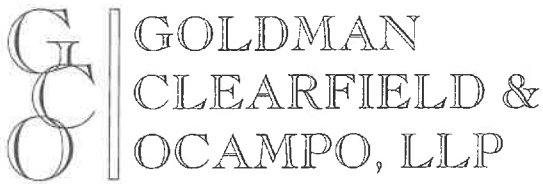


**GOD'S CHILD PROJECT**  
**FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

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Adam M. Clearfield, CPA  
aclearfield@gcocpafirm.com

Michael J. Ocampo, CPA  
mocampo@gcocpafirm.com

Stuart I. Goldman, CPA (Ret.)

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
God's Child Project  
Minneapolis, MN

We have audited the accompanying financial statements of the God's Child Project (a non-profit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statement of activities and statements of cash flows for the years then ended, and 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.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 the God's Child Project as of June 30, 2018 and 2017 and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

**Other Matter**

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 15 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 to 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 aspects in relation to the financial statements as a whole.

*Goldman, Clearfield & Ocampo, LLP.*

Columbia, MD  
December 28, 2018

**GOD'S CHILD PROJECT  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2018 AND 2017**

|   | <u>2018</u>         | <u>2017</u>         |
|---|---------------------|---------------------|
| <b>CURRENT ASSETS</b>                   |                     |                     |
| Cash                                    | \$ 585,889          | \$ 322,367          |
| Investments Available For Sale          | 503,315             | 483,218             |
| Accounts Receivable                     | 1,937               | 3,711               |
| Due from Others                         | 557,210             | 374,120             |
| Prepaid Expenses                        | 13,015              | 4,853               |
| Inventory                               | 14,157              | 14,634              |
| Security Deposits                       | <u>2,347</u>        | <u>2,347</u>        |
| <b>TOTAL CURRENT ASSETS</b>             | <u>1,677,870</u>    | <u>1,205,250</u>    |
| <b>PROPERTY AND EQUIPMENT</b>           | 10,439              | 10,439              |
| Less: Accumulated Depreciation          | <u>8,663</u>        | <u>7,812</u>        |
| <b>NET PROPERTY AND EQUIPMENT</b>       | <u>1,776</u>        | <u>2,627</u>        |
| <b>TOTAL ASSETS</b>                     | <u>\$ 1,679,646</u> | <u>\$ 1,207,877</u> |
| <b>CURRENT LIABILITIES</b>              |                     |                     |
| Accounts Payable                        | \$ 12,261           | \$ 70,558           |
| Sales Tax Payable                       | 17                  | 71                  |
| Accrued Payroll                         | 7,917               | 6,276               |
| Deferred Revenue                        | <u>24,780</u>       | <u>21,942</u>       |
| <b>TOTAL CURRENT LIABILITIES</b>        | <u>44,975</u>       | <u>98,847</u>       |
| <b>LOAN PAYABLE - OFFICER</b>           | <u>3,696</u>        | <u>47,602</u>       |
| <b>TOTAL LIABILITIES</b>                | <u>48,671</u>       | <u>146,449</u>      |
| <b>NET ASSETS</b>                       |                     |                     |
| Unrestricted                            | 822,080             | 261,832             |
| Permanently Restricted                  | <u>808,895</u>      | <u>799,596</u>      |
| <b>TOTAL NET ASSETS</b>                 | <u>1,630,975</u>    | <u>1,061,428</u>    |
| <b>TOTAL LIABILITIES AND NET ASSETS</b> | <u>\$ 1,679,646</u> | <u>\$ 1,207,877</u> |

The accompanying notes are an integral part of the financial statements.

