

INTERNATIONAL CHRISTIAN CONCERN, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2017

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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, 2017, 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, 2017, 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
October 18, 2018

**INTERNATIONAL CHRISTIAN CONCERN, INC.
STATEMENT OF FINANCIAL POSITION**

December 31, 2017

ASSETS

Current Assets:

Cash and cash equivalents	\$ 647,219
Investments	1,196,462
Prepaid expenses and other	17,038
Total current assets	<u>1,860,719</u>

Property and equipment:

Furniture and equipment	62,887
Accumulated depreciation	<u>(38,172)</u>
Net property and equipment	<u>24,715</u>

Other Assets:

Security deposits	<u>10,304</u>
Total assets	<u><u>\$ 1,895,738</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable and accrued expenses	<u>\$ 69,150</u>
Total current liabilities	<u>69,150</u>

Long-term Liabilities:

Deferred rent	<u>25,627</u>
Total liabilities	<u>94,777</u>

Net Assets:

Unrestricted	1,173,327
Temporarily restricted	<u>627,634</u>
Total net assets	<u>1,800,961</u>
Total liabilities and net assets	<u><u>\$ 1,895,738</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, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue			
Contributions	\$ 1,688,549	\$ 608,297	\$ 2,296,846
Conference revenue	8,799	-	8,799
Interest and dividends	15,413	-	15,413
Net realized/unrealized gain on investments	72,264	-	72,264
Net assets released from restriction	576,553	(576,553)	-
	<u>2,361,578</u>	<u>31,744</u>	<u>2,393,322</u>
Total revenues and other support			
Expenses			
Program Expenses	1,950,067	-	1,950,067
Management and general	298,008	-	298,008
Fundraising	89,905	-	89,905
	<u>2,337,980</u>	<u>-</u>	<u>2,337,980</u>
Total expenses			
Change in net assets	23,598	31,744	55,342
Net assets - beginning of year	<u>1,149,729</u>	<u>595,890</u>	<u>1,745,619</u>
Net assets - end of year	<u>\$ 1,173,327</u>	<u>\$ 627,634</u>	<u>\$ 1,800,961</u>

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

International Christian Concern, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Description	Program Services		Supporting Services		2017 TOTAL
	Program Expenses	General & Administrative	Fundraising	Total Supporting Services	
Expenses					
Salaries	\$ 722,332	\$ 135,437	\$ 45,146	\$ 180,583	\$ 902,915
Mission / service	576,553	-	-	-	576,553
Payroll taxes and benefits	163,174	30,595	10,198	40,793	203,967
Rent	97,315	18,247	6,082	24,329	121,644
Conferences and meetings	6,625	57,656	9,787	67,443	74,068
Postage and shipping	55,666	10,437	3,480	13,917	69,583
Printing and publication	65,453	-	-	-	65,453
Travel	51,234	9,606	3,202	12,808	64,042
Web and information services	43,131	8,087	2,696	10,783	53,914
Office supplies	32,064	6,013	2,003	8,016	40,080
Bank and merchant fees	29,084	5,453	1,818	7,271	36,355
Insurance	23,900	4,481	1,493	5,974	29,874
Accounting	17,138	3,213	1,072	4,285	21,423
Dues and subscriptions	13,166	2,469	822	3,291	16,457
Advocacy	14,255	-	-	-	14,255
Staff training and recruitment	10,637	1,994	665	2,659	13,296
Telephone	8,407	1,576	526	2,102	10,509
Depreciation	7,298	1,368	457	1,825	9,123
Legal	4,310	808	269	1,077	5,387
Other	5,297	-	-	-	5,297
Other professional services	3,028	568	189	757	3,785
TOTAL	\$ 1,950,067	\$ 298,008	\$ 89,905	\$ 387,913	\$ 2,337,980

See Independent Auditors' Report and Notes to the Financial Statements

INTERNATIONAL CHRISTIAN CONCERN, INC.
STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2017

