

CONSOLIDATED FINANCIAL STATEMENTS



**INVISIBLE CHILDREN, INC.
AND SUBSIDIARIES**

AUDIT REPORT

**FOR THE YEARS ENDED
JUNE 30, 2020 AND 2019**

INVISIBLE CHILDREN, INC. AND SUBSIDIARIES

CONTENTS

	PAGE NO.
INDEPENDENT AUDITOR'S REPORT	2 - 3
EXHIBIT A - Consolidated Statements of Financial Position, as of June 30, 2020 and 2019	4
EXHIBIT B - Consolidated Statements of Activities and Changes in Net Assets, for the Years Ended June 30, 2020 and 2019	5 - 6
EXHIBIT C - Consolidated Statement of Functional Expenses, for the Year Ended June 30, 2020	7
EXHIBIT D - Consolidated Statement of Functional Expenses, for the Year Ended June 30, 2019	8
EXHIBIT E - Consolidated Statements of Cash Flows, for the Years Ended June 30, 2020 and 2019	9
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	10 - 17



CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Invisible Children, Inc. and Subsidiaries
Washington, D.C.

We have audited the accompanying consolidated financial statements of Invisible Children, Inc. and Subsidiaries (collectively the Organization), which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of June 30, 2020 and 2019, and the changes in their net assets and their consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2021, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Friedman".

March 18, 2021

INVISIBLE CHILDREN, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2020 AND 2019

ASSETS		<u>2020</u>	<u>2019</u>
CURRENT ASSETS			
Cash and cash equivalents	\$	568,045	\$ 838,630
Grants receivable		100,967	15,703
Accounts receivable		35,108	107,871
Prepaid expenses		<u>62,562</u>	<u>110,288</u>
Total current assets		<u>766,682</u>	<u>1,072,492</u>
FIXED ASSETS			
Fixed assets, net of accumulated depreciation and amortization of \$141,922 and \$327,686 in 2020 and 2019, respectively		<u>230,498</u>	<u>268,176</u>
OTHER ASSETS			
Security deposits		<u>36,727</u>	<u>36,319</u>
TOTAL ASSETS	\$	<u>1,033,907</u>	\$ <u>1,376,987</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	\$	<u>272,780</u>	\$ <u>376,385</u>
NET ASSETS			
Without donor restrictions		662,543	922,890
With donor restrictions		<u>98,584</u>	<u>77,712</u>
Total net assets		<u>761,127</u>	<u>1,000,602</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>1,033,907</u>	\$ <u>1,376,987</u>

INVISIBLE CHILDREN, INC. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Government grants	\$ 5,650,500	\$ -	\$ 5,650,500
Foundation grants and partnerships	10,206	198,038	208,244
General donations	198,343	1,732	200,075
Other income	1,392	-	1,392
Contributed goods and services	-	-	-
Net assets released from donor restrictions	<u>178,898</u>	<u>(178,898)</u>	<u>-</u>
Total support and revenue	<u>6,039,339</u>	<u>20,872</u>	<u>6,060,211</u>
EXPENSES			
Program Services:			
Protection	4,907,778	-	4,907,778
Advocacy and Awareness	<u>5,601</u>	<u>-</u>	<u>5,601</u>
Total program services	<u>4,913,379</u>	<u>-</u>	<u>4,913,379</u>
Supporting Services:			
General and Administrative	1,229,014	-	1,229,014
Development	<u>157,293</u>	<u>-</u>	<u>157,293</u>
Total supporting services	<u>1,386,307</u>	<u>-</u>	<u>1,386,307</u>
Total expenses	<u>6,299,686</u>	<u>-</u>	<u>6,299,686</u>
Changes in net assets	(260,347)	20,872	(239,475)
Net assets at beginning of year	<u>922,890</u>	<u>77,712</u>	<u>1,000,602</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 662,543</u></u>	<u><u>\$ 98,584</u></u>	<u><u>\$ 761,127</u></u>

