

# **International Christian Response USA**

Financial Statements with  
Independent Accountant's Review Report

Years Ended December 31, 2015 and 2014

Larson Gross 

# International Christian Response USA

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## Independent Accountant's Review Report

Board of Directors  
International Christian Response USA  
Lynden, Washington

We have reviewed the accompanying financial statements of International Christian Response USA, which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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.

### **Accountant's Responsibility**

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **Accountant's Conclusion**

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

*Larson Gross PLLC*

Bellingham, Washington  
February 23, 2016

International Christian Response USA

**Statements of Financial Position**

December 31, 2015 and 2014

(See Independent Accountant's Review Report)

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
<b>Assets</b>		
Cash	\$ 64,897	\$ 97,830
Equipment, net	<u>5,072</u>	<u>7,759</u>
<b>Total assets</b>	<u><u>\$ 69,969</u></u>	<u><u>\$ 105,589</u></u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accrued liabilities	<u>\$ 2,327</u>	<u>\$ 2,372</u>
<b>Total liabilities</b>	2,327	2,372
<b>Net assets</b>		
Unrestricted	<u>67,642</u>	<u>103,217</u>
Total net assets	<u>67,642</u>	<u>103,217</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 69,969</u></u>	<u><u>\$ 105,589</u></u>

International Christian Response USA

**Statements of Activities**

Years Ended December 31, 2015 and 2014

(See Independent Accountant's Review Report)

	<u>2015</u>	<u>2014</u>
<b>Revenues and other support</b>		
Foundation support	\$ 498,350	\$ 532,775
Contributions	666,380	372,108
Other income	<u>3,595</u>	<u>5,514</u>
Total revenues and other support	1,168,325	910,397
<b>Expenses</b>		
Program services	1,131,471	774,638
Management and general	50,461	45,734
Fundraising	<u>19,026</u>	<u>18,971</u>
Total expenses	<u>1,200,958</u>	<u>839,343</u>
<b>Increase (decrease) in net assets</b>	(32,633)	71,054
<b>Net assets - beginning of year as previously reported</b>	103,217	32,163
Prior period adjustments - see Note 4	<u>(2,942)</u>	<u>-</u>
<b>Net assets - beginning of year restated</b>	<u>100,275</u>	<u>32,163</u>
<b>Net assets - end of year</b>	<u>\$ 67,642</u>	<u>\$ 103,217</u>

International Christian Response USA

**Statement of Functional Expenses**

Year Ended December 31, 2015

(See Independent Accountant's Review Report)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Support in hostile countries	\$ 1,024,544	\$ -	\$ -	\$ 1,024,544
Payroll expenses	85,209	10,025	5,012	100,246
Professional fees	-	16,335	-	16,335
Operations	-	13,115	1,457	14,572
Travel	10,477	1,232	617	12,326
Guest speakers	7,510	-	1,877	9,387
Other expenses	-	7,258	-	7,258
Fundraising	-	-	5,558	5,558
Advertising	-	-	4,505	4,505
Bank fees	1,251	1,251	-	2,502
Vehicle expense	715	714	-	1,429
Supplies	1,233	-	-	1,233
Insurance	532	531	-	1,063
<b>Total expenses</b>	<u><u>\$ 1,131,471</u></u>	<u><u>\$ 50,461</u></u>	<u><u>\$ 19,026</u></u>	<u><u>\$ 1,200,958</u></u>

International Christian Response USA

**Statement of Functional Expenses**

Year Ended December 31, 2014

(See Independent Accountant's Review Report)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Support in hostile countries	\$ 661,480	\$ -	\$ -	\$ 661,480
Payroll expenses	94,774	11,150	5,575	111,499
Professional fees	-	12,831	-	12,831
Operations	-	11,286	1,254	12,540
Travel	10,143	1,193	597	11,933
Guest speakers	4,848	-	1,212	6,060
Other expenses	-	6,840	-	6,840
Fundraising	-	-	5,673	5,673
Advertising	-	-	4,660	4,660
Bank fees	904	904	-	1,808
Vehicle expense	1,052	1,052	-	2,104
Supplies	959	-	-	959
Insurance	478	478	-	956
<b>Total expenses</b>	<u>\$ 774,638</u>	<u>\$ 45,734</u>	<u>\$ 18,971</u>	<u>\$ 839,343</u>

International Christian Response USA

**Statements of Cash Flows**

Years Ended December 31, 2015 and 2014

(See Independent Accountant's Review Report)

	<u>2015</u>	<u>2014</u>
<b>Cash flows from operating activities</b>		
Increase (decrease) in net assets	\$ (32,633)	\$ 71,054
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
Depreciation	2,687	2,399
Impact of prior period adjustment - see Note 4	(2,942)	-
Increase (decrease) in liabilities		
Accrued liabilities	<u>(45)</u>	<u>693</u>
<b>Net cash provided by (used in) operating activities</b>	<u>(32,933)</u>	<u>74,146</u>
<b>Cash flows from investing activities</b>		
Purchase of equipment	<u>-</u>	<u>(2,798)</u>
<b>Net cash used in investing activities</b>	<u>-</u>	<u>(2,798)</u>
Net increase (decrease) in cash	(32,933)	71,348
Cash - beginning of year	<u>97,830</u>	<u>26,482</u>
<b>Cash - end of year</b>	<u><u>\$ 64,897</u></u>	<u><u>\$ 97,830</u></u>



**Notes to Financial Statements**

December 31, 2015 and 2014

(See Independent Accountant's Review Report)

**Note 1 – Summary of Significant Accounting Principles**

**Nature of Activities** - International Christian Response USA (the Organization), a not-for-profit Washington corporation, provides spiritual, legal, medical, and material assistance to persecuted Christians throughout the world, concentrating in countries that are closed to development of the Body of Christ. The Organization endeavors to meet short-term needs precipitated by tragedies within the local church (i.e. supporting families of martyred church leaders, safe houses for threatened church leadership) within the strategic framework of empowering and supporting indigenous church leaders in growing the Body of Christ by church planting. To accomplish these goals, the Organization provides religious training and establishes and operates churches, orphanages, and schools in countries that restrict engagement in corporate worship and other religious activities. At the same time, the organization brings awareness, education, and encouragement to the American people, motivating people to pray and be one with church planters and the persecuted.

