

**CHILDREN OF PROMISE INTERNATIONAL
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020**

CHILDREN OF PROMISE INTERNATIONAL
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DECEMBER 31, 2021 AND 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Children of Promise International

Opinion

We have audited the accompanying financial statements of Children of Promise International (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Children of Promise International as of December 31, 2021 and 2020, 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.

Basis of Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are required to be independent of Children of Promise International and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about Children of Promise International's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Children of Promise International's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Children of Promise International's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Duvall & Associates, Inc.

Duvall & Associates, Inc.

Dayton, Ohio

July 22, 2022

CHILDREN OF PROMISE INTERNATIONAL
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	ASSETS	
	2021	2020
CURRENT ASSETS		
Cash	\$ 302,552	\$ 355,209
Certificates of deposit	308,500	356,490
	611,052	711,699
 PROPERTY AND EQUIPMENT		
net of accumulated depreciation of \$2,987 for 2021 and \$2,987 for 2020	-	-
 OTHER ASSETS		
Security Deposit	769	-
TOTAL ASSETS	\$ 611,821	\$ 711,699
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Credit card payable	\$ 61	\$ -
TOTAL CURRENT LIABILITIES	61	-
 NET ASSETS		
Without donor restrictions	417,108	347,695
With donor restrictions	194,652	364,004
TOTAL NET ASSETS	611,760	711,699
TOTAL LIABILITIES AND NET ASSETS	\$ 611,821	\$ 711,699

The accompanying notes are an integral part of these statements.

CHILDREN OF PROMISE INTERNATIONAL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT			
Support from the public:			
Contributions and bequests	\$ 86,276	\$ 571,558	\$ 657,834
Other Revenue:			
Interest Income	4,303	-	4,303
Net assets released from restrictions	740,910	(740,910)	-
Total support, revenues and gains	831,489	(169,352)	662,137
EXPENSES:			
Program Services	741,100	-	741,100
Supporting Services			
Management and General	20,976	-	20,976
Total Expenses	762,076	-	762,076
CHANGE IN NET ASSETS	69,413	(169,352)	(99,939)
NET ASSETS - Beginning of Year	347,695	364,004	711,699
NET ASSETS - End of Year	\$ 417,108	\$ 194,652	\$ 611,760

The accompanying notes are an integral part of these statements.

CHILDREN OF PROMISE INTERNATIONAL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT			
Support from the public:			
Contributions and bequests	\$ 56,808	\$ 759,965	\$ 816,773
Other Revenue:			
Interest income	5,710	-	5,710
Net assets released from restrictions	717,977	(717,977)	-
Total support, revenues and gains	780,495	41,988	822,483
EXPENSES:			
Program Services	721,479	-	721,479
Supporting Services			
Management and General	17,858	-	17,858
Total Expenses	739,337	-	739,337
CHANGE IN NET ASSETS	41,158	41,988	83,146
NET ASSETS - Beginning of Year	306,537	322,016	628,553
NET ASSETS - End of Year	\$ 347,695	\$ 364,004	\$ 711,699

The accompanying notes are an integral part of these statements.

CHILDREN OF PROMISE INTERNATIONAL
 STATEMENT OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services	Supporting Services	Total Expenses
Direct payments to the field	\$ 740,275	\$ -	\$ 740,275
Bank charges	825	5,835	6,660
Supplies	-	776	776
Building and property lease	-	2,306	2,306
Printing and publications	-	132	132
Postage and mailing services	-	1,566	1,566
Equipment rental and maintenance	-	1,986	1,986
Accounting and legal	-	5,950	5,950
Business registration fees	-	1,141	1,141
Property insurance	-	475	475
Telephone	-	809	809
	<u>\$ 741,100</u>	<u>\$ 20,976</u>	<u>\$ 762,076</u>

The accompanying notes are an integral part of these statements.

CHILDREN OF PROMISE INTERNATIONAL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services	Supporting Services	Total Expenses
Direct payments to the field	\$ 720,459	\$ -	\$ 720,459
Bank charges	1,020	5,642	6,662
Supplies	-	403	403
Postage and mailing services	-	1,623	1,623
Equipment rental and maintenance	-	1,919	1,919
Accounting and legal	-	5,750	5,750
Business registration fees	-	1,110	1,110
Property insurance	-	475	475
Telephone	-	936	936
	<u>\$ 721,479</u>	<u>\$ 17,858</u>	<u>\$ 739,337</u>

The accompanying notes are an integral part of these statements.

