

**ALL GOD'S CHILDREN INTERNATIONAL**

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Financial Statements

For the Years Ended December 31, 2019 and 2018

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ACCOUNTING AND ADVISORY SERVICES

Independent Auditor's Report

**To the Board of Directors**  
**All God's Children International**  
Portland, Oregon

We have audited the accompanying financial statements of All God's Children International, which comprise the statements of financial position as of December 31, 2019 and December 31, 2018, and the related statements of activities and changes in net assets, cash flows and functional expenses 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 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 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 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 All God's Children International as of December 31, 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 of America.

*Richard Winkel, CPA*

Portland, Oregon  
July 16, 2020

ALL GOD'S CHILDREN INTERNATIONAL  
STATEMENTS OF FINANCIAL POSITION  
December 31, 2019 and 2018

	2019	2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,767,286	\$ 984,733
Investments	38,108	-
Accounts receivable	65,221	68,963
Other current assets	20,515	10,110
Total current assets	1,891,130	1,063,806
Capital assets, net of depreciation	19,999	17,800
Total assets	\$ 1,911,129	\$ 1,081,606
LIABILITIES AND NET ASSETS		
Current liabilities:		
Line of credit	\$ -	\$ 46,302
Accounts payable	111,621	130,894
Accrued payroll	33,684	24,838
Accrued vacation	67,626	39,773
Client deposits	183,904	228,142
Accrued liability	13,693	-
Total liabilities	410,528	469,949
NET ASSETS		
Net assets without restrictions	1,500,601	611,657
Total net assets	1,500,601	611,657
Total liabilities and net assets	\$ 1,911,129	\$ 1,081,606

The accompanying notes are an integral part of these financial statements

ALL GOD'S CHILDREN INTERNATIONAL  
 STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
 For the Years Ended December 31, 2019 and 2018

	2019	2018
Revenues:		
Contract fees, net of refunds	\$ 2,862,384	\$ 2,739,235
Contributions and grants	3,095,715	1,936,410
Rental income	42,840	33,300
Interest and other income	2,482	4,435
Total revenues	6,003,421	4,713,380
Expenses:		
Program services	4,617,220	4,593,740
Management and general	188,859	211,922
Fundraising	308,398	286,140
Total expenses	5,114,477	5,091,802
Change in net assets	888,944	(378,422)
Net assets, beginning of year	611,657	990,079
Net assets, end of year	\$ 1,500,601	\$ 611,657

The accompanying notes are an integral part of these financial statements

ALL GOD'S CHILDREN INTERNATIONAL  
 STATEMENTS OF CASH FLOWS  
 For the Years Ended December 31, 2019 and 2018

	2019	2018
Increase (Decrease) in Cash and Cash Equivalents		
Change in net assets	\$ 888,944	\$ (378,422)
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	9,312	9,311
Donation of investments	(37,989)	-
Investment income	(119)	-
Change in assets and liabilities:		
Accounts receivable	3,742	14,195
Other current assets	(10,405)	3,902
Accounts payable	(19,273)	52,055
Accrued payroll	8,846	(20,124)
Accrued vacation	27,853	(6,632)
Accrued liability	13,693	-
Client deposits	(44,238)	(45,600)
Net cash provided by (used in) operating activities	840,366	(371,315)
Cash flows from investing activities:		
Purchase of property and equipment	(11,511)	(6,427)
Net cash used in investing activities	(11,511)	(6,427)
Cash flows from financing activities:		
Draws on line of credit	-	6,340
Payments on line of credit	(46,302)	(25,618)
Net cash used in financing activities	(46,302)	(19,278)
Net change in cash and cash equivalents	782,553	(397,020)
Cash and cash equivalents, beginning of year	984,733	1,381,753
Cash and cash equivalents, end of year	\$ 1,767,286	\$ 984,733
Supplemental schedule of non-cash investing and financing activities:		
Cash paid for interest	\$ 7,248	\$ 10,863

The accompanying notes are an integral part of these financial statements

ALL GOD'S CHILDREN INTERNATIONAL  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2019

