

INTERNATIONAL CHRISTIAN CONCERN, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2016

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HUEY & ASSOCIATES, P.C.
Tax | Accounting | Business Advisory

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
International Christian Concern, Inc.
Washington, DC

We have audited the accompanying financial statements of International Christian Concern, Inc. (a non-profit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and cash flows for the year 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 the 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.

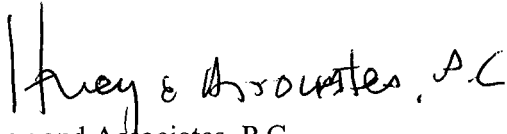
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Internal Christian Concern, Inc. as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 5 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Huey and Associates, P.C.

Herndon, VA

November 3, 2017

INTERNATIONAL CHRISTIAN CONCERN, INC.
STATEMENT OF FINANCIAL POSITION

December 31, 2016

ASSETS

Current Assets:

Cash and cash equivalents	\$ 739,103
Receivables	4,152
Investments	1,079,232
Prepaid expenses and other	<u>21,972</u>
Total current assets	<u>1,844,459</u>

Property and equipment:

Furniture and equipment	54,526
Accumulated depreciation	<u>(29,049)</u>
Net property and equipment	<u>25,477</u>

Other Assets:

Security deposits	<u>10,304</u>
Total assets	<u><u>\$ 1,880,240</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable and accrued expenses	<u>\$ 96,838</u>
Total current liabilities	<u>96,838</u>

Long-term Liabilities:

Deferred rent	<u>37,783</u>
Total liabilities	<u>134,621</u>

Net Assets:

Unrestricted	1,149,729
Temporarily restricted	<u>595,890</u>
Total net assets	<u>1,745,619</u>
Total liabilities and net assets	<u><u>\$ 1,880,240</u></u>

See Independent Auditors' Report and Notes to the Financial Statements.

INTERNATIONAL CHRISTIAN CONCERN, INC.
STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue			
Contributions	\$ 1,668,518	\$ 521,804	\$ 2,190,322
Conference revenue	10,537	-	10,537
Interest and dividends	16,767	-	16,767
Net realized/unrealized gain on investments	26,918	-	26,918
Net assets released from restriction	670,234	(670,234)	-
Total revenues and other support	2,392,974	(148,430)	2,244,544
Expenses			
Program Expenses	2,129,850	-	2,129,850
Management and general	261,346	-	261,346
Fundraising	92,064	-	92,064
Total expenses	2,483,260	-	2,483,260
Change in net assets	(90,286)	(148,430)	(238,716)
Net assets - beginning of year	1,240,015	744,320	1,984,335
Net assets - end of year	<u>\$ 1,149,729</u>	<u>\$ 595,890</u>	<u>\$ 1,745,619</u>

See Independent Auditors' Report and Notes to the Financial Statements.

International Christian Concern, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Description	Program Services		Supporting Services		2016 TOTAL
	Program Expenses	General & Administrative	Fundraising	Total Supporting Services	
Expenses	\$ 754,131	\$ 141,400	\$ 47,133	\$ 188,533	\$ 942,664
Salaries	670,234	-	-	-	670,234
Mission / service	157,159	29,467	9,822	39,289	196,448
Payroll taxes and benefits	96,903	18,169	6,056	24,225	121,128
Rent	60,398	11,325	3,775	15,100	75,498
Postage and shipping	75,540	-	-	-	75,540
Printing and publication	58,346	10,940	3,647	14,587	72,933
Event Expense	44,669	8,375	2,792	11,167	55,836
Bank and merchant fees	37,998	7,125	2,375	9,500	47,498
Travel	35,245	6,608	2,203	8,811	44,056
Office supplies	34,587	6,485	2,162	8,647	43,234
Web and information services	20,801	3,900	1,300	5,200	26,001
Accounting	15,982	2,997	999	3,996	19,978
Insurance	12,162	2,281	760	3,041	15,203
Other	10,790	2,023	674	2,697	13,487
Other professional services	9,953	1,866	622	2,488	12,441
Telephone	8,970	1,682	561	2,243	11,213
Dues and subscriptions	1,101	3,229	6,026	9,255	10,356
Conferences and meetings	7,123	1,336	445	1,781	8,904
Staff training and recruitment	6,851	1,285	428	1,713	8,564
Depreciation	6,356	-	-	-	6,356
Advocacy	4,551	853	284	1,137	5,688
Legal					
TOTAL	<u>\$ 2,129,850</u>	<u>\$ 261,346</u>	<u>\$ 92,064</u>	<u>\$ 353,410</u>	<u>\$ 2,483,260</u>