**Basis of presentation and revenue recognition** - The Organization presents its financial statements in accordance with Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958. Under this standard, the Organization is required to present its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted, depending on the existence and nature of donor restrictions.

*Unrestricted* - Support received that is not subject to donor-imposed restrictions and over which the Board of Directors has discretionary control is classified as unrestricted. The amount of unrestricted net assets totaled \$67,641 and \$103,217 as of December 31, 2015 and 2014, respectively.

*Temporarily Restricted* - Support received subject to donor-imposed restrictions or time restrictions that will be met either through actions of the Organization or by passage of time is classified as temporarily restricted. In the period donor restrictions are met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. In addition, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted. There were no temporarily restricted net assets as of December 31, 2015 and 2014.

*Permanently Restricted* - Support received subject to donor-imposed restrictions stipulating that assets be invested in perpetuity is classified as permanently restricted. In accordance with purposes stipulated by donors, earnings from such assets may be unrestricted, temporarily restricted, or permanently restricted. There were no permanently restricted net assets as of December 31, 2015 and 2014.

**Revenue recognition** - The Organization records all revenue from foundations, contributions, and gifts in kind when amounts are received, or when an unconditional pledge is made, if earlier.

**Notes to Financial Statements**

December 31, 2015 and 2014

(See Independent Accountant's Review Report)

**Note 1 – Summary of Significant Accounting Principles - (Continued)**

**Use of estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. Such estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash** - Cash consists of cash in bank for statement of cash flows purposes.

**Federal income tax** - The Organization is taxed as non-profit organization under Section 501(c)(3) of the Internal Revenue Code and is therefore exempt from federal income tax except for income derived from unrelated business activities. No federal income tax was due for 2015. Tax returns for the prior three fiscal years remain subject to examination by major tax jurisdictions.

**Donated services** - Accounting standards require that services contributed by professionals and craftsmen that require specialized skills be recognized as in-kind income and expense. For the year ended December 31, 2015 and 2014, no such donated services were received. Contributed services that do not require specialized skills are not recognized.

**Advertising** – The Organization's policy is to expense advertising costs as incurred. Advertising expense totaled \$4,505 and \$4,660 during the years ended December 31, 2015 and 2014, respectively.

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

FASB ASC 958 identifies certain criteria related to the purpose, audience, and content of an Organization's activities. If the criteria are met, costs of an activity should be allocated between program, fund raising, and management and general functions. If the criteria are not met, all costs of an activity should be reported as fund raising costs, including costs that might otherwise be considered program costs or management and general costs had they been incurred in a different activity.

**Property, plant, and equipment** - The Organization capitalizes all property, plant, and equipment acquisitions in excess of \$500. Property, plant, and equipment are recorded at cost or, if acquired as a donation, at the estimated fair market value on the date acquired. Repair and maintenance expenditures which do not extend productive life are expensed as incurred. Depreciation is recorded using the straight-line method over estimated useful lives of 3 to 39 years

**Fundraising expense** - The Organization incurs certain costs that include elements of both administration and fundraising activities. These joint costs are allocated to the applicable activities.

**Subsequent events** - In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through February 23, 2016, the date the financial statements were available to be issued.

International Christian Response USA

**Notes to Financial Statements**

December 31, 2015 and 2014

(See Independent Accountant's Review Report)

**Note 2 - Equipment**

Property and equipment consist of the following at December 31:

	<u>2015</u>	<u>2014</u>
Computers and software	\$ 4,884	\$ 6,862
Vehicles	4,800	4,800
Furniture and fixtures	609	609
	<u>10,293</u>	<u>12,271</u>
Less accumulated depreciation	<u>(5,221)</u>	<u>(4,512)</u>
	<u>\$ 5,072</u>	<u>\$ 7,759</u>

**Note 3 - Expense Breakdown**

Expenses for serving the Persecuted Church and supporting the ministry consist of the following for the years ended December 31:

	<u>2015</u>		<u>2014</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Support in hostile countries and U.S. voice (programs)	\$ 1,131,471	94%	\$ 774,638	92%
Ministry support (management and general)	50,461	4%	45,734	5%
Fundraising	19,026	2%	18,971	3%
	<u>\$ 1,200,958</u>		<u>\$ 839,343</u>	

The expenses related to the Organization's programs consisted of the following for the years ended December 31:

	<u>2015</u>		<u>2014</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Support in hostile countries	\$ 1,024,544	91%	\$ 661,480	85%
U.S. awareness/voice for persecuted Christians	106,927	9%	113,158	15%
	<u>\$ 1,131,471</u>		<u>\$ 774,638</u>	

**Note 4 - Prior Period Adjustment**

In 2015, the Organization stopped recognizing a gift-in kind account as cash. The account was used for small purchases, such as office supplies, that aren't reimbursed. The beginning of the year net assets balance was restated in accordance with this change.