

INTERNATIONAL CHRISTIAN CONCERN, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2018

**INTERNATIONAL CHRISTIAN CONCERN, INC.
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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, 2018, 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, 2018, 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 & Associates, P.C.

Huey and Associates, P.C.

Herndon, VA
August 2, 2019

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

December 31, 2018

ASSETS

Current Assets:

Cash and cash equivalents	\$ 410,735
Receivables	274,343
Investments	1,033,418
Prepaid expenses and other	<u>14,775</u>
Total current assets	<u>1,733,271</u>

Property and equipment:

Furniture and equipment	42,279
Accumulated depreciation	<u>(25,603)</u>
Net property and equipment	<u>16,676</u>

Other Assets:

Security deposits	<u>10,304</u>
Total assets	<u><u>\$ 1,760,251</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable and accrued expenses	<u>\$ 117,626</u>
Total current liabilities	<u>117,626</u>

Long-term Liabilities:

Deferred rent	<u>9,457</u>
Total liabilities	<u>127,083</u>

Net Assets:

Without donor restrictions	1,284,602
With donor restrictions	<u>348,566</u>
Total net assets	<u>1,633,168</u>
Total liabilities and net assets	<u><u>\$ 1,760,251</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, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
Contributions	\$ 1,465,971	\$ 820,593	\$ 2,286,564
Conference revenue	-	-	-
Interest and dividends	19,133	-	19,133
Net realized/unrealized gain on investments	(18,797)	-	(18,797)
Loss on disposal of assets	(2,324)	-	(2,324)
Net assets released from restriction	<u>1,099,661</u>	<u>(1,099,661)</u>	<u>-</u>
Total revenues and other support	2,563,644	(279,068)	2,284,576
Expenses:			
Program expenses:			
Advocacy	221,283	-	221,283
Awareness	656,993	-	656,993
Assistance	<u>1,158,695</u>	<u>-</u>	<u>1,158,695</u>
Total program expenses	<u>2,036,971</u>	<u>-</u>	<u>2,036,971</u>
Supporting expenses:			
General & administrative	352,613	-	352,613
Fundraising	<u>62,785</u>	<u>-</u>	<u>62,785</u>
Total supporting expenses	<u>415,398</u>	<u>-</u>	<u>415,398</u>
Total program expenses	<u>2,452,369</u>	<u>-</u>	<u>2,452,369</u>
Change in net assets	111,275	(279,068)	(167,793)
Net assets - beginning of year	<u>1,173,327</u>	<u>627,634</u>	<u>1,800,961</u>
Net assets - end of year	<u>\$ 1,284,602</u>	<u>\$ 348,566</u>	<u>\$ 1,633,168</u>

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

International Christian Concern, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
for the year ended December 31, 2018

Description	Program Services				Supporting Services			2018 Total
	Advocacy	Awareness	Assistance	Total Program Expenses	General & Administrative	Fundraising	Total Supporting Services	
Expenses								
Salaries & wages	\$ 126,605	\$ 311,098	\$ 248,355	\$ 686,058	\$ 226,007	\$ 14,005	\$ 240,012	\$ 926,070
Office and administration	32,096	78,867	62,961	173,924	57,296	3,550	60,846	234,770
Misc ministries	19,764	167,628	988	188,380	-	29,061	29,061	217,441
Victim assistance	-	-	197,050	197,050	-	-	-	197,050
Payroll taxes and benefits	25,994	63,877	50,992	140,863	46,403	2,876	49,279	190,142
Comm rebuild projects	-	-	111,438	111,438	-	-	-	111,438
International services	-	-	108,681	108,681	-	-	-	108,681
Small bus start up	-	-	107,063	107,063	-	-	-	107,063
Outreach	-	-	86,377	86,377	-	-	-	86,377
Education	-	-	57,691	57,691	-	-	-	57,691
Mission trips	-	-	55,046	55,046	-	-	-	55,046
Bank charges	6,594	16,202	17,920	40,716	11,770	729	12,499	53,215
Professional fees	4,538	11,150	8,901	24,589	8,100	502	8,602	33,191
Travel	-	-	20,543	20,543	-	-	-	20,543
Admin expenses	-	-	17,361	17,361	-	-	-	17,361
Internet	1,701	4,180	3,337	9,218	3,037	188	3,225	12,443
Conferences	3,991	3,991	3,991	11,973	-	-	-	11,973
Donor premiums	-	-	-	-	-	11,874	11,874	11,874
Total	\$ 221,283	\$ 656,993	\$ 1,158,695	\$ 2,036,971	\$ 352,613	\$ 62,785	\$ 415,398	\$ 2,452,369

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

INTERNATIONAL CHRISTIAN CONCERN, INC.
STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2018