CHILDREN OF PROMISE INTERNATIONAL
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash from contributions and bequests	\$ 658,024	\$ 816,773
Interest received	4,303	5,710
Cash paid to vendors and others	(762,974)	(739,337)
Net Cash Provided (Used) by Operating Activities	(100,647)	83,146
Cash Flows From Investing Activities:		
Redemption (Purchase) of certificates of deposit	47,990	(252,168)
Net Cash Provided (Used) in Financing Activities	47,990	(252,168)
Net Increase (Decrease) in Cash	(52,657)	(169,022)
Cash, Beginning of Year	355,209	524,231
Cash, End of Year	\$ 302,552	\$ 355,209
 Reconciliation of Change in Net Assets Provided by Operating Activities:		
Change in Net Assets	\$ (99,939)	\$ 83,146
Adjustment to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities: Increase (decrease) in;		
Accounts Payable	61	-
Security deposit	(769)	-
Net Cash Provided (Used) by Operating Activities	\$ (100,647)	\$ 83,146

The accompanying notes are an integral part of these statements.

CHILDREN OF PROMISE INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

1. ORGANIZATION AND OPERATIONS

Children of Promise International (the Organization), founded in 1973, as a non-profit corporation, is a non-denominational Christian organization dedicated to caring for orphans, widows, and destitute children worldwide. The Organization fulfills its mission through partnerships to both establish and provide ongoing support for church-based orphan homes that provide comprehensive care (food, clothing, shelter, education, spiritual equipping) for orphaned and destitute children and assistance for widows. The Organization also engages in partnership to support indigenous nationals as Christian workers who plant churches and care for the poorest of the poor in many of the most impoverished nations of the earth.

The Organization's program services and partnership initiatives are concentrated primarily in 23 countries throughout Asia and the Indian subcontinent, Africa, Central and South America, and Europe. The Organization provided support through both exclusive program services and partnership collaborations to approximately 1,000 orphaned and destitute children in some 14 orphan homes in 2021 and 875 children in 17 homes in 2020. Program services included feeding and nutrition programs, free schools, higher education support, and family assistance. The Organization also engages in mobilization of short-term mission teams to care for orphans and widows and adoption advocacy and assistance through partnerships with adoption agency partners and assistance to adoptive families and the orphaned children they are adopting. The Organization also engages in advocacy initiatives and activities on behalf of orphans and widows before faith, business, civic, philanthropic, and governmental communities.

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for federal income taxes has been made in the accompanying financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as more explicitly described in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Under this method of accounting, income and expenses are identified with specific periods

CHILDREN OF PROMISE INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

of time and are recorded as earned or incurred along with the acquired assets, without regard to the date of receipt or payment of cash.

Functional expenses

Expenses are allocated on a functional basis among the programs and support services benefited. Expenses that can be identified with a specific program are allocated directly to that program according to their natural expenditure qualification. Other expenses that cannot be identified as related to specific programs are allocated to functional areas on the basis of estimated use appropriate for the particular expenditure.

Financial statement presentation

The Organization adopted the provision of FASB's ASU 2016-14 effective January 1, 2018. Under the provisions of ASU 2016-14, the Organization reports its net assets with donor restrictions and those without donor restrictions.

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net assets without donor restrictions are those currently available at the discretion of the board for use in the entity's operations and those resources invested in land, buildings, and equipment.

Net assets with donor restrictions are those which are stipulated by donors for specific operation purposes, special projects, or for the acquisition or construction of land, buildings, and equipment.

Contributions received are recorded as with or without donor restrictions depending on the nature of the restriction. When a restriction expires or the stipulation is met, net assets with donor restrictions are reclassified to net assets without donor restrictions.

CHILDREN OF PROMISE INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash and certificates of deposit totaling \$65,518 and \$364,004 were restricted by donors as of December 31, 2021 and 2020, respectively.

The Organization maintains its checking and savings accounts in banks that are insured by the Federal Deposit Insurance Corporation for up to \$250,000. Amounts in excess of insured limits were \$65,518 and \$156,735 at December 31, 2021 and 2020, respectively.

