

**INTERNATIONAL CHILDREN'S FUND, INC.**

**FINANCIAL STATEMENTS**

**Year Ended September 30, 2010**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
International Children's Fund, Inc.  
Neenah, Wisconsin

We have audited the accompanying statement of financial position of International Children's Fund, Inc. (the Organization) (a not-for-profit corporation) as of September 30, 2010 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of International Children's Fund, Inc. as of September 30, 2010 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Certified Public Accountants

Appleton, Wisconsin  
April 1, 2011

INTERNATIONAL CHILDREN'S FUND, INC.

STATEMENT OF FINANCIAL POSITION  
September 30, 2010

ASSETS

Cash	\$ 455,945
Inventory	47,118
Property and equipment, net	-
Security deposit	<u>1,000</u>
Total assets	<u>\$ 504,063</u>

LIABILITIES AND NET ASSETS

Accounts payable	\$ 24,149
Net assets - unrestricted	<u>479,914</u>
Total liabilities and net assets	<u>\$ 504,063</u>

See notes to financial statements.

INTERNATIONAL CHILDREN'S FUND, INC.

STATEMENT OF ACTIVITIES  
Year Ended September 30, 2010

Support and other revenue

Contributions:

Food, medical supplies, and clothing	\$ 37,136,262
Cash	1,136,353
Interest	<u>1,107</u>

Total support and other revenue 38,273,722

Expenses

Program services - Children's programs	37,700,583
Supporting activities:	
Management and general	61,609
Fundraising	<u>434,545</u>

Total expenses 38,196,737

Change in unrestricted net assets 76,985

Net assets - unrestricted

Beginning of year	<u>402,929</u>
End of year	<u>\$ 479,914</u>

See notes to financial statements.

## INTERNATIONAL CHILDREN'S FUND, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended September 30, 2010

	Children's Programs	Supporting Activities		Total
		Management and General	Fundraising	
Gifts of food, medical supplies, and clothing	\$37,134,044	\$ -	\$ -	\$37,134,044
Procurement and shipping of gifts	278,632	-	-	278,632
Mission supplies and cash gifts	130,560	-	-	130,560
Educational materials	75,296	-	-	75,296
Postage and packaging	-	-	109,759	109,759
Computer and mailing services	-	-	125,172	125,172
Printing and publications	-	-	19,909	19,909
Professional services	-	-	144,000	144,000
Bank lock box services	-	-	27,501	27,501
Occupancy and utilities	12,293	1,366	-	13,659
Office expenses and supplies	22,283	24,493	8,204	54,980
Legal, accounting, state registrations	-	26,293	-	26,293
Truck and travel expenses	21,859	2,429	-	24,288
Insurance	-	2,322	-	2,322
Salaries and taxes	<u>25,616</u>	<u>4,706</u>	<u>-</u>	<u>30,322</u>
Total functional expenses	<u>\$37,700,583</u>	<u>\$ 61,609</u>	<u>\$ 434,545</u>	<u>\$38,196,737</u>

See notes to financial statements.

INTERNATIONAL CHILDREN'S FUND, INC.

STATEMENT OF CASH FLOWS  
Year Ended September 30, 2010

<u>Operating activities</u>	
Increase in unrestricted net assets	\$ 76,985
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Increase in inventory	(2,218)
Decrease in accounts payable	<u>(52,744)</u>
Net cash provided by operating activities	22,023
<u>Cash</u>	
Beginning of year	<u>433,922</u>
End of year	<u>\$ 455,945</u>

See notes to financial statements.

INTERNATIONAL CHILDREN'S FUND, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

Note 1 - Nature of activities and significant accounting policies

A. Nature of activities

The International Children's Fund, Inc. (Organization) is a not-for-profit corporation organized under the laws of the State of Wisconsin. The Organization distributes humanitarian aid including clothing, food, medicine and supplies to needy children, families and missionary organizations around the world. The Organization is supported primarily through donor contributions. During the year ended September 30, 2010, 61% of the Organization's contributions came from one donor.

B. Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

C. Basis of accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

D. Basis of presentation

The Organization is required to report information regarding its net assets and its activities in the following three classes of net assets:

Unrestricted net assets - net assets that are neither temporarily nor permanently restricted by donor-imposed stipulations.

Temporarily restricted net assets - net assets that result from contributions whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

Permanently restricted net assets - net assets resulting from contributions whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled and removed by actions of the Organization.

The Organization had only unrestricted net assets at September 30, 2010.

INTERNATIONAL CHILDREN'S FUND, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED  
September 30, 2010

Note 1 - Nature of activities and significant accounting policies, continued

E. Inventory

Inventory consisting of food, medical supplies, and clothing is donated to the Organization throughout the year. At the end of its fiscal year, the Organization estimates the value of donated goods on hand based on estimated wholesale values.

F. Property, equipment and depreciation

All acquisitions and improvements of property and equipment are capitalized while all expenditures for repairs and maintenance that do not materially prolong the useful lives of assets are expensed. Purchased property and equipment is carried at cost. Donated property and equipment is carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated lives of the assets.

G. Contribution recognition

Unconditional contributions are recognized as revenue when they are promised or received, as applicable, and are available for unrestricted use unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donated goods are recorded at their estimated fair values on the date they are received. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization. Many volunteers provided services to the Organization throughout the year that have not been recognized as contributions in the financial statements because the recognition criteria were not met.

H. Functional allocation of expenses

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

INTERNATIONAL CHILDREN'S FUND, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED  
September 30, 2010

Note 1 - Nature of activities and significant accounting policies, continued

I. Income tax status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(1). The Organization is also exempt from Wisconsin income taxes.

Effective October 1, 2009, the Organization has adopted the guidance for accounting for uncertainties in income taxes which is part of Accounting Standards Codification (ASC) 740-10. This guidance increases the relevancy and comparability of financial reporting by clarifying the way organizations account for uncertainties in income taxes for tax positions taken or expected to be taken. It makes recognition and measurement more consistent as well as offering clear criteria for subsequently recognizing, derecognizing and measuring such tax positions for financial statement purposes. This adoption had no impact on the Organization's financial position, results of activities or cash flows.

Penalties and interest assessed by income taxing authorities are included in management and general expenses, if applicable. The Organization had no interest and penalties related to income taxes for the year ended September 30, 2010. The Organization's federal returns are subject to examination generally for three years after they are filed and its state returns generally for four years after they are filed.

J. Subsequent events

The Organization has evaluated events and transactions for potential recognition of disclosure in the financial statements through April 1, 2011, the date on which the financial statements were available to be issued.

Note 2 - Property and equipment

Property and equipment consist of the following at September 30, 2010:

Furniture and equipment	\$ 14,281
Vehicles	24,272
Less accumulated depreciation	<u>(38,553)</u>
	<u>\$ -</u>