Cash Flows From Operating Activities		
Change in net assets		\$ (167,793)
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Depreciation expense	\$ 8,913	
Unrealized (gain) / loss on investments	18,797	
Loss on disposal of assets	2,324	
Non-cash stock donations	(4,522)	
(Increase) decrease in operating assets:		
Accounts receivable	(274,343)	
Prepaid expenses	2,263	
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	48,476	
Deferred rent	(16,170)	(214,262)
Net cash provided by (used in) operating activities		<u>(382,055)</u>
Cash Flows From Investing Activities		
Proceeds from sale and maturities of investments		176,850
Purchases of securities / reinvestments		(28,081)
Purchases of property and equipment		(3,198)
Net cash used in investing activities		<u>145,571</u>
Net increase (decrease) in cash		(236,484)
Cash - beginning of year		<u>647,219</u>
Cash - end of year		<u><u>\$ 410,735</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)

Net Assets Without Donor Restrictions: Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

With Donor Restrictions: Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (i.e., when a stipulated time restriction ends or purpose restriction is accomplished), restricted net assets are reclassified to net assets without donor restrictions. ICC recognizes all unconditional contributed support in the period in which the commitment is made.

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. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, payroll taxes and benefits, internet, office, professional fees and bank fees which are allocated on the basis of estimates of time and effort.

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.

Recently Issued Accounting Standards

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-15, Presentation of financial statement of Not-for-Profit Entities. ICC adopted the provisions of this new standard during the year ended December 31, 2018. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, disclosures related to functional allocation of expenses were expanded (Note 2). The new pronouncements require transparency about liquidity and availability of resources which are satisfied by ICC continued reporting a classified statement of financial position between current and long-term assets and liabilities. The new standard changes the following aspects of the Organization's financial statements:

- The temporarily restricted and permanently restricted net assets classes have been combined into a single net asset class called *net assets with donor restrictions*.
- The unrestricted net asset class has been renamed *net assets without donor restrictions*.
- Expanded disclosures related to functional allocation of expenses (Note 2).

INTERNATIONAL CHRISTIAN CONCERN, INC.
NOTES TO FINANCIAL STATEMENTS

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, 2018 there were no amounts in excess of FDIC insurance limits. 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.

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENT

As of December 31, 2018, ICC’s investments consisted of the following:

Mutual funds	\$ 148,895
Certificates of deposit	614,204
Common stock	270,319
Total	<u>\$ 1,033,418</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, 2018.

- 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.

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

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENT (continued)

As of December 31, 2018 ICC’s investments and fair value measurement consisted of the following:

Description	Fair Value	Level I	Level II	Level III
Assets:				
Mutual Funds	\$ 148,895	\$ 148,895	\$ -	\$ -
Certificates of deposit	614,204	-	614,204	-
Common stock	270,319	270,319	-	-
Total Assets at Fair Value	\$ 1,033,418	\$ 419,214	\$ 614,204	\$ -

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2018 consisted of the following:

Equipment	\$ 38,988
Furniture and fixtures	3,291
Total property and equipment	42,279
Less: accumulated depreciation	(25,603)
Net property and equipment	<u>\$ 16,676</u>

Depreciation expense was \$8,913 for the year ended December 31, 2018.

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

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, 2018, net assets with donor restrictions consisted of the following:

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

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS (continued)

<u>Description</u>	<u>12/31/17</u>	<u>Additions</u>	<u>Releases</u>	<u>12/31/18</u>
Suffering Wives and Children Fund	\$ 183,645	\$ 209,070	\$ 312,322	\$ 80,393
BCST Gospel and Teaching Support	109,440	23,438	93,018	39,860
Bibles to the Persecuted Fund	98,736	132,657	117,479	113,914
Community Rebuilding (CRB)	115,158	33,120	111,583	36,695
Hand of Hope Fund	12,321	226,157	217,765	20,713
Underground Pastors Fund	40,699	77,103	106,304	11,498
Save our Sister (SOS)	60,301	47,407	63,291	44,417
Kids Care (KC)	7,334	71,641	77,899	1,076
Total	<u>\$ 627,634</u>	<u>\$ 820,593</u>	<u>\$ 1,099,661</u>	<u>\$ 348,566</u>

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, 2018, the employer contribution was \$5,135. 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, 2018, the short-term deferred rent liability was \$16,170 and the long-term deferred rent liability was \$9,457. Rent expense on the lease was \$121,644 for the year ended December 31, 2018.

INTERNATIONAL CHRISTIAN CONCERN, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – COMMITMENTS AND CONTINGENCIES (continued)

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

<u>Year</u>	<u>Amount</u>
2019	\$ 137,814
2020	70,278
	<u>\$ 208,092</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, 2018.

NOTE 9 – SUBSEQUENT EVENTS

The Organization evaluated subsequent events through August 2, 2019, 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.