

**ALL GOD'S CHILDREN INTERNATIONAL**

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Financial Statements

For the Years Ended December 31, 2020 and 2019

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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, 2020 and December 31, 2019, 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, 2020 and 2019, 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  
August 26, 2021

ALL GOD'S CHILDREN INTERNATIONAL

STATEMENTS OF FINANCIAL POSITION

December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 3,025,121	\$ 1,767,286
Investments	-	38,108
Accounts receivable	82,481	65,221
Other current assets	-	20,515
	<u>3,107,602</u>	<u>1,891,130</u>
Total current assets		
Property and equipment, net of depreciation	<u>62,050</u>	<u>19,999</u>
	<u>\$ 3,169,652</u>	<u>\$ 1,911,129</u>
LIABILITIES AND NET ASSETS		
Current portion of capital lease	\$ 11,153	\$ -
Accounts payable	63,356	111,621
Accrued payroll	39,255	33,684
Accrued vacation	83,271	67,626
Client deposits	228,142	183,904
Accrued liability	-	13,693
Paycheck Protection Plan note payable	530,200	-
	<u>955,377</u>	<u>410,528</u>
Total current liabilities		
Long-term portion of capital lease	<u>31,527</u>	<u>-</u>
	<u>986,904</u>	<u>410,528</u>
Total liabilities		
NET ASSETS		
Without restrictions	<u>2,182,748</u>	<u>1,500,601</u>
	<u>2,182,748</u>	<u>1,500,601</u>
Total net assets		
Total liabilities and net assets	<u>\$ 3,169,652</u>	<u>\$ 1,911,129</u>

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, 2020 and 2019

	2020	2019
Revenues:		
Contract fees, net of refunds	\$ 3,096,492	\$ 2,862,384
Contributions and grants	2,826,834	3,138,555
Interest and other income	2,288	2,482
	5,925,614	6,003,421
Expenses:		
Program services	4,445,608	4,617,220
Management and general	290,520	188,859
Fundraising	507,339	308,398
	5,243,467	5,114,477
Change in net assets	682,147	888,944
Net assets, beginning of year	1,500,601	611,657
Net assets, end of year	\$ 2,182,748	\$ 1,500,601

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, 2020

	Program Services	Management and General	Fundraising	Total
Orphan care	\$ 467,268	\$ -	\$ -	\$ 467,268
Adoption costs	841,397	-	-	841,397
Mission trips	-	-	-	-
Salaries and wages	1,684,810	172,801	302,402	2,160,013
Employee benefits	133,669	13,710	23,992	171,371
Payroll taxes	144,114	14,781	25,866	184,761
Administration	407,301	23,959	47,918	479,178
Development and marketing	389,014	22,883	45,766	457,663
Professional fees	217,765	22,335	39,086	279,186
Occupancy	87,045	8,928	15,623	111,596
Travel	55,394	9,295	3,486	68,175
Interest	1,604	164	288	2,056
	<u>4,429,381</u>	<u>288,856</u>	<u>504,427</u>	<u>5,222,664</u>
Total expenses before depreciation				
Depreciation	<u>16,227</u>	<u>1,664</u>	<u>2,912</u>	<u>20,803</u>
Total expense	<u>\$ 4,445,608</u>	<u>\$ 290,520</u>	<u>\$ 507,339</u>	<u>\$ 5,243,467</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, 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
	<u>4,609,329</u>	<u>188,269</u>	<u>307,567</u>	<u>5,105,165</u>
Total expenses before depreciation				
Depreciation	7,891	590	831	9,312
	<u>7,891</u>	<u>590</u>	<u>831</u>	<u>9,312</u>
Total expense	<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

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Increase (Decrease) in Cash and Cash Equivalents		
Change in net assets	\$ 682,147	\$ 888,944
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	20,803	9,312
Donation of investments	(91,039)	(37,989)
Investment income	1,352	(119)
Change in assets and liabilities:		
Accounts receivable	(17,260)	3,742
Other current assets	20,515	(10,405)
Accounts payable	(48,265)	(19,273)
Accrued payroll	5,571	8,846
Accrued vacation	15,645	27,853
Accrued liability	(13,693)	13,693
Client deposits	44,238	(44,238)
Net cash provided by operating activities	<u>620,014</u>	<u>840,366</u>
Cash flows from investing activities:		
Purchase of property and equipment	(9,563)	(11,511)
Proceeds from sale of investments	127,795	-
Net cash used in investing activities	<u>118,232</u>	<u>(11,511)</u>
Cash flows from financing activities:		
Proceeds from note payable	530,200	-
Payments on line of credit	-	(46,302)
Principal payments on long-term debt	(10,611)	-
Net cash used in financing activities	<u>519,589</u>	<u>(46,302)</u>
Net change in cash and cash equivalents	1,257,835	782,553
Cash and cash equivalents, beginning of year	1,767,286	984,733
Cash and cash equivalents, end of year	<u>\$ 3,025,121</u>	<u>\$ 1,767,286</u>
Supplemental schedule of non-cash investing and financing activities:		
Cash paid for interest	<u>\$ 2,056</u>	<u>\$ 7,248</u>
Equipment purchase financed with capital lease	<u>\$ 53,291</u>	<u>\$ -</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, 2020 and 2019

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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, 2020 or 2019.