**GOD'S CHILD PROJECT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(WITH COMPARATIVE TOTALS FOR 2017)**

|  | <u>UNRESTRICTED</u> | <u>TEMPORARILY<br/>RESTRICTED</u> | <u>PERMANENTLY<br/>RESTRICTED</u> | <u>2018<br/>TOTAL</u> | <u>2017<br/>TOTAL</u> |
|--|---------------------|-----------------------------------|-----------------------------------|-----------------------|-----------------------|
| <b>CHANGES IN NET ASSETS</b>                   |                     |                                   |                                   |                       |                       |
| <b>REVENUES, GAINS AND OTHER SUPPORT</b>       |                     |                                   |                                   |                       |                       |
| Contributions - Cash                           | \$ 1,631,309        | \$ 418,247                        | \$ -                              | \$ 2,049,556          | \$ 1,995,014          |
| Contributions - Noncash                        | 574,298             | -                                 | -                                 | 574,298               | 619,216               |
| Fundraising                                    | 285,685             | -                                 | -                                 | 285,685               | 115,646               |
| Investment Income                              | -                   | 418                               | 9,299                             | 9,717                 | 19,391                |
| Loss on Sale of Property                       | (55,000)            | -                                 | -                                 | (55,000)              | -                     |
| Miscellaneous                                  | -                   | -                                 | -                                 | -                     | 761                   |
| Net Assets Released from Restrictions          | 418,665             | (418,665)                         | -                                 | -                     | -                     |
| <b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b> | <u>2,854,957</u>    | <u>-</u>                          | <u>9,299</u>                      | <u>2,864,256</u>      | <u>2,750,028</u>      |
| <b>EXPENSES</b>                                |                     |                                   |                                   |                       |                       |
| Program Services                               | 2,043,528           | -                                 | -                                 | 2,043,528             | 2,331,078             |
| Management and General                         | 118,742             | -                                 | -                                 | 118,742               | 128,610               |
| Fundraising                                    | 132,439             | -                                 | -                                 | 132,439               | 153,014               |
| <b>TOTAL EXPENSES</b>                          | <u>2,294,709</u>    | <u>-</u>                          | <u>-</u>                          | <u>2,294,709</u>      | <u>2,612,702</u>      |
| <b>NET INCREASE IN NET ASSETS</b>              | 560,248             | -                                 | 9,299                             | 569,547               | 137,326               |
| <b>NET ASSETS - BEGINNING</b>                  | <u>261,832</u>      | <u>-</u>                          | <u>799,596</u>                    | <u>1,061,428</u>      | <u>924,102</u>        |
| <b>NET ASSETS - ENDING</b>                     | <u>\$ 822,080</u>   | <u>\$ -</u>                       | <u>\$ 808,895</u>                 | <u>\$ 1,630,975</u>   | <u>\$ 1,061,428</u>   |

The accompanying notes are an integral part of the financial statements.

**GOD'S CHILD PROJECT  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2018 AND 2017**

|  | <u>2018</u>       | <u>2017</u>       |
|--|-------------------|-------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                   |                   |
| Increase (Decrease) in Net Assets  | \$ 569,547        | \$ 137,326        |
| Adjustments to Reconcile Changes in Net Assets<br>to Net Cash Provided (Used) by Operating Activities: |                   |                   |
| Depreciation   | 851               | 1,338             |
| In-Kind Donations Held for Resale  | (88,047)          | -                 |
| Unrealized Loss (Gain) on Investments  | 12,442            | (10,676)          |
| Realized Loss on Sale of Beach House   | 55,000            | -                 |
| Realized Loss on Sale of Investments   | 165               | 7,727             |
| (Increase) Decrease in:  |                   |                   |
| Accounts Receivable  | 1,774             | 12,001            |
| Prepaid Expenses   | (8,162)           | (4,853)           |
| Inventory  | 477               | (10,964)          |
| Increase (Decrease) in:  |                   |                   |
| Accounts Payable   | (58,297)          | (92,326)          |
| Sales Tax Payable  | (54)              | 31                |
| Accrued Payroll  | 1,641             | (1,273)           |
| Deferred Revenue   | 2,838             | 21,942            |
|  | <u>490,175</u>    | <u>60,273</u>     |
| <b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>  |                   |                   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                   |                   |
| Due From Others  | (183,090)         | (134,266)         |
| Sale of Property   | 25,000            | -                 |
| Purchase of Investments  | (32,539)          | (422,902)         |
| Sale of Investments  | 7,882             | 351,171           |
|  | <u>(182,747)</u>  | <u>(205,997)</u>  |
| <b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>  |                   |                   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                   |                   |
| Net Change - Loan Payable Officer  | (43,906)          | 2,317             |
|  | <u>(43,906)</u>   | <u>2,317</u>      |
| <b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>   |                   |                   |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>  | 263,522           | (143,407)         |
| <b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>   | <u>322,367</u>    | <u>465,774</u>    |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>   | <u>\$ 585,889</u> | <u>\$ 322,367</u> |
| <b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>  |                   |                   |
| Interest Paid  | <u>\$ 3,797</u>   | <u>\$ 5,410</u>   |

The accompanying notes are an integral part of the financial statements.