2019		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 5,467,846	\$ -	\$ 5,467,846
265,000	212,871	477,871
235,233	1,391	236,624
1,127	-	1,127
13,322	-	13,322
<u>176,522</u>	<u>(176,522)</u>	<u>-</u>
<u>6,159,050</u>	<u>37,740</u>	<u>6,196,790</u>
4,681,614	-	4,681,614
<u>14,764</u>	<u>-</u>	<u>14,764</u>
<u>4,696,378</u>	<u>-</u>	<u>4,696,378</u>
1,237,323	-	1,237,323
<u>104,055</u>	<u>-</u>	<u>104,055</u>
<u>1,341,378</u>	<u>-</u>	<u>1,341,378</u>
<u>6,037,756</u>	<u>-</u>	<u>6,037,756</u>
121,294	37,740	159,034
<u>801,596</u>	<u>39,972</u>	<u>841,568</u>
<u>\$ 922,890</u>	<u>\$ 77,712</u>	<u>\$ 1,000,602</u>

INVISIBLE CHILDREN, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Program Services			Supporting Services			Total Expenses
	Protection	Advocacy and Awareness	Total Program Services	General and Administrative	Development	Total Supporting Services	
Salaries and related costs	\$ 2,374,454	\$ 4,372	\$ 2,378,826	\$ 614,149	\$ 100,764	\$ 714,913	\$ 3,093,739
Contractors	158,662	-	158,662	2,250	27,941	30,191	188,853
Professional services	178,143	70	178,213	384,835	11,508	396,343	574,556
Supplies and equipment	439,714	1,149	440,863	71,976	3,844	75,820	516,683
Subawards	475,243	-	475,243	-	-	-	475,243
Travel	588,223	-	588,223	17,997	1,510	19,507	607,730
Communications	8,444	-	8,444	2,448	2,142	4,590	13,034
Occupancy	144,328	-	144,328	84,285	302	84,587	228,915
Office expenses	347,765	-	347,765	5,695	984	6,679	354,444
Insurance, fees and licenses	115,354	10	115,364	45,379	8,298	53,677	169,041
Total expense before depreciation and amortization	4,830,330	5,601	4,835,931	1,229,014	157,293	1,386,307	6,222,238
Depreciation and amortization	77,448	-	77,448	-	-	-	77,448
TOTAL	\$ 4,907,778	\$ 5,601	\$ 4,913,379	\$ 1,229,014	\$ 157,293	\$ 1,386,307	\$ 6,299,686

See accompanying notes to consolidated financial statements.

INVISIBLE CHILDREN, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Program Services			Supporting Services			Total Expenses
	Protection	Advocacy and Awareness	Total Program Services	General and Administrative	Development	Total Supporting Services	
Salaries and related costs	\$ 1,936,579	\$ 12,598	\$ 1,949,177	\$ 463,027	\$ 69,085	\$ 532,112	\$ 2,481,289
Contractors	249,691	-	249,691	4,846	-	4,846	254,537
Professional services	300,875	-	300,875	321,822	8,800	330,622	631,497
Supplies and equipment	436,732	1,698	438,430	97,751	-	97,751	536,181
Subawards	649,118	-	649,118	-	-	-	649,118
Travel	608,967	445	609,412	65,343	14,122	79,465	688,877
Communications	9,273	-	9,273	14,534	5,551	20,085	29,358
Occupancy	69,563	-	69,563	141,508	-	141,508	211,071
Office expenses	304,729	-	304,729	39,019	1,556	40,575	345,304
Insurance, fees and licenses	63,151	23	63,174	89,473	4,941	94,414	157,588
Total expense before depreciation and amortization	4,628,678	14,764	4,643,442	1,237,323	104,055	1,341,378	5,984,820
Depreciation and amortization	52,936	-	52,936	-	-	-	52,936
TOTAL	\$ 4,681,614	\$ 14,764	\$ 4,696,378	\$ 1,237,323	\$ 104,055	\$ 1,341,378	\$ 6,037,756

See accompanying notes to consolidated financial statements.