Cash Flows From Operating Activities		
Change in net assets	\$	55,342
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Depreciation expense	\$	9,123
Unrealized (gain) / loss on investments		(68,780)
Non-cash stock donations		(29,359)
(Increase) decrease in operating assets:		
Accounts receivable		4,152
Prepaid expenses		4,935
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses		(27,688)
Deferred rent		(12,156)
Net cash provided by (used in) operating activities		<u>(64,431)</u>
Cash Flows From Investing Activities		
Purchases of property and equipment		(8,362)
Purchases of securities / reinvestments		(35,358)
Proceeds from sale of investments / redemptions		16,267
Net cash used in investing activities		<u>(27,453)</u>
Net increase (decrease) in cash		(91,884)
Cash - beginning of year		<u>739,103</u>
Cash - end of year	\$	<u><u>647,219</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. Generally accepted accounting principles for not-for-profit organizations require 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:

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.

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.

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.

INTERNATIONAL CHRISTIAN CONCERN, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2017, amounts in excess of FDIC insurance limited totaled \$68,933. 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, 2017, ICC’s investments consisted of the following:

Mutual funds	\$ 150,496
Certificates of deposit	765,770
Common stock	280,196
Total	<u>\$ 1,196,462</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, 2017.

- 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, 2017 ICC’s investments and fair value measurement consisted of the following:

Description	Fair Value	Level I	Level II	Level III
Assets:				
Mutual Funds	\$ 150,496	\$ 150,496	\$ -	\$ -
Certificates of deposit	765,770	-	765,770	-
Common stock	280,196	280,196	-	-
Total Assets at Fair Value	<u>\$ 1,196,462</u>	<u>\$ 430,692</u>	<u>\$ 765,770</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, 2017 consisted of the following:

Equipment	\$ 59,596
Furniture and fixtures	3,291
Total property and equipment	<u>62,887</u>
Less: accumulated depreciation	<u>(38,172)</u>
Net property and equipment	<u><u>\$ 24,715</u></u>

Depreciation expense was \$9,123 for the year ended December 31, 2017.

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, 2017, the temporarily restricted net assets consisted of the following:

<u>Description</u>	<u>12/31/16</u>	<u>Additions</u>	<u>Releases</u>	<u>12/31/17</u>
Suffering Wives and Children Fund	\$ 200,170	\$ 137,872	\$ 154,397	\$ 183,645
BCST Gospel and Teaching Support	44,584	109,364	44,508	109,440
Bibles to the Persecuted Fund	70,111	37,657	9,032	98,736
Community Rebuilding (CRB)	109,244	62,054	56,140	115,158
Hand of Hope Fund	75,608	77,954	141,241	12,321
Underground Pastors Fund	30,276	104,731	94,308	40,699
Save our Sister (SOS)	36,512	29,293	5,504	60,301
Kids Care (KC)	29,385	49,372	71,423	7,334
Total	<u><u>\$ 595,890</u></u>	<u><u>\$ 608,297</u></u>	<u><u>\$ 576,553</u></u>	<u><u>\$ 627,634</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 discretionary contributions to plan participant's accounts at the discretion of the Board of Directors. At December 31, 2017, the employer contribution was \$6,221. See Note 8 regarding employee benefit plan compliance.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Office Lease

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, 2017, the short-term deferred rent liability was \$12,156 and the long-term deferred rent liability was \$25,627. Rent expense on the lease was \$121,644 for the year ended December 31, 2017.

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

<u>Year</u>	<u>Amount</u>
2018	133,800
2019	137,814
2020	70,278
	<u>\$ 341,892</u>

Employee Benefit Plan Compliance

ICC is the Plan sponsor for a 403(b)(7) employee salary deferral plan for the benefit of their employees. Employer contributions to plan participant's accounts are discretionary and determined yearly by the Board of Directors, within the maximum allowable by law. As a non-profit organization that makes employer contributions, ICC is subject to the laws of Employee Retirement Income Security Act of 1971 (ERISA). However, ICC has not had required annual compliance testing or filed annual government filings with the IRS. Management does not consider the amount of future legal and professional fees to determine eligibility and maintain compliance to be a material expense as of December 31, 2017.

NOTE 9 – SUBSEQUENT EVENTS

The Organization evaluated subsequent events through October 18, 2018, 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.