**GOD'S CHILD PROJECT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization:

God's Child Project researches, develops, implements and fundraises for education, health-care and poverty relief programs in Guatemala, El Salvador, Malawi, Africa, and the United States.

Subsequent Events:

In the normal course of preparing the Organization's financial statements, management reviews events that occur after the statement of financial position dated June 30, 2018 for potential recognition or disclosure in the financial statements. Management has evaluated subsequent events through December 28, 2018, which is the date the financial statements were available to be issued.

Method of Accounting:

The Organization's financial statements have been prepared on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses when incurred.

Financial Statement Presentation:

The net assets of the Organization and changes therein are classified and reported as follows:

*Unrestricted Net Assets* – Net assets that are not subject to donor-imposed restrictions.

*Temporarily Restricted Net Assets* – Net assets subject to donor-imposed restrictions that may/or will be met, either by actions of the Organization and/or the passage of time.

*Permanently Restricted Assets* – Net assets subject to donor-imposed restrictions that are required to be held in perpetuity. Income from the assets held is available for either general operations or specific purposes, in accordance with donor stipulations.

Use of 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.

Cash and Cash Equivalents:

For the purposes of the statement 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.

Accounts Receivable:

God's Child considers all accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is considered necessary.

**GOD'S CHILD PROJECT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**  
**(CONTINUED)**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment:

Property and equipment are carried at cost. Depreciation of property and equipment is provided using the accelerated method for financial reporting purposes at rates based on the following estimated useful lives:

|                        | <u>YEARS</u> |
|------------------------|--------------|
| Vehicles               | 5            |
| Furniture              | 7            |
| Office Equipment       | 5            |
| Leasehold Improvements | 15           |

Advertising:

Advertising costs are expensed as incurred. Total advertising expense was \$18,577 and \$26,126 for the years ended June 30, 2018 and 2017, respectively.

Investments:

Investments consist primarily of assets invested in marketable equity and debt securities and money-market accounts. The Organization accounts for investments in accordance with the FASB standard for investments held by not-for-profit organizations (ASC 958-320 and subsections). This standard requires that investments in equity securities with readily determinable fair values and all investments in debt securities be measured at fair value in the Statement of Financial Position. Fair value of marketable equity and debt securities is based on quoted market prices. The realized and unrealized gain or loss on investments is reflected in the Statement of Changes in Net Assets.

Investments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the Statement of Financial Position. See also Note J.

Investment Policy:

The Organization's investment policy intends for the Organization to invest in assets that would produce results exceeding the investment's original price and incur a yield of return, while assuming a moderate level of investment risk. The Organization expects its Endowment Fund, over time, to provide a reasonable rate of return. To satisfy the long-term rate-of-return objective, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on marketable equity and debt securities and money-market accounts to achieve its long-term return objectives within prudent risk constraints.



**GOD'S CHILD PROJECT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017  
(CONTINUED)**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Spending Policy:

On July 29, 2015, the Board of Directors (through the investment committee) enacted an endowment spending policy. The policy defines the total funds available from the Endowment Fund in a given year (the distributable income) as the realized gains to a maximum of 5 percent of the beginning of the fiscal year market value of its endowment. As there may be situations requiring a higher level of spending from the endowment assets in order to assure the short term economic viability of the Organization, the investment committee may recommend to the Board an increase in the spending rate and methodology as needed.

NOTE B – REPORTING ENTITY

The Organization is the major contributor to several nonprofit organizations in Guatemala, India, and Malawi and has a controlling interest in a separate nonprofit organization, DOMUS, which was formed to promote world housing concerns, which owns land and buildings used in Guatemala by the Association Nuestros Ahijados. Although this organization is a separate legal entity, the operations and management of this organization are controlled by a majority of the same individuals. DOMUS and the God's Child Project have the same Board of Directors.

The financial statements do not include the financial information of this other entity.

NOTE C – LEASING COMMITMENTS

The Organization entered into various agreements to lease office space until May 31, 2020. The Organization also signed leases for an automobile requiring 36 payments ending June 1, 2021 and office equipment requiring 60 to 63 payments and ending November 23, 2022. In addition, the Organization has an apartment which it leases month to month. The following is a schedule of minimum rental payments as of June 30, 2018:

| <u>Year Ending June 30</u> |                   |
|----------------------------|-------------------|
| 2019                       | \$ 79,337         |
| 2020                       | 49,005            |
| 2021                       | 5,409             |
| 2022                       | 754               |
| 2023                       | 251               |
|                            | <u>\$ 134,756</u> |