	Program Services	Management and General	Fundraising	Total
Orphan care	\$ 425,480	\$ -	\$ -	\$ 425,480
Adoption costs	964,943	-	-	964,943
Mission trips	51,043	-	-	51,043
Salaries and wages	1,622,980	121,427	170,840	1,915,247
Employee benefits	116,807	8,739	12,296	137,842
Payroll taxes	138,374	10,353	14,566	163,293
Administration	375,537	9,335	39,463	424,335
Development and marketing	370,077	9,200	38,889	418,166
Professional fees	155,284	11,618	16,346	183,248
Occupancy	104,818	7,842	11,034	123,694
Travel	277,845	9,295	3,486	290,626
Interest	6,141	460	647	7,248
Total expenses before depreciation	4,609,329	188,269	307,567	5,105,165
Depreciation	7,891	590	831	9,312
Total expenses	<u>\$ 4,617,220</u>	<u>\$ 188,859</u>	<u>\$ 308,398</u>	<u>\$ 5,114,477</u>

The accompanying notes are an integral part of these financial statements



ALL GOD'S CHILDREN INTERNATIONAL  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2018

	Program Services	Management and General	Fundraising	Total
Orphan care	\$ 628,552	\$ -	\$ -	\$ 628,552
Adoption costs	963,353	-	-	963,353
Mission trips	87,311	-	-	87,311
Salaries and wages	1,523,061	129,861	155,725	1,808,647
Employee benefits	64,595	5,508	6,604	76,707
Payroll taxes	120,398	10,266	12,310	142,974
Administration	349,777	15,716	37,476	402,969
Development and marketing	395,081	17,751	42,330	455,162
Professional fees	165,026	14,071	16,873	195,970
Occupancy	93,882	8,005	9,599	111,486
Travel	185,716	9,295	3,486	198,497
Interest	9,148	780	935	10,863
Total expenses before depreciation	4,585,900	211,253	285,338	5,082,491
Depreciation	7,840	669	802	9,311
Total expenses	<u>\$ 4,593,740</u>	<u>\$ 211,922</u>	<u>\$ 286,140</u>	<u>\$ 5,091,802</u>

The accompanying notes are an integral part of these financial statements

ALL GOD'S CHILDREN INTERNATIONAL  
NOTES TO FINANCIAL STATEMENTS  
For the years ended December 31, 2019 and 2018

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NOTE A – ORGANIZATION

All God's Children International (the "Organization") is a nonprofit orphan care ministry organized as a corporation in the state of Oregon that operates primarily in Oregon, Washington, Michigan, Indiana, Kentucky, Ohio and Texas. The Organization serves children and families through education sponsorship programs, caregiver trainings, and independence support programs. Additionally, the Organization coordinates and facilitates adoption services by working with attorneys and child welfare organizations in Europe, Asia, Latin America and Africa that are seeking adoptive parents for children within their respective countries. The Organization is funded through contributions, ongoing sponsorships and contract fees for adoption services.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies applied in the preparation of the accompanying financial statements follows.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

*Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

*Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities. There are no net assets with restrictions at December 31, 2019 or 2018.

Concentration of Economic Risk

The Organization is highly dependent on certain countries to source adoptions. During the year ended December 31, 2019 three countries accounted for 31%, 28%, and 12% of completed adoptions. During the year ended December 31, 2018 three countries accounted for 38%, 21%, and 14% of completed adoptions. If political unrest was to occur in any or all of these key countries or if adoptions were disrupted the Organization's ongoing operations could be severely impacted. The Organization has undertaken significant efforts during 2019 and 2018 to diversify and to open the Organization's adoption services to new countries.

ALL GOD'S CHILDREN INTERNATIONAL  
NOTES TO FINANCIAL STATEMENTS  
For the years ended December 31, 2019 and 2018

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NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all short-term investments purchased with an original maturity of three months or less to be cash equivalents.

