

# **International Children's Fund, Inc.**

Neenah, Wisconsin

## **Financial Statements**

Years Ended September 30, 2019 and 2018

**WIPFLi**<sup>LLP</sup>  
CPAs and Consultants

## **Independent Auditor's Report**

Board of Directors  
International Children's Fund, Inc.  
Neenah, Wisconsin

We have audited the accompanying financial statements of International Children's Fund, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2019 and 2018, and the related statements of activities, 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; 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. Those standards require that we plan and perform the audit 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 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 policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe 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 International Children's Fund, Inc. as of September 30, 2019 and 2018, 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.

## Emphasis of Matter

As discussed in Note 1 to the financial statements, International Children's Fund, Inc. adopted the amendments in the Financial Accounting Standards Board Update (ASU) No. 2016-14, *Not-for-Profit Entities - Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended September 30, 2019. The amendments have been applied on a retrospective basis to the 2018 financial statements with the exception of the omission of certain information as permitted by the ASU.

*Wipfli LLP*

Wipfli LLP

April 5, 2020  
Green Bay, Wisconsin

# International Children's Fund, Inc.

## Statements of Financial Position

September 30, 2019 and 2018

<i>Assets</i>	<b>2019</b>	<b>2018</b>
Current assets:		
Cash and cash equivalents	\$ 545,035	\$ 624,290
Other assets	1,002	1,001
<b>TOTAL ASSETS</b>	<b>\$ 546,037</b>	<b>\$ 625,291</b>
<i>Liabilities and Net Assets</i>		
Current liabilities - Accounts payable	\$ 24,853	\$ 22,215
Net assets without donor restrictions	521,184	603,076
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 546,037</b>	<b>\$ 625,291</b>

See accompanying notes to financial statements.

# International Children's Fund, Inc.

## Statements of Activities

Years Ended September 30, 2019 and 2018

	2019	2018
Public support and other revenue:		
In-kind contributions - Medicines and medical supplies, clothing, food, and other supplies	\$ 55,972,229	\$ 57,434,439
Contributions	827,584	732,780
Interest	681	1,025
Miscellaneous revenue	1,000	-
<b>Total public support and other revenue</b>	<b>56,801,494</b>	<b>58,168,244</b>
Functional expenses:		
Program services - Children's programs	56,675,671	58,064,694
Management and general	61,203	38,389
Fund-raising	146,512	94,267
<b>Total functional expenses</b>	<b>56,883,386</b>	<b>58,197,350</b>
Decrease in unrestricted net assets	(81,892)	(29,106)
Net assets without donor restrictions at beginning	603,076	632,182
<b>Net assets without donor restrictions at end</b>	<b>\$ 521,184</b>	<b>\$ 603,076</b>

See accompanying notes to financial statements.

# International Children's Fund, Inc.

## Statements of Functional Expenses

Years Ended September 30, 2019 and 2018

2019	Children's Programs	Management and General	Fund- Raising	Total
Gifts of medicines and medical supplies, clothing, food, and other supplies	\$ 55,970,249	\$ -	\$ -	\$ 55,970,249
Shipping of gifts	35,148	-	-	35,148
Mission supplies and cash gifts	521,140	-	-	521,140
Computer and mailing services	43,329	-	102,525	145,854
Bank lock box services	-	-	13,923	13,923
Occupancy and utilities	13,259	-	-	13,259
Contracted services	-	28,204	-	28,204
Office expenses and supplies	8,438	-	-	8,438
Legal, accounting, and state registrations	4,347	25,037	-	29,384
Truck and travel expenses	18,046	-	-	18,046
Insurance	-	1,642	-	1,642
Salaries and taxes	61,715	6,320	-	68,035
Advertising expense	-	-	30,064	30,064
<b>Total functional expenses</b>	<b>\$ 56,675,671</b>	<b>\$ 61,203</b>	<b>\$ 146,512</b>	<b>\$ 56,883,386</b>
<b>2018</b>				
Gifts of medicines and medical supplies, clothing, food, and other supplies	\$ 57,434,094	\$ -	\$ -	\$ 57,434,094
Shipping of gifts	73,348	-	-	73,348
Mission supplies and cash gifts	376,880	-	-	376,880
Educational materials	2,604	-	-	2,604
Computer and mailing services	33,270	-	82,810	116,080
Bank lock box services	-	-	11,457	11,457
Occupancy and utilities	13,505	-	-	13,505
Contracted services	-	3,190	-	3,190
Office expenses and supplies	11,854	-	-	11,854
Legal, accounting, and state registrations	3,623	23,984	-	27,607
Truck and travel expenses	20,338	-	-	20,338
Insurance	-	1,654	-	1,654
Salaries and taxes	94,997	9,561	-	104,558
Depreciation	181	-	-	181
<b>Total functional expenses</b>	<b>\$ 58,064,694</b>	<b>\$ 38,389</b>	<b>\$ 94,267</b>	<b>\$ 58,197,350</b>

