ALL GOD'S CHILDREN INTERNATIONAL

Financial Statements

For the Years Ended December 31, 2021 and 2020

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DOUGALL CONRADIE LLC
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

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

Opinion

We have audited the accompanying financial statements of All God's Children International (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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, 2021 and 2020, 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 audit in accordance with auditing standards generally accepted in the United States of America. 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 All God's Children International and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 All God's Children International's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 All God's Children International'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 All God's Children International'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.

Dougall Conradie LLC

Portland, Oregon
August 1, 2022

ALL GOD'S CHILDREN INTERNATIONAL

STATEMENTS OF FINANCIAL POSITION

December 31, 2021 and 2020

	2021	2020
ASSETS		
Cash and cash equivalents	$ 4,180,637	$ 3,025,121
Accounts receivable	97,606	82,481
Other current assets	17,589	-
Total current assets	4,295,832	3,107,602
Property and equipment, net of depreciation	52,000	62,050
Total assets	$ 4,347,832	$ 3,169,652
LIABILITIES AND NET ASSETS		
Current portion of capital lease	$ 11,724	$ 11,153
Accounts payable	90,015	63,356
Accrued payroll	35,037	39,255
Accrued vacation	83,107	83,271
Client deposits	264,641	228,142
Paycheck Protection Plan note payable	-	530,200
Total current liabilities	484,524	955,377
Long-term portion of capital lease	19,803	31,527
Total liabilities	504,327	986,904
NET ASSETS		
Without restrictions	3,843,505	2,182,748
Total net assets	3,843,505	2,182,748
Total liabilities and net assets	$ 4,347,832	$ 3,169,652

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, 2021 and 2020

	2021	2020
Revenues:		
Contract fees, net of refunds	$ 2,820,939	$ 3,096,492
Contributions and grants	3,890,586	2,826,834
Forgiveness of PPP loans	979,420	-
Interest and other income	(79)	2,288
Total revenues	7,690,866	5,925,614
Expenses:		
Program services	5,121,376	4,445,608
Management and general	329,828	290,520
Fundraising	578,905	507,339
Total expenses	6,030,109	5,243,467
Change in net assets	1,660,757	682,147
Net assets, beginning of year	2,182,748	1,500,601
Net assets, end of year	$ 3,843,505	$ 2,182,748

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, 2021

	Program Services	Management and General	Fundraising	Total
Orphan care	$ 683,550	$ -	$ -	$ 683,550
Adoption costs	756,057	-	-	756,057
Salaries and wages	1,900,042	194,876	341,033	2,435,951
Employee benefits	153,124	15,705	27,484	196,313
Payroll taxes	170,465	17,484	30,595	218,544
Administration	453,682	26,687	53,374	533,743
Development and marketing	531,519	31,266	62,532	625,317
Professional fees	237,196	24,328	42,574	304,098
Occupancy	85,468	8,766	15,340	109,574
Travel	136,414	9,295	3,486	149,195
Interest	1,467	150	263	1,880
Total expenses before depreciation	5,108,984	328,557	576,681	6,014,222
Depreciation	12,392	1,271	2,224	15,887
Total expense	$ 5,121,376	$ 329,828	$ 578,905	$ 6,030,109

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
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
Total expenses before depreciation	4,429,381	288,856	504,427	5,222,664
Depreciation	16,227	1,664	2,912	20,803
Total expense	$ 4,445,608	$ 290,520	$ 507,339	$ 5,243,467

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, 2021 and 2020

	2021	2020
Increase (Decrease) in Cash and Cash Equivalents		
Change in net assets	$ 1,660,757	$ 682,147
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	15,887	20,803
Forgiveness of PPP loan	(979,420)	-
Donation of investments	-	(91,039)
Investment income	-	1,352
Change in assets and liabilities:		
Accounts receivable	(15,125)	(17,260)
Other current assets	(17,589)	20,515
Accounts payable	26,659	(48,265)
Accrued payroll	(4,218)	5,571
Accrued vacation	(164)	15,645
Accrued liability	-	(13,693)
Client deposits	36,499	44,238
Net cash provided by operating activities	723,286	620,014
Cash flows from investing activities:		
Purchase of property and equipment	(5,837)	(9,563)
Proceeds from sale of investments	-	127,795
Net cash used in investing activities	(5,837)	118,232
Cash flows from financing activities:		
Proceeds from note payable	449,220	530,200
Principal payments on long-term debt	(11,153)	(10,611)
Net cash used in financing activities	438,067	519,589
Net change in cash and cash equivalents	1,155,516	1,257,835
Cash and cash equivalents, beginning of year	3,025,121	1,767,286
Cash and cash equivalents, end of year	$ 4,180,637	$ 3,025,121
Supplemental schedule of non-cash investing and financing activities:		
Cash paid for interest	$ 288	$ 2,056
Equipment purchase financed with capital lease	$ -	$ 53,291

The accompanying notes are an integral part of these financial statements

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, 2021 or 2020.

Concentration of Economic Risk

The Organization is highly dependent on certain countries for 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 would be impacted.

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 $3,587,268 and $2,245,154 in cash exceeding FDIC insurance at December 31, 2021 and 2020, 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, 2021 or 2020.

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.

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, 2021 and 2020 the Organization recognized $1,839 and $4,782, respectively, of donated materials and supplies. During the year ended December 31, 2021 and 2020 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.

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.

NOTE C – AVAILABILITY AND LIQUIDITY (Continued)

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

	2021	2020
Financial assets at year end:		
Cash and cash equivalents	$ 4,180,637	$ 3,025,121
Accounts receivable	97,606	82,481
Total financial assets available	$ 4,278,243	$ 3,107,602

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.

There are no investments held at December 31, 2021 or 2020.

NOTE E – CAPITAL ASSETS

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

	2021	2020
Furniture and equipment	$ 129,790	$ 123,953
Less accumulated depreciation	(77,790)	(61,903)
	$ 52,000	$ 62,050

Depreciation expense was $15,887 and $20,803 for the years ended December 31, 2021 and 2020, 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, 2021 and 2020.

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, 2021 and 2020 based on the estimated fair market value of the donated space.

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, 2021. On March 9, 2021 the Organization was granted a second PPP loan of $449,220.

The proceeds of the PPP Loans have been 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 did apply for forgiveness.

During the year ended December 31, 2021 the Organization was notified that both PPP loans had been forgiven and $979,420 was recognized as revenue.

NOTE I – CAPITAL LEASE

The Organization leases office equipment that qualify as a capital lease. The future principal obligation under the terms of this lease agreement is as follows:

Year ending December 31,		
2022	$	13,034
2023		13,034
2024		7,604
		33,672
Less: amount representing interest		(2,145)
Total	$	31,527

The office equipment acquired under capital lease has an original cost of $53,290 and accumulated depreciation of $21,316 at December 31, 2021. This asset is amortized over the lease term, which is 60 months. Depreciation expense related to this equipment of $10,658 for the year ended December 31, 2021 is included in the accompanying statements of activities and changes in net assets.

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 $54,203 and $44,514 were expensed for the years ended December 31, 2021 and 2020, respectively.

NOTE K – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through August 1, 2022 which is the date the financial statements were available to be issued, noting no events requiring recording or disclosure in the financial statements for the year ended December 31, 2021.