Cash and cash equivalents include accounts with financial institutions covered by the Federal Deposit Insurance Corporation (FDIC) of \$250,000. Deposits in excess of FDIC coverage are not insured. The Organization had \$1,213,152 and \$385,999 in cash exceeding FDIC insurance at December 31, 2019 and 2018, respectively.

Revenues

Accounts receivable represent outstanding billings due from individuals for adoption services which the Organization is facilitating. Due to the long-term nature of the adoption process, the Organization has contract terms that may span multiple years. The Organization provides services over the contract period and payment terms generally match the period of service. Revenues for services provided under the terms of the adoption contracts are recognized as services are provided.

Support from contributors is recorded when unconditional promises to give are received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value on the date of receipt.

No amounts have been reflected in the financial statements for donated services. Certain individuals, including members of the Board of Directors, donate time to the operations of the Organization. There are no contributed services that meet the requirements for recognition.

Receivables

Receivables are recognized when the service is provided. The Organization uses the allowance method to account for uncollectible accounts. Receivables are considered to be impaired if full payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible receivables when management determines the receivable will not be collected. Substantially all balances are collected when the service is provided; therefore, management has determined that the risk of loss to the Organization for uncollectible balances is not significant and no allowance was deemed necessary at December 31, 2019 or 2018.

Fair Value of Financial Instruments

Due to the short-term nature of cash equivalents, prepaid expenses and other assets, accounts payable, and accrued liabilities, their fair value approximates carrying value.

Investments

The Organization follows guidance in Accounting Standards Codification (ASC) 820 and 958. Investments are reflected on the statement of financial position at fair value with changes in unrealized gains and losses resulting from changes in fair value reflected in the statement of activities. Interest income is reported as earned.

ALL GOD'S CHILDREN INTERNATIONAL  
NOTES TO FINANCIAL STATEMENTS  
For the years ended December 31, 2019 and 2018

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NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are recorded at purchase cost. Acquisitions, renovations and repairs which increase the value of assets and have an estimated useful life in excess of one year are capitalized. All expenditures for repairs and maintenance which do not appreciably extend the useful life or increase the value of the assets are expensed in the period in which the cost is incurred. Contributed property is recorded at its fair market value on the date of contribution.

The Organization depreciates property and equipment over its estimated useful life using the straight-line method for financial reporting purposes. The Organization generally uses the following estimated useful lives:

Buildings and improvements	40 years
Furniture and equipment	5 – 15 years

Grants and Contributions

Grants and contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Gifts-In-Kind

Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. During the year ended December 31, 2019 and 2018 the Organization recognized \$0 and \$43,654, respectively, of donated materials and supplies. During the year ended December 31, 2019 and 2018 there were \$42,840 and \$33,300, respectively, recognized for the value of donated office space. Such amounts, which are based upon information provided by third-party service providers, are recorded at their estimated fair value determined on the date of contribution and are reported as in-kind contributions on the accompanying statement of activities and statement of functional expenses.

Advertising Costs

Advertising is expensed as incurred.

ALL GOD'S CHILDREN INTERNATIONAL  
NOTES TO FINANCIAL STATEMENTS  
For the years ended December 31, 2019 and 2018

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NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Organization received a tax determination letter indicating that it qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and comparable state law. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under section 509(a)(1). Accordingly, no provision for income taxes has been recorded in the accompanying financial statements. The Organization's federal and state income tax returns are subject to possible examination by the taxing authorities until the expiration of the related statutes of limitations on those tax returns. In general, the federal and state income tax returns have a three year statute of limitations.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional expense basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that were allocated include the following:

Salaries and benefits	Time and effort
Occupancy	Square footage
Professional fees	Time and effort
Administration expenses	Time and effort
Travel	Time and effort

NOTE C – AVAILABILITY AND LIQUIDITY

The Organization manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. The Organization's cash needs are expected to be met on a monthly basis from regular revenue sources. In general, the Organization maintains sufficient financial assets on hand to meet normal operating expenditures and to reserve for future needs.