See accompanying notes to financial statements.

# International Children's Fund, Inc.

## Statements of Cash Flows

Years Ended September 30, 2019 and 2018

	2019	2018
Change in cash and cash equivalents:		
Cash flows from operating activities:		
Change in net assets	\$ (81,892)	\$ (29,106)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	-	181
Changes in operating assets and liabilities:		
Inventory	-	820
Accounts payable	3,160	4,851
Accrued payroll and related liabilities	(522)	(853)
Net cash flows from operating activities	(79,254)	(24,107)
Change in cash and cash equivalents	(79,254)	(24,107)
Cash and cash equivalents at beginning	624,290	648,397
Cash and cash equivalents at end	\$ 545,035	\$ 624,290

See accompanying notes to financial statements.

# International Children's Fund, Inc.

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies

#### Nature of Business

International Children's Fund, Inc. (the "Organization") is a nonprofit corporation organized under the laws of the state of Wisconsin. The Organization distributes humanitarian aid, including clothing, food, medicine, and supplies to needy children, families, and missionary organizations around the world. The Organization is supported primarily through donor contributions. During 2019, there were no individual donors who contributed more than 10% of the total cash contributions received during the year, and during 2018, there was one individual donor who contributed 11% of the total cash contributions received during the year.

#### Basis of Presentation

The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (GAAP).

#### Classification of Net Assets

Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Organization's net assets and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* are not subject to donor-imposed stipulations or where donor-imposed stipulations are met in the year of contribution.
- *Net assets with donor restrictions* are subject to donor or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other explicit donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources must be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. At September 30, 2019, the Organization did not have net assets with donor restrictions.

#### Cash and Cash Equivalents

The Organization considers all unrestricted, highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

#### Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



# International Children's Fund, Inc.

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Inventory**

Inventory primarily consists of food and clothing that is donated to the Organization throughout the year. At the end of the fiscal year, the Organization estimates the value of donated goods on hand based on estimated wholesale values. There were no inventories on hand at September 30, 2019 and 2018.

#### **Property and Equipment**

All acquisitions and improvements of property and equipment are capitalized while all expenditures for repairs and maintenance that do not materially prolong the useful lives of assets are expensed. Purchased property and equipment is carried at cost. Donated property and equipment is carried at the approximate fair value at the date of donation. Depreciation is calculated using the straight-line method over the estimated lives of the assets.

#### **Functional Allocation of Expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present an analysis of expenses by nature and function. When possible, costs are directly charged to the functional category to which they relate. Certain costs have been allocated among the program services and supporting activities benefited. Salaries and taxes have been allocated on the basis of time and effort.

#### **Revenue Recognition**

##### *Contributions*

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions received are recorded support with or without donor restrictions, depending on the existence and nature of any donor restrictions.