INVISIBLE CHILDREN, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (239,475)	\$ 159,034
Adjustments to reconcile changes in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	77,448	52,936
(Increase) decrease in:		
Grants receivable	(85,264)	439,183
Accounts receivable	72,763	(39,647)
Prepaid expenses	47,726	(40,627)
Security deposits	(408)	(11,360)
Decrease in:		
Accounts payable and accrued liabilities	<u>(103,605)</u>	<u>(293,417)</u>
Net cash (used) provided by operating activities	<u>(230,815)</u>	<u>266,102</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	<u>(39,770)</u>	<u>(69,660)</u>
Net cash used by investing activities	<u>(39,770)</u>	<u>(69,660)</u>
Net (decrease) increase in cash and cash equivalents	(270,585)	196,442
Cash and cash equivalents at beginning of year	<u>838,630</u>	<u>642,188</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 568,045</u>	<u>\$ 838,630</u>

INVISIBLE CHILDREN, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

Invisible Children, Inc. and Subsidiaries (collectively the Organization) includes Invisible Children, Inc., Invisible Children, Democratic Republic of Congo, and Invisible Children, Central African Republic. The three entities are commonly controlled; therefore, consolidated financial statements are presented.

The Organization was founded with the specific mission to end Africa's longest-running conflict, led by Joseph Kony and his Lord's Resistance Army (LRA). Since the Organization's founding, it has mobilized unprecedented international action to stop the LRA, helped reduce LRA killings by 93% and helped thousands of central African families become safer from violence through innovative protection programs.

Since 2004, the Organization has worked hand-in-hand with communities affected by the LRA, and has developed unparalleled experience, respected expertise, and a strong network of relationships with community leaders across East and Central Africa. Beginning in 2016, the Organization began leveraging this experience to expand the scope of its mission and programs to improve civilian protection and community resilience in Central Africa in the face of an evolving spectrum of threats, inclusive of, but extending beyond, the LRA conflict.

Presently, the Organization's programs and operations aim to end violence conflict and foster thriving ecosystems in solidarity with the world's most at-risk communities. The Organization's approach entails 1) improving civilian protection through investments in locally-run early warning and early response initiatives, 2) building local capacity for conflict mediation, peacebuilding, and trauma healing support services, 3) increasingly community-level awareness of and involvement in conservation efforts, and 4) advancing effective national and international policies that support civilian protection and recovery, and local peacebuilding efforts in areas impacted by violence conflict.

Basis of presentation -

The accompanying consolidated financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Grants and contributions restricted by donors are reported as increases in net assets without donor restrictions 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 "net assets with donor restrictions", depending on the nature of the restrictions.

INVISIBLE CHILDREN, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Basis of presentation (continued) -

- **Net Assets With Donor Restrictions (continued)** - When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statements of Activities and Changes in Net Assets as net assets released from donor restrictions.

Principles of consolidation -

The accompanying consolidated financial statements include the accounts of the Organization pursuant to the criterion established by FASB ASC 958-810, *Not-for-Profit Entities, Consolidation*. Under FASB ASC 958-810, consolidation is required if a separate not-for-profit organization has control (i.e., major voting interest) and significant economic interest in that other organization. All significant inter-company accounts and transactions have been eliminated in consolidation.

New accounting pronouncement adopted -

During the year ended June 30, 2020, the Organization adopted ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This guidance is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improved guidance to better distinguish between conditional and unconditional contributions. The Organization adopted the ASU using a modified prospective basis.

Cash and cash equivalents -

The Organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, the Organization maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

The Organization had \$121,770 and \$296,214, respectively, of cash and cash equivalents held in accounts in foreign countries at June 30, 2020 and 2019. The majority of these funds are uninsured.

Foreign currency translation -

The dollar ("Dollars") is the functional currency for the Organization's operations. Transactions in currencies other than U.S. Dollars are translated into Dollars at the rate of exchange in effect during the month of the transaction. Current assets and liabilities denominated in non-U.S. currency are translated into Dollars at the exchange rate in effect at the date of the Consolidated Statements of Financial Position.