Property and equipment and depreciation

Property and equipment is stated at cost if purchased or fair value at the date of the gift if donated. Expenditures primarily for domestic property and equipment over a nominal amount are capitalized and depreciated over their estimated useful lives using the straight-line method.

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 that affect the reported amounts and disclosure of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Subsequent events

The Organization evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through July 22, 2022, the date which the financial statements were available to be issued.

Donations of in-kind goods and services

Material donations of in-kind goods and qualified services are recorded by the Organization as support at their estimated fair value. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding

CHILDREN OF PROMISE INTERNATIONAL
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2021 AND 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
Donations of in-kind goods and services (continued)

their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulation regarding how long the donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Net assets with donor restrictions are reclassified to net assets without donor restrictions at that time.

The efforts of volunteer workers are not reflected in the accompanying financial statements as no objective basis is available to measure the value of their services; however, a substantial number of volunteers have donated significant amounts of their time to the Organization.

Until August 2021, the Organization's office was located in facilities provided by another company free of rent. The value of such rents, which have not been determined by management, are excluded from the statements of activities.

3. CONCENTRATIONS OF RISK

The Organization's donors are located throughout the United States of America and in the foreign countries in which it ministers. In 2021, thirty-two donors accounted for approximately 48% of the contributions received. In 2020, twenty-four donors accounted for approximately 48% of the contributions received. Property in certain foreign countries in which the Organization operated may be subject to confiscation and activities halted due to the instability of the foreign government.

4. PROPERTY, EQUIPMENT AND OTHER ASSETS

Property and equipment at December 31, 2021 and 2020 consists of the following:

Equipment	\$ 2,987	\$ 2,987
Accumulated depreciation	<u>(2,987)</u>	<u>(2,987)</u>
Total	<u>\$ -</u>	<u>\$ -</u>

There was no depreciation expense for the years ended December 31, 2021 and 2020.

Trademark registration fees of \$1,945 were fully amortized at December 31, 2021 and 2020.

CHILDREN OF PROMISE INTERNATIONAL
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2021 AND 2020

5. SPONSORSHIP PROGRAMS

The Organization participates in the sponsorship of approximately 1,000 orphans in about fourteen homes for orphans. These programs are conducted primarily by churches and other ministries in Asia, Africa and Central America. The Organization provides sponsorship funds as they are available and can cease its participation at any time.

6. CREDIT CARD

The Organization has a credit card with a local bank with a credit line of \$5,000. Available credit at December 31, 2021 and 2020 was \$4,939 in 2021 and \$5,000 in 2020.

7. FINANCIAL ASSETS AVAILABLE

The following reflects the Organization's financial assets as of December 31, 2021 and 2020 reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Amounts already appropriated from the donor-restricted endowment for general expenditure within one year of the balance sheet date have not been subtracted as unavailable.

	<u>2021</u>	<u>2020</u>
Financial assets, at December 31,	\$ 611,052	\$ 711,699
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	<u>(196,302)</u>	<u>(364,004)</u>
Financial assets available to meet cash needs		
for general expenditures within one year	<u>\$ 414,750</u>	<u>\$ 347,695</u>

The Organization is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

CHILDREN OF PROMISE INTERNATIONAL
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2021 AND 2020

8. LEASES

The Company entered into a lease agreement in August, 2021 for office space. The lease terms are for 61 months commencing on October 1, 2021.

Future minimum lease payments under this lease are as follows:

	2022	\$ 9,271
	2023	9,457
	2024	9,646
	2025	9,839
	2026	<u>7,807</u>
Total		<u>\$ 46,019</u>

Rent expense for 2021 was \$2,306.

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following at December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Programs for the destitute, orphans and missionaries	<u>\$ 196,302</u>	<u>\$ 364,004</u>

10. NET ASSETS RELEASED FROM DONOR RESTRICTIONS

During 2021 and 2020, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors.

	<u>2021</u>	<u>2020</u>
Programs for the destitute, orphans and missionaries	<u>\$ 740,910</u>	<u>\$ 717,977</u>

11. COVID 19

In March 2020, an outbreak of a novel strain of coronavirus (COVID-19) was characterized as a pandemic by the World Health Organization. Thereafter, all fifty states in the U.S. declared a state of emergency, forcing non-essential businesses to temporarily close. Operations were affected by the Pandemic. Changes had to be made in the operating environment, increasing the operating costs and affecting foreign travel.