ALL GOD'S CHILDREN INTERNATIONAL

Financial Statements

For the Period Ended September 30, 2023

TABLE OF CONTENTS

Dougall Conradie LLC
Certified Public Accountants

Geoffrey Dougall, CPA
Heather Jackson, CPA
Richard Winkel, CPA
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 statement of financial position as of September 30, 2023, the related statement of activities and cash flows for the nine-month period 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 September 30, 2023, and the changes in its net assets and its cash flows for the nine-month period 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
May 3, 2024

ALL GOD'S CHILDREN INTERNATIONAL

STATEMENT OF FINANCIAL POSITION

September 30, 2023

	2023
ASSETS	
Cash and cash equivalents	$ 3,741,968
Accounts receivable	97,107
Grants receivable, current	2,114,538
Investment in building	1,525,000
Other current assets	77,999
Total current assets	7,556,612
Grants receivable, non-current, net	2,368,695
Property and equipment, net of depreciation	25,203
Total assets	$ 9,950,510
LIABILITIES AND NET ASSETS	
Current portion of financing lease	$ 10,617
Accounts payable	103,583
Accrued payroll	50,245
Accrued vacation	137,113
Client deposits	151,218
Total liabilities	452,776
NET ASSETS	
Without restrictions	9,497,734
Total net assets	9,497,734
Total liabilities and net assets	$ 9,950,510

The accompanying notes are an integral part of these financial statements

ALL GOD'S CHILDREN INTERNATIONAL

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Nine-Month Period Ended September 30, 2023

		2023
Revenues:		
Contract fees, net of refunds	$	1,826,088
Contributions and grants of cash and financial assets		7,800,829
Contributions of nonfinancial assets		32,130
Interest and other income		81,249
Total revenues		9,740,296
Expenses:		
Program services		5,656,441
Management and general		364,528
Fundraising		639,793
Total expenses		6,660,762
Change in net assets		3,079,534
Net assets, beginning of period		6,418,200
Net assets, end of period	$	9,497,734

The accompanying notes are an integral part of these financial statements

ALL GOD'S CHILDREN INTERNATIONAL

STATEMENT OF FUNCTIONAL EXPENSES

For the Nine-Month Period Ended September 30, 2023

	Program Services	Management and General	Fundraising	Total
Orphan care	$ 912,030	$ -	$ -	$ 912,030
Adoption costs	622,554	-	-	622,554
Salaries and wages	2,127,747	218,230	381,903	2,727,880
Employee benefits	215,358	22,088	38,654	276,100
Payroll taxes	184,986	18,973	33,202	237,161
Administration	500,148	29,420	58,841	588,409
Development and marketing	495,880	29,169	58,339	583,388
Professional fees	267,044	27,389	47,931	342,364
Occupancy	86,521	8,874	15,529	110,924
Travel	233,543	9,295	3,486	246,324
Interest expense	239	24	43	306
Total expenses before depreciation	5,646,050	363,462	637,928	6,647,440
Depreciation	10,391	1,066	1,865	13,322
Total expense	$ 5,656,441	$ 364,528	$ 639,793	$ 6,660,762

The accompanying notes are an integral part of these financial statements

ALL GOD'S CHILDREN INTERNATIONAL

STATEMENT OF CASH FLOWS

For the Nine-Month Period Ended September 30, 2023

	2023
Increase (Decrease) in Cash and Cash Equivalents	
Change in net assets	$ 3,079,534
Adjustments to reconcile change in net assets to cash provided by operating activities:	
Depreciation	13,322
Change in assets and liabilities:	
Accounts receivable	218,533
Grants receivable	(3,034,916)
Other current assets	1,448
Accounts payable	91,547
Accrued payroll	(12,480)
Accrued vacation	16,287
Client deposits	(27,490)
Net cash provided by operating activities	345,785
Cash flows from financing activities:	
Principal payments on financing lease	(9,186)
Net cash used in financing activities	(9,186)
Net change in cash and cash equivalents	336,599
Cash and cash equivalents, beginning of period	3,405,369
Cash and cash equivalents, end of period	$ 3,741,968
Supplemental schedule of non-cash investing and financing activities:	
Non-cash donation of building from a pledge receivable	$ 1,525,000

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.

During 2023 the Organization changed their year end to September 30.

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 donor restrictions at September 30, 2023.

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 $299,268 in cash exceeding FDIC insurance at September 30, 2023.

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 September 30, 2023.

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. 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 September 30:

		2023
Financial assets at period end:		
Cash and cash equivalents	$	3,741,968
Accounts receivable		97,107
Grants receivable, current		2,114,538
Total financial assets available	$	5,953,613

NOTE D – GRANTS RECEIVABLE

The long-term grants receivable are discounted to their net present value using a discount rate of 4.36%. The pledges receivable consist of the following:

Fiscal year ending September 30,		
2024	$	2,114,538
2025		1,574,443
2026		1,134,294
		4,823,275
Less discount		(340,042)
	$	4,483,233

NOTE E – CAPITAL ASSETS

Major classes of capital assets consist of the following at September 30:

		2023
Computers and equipment	$	133,923
Less accumulated depreciation		(108,720)
	$	25,203

Depreciation expense was $13,322 for the period ending September 30, 2023.

NOTE F – INVESTMENT IN BUILDING

During the nine-month period ended September 30, 2023 the Organization was given 50% interest in a building located in Arlington, Texas as payment on a pledge receivable. The investment in the building was recorded at fair value based on an appraisal. The building is available for sale.

NOTE G – 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 September 30, 2023.

NOTE H – 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 $32,130, for the period ended September 30, 2023 based on the estimated fair market value of the donated space.

The Organization was given the deed of a building to which it has 50% ownership, as payment on an outstanding pledge receivable balance. The building was appraised and 50% of the ownership was valued at $1,525,000. The building is listed for sale so the Organization is presenting the building as Held-for-Sale real estate at the appraised value as of September 30, 2023.

NOTE I – FINANCING LEASE

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

Year ending September 30,		
2024		10,862
Less: amount representing interest		(245)
Total	$	10,617

The office equipment acquired under capital lease has an original cost of $53,290 and accumulated depreciation of $39,968 at September 30, 2023. This asset is amortized over the lease term, which is 60 months. The lease has a discount rate of 5.0% and a remaining lease term of 10 months. Depreciation expense related to this equipment was $7,994 and interest expense was $239 for the nine-month period ended September 30, 2023.

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 2023. Employer contributions of $43,195 were expensed for the period ended September 30, 2023.

NOTE K – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through May 3, 2024 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 nine-month period ended September 30, 2023.