ALL GOD'S CHILDREN INTERNATIONAL  
NOTES TO FINANCIAL STATEMENTS  
For the years ended December 31, 2019 and 2018

NOTE C – AVAILABILITY AND LIQUIDITY (Continued)

The following represents the Organization's financial assets at December 31:

	2019	2018
Financial assets at year end:		
Cash and cash equivalents	\$ 1,767,286	\$ 984,733
Investments	38,108	-
Accounts receivable	65,221	68,963
Total financial assets available	\$ 1,870,615	\$ 1,053,696

NOTE D – INVESTMENTS

ASC 820, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, maximizes the use of observable inputs, and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. The classification of assets and liabilities within the hierarchy is based on whether the inputs to the valuation methodology used for measurement are observable or unobservable. Observable inputs reflect market-derived or market-based information obtained from independent resources while unobservable inputs reflect estimates about market data.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level I:           Observable inputs such as quoted prices in active markets for identical assets or liabilities.
- Level II:          Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; these include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.
- Level III:         Unobservable inputs in which there is little or no market data available, which require the reporting entity to develop its own assumptions.

The Organization has a stock portfolio that qualifies as a Level I investment with estimated fair value of \$38,108 at December 31, 2019.

ALL GOD'S CHILDREN INTERNATIONAL  
NOTES TO FINANCIAL STATEMENTS  
For the years ended December 31, 2019 and 2018

NOTE D – INVESTMENTS (Continued)

The following table summarizes the change in investments for the year ended December 31, 2019:

Balance, December 31, 2018	\$ -
Appreciation in value	119
Contributions	37,989
Distributions	<u>-</u>
Balance, December 31, 2019	<u>\$ 38,108</u>

NOTE E – CAPITAL ASSETS

Major classes of capital assets consist of the following at December 31:

	<u>2019</u>	<u>2018</u>
Furniture and equipment	\$ 61,099	\$ 49,588
Less accumulated depreciation	<u>(41,100)</u>	<u>(31,788)</u>
	<u>\$ 19,999</u>	<u>\$ 17,800</u>

Depreciation expense was \$9,312 and \$9,311 for the years ended December 31, 2019 and 2018, respectively.

NOTE F – LINE OF CREDIT

The Organization has a line of credit with a bank granting borrowings up to \$200,000. The line of credit accrues interest at 12.75% per annum and is secured by a \$100,000 certificate of deposit at the bank. The Organization had \$0 and \$46,302 outstanding under the terms of the line of credit as of December 31, 2019 and 2018, respectively.

NOTE G – LEASES

The Organization is given office space from a company on a month to month basis and is not charged rent. The Organization has recorded an in-kind donation of \$42,840 and \$33,300, respectively, for the years ended December 31, 2019 and 2018 based on the estimated fair market value of the donated space.

The Organization also leases a copier from CTX that expires February 28, 2021 with monthly payments of \$913. CTX paid AGCI \$18,066 to buy out their prior contract with Pacific Automation in November 2015. As such, this deferred asset will be amortized using the straight line method for the term of the CTX lease, which results in a monthly offset of \$291.

ALL GOD'S CHILDREN INTERNATIONAL  
NOTES TO FINANCIAL STATEMENTS  
For the years ended December 31, 2019 and 2018

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NOTE G – LEASES (Continued)

Future minimum payments under the copies operating lease are as follows:

<u>Year ending December 31,</u>	
2020	\$ 7,458
2021	<u>1,243</u>
	<u>\$ 8,701</u>

NOTE H – EMPLOYEE BENEFIT PLANS

The Organization has a 401(k) plan covering substantially all employees of the Organization. Participants may elect to defer a portion of their salary up to the maximum percentage allowable by the Internal Revenue Code. The Organization makes a matching contribution to the plan up to 4% of participant's earnings. Employer contributions of \$27,493 and \$25,578 were expensed for the years ended December 31, 2019 and 2018, respectively.

NOTE I – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through July 16, 2020 which is the date the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements for the year ended December 31, 2019.

Subsequent to year-end, the world-wide coronavirus pandemic has impacted organizations in the United States of America and around the world. The Organization is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the full impact of the pandemic to the Organization's financial position, if any, is not known.