

**ALL GOD'S CHILDREN INTERNATIONAL**

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Financial Statements

For the Years Ended December 31, 2022 and 2021

## TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS	4
STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2022	5
STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2021	6
STATEMENTS OF CASH FLOWS	7
NOTES TO FINANCIAL STATEMENTS	8



**DOUGALL CONRADIE LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

Geoffrey Dougall, CPA  
Heather Jackson, CPA  
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Members of AICPA & OSCPA

Independent Auditors' 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, 2022 and 2021, 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, 2022 and 2021, 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 Conradi LLC*

Portland, Oregon  
August 22, 2023

ALL GOD'S CHILDREN INTERNATIONAL

STATEMENTS OF FINANCIAL POSITION

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 3,405,369	\$ 4,180,637
Accounts receivable	315,640	97,606
Grants receivable, current	1,452,501	-
Other current assets	<u>79,447</u>	<u>17,589</u>
Total current assets	5,252,957	4,295,832
Grants receivable, non-current, net	1,520,817	-
Property and equipment, net of depreciation	<u>38,524</u>	<u>52,000</u>
Total assets	<u>\$ 6,812,298</u>	<u>\$ 4,347,832</u>
LIABILITIES AND NET ASSETS		
Current portion of capital lease	\$ 12,324	\$ 11,724
Accounts payable	12,036	90,015
Accrued payroll	62,725	35,037
Accrued vacation	120,826	83,107
Client deposits	<u>178,708</u>	<u>264,641</u>
Total current liabilities	<u>386,619</u>	<u>484,524</u>
Long-term portion of capital lease	<u>7,479</u>	<u>19,803</u>
Total liabilities	<u>394,098</u>	<u>504,327</u>
NET ASSETS		
Without restrictions	<u>6,418,200</u>	<u>3,843,505</u>
Total net assets	<u>6,418,200</u>	<u>3,843,505</u>
Total liabilities and net assets	<u>\$ 6,812,298</u>	<u>\$ 4,347,832</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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Revenues:		
Contract fees, net of refunds	\$ 3,411,185	\$ 2,820,939
Contributions and grants of cash and financial assets	7,123,853	3,847,746
Contributions of nonfinancial assets	42,840	42,840
Forgiveness of Paycheck Protection Program loans	-	979,420
Interest and other income	3,941	(79)
	<u>10,581,819</u>	<u>7,690,866</u>
Total revenues		
Expenses:		
Program services	6,821,010	5,121,376
Management and general	429,835	329,828
Fundraising	756,279	578,905
	<u>8,007,124</u>	<u>6,030,109</u>
Total expenses		
Change in net assets	2,574,695	1,660,757
Net assets, beginning of year	<u>3,843,505</u>	<u>2,182,748</u>
Net assets, end of year	<u>\$ 6,418,200</u>	<u>\$ 3,843,505</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, 2022