Grants and accounts receivable -

Grants and accounts receivable are recorded at their net realizable value, which approximates fair value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

INVISIBLE CHILDREN, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Fixed assets -

Fixed assets in excess of \$5,000 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense for the years ended June 30, 2020 and 2019 totaled \$77,448 and \$52,936, respectively.

Impairment of long-lived assets -

Management reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the assets is reduced, by a charge to the Consolidated Statements of Activities and Changes in Net Assets, to its current fair value. No impairments were recorded for the years ended June 30, 2020 and 2019.

Income taxes -

Invisible Children, Inc. is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is only subject to tax on unrelated business income. The Organization is not a private foundation.

Invisible Children, Democratic Republic of Congo and Invisible Children, Central African Republic are registered charitable organizations under the laws and regulations of each respective country.

Uncertain tax positions -

For the years ended June 30, 2020 and 2019, the Organization has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the consolidated financial statements.

Grants and partnerships -

The majority of the Organization's revenue is received through grants and partnerships from the U.S. and foreign governments, international organizations and other entities. Grants and partnerships are recognized in the appropriate category of net assets in the period received. The Organization performs an analysis of the individual transaction to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal.

For grants and partnerships qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Grants and partnerships qualifying as contributions that are unconditional that have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

INVISIBLE CHILDREN, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Grants and partnerships (continued) -

Grants and partnerships qualifying as conditional contain a right of return and a barrier. Revenue is recognized when the condition or conditions are satisfied. Most grants and awards from the United States Government and other entities are for direct and indirect program costs. These transactions are nonreciprocal and classified as conditional and are recognized as contributions when the revenue becomes unconditional. Typically, these agreements also contain a right of return or right of release from obligation provision and the entity has limited discretion over how funds transferred should be spent. As such, the Organization recognizes revenue for these conditional contributions when the related barrier has been overcome (generally, when qualifying expenditures are incurred). Funds received in advance of the incurrence of qualifying expenditures are recorded as refundable advances. For grants treated as contributions, the Organization had approximately \$14,028,035 and \$16,678,535 in unrecognized conditional awards as of June 30, 2020 and 2019, respectively.

Contributed goods and services -

Contributed goods and services consist mostly of donated advertising and legal services. Contributed goods and services are recorded at their fair value as of the date of the gift. The Organization received \$13,322 of donated goods and services for the year ended June 30, 2019, which benefited the Protection and Advocacy and Awareness programs. No contributed goods and services were recorded for the year ended June 30, 2020.

In addition, volunteers have donated amounts of their time to the Organization; these donated services are not reflected in the consolidated financial statements since these services do not meet the criteria for recognition as contributed services.

Use of estimates -

The preparation of the consolidated 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 of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Consolidated Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of the Organization are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

Economic uncertainties -

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact the Organization's operations. The overall potential impact is unknown at this time.

INVISIBLE CHILDREN, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

New accounting pronouncements not yet adopted -

ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended, provides a framework for recognizing revenue and is intended to improve comparability of revenue recognition practices across for-profit and non-profit entities. During 2020, the FASB delayed the implementation date under ASU 2020-05 for an additional year. Organizations may elect to adopt the guidance for annual reporting periods beginning after December 15, 2019 and for interim periods within annual reporting periods beginning after December 15, 2020. Early adoption is still permitted.

ASU 2019-01, *Leases* (Topic 842) changes the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Consolidated Statements of Financial Position and disclosure of key information about leasing arrangements. During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non public entities beginning after December 15, 2021. Early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

The Organization plans to adopt the new ASUs at the required implementation dates and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying consolidated financial statements.

