

# **International Christian Response USA**

Financial Statements with  
Independent Accountant's Review Report

Years Ended December 31, 2014 and 2013

Larson Gross 

# International Christian Response USA

## Contents

---

	Page
<b>Independent Accountant's Review Report .....</b>	<b>1</b>
<b>Financial Statements</b>	
Statements of Financial Position .....	2
Statements of Activities.....	3
Statements of Functional Expenses.....	4-5
Statements of Cash Flows .....	6
Notes to Financial Statements.....	7-9

## Independent Accountant's Review Report

Board of Directors  
International Christian Response USA  
Lynden, Washington

We have reviewed the accompanying statements of financial position of International Christian Response USA (a not-for-profit organization) as of December 31, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of organization 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 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 designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

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 conformity with accounting principles generally accepted in the United States of America.

*Larson Gross PLLC*

Bellingham, Washington  
March 18, 2015

International Christian Response USA

**Statements of Financial Position**

December 31, 2014 and 2013

(See Independent Accountant's Review Report)

	<u>2014</u>	<u>2013</u>
<b>Assets</b>		
<b>Assets</b>		
Cash	\$ 97,830	\$ 26,482
Equipment, net	<u>7,759</u>	<u>7,360</u>
<b>Total assets</b>	<u><u>\$ 105,589</u></u>	<u><u>\$ 33,842</u></u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accrued liabilities	<u>\$ 2,372</u>	<u>\$ 1,679</u>
<b>Total liabilities</b>	2,372	1,679
<b>Net assets</b>		
Unrestricted	<u>103,217</u>	<u>32,163</u>
Total net assets	<u>103,217</u>	<u>32,163</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 105,589</u></u>	<u><u>\$ 33,842</u></u>

International Christian Response USA

**Statements of Activities**

Years Ended December 31, 2014 and 2013

(See Independent Accountant's Review Report)

	<u>2014</u>	<u>2013</u>
<b>Revenues and other support</b>		
Foundation support	\$ 532,775	\$ 559,460
Contributions	372,108	274,726
Other income	5,514	574
Total revenues and other support	<u>910,397</u>	<u>834,760</u>
<b>Expenses</b>		
Program services	774,638	782,974
Management and general	45,734	35,277
Fundraising	18,971	9,921
Total expenses	<u>839,343</u>	<u>828,172</u>
<b>Increase in net assets</b>	71,054	6,588
Net assets - beginning of year	<u>32,163</u>	<u>25,575</u>
<b>Net assets - end of year</b>	<u><u>\$ 103,217</u></u>	<u><u>\$ 32,163</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>
Donations	\$ 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
Other expenses	-	6,840	-	6,840
Guest speakers	4,848	-	1,212	6,060
Fundraising	-	-	5,673	5,673
Advertising	-	-	4,660	4,660
Vehicle expense	1,052	1,052	-	2,104
Bank fees	904	904	-	1,808
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

**Statement of Functional Expenses**

Year Ended December 31, 2013

(See Independent Accountant's Review Report)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Donations	\$ 686,490	\$ -	\$ -	\$ 686,490
Payroll expense	79,235	9,322	4,661	93,218
Travel	10,300	1,212	606	12,118
Operations	-	10,565	1,174	11,739
Professional fees	-	8,799	-	8,799
Other expenses	-	3,093	-	3,093
Vehicle expense	1,332	1,332	-	2,664
Supplies	2,649	-	-	2,649
Guest speakers	2,014	-	504	2,518
Fundraising	-	-	1,776	1,776
Bank fees	670	670	-	1,340
Advertising	-	-	1,200	1,200
Insurance	284	284	-	568
<b>Total expenses</b>	<u>\$ 782,974</u>	<u>\$ 35,277</u>	<u>\$ 9,921</u>	<u>\$ 828,172</u>

International Christian Response USA

**Statements of Cash Flows**

Years Ended December 31, 2014 and 2013

(See Independent Accountant's Review Report)

	<u>2014</u>	<u>2013</u>
<b>Cash flows from operating activities</b>		
Increase in net assets	\$ 71,054	\$ 6,588
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	2,399	2,113
Increase in liabilities		
Accrued liabilities	<u>693</u>	<u>210</u>
<b>Net cash provided by operating activities</b>	74,146	8,911
<b>Cash flows from investing activities</b>		
Purchase of equipment	<u>(2,798)</u>	<u>(2,295)</u>
<b>Net cash used by investing activities</b>	<u>(2,798)</u>	<u>(2,295)</u>
Net increase in cash	71,348	6,616
Cash - beginning of year	<u>26,482</u>	<u>19,866</u>
<b>Cash - end of year</b>	<u><u>\$ 97,830</u></u>	<u><u>\$ 26,482</u></u>



**Notes to Financial Statements**

December 31, 2014 and 2013

(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 \$103,217 and \$32,163 as of December 31, 2014 and 2013, 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.

*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.

**Revenue recognition** - The Organization records all revenue from foundations, contributions, and gifts in kind when amounts are received.

**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.

**Notes to Financial Statements**

December 31, 2014 and 2013

(See Independent Accountant's Review Report)

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

**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 2014. Tax returns for the prior three fiscal years remain subject to examination by major tax jurisdictions. At December 31, 2014, the Organization had no uncertain tax positions requiring accrual.

**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, 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 \$4,660 and \$1,200 during the years ended December 31, 2014 and 2013, 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 a 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 March 18, 2015, the date the financial statements were available to be issued.

International Christian Response USA

**Notes to Financial Statements**

December 31, 2014 and 2013

(See Independent Accountant's Review Report)

**Note 2 - Equipment**

Property and equipment consist of the following at December 31:

	<u>2014</u>	<u>2013</u>
Computers and software	\$ 6,862	\$ 4,064
Vehicles	4,800	4,800
Furniture and fixtures	<u>609</u>	<u>609</u>
	12,271	9,473
Less accumulated depreciation	<u>(4,512)</u>	<u>(2,113)</u>
	<u>\$ 7,759</u>	<u>\$ 7,360</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>2014</u>	<u>2013</u>
Support in hostile countries and U.S. awareness (programs)	\$ 774,638	\$ 782,974
Ministry support (management and general)	45,734	35,277
Fundraising	<u>18,971</u>	<u>9,921</u>
	<u>\$ 839,343</u>	<u>\$ 828,172</u>