See Independent Auditors' Report and Notes to the Financial Statements

INTERNATIONAL CHRISTIAN CONCERN, INC.
STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2016

Cash Flows From Operating Activities		
Change in net assets		\$ (238,716)
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Depreciation expense	\$ 8,564	
Unrealized (gain) / loss on investments	(25,370)	
Non-cash stock donations	(5,813)	
(Increase) decrease in operating assets:		
Accounts receivable	10,848	
Prepaid expenses	(4,695)	
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	42,004	
Deferred rent	(4,653)	<u>20,885</u>
Net cash provided by (used in) operating activities		<u>(217,831)</u>
Cash Flows From Investing Activities		
Purchases of property and equipment		(7,700)
Purchases of securities / reinvestments		(123,590)
Proceeds from sale of investments / redemptions		<u>12,834</u>
Net cash used in investing activities		(118,456)
Net increase (decrease) in cash		(336,287)
Cash - beginning of year		<u>1,075,390</u>
Cash - end of year		<u><u>\$ 739,103</u></u>
Supplementary cash flow information:		
Interest paid		<u><u>\$ -</u></u>
Income taxes paid		<u><u>\$ -</u></u>

See Independent Auditors' Report and Notes to the Financial Statements.

INTERNATIONAL CHRISTIAN CONCERN, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

The International Christian Concern, Inc. (ICC) was incorporated under the Non-Profit Corporation Act in Maryland on September 19, 1995. ICC is a non-denominational organization whose mission is to assist all persecuted Christians throughout the world by providing awareness, assistance, and advocacy. Since 1995, ICC has served as an advocate for the worldwide persecuted Church. We are committed to connecting the largely ignorant Western world to the needs of the 200 million Christians around the world who suffer persecution for their faith in Christ.

- **Awareness:** As faithful stewards of God’s word, ICC feels that we have been called to stand in a massive gap created by the church and the mainstream media and educate those around us about the existence and severity of Christian persecution worldwide. We have developed a number of reports and resources designed to educate and equip others to help us raise awareness for the persecuted. We publish an annual report on the world’s ten worst persecutors of Christians to draw attention to the plight of persecuted Christians around the world and urge leaders here and abroad to take action to ensure that religious freedom is upheld even in the darkest corners of the world.
- **Assistance:** We are bringing practical help and finances to suffering believers to heal, withstand blows, and to grow in depth and breadth. ICC provides help to the families of pastors who have been imprisoned or murdered for their faith. ICC also provides the persecuted church with Bibles, support for underground pastors, and additional projects depending on the needs of the persecuted in particular countries.
- **Advocacy:** We are working through government leaders in the US Congress, State Department, and the White house to support legislation, bring pressure on persecuting countries, and to secure the release of the imprisoned. Advocacy is a challenging yet important function that ICC provides to suffering Christians, not because we believe we can ultimately stop persecution before Christ’s return, but because we believe we have scriptural mandate to speak up for those who cannot speak for themselves.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and Presentation

The financial statements of ICC are prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities. The Financial Accounting Standards Board (FASB) Accounting Standards Codification 958-210-45-9 requires that information about the nature and amounts of different types of net asset restrictions be provided. Accordingly, the net assets of ICC and changes therein are classified and reported as follows:

See Independent Auditors’ Report

INTERNATIONAL CHRISTIAN CONCERN, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unrestricted net assets: Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets: Net assets subject to donor-imposed stipulations that will be met either by actions of ICC and/or the passage of time.