**GOD'S CHILD PROJECT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017  
(CONTINUED)**

**NOTE D – NONCASH CONTRIBUTIONS**

Donations of noncash items are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

**NOTE E – FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**NOTE F – PROPERTY AND EQUIPMENT, NET**

Property and equipment are summarized as follows:

|                                  | <u>2018</u>         | <u>2017</u>         |
|----------------------------------|---------------------|---------------------|
| Furniture                        | \$ 850              | \$ 850              |
| Leashold Improvements            | 3,102               | 3,102               |
| Office Equipment                 | <u>6,487</u>        | <u>6,487</u>        |
| <br>Total Property and Equipment | <br>10,439          | <br>10,439          |
| Less: Accumulated Depreciation   | <u>8,663</u>        | <u>7,812</u>        |
|                                  | <br><u>\$ 1,776</u> | <br><u>\$ 2,627</u> |

Depreciation expense was \$851 and \$1,338 for the years ended June 30, 2018 and 2017, respectively.

**NOTE G – LINE OF CREDIT**

The Organization has a \$28,000 line of credit arrangement with US Bank. Interest is payable at a variable rate, presently 9.25%. As of June 30, 2018, \$28,000 is unused and available on this line of credit.

**NOTE H – RELATED PARTIES**

The outstanding liability to the Executive Director is a loan from underpayment of wages, which is adjusted yearly to recognize interest due at 5.00%. The balance on this loan was \$3,696 and \$47,602 for the years ended June 30, 2018 and 2017, respectively.

In addition, monies are due from DOMUS, a related party, for funds paid by the Organization on their behalf. The monies are noninterest bearing. The balance outstanding was \$557,210 and \$374,120 as of June 30, 2018 and 2017, respectively.

**GOD'S CHILD PROJECT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**  
**(CONTINUED)**

NOTE I—ENDOWMENT FUND

The Organization's Endowment Fund includes donor-restricted endowment funds. As required by accounting principles generally accepted in the United States, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Unrestricted net assets, identified by the Organization's board of directors to be used for future investment and growth, are included in unrestricted net assets—board-designated.

The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the original gift amount of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

Changes in the endowment net assets (all permanently restricted) for the years ended June 30, 2018 and 2017, are as follows:

|                                      | <u>2018</u>       | <u>2017</u>       |
|--------------------------------------|-------------------|-------------------|
| Endowment Fund, Beginning of Year    | \$ 799,596        | \$ 817,315        |
| Investment Interest and Dividends    | 22,279            | 16,442            |
| Realized Loss on Sale of Investments | -                 | (7,254)           |
| Contributions                        | 44,883            | 9,309             |
| Net Appreciation (Depreciation)      | (12,442)          | 10,676            |
| Approved Expenditures: Distributions | (40,071)          | (41,469)          |
| Approved Expenditures: Fees          | <u>(5,350)</u>    | <u>(5,423)</u>    |
| Endowment Fund, End of Year          | <u>\$ 808,895</u> | <u>\$ 799,596</u> |

**GOD'S CHILD PROJECT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**  
**(CONTINUED)**

**NOTE J – FAIR VALUE MEASUREMENTS**

Accounting Standards Codification 820 (ASC 820), *Fair Value Measurements and Disclosures*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 also establishes a fair value hierarchy, which requires the Organization to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The following three levels are defined by ASC 820 as a means of measuring fair value:

Level 1

Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2

Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3

Unobservable inputs reflecting the entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used since June 30, 2017.

*Interest-bearing cash, certificates of deposit, equity securities, bond securities and government securities:* Valued at the closing price reported on the active market on which the individual securities are traded.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth the Organization's assets at fair value, by level, within the fair value hierarchy as of June 30, 2018 and 2017:

**GOD'S CHILD PROJECT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**  
**(CONTINUED)**

NOTE J – FAIR VALUE MEASUREMENTS (CONTINUED)

| June 30, 2018         | Level 1            | Level 2     | Level 3     |
|-----------------------|--------------------|-------------|-------------|
| Interest-Bearing Cash | \$ 505,593         | \$ -        | \$ -        |
| Equity Securities     | <u>503,315</u>     | <u>-</u>    | <u>-</u>    |
| Totals                | <u>\$1,008,908</u> | <u>\$ -</u> | <u>\$ -</u> |

| June 30, 2017         | Level 1           | Level 2     | Level 3     |
|-----------------------|-------------------|-------------|-------------|
| Interest-Bearing Cash | \$ 317,368        | \$ -        | \$ -        |
| Equity Securities     | <u>483,218</u>    | <u>-</u>    | <u>-</u>    |
| Totals                | <u>\$ 800,586</u> | <u>\$ -</u> | <u>\$ -</u> |