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Orphan care	\$ 947,987	\$ -	\$ -	\$ 947,987
Adoption costs	852,303	-	-	852,303
Salaries and wages	2,591,408	265,786	465,125	3,322,320
Employee benefits	229,216	23,509	41,141	293,864
Payroll taxes	222,027	22,772	39,850	284,649
Administration	555,759	32,692	65,382	653,833
Development and marketing	590,153	34,715	69,430	694,298
Professional fees	288,203	29,559	51,729	369,491
Occupancy	97,733	10,024	17,542	125,299
Travel	431,766	9,295	3,486	444,547
Interest	720	74	129	923
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses before depreciation	6,807,275	428,426	753,814	7,989,514
Depreciation	13,735	1,409	2,465	17,609
	<hr/>	<hr/>	<hr/>	<hr/>
Total expense	<u>\$ 6,821,010</u>	<u>\$ 429,835</u>	<u>\$ 756,279</u>	<u>\$ 8,007,124</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, 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
	<u>5,108,984</u>	<u>328,557</u>	<u>576,681</u>	<u>6,014,222</u>
Total expenses before depreciation				
Depreciation	<u>12,392</u>	<u>1,271</u>	<u>2,224</u>	<u>15,887</u>
Total expense	<u>\$ 5,121,376</u>	<u>\$ 329,828</u>	<u>\$ 578,905</u>	<u>\$ 6,030,109</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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Increase (Decrease) in Cash and Cash Equivalents		
Change in net assets	\$ 2,574,695	\$ 1,660,757
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	17,609	15,887
Forgiveness of PPP loan	-	(979,420)
Change in assets and liabilities:		
Accounts receivable	(218,034)	(15,125)
Grants receivable	(2,973,318)	-
Other current assets	(61,858)	(17,589)
Accounts payable	(77,979)	26,659
Accrued payroll	27,688	(4,218)
Accrued vacation	37,719	(164)
Client deposits	(85,933)	36,499
Net cash (used by) provided by operating activities	<u>(759,411)</u>	<u>723,286</u>
Cash flows from investing activities:		
Purchase of property and equipment	(4,133)	(5,837)
Net cash used in investing activities	<u>(4,133)</u>	<u>(5,837)</u>
Cash flows from financing activities:		
Proceeds from note payable	-	449,220
Principal payments on long-term debt	(11,724)	(11,153)
Net cash used in financing activities	<u>(11,724)</u>	<u>438,067</u>
Net change in cash and cash equivalents	(775,268)	1,155,516
Cash and cash equivalents, beginning of year	4,180,637	3,025,121
Cash and cash equivalents, end of year	<u>\$ 3,405,369</u>	<u>\$ 4,180,637</u>
Supplemental schedule of non-cash investing and financing activities:		
Cash paid for interest	<u>\$ 923</u>	<u>\$ 1,880</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, 2022 and 2021

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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, 2022 or 2021.

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.

ALL GOD'S CHILDREN INTERNATIONAL  
NOTES TO FINANCIAL STATEMENTS  
For the years ended December 31, 2022 and 2021

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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 \$1,728,069 and \$3,587,268 in cash exceeding FDIC insurance at December 31, 2022 and 2021, 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, 2022 or 2021.

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, 2022 and 2021

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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. 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, 2022 and 2021

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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, 2022 and 2021

NOTE C – AVAILABILITY AND LIQUIDITY (Continued)

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

	2022	2021
Financial assets at year end:		
Cash and cash equivalents	\$ 3,405,369	\$ 4,180,637
Accounts receivable	315,640	97,606
Grants receivable, current	1,452,501	-
Total financial assets available	\$ 5,173,510	\$ 4,278,243

NOTE D – GRANTS RECEIVABLE

The long-term grants receivable are discounted to their net present value using a discount rate of 4.0%. The pledges receivable consist of the following at June 30, 2022:

Fiscal year ending December 31,		
2023	\$	1,452,501
2024		1,010,500
2025		701,000
		3,164,001
Less discount		(190,683)
	\$	2,973,318

NOTE E – CAPITAL ASSETS

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

	2022	2021
Furniture and equipment	\$ 133,923	\$ 129,790
Less accumulated depreciation	(95,399)	(77,790)
	\$ 38,524	\$ 52,000

Depreciation expense was \$17,609 and \$15,887 for the years ended December 31, 2022 and 2021, respectively.

ALL GOD'S CHILDREN INTERNATIONAL  
NOTES TO FINANCIAL STATEMENTS  
For the years ended December 31, 2022 and 2021

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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, 2022 and 2021.

NOTE G – CONTRIBUTIONS OF NONFINANCIAL ASSETS

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, 2022 and 2021 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:

<u>Year ending December 31,</u>	
2023	13,034
2024	<u>7,603</u>
	20,637
Less: amount representing interest	<u>(834)</u>
Total	<u>\$ 19,803</u>

The office equipment acquired under capital lease has an original cost of \$53,290 and accumulated depreciation of \$31,974 and \$21,316 at December 31, 2022 and 2021, respectively. This asset is amortized over the lease term, which is 60 months. Depreciation expense related to this equipment of \$10,658 for each of the years ended December 31, 2022 and 2021 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, 2022 and 2021

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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 5% of participant's wages in 2022 and up to 4% of wages in 2021. Employer contributions of \$50,806 and \$54,203 were expensed for the years ended December 31, 2022 and 2021, respectively.

NOTE K – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through August 22, 2023 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, 2022.