Contributions that are restricted by the donor are reported as increases in support without donor restrictions if the restrictions expire (when a stipulated time restriction ends or the purpose of the restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in support with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

# International Children's Fund, Inc.

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### *In-Kind Contributions*

The Organization records the receipt of gifts of donated inventory and medical supplies as support without donor restrictions unless explicit donor stipulations specify how or where the donated supplies must be used. Gifts of donated supplies with explicit restrictions that specify how or where the assets are to be used are reported as support with donor restrictions. Donated supplies are recognized on the date received at their estimated fair values, as estimated by the Organization using information provided by the donor or published industry information. Donated services are recognized as contributions if the services: (a) create or enhance nonfinancial assets, or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization. Services provided by many volunteers to the Organization throughout the year have not been recognized as contributions in the financial statements because the recognition criteria was not met. The value of these services is indeterminable.

Contributions of pharmaceuticals are recorded at estimated wholesale value on the date received, based on the Wholesale Acquisition Cost (WAC). WAC is the standard used by many states throughout the country as the Federal Upper Limit pricing for drugs purchased under the Medicaid program. The Organization has contracted with a third-party organization to organize and distribute donated pharmaceutical shipments. This third party contracts with a valuation service that validates WAC pricing as published in Wolters Kluwer. If the wholesale value is not available in Wolters Kluwer, the wholesale value of the contribution is based on other appropriate pricing sources available on the Internet.

#### **Tax Status**

The Organization is a nonprofit entity as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Organization is also exempt from state income taxes on related income.

The Organization is required to assess whether it is more likely than not that a tax position will be sustained upon examination of the technical merits of the position assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more-likely-than-not recognition threshold, the benefit of that position is not recognized in the financial statements. The Organization has determined there are no amounts to record as assets or liabilities related to uncertain tax positions.

#### **Change in Accounting Policy**

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958). ASU No. 2016-14 requires a not-for-profit entity to present on the face of the statements of financial position amounts for two classes of net assets at the end of the period (net assets with donor restrictions and net assets without donor restrictions), rather than the three classes currently required. This ASU also requires qualitative and quantitative disclosures about the liquidity of assets at the statements of financial position date, purposes of any board designations on the use of resources, and expenses reported by both functional and natural classifications. This standard has been implemented as of and for the year ended September 30, 2019, and has been applied retrospectively with the exception of certain information as permitted under the ASU.

# International Children's Fund, Inc.

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Recent Accounting Pronouncements**

On June 21, 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update will assist entities evaluate whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determine whether a transaction is conditional. These amendments are effective for annual financial statements issued for fiscal years beginning after December 15, 2018, for transactions in which the entity serves as resource recipient and for interim periods within fiscal years beginning after December 15, 2019, for transactions in which the entity serves as the resource provider. Early application of the amendments in this update is permitted. The Organization is evaluating the impact of the provisions of ASU Topic 958.

#### **Subsequent Events**

Subsequent events have been evaluated through April 5, 2020, which is date the financial statements were available to be issued.

Beginning in March 2020, the United States economy began suffering adverse effects from the COVID-19 virus crisis (the "CV-19 crisis"). As of the date of issuance of the financial statements, the Organization has begun to see impacts of the CV-19 crisis through decreased gifts. The future impact of the CV-19 crisis on the Organization cannot be reasonably estimated at this time.

### **Note 2: Concentration of Credit Risk**

Financial instruments that potentially subject the Organization to credit risk consist principally of cash deposits. The Organization maintains bank accounts at various financial institutions that are insured by the FDIC up to \$250,000. At times during the year, balances may exceed FDIC-insured limits. Management has assessed the creditworthiness of these institutions and does not feel the deposits are subject to significant risk.

### **Note 3: Liquidity and Availability of Financial Resources**

The Organization has \$545,035 of financial assets available within one year of the statement of financial position date consisting solely of cash of \$545,035. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. The Organization's goal is to maintain financial assets, which consist of cash on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$152,000.

### **Note 4: Property and Equipment**

At September 30, 2019 and 2018, the Organization had furniture and equipment with a cost of \$16,432, software with a cost of \$67,652, and accumulated depreciation of \$84,084.