Investments are recorded at market value. The historical cost and market value of investments available for sale at June 30, 2018 and 2017 were:

|                   | <u>2018</u>      |                   | <u>2017</u>       |                   |
|-------------------|------------------|-------------------|-------------------|-------------------|
|                   | <u>Cost</u>      | <u>Market</u>     | <u>Cost</u>       | <u>Market</u>     |
| Equity Securities | <u>\$514,839</u> | <u>\$ 503,315</u> | <u>\$ 482,511</u> | <u>\$ 483,218</u> |
| Total             | <u>\$514,839</u> | <u>\$ 503,315</u> | <u>\$ 482,511</u> | <u>\$ 483,218</u> |

NOTE K – INCOME TAXES

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Organization does not have any income from unrelated business activities. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

The Organization's Return of Organization Exempt from Income Tax (Form 990) for the years ended June 30, 2018, 2017 and 2016 are subject to examination, generally for three years after they were filed.

**SUPPLEMENTARY  
INFORMATION**

**GOD'S CHILD PROJECT**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(WITH COMPARATIVE TOTALS FOR 2017)**

|                                      | <u>PROGRAM</u>      | <u>MANAGEMENT</u> | <u>FUNDRAISING</u> | <u>2018</u>         | <u>2017</u>         |
|--------------------------------------|---------------------|-------------------|--------------------|---------------------|---------------------|
|                                      | \$                  | \$                | \$                 | \$                  | \$                  |
| Advertising                          | 5,573               | 10,217            | 2,787              | 18,577              | 26,126              |
| Bank and Credit Card Fees            | 1,969               | 2,408             | 5,371              | 9,748               | 8,850               |
| Collection Fees                      | 14,588              | 1,030             | 1,544              | 17,162              | 16,777              |
| Depreciation                         | 851                 | -                 | -                  | 851                 | 1,338               |
| Dues and Subscriptions               | 1,710               | 121               | 181                | 2,012               | 2,797               |
| Employee Benefits                    | 45,564              | 6,026             | 4,829              | 56,419              | 51,506              |
| Fundraising                          | -                   | -                 | 34,352             | 34,352              | 50,503              |
| Insurance                            | 8,769               | 10,962            | 2,192              | 21,923              | 16,163              |
| Interest                             | 1,899               | 1,898             | -                  | 3,797               | 5,410               |
| Miscellaneous                        | 1,232               | 231               | -                  | 1,463               | -                   |
| Moving Expense                       | -                   | -                 | -                  | -                   | 1,485               |
| Office Expense                       | 79,315              | 5,599             | 8,398              | 93,312              | 113,901             |
| Operating Expenses - Other Countries | 2,319               | -                 | -                  | 2,319               | 23,206              |
| Other Donations                      | 1,313,936           | -                 | -                  | 1,313,936           | 1,450,077           |
| Payroll                              | 301,645             | 39,891            | 31,972             | 373,508             | 442,116             |
| Payroll Fees                         | 13,188              | 1,744             | 1,398              | 16,330              | 16,515              |
| Payroll Taxes                        | 25,719              | 3,401             | 2,726              | 31,846              | 35,880              |
| Postage and Shipping                 | 34,763              | 12,641            | 15,802             | 63,206              | 23,810              |
| Professional Fees                    | 27,957              | 7,988             | 3,994              | 39,939              | 53,054              |
| Rent                                 | 81,361              | 5,743             | 8,615              | 95,719              | 119,902             |
| Repairs and Maintenance              | 773                 | 221               | 110                | 1,104               | 2,707               |
| Service Team                         | 9,092               | -                 | -                  | 9,092               | 31,094              |
| Telephone and Internet               | 16,507              | 4,716             | 2,359              | 23,582              | 27,613              |
| Travel                               | 54,626              | 3,856             | 5,784              | 64,266              | 91,615              |
| Utilities                            | 172                 | 49                | 25                 | 246                 | 257                 |
|                                      | <u>\$ 2,043,528</u> | <u>\$ 118,742</u> | <u>\$ 132,439</u>  | <u>\$ 2,294,709</u> | <u>\$ 2,612,702</u> |

The accompanying notes are an integral part of the financial statements.