rate of 8% per annum, as defined in the agreement. The outstanding balance at May 31, 2023 was $1,000,000. This note was paid in full during the year ended May 31, 2024.

On February 28, 2023, ICM-US entered into a loan agreement with a board member for borrowings of $250,000, maturing on December 31, 2024. Interest accrues at a rate of 4.5% per annum, as defined in the agreement. The outstanding balance at both May 31, 2024 and 2023 was $250,000.

On June 27, 2023, ICM-US entered into a loan agreement with a donor for borrowings of $300,000 at 0% interest maturing on July 31, 2023. The loan was paid in full on August 21, 2023.

Note 5 - Continued

On May 20, 2024, ICM-US entered into a loan agreement with a donor for borrowings of $1,000,000 maturing on December 31, 2025. Interest accrues at a rate of 8% per annum, as defined in the agreement. The outstanding balance at May 31, 2024 was $1,000,000.

Interest expense for the loans totaled $70,882 and $60,949 for the year ended May 31, 2024 and 2023, respectively.