Permanently restricted net assets: Net assets subject to donor-imposed stipulations that are to be maintained permanently by ICC. The Organization has no permanently restricted net assets.

ICC recognizes all unconditional contributed support in the period in which the commitment is made. When a donor restriction expires (i.e., when a stipulated time restriction ends or purpose restriction is accomplished) temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. Donor contributions that are temporarily restricted are reported as unrestricted support if the restrictions are met in the same accounting period in which the contribution was originally pledged.

Codification

ICC adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 105-10, FASB Codification (the Codification). The Codification is the single source of authoritative U.S. generally accepted accounting principles (GAAP). Accordingly, references to GAAP have been updated for the appropriate Codification reference.

Cash and cash equivalents

For purposes of the statement of cash flows, ICC considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments and fair value of financial Instruments

Investments in money market funds are stated at cost, which approximates market value. Investments in mutual funds and marketable securities are stated at their market values. Certificates of deposit represent CD's with initial maturities of greater than three months. They are recorded at the face value plus accrued interest, which approximates fair value. Net investment income is recorded in unrestricted net assets.

The carrying amount of financial instruments, including cash and cash equivalents, accounts receivable, prepaid expenses and accounts payable approximate fair value due to the short maturity of these instruments.

Property and equipment

Property and equipment is recorded at cost if purchased and at fair value if donated. ICC follows the practice of capitalizing all expenditures for property and equipment of more than \$250 and with a useful life of one year or more. Depreciation is computed using the straight-line method over a predetermined useful life of five (5) years.

INTERNATIONAL CHRISTIAN CONCERN, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates which were assumed in preparing the financial statements.

Contributed services

Contributed services that meets the requirement for recognition in the financial statements are evaluated for materiality. Immaterial contributed services are not recorded in the general ledger.

Gifts in kind

From time to time, the organization receive gifts in kind in support for the programs. These gifts are recorded in the general ledger at fair market value, and are distributed to the intended programs as soon as possible.

Functional expenses allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Tax Status and Uncertain Tax Positions

ICC has obtained exemption from income taxes under Section 501(c)(3) of the Internal Revenue Code. Certain other revenues may be subject to taxation as unrelated business income. Management is not aware of any course of action that has occurred that may adversely affect this exemption.

Management has determined that the ICC does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. The ICC's information returns are subject to examination by the IRS, generally for three years after the filing date.

NOTE 3 – CONCENTRATION OF CREDIT RISK

ICC maintains its cash and cash equivalents at various financial institutions whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC) in bank deposit accounts which, at times, may exceed federally insured limits. As of December 31, 2016, amounts in excess of FDIC insurance limited totaled \$170,279. ICC has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk related to cash.

Financial instruments that potentially subject the Organization to credit risk consist of mutual funds, certificates of deposit and common stock exposed to various risks such as interest rate and market risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect their carrying value.

**INTERNATIONAL CHRISTIAN CONCERN, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENT

As of December 31, 2016, ICC’s investments consisted of the following:

Mutual funds	\$ 126,126
Certificates of deposit	758,538
Common stock	194,568
Total	<u>\$ 1,079,232</u>

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity’s own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy)

- Level 1 inputs are quoted prices in active markets for identical investments that the investment manager has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the investments, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the investment.

The following table summarizes assets measured at fair value by classification within the fair value hierarchy as of December 31, 2016.

- Investments in mutual funds and common stock are considered Level 1 assets and are reported at fair value based on quoted prices in active markets for identical assets at the measurement date.
- Certificates of deposit are estimated using third-party quotations. These deposits are categorized in Level 2 of the fair value hierarchy.