Concentration of Economic Risk

The Organization is highly dependent on certain countries to source 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.

ALL GOD'S CHILDREN INTERNATIONAL  
NOTES TO FINANCIAL STATEMENTS  
For the years ended December 31, 2020 and 2019

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NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash and cash equivalents include accounts with financial institutions covered by the Federal Deposit Insurance Corporation (FDIC) of \$250,000. 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.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Organization maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The Organization cash and cash equivalent accounts have been placed with high credit quality financial institutions. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts. Deposits in excess of FDIC coverage are not insured. The Organization had \$2,245,154 and \$1,213,152 in cash exceeding FDIC insurance at December 31, 2020 and 2019, respectively.

Revenue Recognition

Revenues for services provided under the terms of the adoption contracts are recognized as services are provided. 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. Payments received in advance of services are recognized as a liability until the service is 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.

Receivables

Accounts receivable represent outstanding billings due from individuals for adoption services which the Organization is facilitating. 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, 2020 or 2019.

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.

ALL GOD'S CHILDREN INTERNATIONAL  
NOTES TO FINANCIAL STATEMENTS  
For the years ended December 31, 2020 and 2019

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NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

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.

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, 2020 and 2019 the Organization recognized \$4,782 and \$0, respectively, of donated materials and supplies. During the year ended December 31, 2020 and 2019 there were \$42,840 and \$42,840, 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, 2020 and 2019

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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, 2020 and 2019

NOTE C – AVAILABILITY AND LIQUIDITY (Continued)

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

	2020	2019
Financial assets at year end:		
Cash and cash equivalents	\$ 3,025,121	\$ 1,767,286
Investments	-	38,108
Accounts receivable	82,481	65,221
Total financial assets available	\$ 3,107,602	\$ 1,870,615

NOTE D – INVESTMENTS

The Organization uses 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. There are no investments held at December 31, 2020.

ALL GOD'S CHILDREN INTERNATIONAL  
NOTES TO FINANCIAL STATEMENTS  
For the years ended December 31, 2020 and 2019

NOTE D – INVESTMENTS (Continued)

The following table summarizes the change in investments for the years ended December 31:

		2020		2019
Balance, beginning of year	\$	38,108		-
Gain (loss) in value		(1,352)		119
Contributions		91,039		37,989
Distributions		(127,795)		-
Balance, end of year	\$	-		38,108

NOTE E – CAPITAL ASSETS

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

		2020		2019
Furniture and equipment	\$	123,953	\$	61,099
Less accumulated depreciation		(61,903)		(41,100)
	\$	62,050	\$	19,999

Depreciation expense was \$20,803 and \$9,312 for the years ended December 31, 2020 and 2019, 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 outstanding under the terms of the line of credit as of December 31, 2020 and 2019.

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 \$42,840, respectively, for the years ended December 31, 2020 and 2019 based on the estimated fair market value of the donated space.

ALL GOD'S CHILDREN INTERNATIONAL  
NOTES TO FINANCIAL STATEMENTS  
For the years ended December 31, 2020 and 2019

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NOTE H – PAYCHECK PROTECTION PROGRAM LOAN

On April 28, 2020, the Organization was granted a loan from Key Bank in the aggregate amount of \$530,200, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The proceeds of the PPP Loans have been and are expected to be used for payroll costs but may also be used for other permitted purposes under the CARES Act, including rent or utility costs. Under the terms of the CARES Act, each borrower can apply for forgiveness for all or a portion of the PPP Loan and, as described below, the Organization intends to apply for forgiveness. Such forgiveness will be determined, subject to limitations, based on the use of loan proceeds in accordance with the terms of the CARES Act during the 24-week period after loan origination and the maintenance or achievement of certain employee levels. While the Organization believes that the proceeds of the PPP Loans have been or will be used only for qualifying expenses in accordance with the terms of the CARES Act, any forgiveness of a PPP Loan will be subject to approval by Key Bank and the U.S. Small Business Administration, which is administering the PPP under the CARES Act, and there can be no assurance that any or all of the PPP Loans will be forgiven in whole or in part. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months.

Subsequent to year end the Organization was notified the PPP loan had been forgiven.

NOTE I – CAPITAL LEASE

The Organization leased office equipment that qualify as a capital lease during the year ended December 31, 2020. The future principal obligation under the terms of this lease agreement is as follows:

<u>Year ending December 31,</u>		
2021	\$	13,034
2022		13,034
2023		13,034
2024		<u>7,604</u>
		46,706
Less: amount representing interest		<u>(4,026)</u>
Total	\$	<u><u>42,680</u></u>

The office equipment acquired under capital lease has an original cost of \$53,290 and accumulated depreciation of \$12,068 at December 31, 2020. This asset is amortized over the lease term, which is 60 months. Depreciation expense related to this equipment of \$12,068 for the year ended December 31, 2020 is included in the accompanying statements of activities and changes in net assets.



ALL GOD'S CHILDREN INTERNATIONAL  
NOTES TO FINANCIAL STATEMENTS  
For the years ended December 31, 2020 and 2019

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NOTE J – 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 wages. Employer contributions of \$44,514 and \$27,493 were expensed for the years ended December 31, 2020 and 2019, respectively.

NOTE K – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through August 26, 2021 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, 2020.

In July 2021 the Organization was notified by Key Bank that the PPP loan had been forgiven by the SBA.