

THE DAVID KUNSMAN CORPORATION, INC.

MEMBER OF AMERICAN AND PENNSYLVANIA INSTITUTES OF CPA'S A CERTIFIED PUBLIC ACCOUNTING PRACTICE

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees of International Children's Network
P.O. Box 7695
Covington, WA 98042

We have audited the accompanying financial statements of **International Children's Network** (a nonprofit organization), which comprise of the statement of financial position as of December 31, 2018, and the related statements of activities, statement of functional expenses, and statement of 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 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.

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.

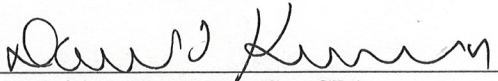
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for

our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the **International Children's Network** as of December 31, 2018, and its 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.

THE DAVID KUNSMAN CORPORATION, INC.

By 
David L. Kunsman, Sr., CPA
Audit Engagement Shareholder
October 31, 2019

INTERNATIONAL CHILDREN'S NETWORK
STATEMENTS OF FINANCIAL POSITION

December 31, 2018

ASSETS		2018
Cash and Cash Equivalents	\$	220,660
Prepaid Insurance		4,281
Prepaid Self Storage		4,884
Prepaid Credit Cards		13,774
Land		575,970
Property (net of accumulated depreciation)		191,524
Equipment (net of accumulated depreciation)		5,694
Vehicles (net of accumulated depreciation)		114,550
TOTAL ASSETS	\$	<u>1,131,337</u>
LIABILITIES		
Accounts Payable	\$	1,291
Payroll Liabilities		2,054
TOTAL LIABILITIES	\$	<u>3,345</u>
NET ASSETS		
Without Donor Restrictions	\$	1,127,992
With Donor Restrictions		-
TOTAL NET ASSETS	\$	<u>1,127,992</u>
TOTAL LIABILITIES & NET ASSETS	\$	<u>1,131,337</u>

See accompanying notes.

INTERNATIONAL CHILDREN'S NETWORK
STATEMENTS OF ACTIVITIES
For the Year Ended December 31, 2018

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:	<u>2018</u>
Revenues and gains	
Contributions	\$ 993,528
Fund-raising income	204,484
Investment return	28
Other	<u>75</u>
TOTAL REVENUES AND GAINS WITHOUT DONOR RESTRICTIONS	1,198,115
Net assets released from restrictions:	
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	<u>-</u>
TOTAL REVENUE, GAIN, AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS	1,198,115
Expenses	
Program Services	981,841
Management and General	54,523
Fund-raising	<u>125,349</u>
TOTAL EXPENSES	<u>1,161,713</u>
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	36,402
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS	
INCREASE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>-</u>
INCREASE IN NET ASSETS	36,402
NET ASSETS AT BEGINNING OF YEAR	<u>1,091,590</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 1,127,992</u></u>

INTERNATIONAL CHILDREN'S NETWORK
STATEMENTS OF FUNCTIONAL EXPENSES
Year Ended December 31, 2018

	2018			
	Program Services	Supporting Services		
	Children	Manage- ment and General	Fund - raising	Total
Compensation	\$ 119,757	\$ 14,089	\$ 7,045	\$ 140,891
Employee Benefits & Payroll Taxes	23,408	2,754	1,377	27,539
COMPENSATION & RELATED EXPENSES	143,165	16,843	8,422	168,430
Management Fees	9,600	-	-	9,600
Legal Fees	7,060	-	-	7,060
Accounting Fees	21,207	-	-	21,207
Professional Fees	1,400	-	-	1,400
Advertising & Promotions	5,404	636	6,229	12,269
Office Expenses	44,163	5,195	3,344	52,702
Postage	6,794	799	400	7,993
Information Technology	3,098	364	182	3,644
Travel	101,863	11,984	18,697	132,544
Depreciation	-	14,762	-	14,762
Insurance	5,161	-	-	5,161
Child Care	584,553	-	78,411	662,964
Choir Equipment	-	-	7,928	7,928
Bank Fees	18,854	-	-	18,854
Automobile Expense	22,512	2,648	1,324	26,484
Housing Repairs	3,032	824	178	4,034
Food & Entertainment	3,975	468	234	4,677
TOTAL	<u>\$ 981,841</u>	<u>\$ 54,523</u>	<u>\$ 125,349</u>	<u>\$ 1,161,713</u>

See accompanying notes.

INTERNATIONAL CHILDREN'S NETWORK
STATEMENTS OF CASH FLOWS
Year Ended December 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	2018
Increase in Net Assets	\$ 36,402
Adjustments to Reconcile Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	14,762
(Increase) Decrease in Operating Assets:	
Prepaid Expenses	(15,719)
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	1,291
Accrued Payroll Tax Expense	266
NET CASH PROVIDED BY OPERATING ACTIVITIES	37,002
CASH FLOWS FROM INVESTING ACTIVITIES	
Payments for Property, Equipment, and Vehicles	(302,291)
NET CASH USED BY INVESTING ACTIVITIES	(302,291)
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments on Loans	17,645
NET CASH PROVIDED BY FINANCING ACTIVITIES	17,645
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(247,644)
BEGINNING CASH AND CASH EQUIVALENTS	468,304
ENDING CASH AND CASH EQUIVALENTS	\$ 220,660

See accompanying notes.

INTERNATIONAL CHILDREN'S NETWORK
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The mission of International Children's Network is to provide as many of our world's 600 million orphaned and at-risk children sponsorship for a complete education through their nation's highest university or vocational levels. By doing so, every child will be on equal footing with their nation's most privileged children. They will return to their villages to help other children who are in the same condition they once were in order to break the cycle of utter dependency and despair and replace it with empowerment and hope. Management and general activities include the functions necessary to provide support for the organization's program activities. They include activities that provide governance (Board of Trustees), oversight, business management, financial recordkeeping, budgeting, legal services, human resources management, and similar functions that ensure an adequate working environment and equitable employment program. Fundraising activities include publicizing and conducting fundraising campaigns; maintaining donor lists; conducting special fundraising events; and other activities involved with soliciting contributions.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Property and Equipment

The Organization capitalizes property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from five years for equipment and vehicles to twenty-seven and a half years for buildings. Land is not depreciated.

Contributed Services

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization at the facilities, but these services do not meet the criteria for recognition as contributed services.

Contributions

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

Income Tax Status

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(C)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cost Allocation

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 compensation and benefits, which are allocated on the basis of estimates of time and effort.

NOTE B – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restriction within one year of the balance sheet date. There were no donor-restricted amounts during the year.

Financial assets at year-end	\$ 220,660
Less those unavailable for general expenditures within one year, due to:	
Donor-restricted payment	<u>0</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 220,660</u>

NOTE C – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Land	\$ 575,970
Building	194,767
Equipment	19,730
Vehicles	<u>173,695</u>
	964,162
Accumulated depreciation	<u>(76,424)</u>
	<u>\$ 887,738</u>

NOTE D – COMMITMENTS AND CONTINGENCIES

There are not any commitments or contingencies at this time.

NOTE E – CONCENTRATIONS OF RISK

A significant portion of the organization's annual funding comes from individual donations. As such, the organization's ability to generate resources via contributions is dependent upon the economic health of the area the donations are received from.

NOTE F – RELATED PARTY TRANSACTIONS

There were no related party transactions during the year ended December 31, 2018.

NOTE G – EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through October 31, 2019, the date which the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.