As of December 31, 2016 ICC’s investments and fair value measurement consisted of the following:

Description	Fair Value	Level I	Level II	Level III
Assets:				
Mutual Funds	\$ 126,126	\$ 126,126	\$ -	\$ -
Certificates of deposit	758,538	-	758,538	-
Common stock	194,568	194,568	-	-
Total Assets at Fair Value	<u>\$ 1,079,232</u>	<u>\$ 320,694</u>	<u>\$ 758,538</u>	<u>\$ -</u>

See Independent Auditors’ Report

**INTERNATIONAL CHRISTIAN CONCERN, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2016 consisted of the following:

Equipment	\$ 51,756
Furniture and fixtures	2,770
Total property and equipment	<u>54,526</u>
Less: accumulated depreciation	<u>(29,049)</u>
Net property and equipment	<u><u>\$ 25,477</u></u>

Depreciation expense was \$8,564 for the year ended December 31, 2016.

NOTE 6 – TEMPORARILY RESTRICTED NET ASSETS

The financial assistance that ICC receives come from all sources and are restricted based on the donor intent. At the time that the donation is made, donors designate the use of their contribution towards various projects. At December 31, 2016, the temporarily restricted net assets consisted of the following:

<u>Description</u>	<u>12/31/15</u>	<u>Additions</u>	<u>Releases</u>	<u>12/31/16</u>
Suffering Wives and Children Fund	\$ 228,121	\$ 115,334	\$ 143,285	\$ 200,170
BCST Gospel and Teaching Support	91,049	5,736	52,201	44,584
Bibles to the Persecuted Fund	154,810	32,403	67,313	119,900
Community Rebuilding (CRB)	125,378	101,120	117,254	109,244
Hand of Hope Fund	76,677	89,213	140,071	25,819
Underground Pastors Fund	47,340	64,472	81,536	30,276
Save our Sister (SOS)	18,840	32,862	15,190	36,512
Kids Care (KC)	2,105	80,664	53,384	29,385
Total	<u><u>\$ 744,320</u></u>	<u><u>\$ 521,804</u></u>	<u><u>\$ 670,234</u></u>	<u><u>\$ 595,890</u></u>

See Independent Auditors' Report

INTERNATIONAL CHRISTIAN CONCERN, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – EMPLOYEE BENEFIT PLAN

The Organization has a Section 403(b)(7) plan which was established for the benefit of its employees. The voluntary plan is available to all employees who receive compensation for at least 30 hours of work per week. ICC provides a matching contribution to what the participating employee contributes. At December 31, 2016, the employer contribution was \$5,167.

In addition, there is a life insurance plan established to benefit the President, which has a matching contribution policy, and will continue until the employee drops the coverage, the policy is canceled, the term is reached, the employee cancels the elective salary reduction, or the employee leaves employment.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

ICC's is under a five year office lease is that ends on June 30, 2020. Under the terms of the office lease, ICC has one 5-year option to renew upon 6-months prior written notice. Monthly base rent is \$10,304. A 50% rent holiday was granted by the landlord from July 2015 to January 2016. The rent escalates by 3% annually. The Organization recognizes rent expense on a straight-line basis and as such, a short-term deferred asset and liability is generated for the difference in straight-line rent expense and monthly cash payments. As of December 31, 2016, the short-term deferred rent liability was \$8,259 and the long-term deferred rent liability was \$37,783. Rent expense on the lease was \$121,129 for the year ended December 31, 2016.

Under the office lease, the future minimum lease obligations are as follows:

<u>Year</u>	<u>Amount</u>
2017	\$ 129,903
2018	133,800
2019	137,814
2020	<u>70,278</u>
	<u>\$ 471,795</u>

NOTE 9 – SUBSEQUENT EVENTS

The Organization evaluated subsequent events through November 3, 2017, the date the financial statements were available to be issued. No events, other than those described in these notes, have occurred that require disclosure or adjustments.