2. FIXED ASSETS

Fixed assets consisted of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Computer equipment and software	\$ -	\$ 263,212
Other equipment	30,548	30,548
Vehicles	<u>341,872</u>	<u>302,102</u>
Total fixed assets	372,420	595,862
Less: Accumulated depreciation and amortization	<u>(141,922)</u>	<u>(327,686)</u>
NET FIXED ASSETS	<u>\$ 230,498</u>	<u>\$ 268,176</u>

3. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose:		
Protection	\$ 72,002	\$ 77,712
Mobile Cinema	<u>26,582</u>	<u>-</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 98,584</u>	<u>\$ 77,712</u>

INVISIBLE CHILDREN, INC. AND SUBSIDIARIES

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

3. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

The following net assets with donor restrictions were released from donor-imposed restrictions by incurring expenses or by the passage of time, which satisfied the restricted purposes specified by the donors:

	2020	2019
Purpose restrictions accomplished:		
Protection	\$ 157,442	\$ 122,565
Defection and Reunification	-	48,957
Mobile Cinema	21,456	5,000
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	\$ 178,898	\$ 176,522

4. JOINT COSTS

During the year ended June 30, 2020 and 2019, the Organization incurred joint costs of \$11,792 and \$34,420 respectively for web and communications activities which included an educational component. Joint costs were allocated as follows for the years ended June 30, 2020 and 2019:

	2020	2019
Program Services:		
Communications	\$ 7,647	\$ 27,803
Web	2,010	2,700
Total program services	9,657	30,503
Supporting Services (Development):		
Communications	1,912	3,620
Web	223	297
Total supporting services	2,135	3,917
TOTAL EXPENSES	\$ 11,792	\$ 34,420

5. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Consolidated Statements of Financial Position date comprise the following:

	2020	2019
Cash and cash equivalents	\$ 568,045	\$ 838,630
Grants receivable	100,967	15,703
Accounts receivable	35,108	107,871
Subtotal financial assets available within one year	704,120	962,204
Less: Donor restricted funds	(98,584)	(77,712)
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	\$ 605,536	\$ 884,492

INVISIBLE CHILDREN, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

5. LIQUIDITY AND AVAILABILITY (Continued)

The Organization has a policy to structure its financial assets to be available and liquid as its obligations become due. As of June 30, 2020 and 2019, the Organization had financial assets equal to approximately one and two months, respectively, of operating expenses.

6. LEASE COMMITMENTS

The Organization leases office space in Washington, D.C. on a month-to-month basis. The Organization also has various short-term and month-to-month lease agreements in foreign countries.

Occupancy expense, including other facility costs, for the years ended June 30, 2020 and 2019, totaled \$228,915 and \$211,071, respectively.

7. RETIREMENT PLAN

The Organization provides retirement benefits to its employees through a defined contribution plan covering all full-time employees. The Organization provides a 100% match of each eligible employee's contribution, up to 3% of covered compensation. Contributions to the plan during the years ended June 30, 2020 and 2019 totaled \$20,318 and \$19,312, respectively.

8. CONCENTRATION OF REVENUE

In October 2017, the Organization received notification of a significant award from the United States Agency for International Development (USAID). The period of performance of the award commenced on October 13, 2017 and terminates on October 12, 2022 (extended to March 30, 2023). The award amount (now \$28,125,799) is obligated on a periodic basis. Additionally, the Organization received notification of an award from the United States Department of State (USDoS) in the amount of \$445,960 for the period September 21, 2017 through March 31, 2019 (increased to \$1,087,935 and extended through April 30, 2021).

The total unliquidated balance of the continuing award has not been recorded as revenue (and grants receivable) due to the conditional nature of the agreement and its reimbursable terms. Upon satisfactory completion of the contributions required under such agreements, the Organization will recognize revenue in the year those conditions have been met.

Approximately 93% and 88%, respectively, of the Organization's revenue for the years ended June 30, 2020 and 2019, was derived from grants awarded by agencies of the United States government. The Organization has no reason to believe that relationships with these agencies will be discontinued in the foreseeable future. However, any interruption of these relationships (i.e., the failure to renew grant agreements or withholding of funds) would adversely affect the Organization's ability to finance ongoing operations.

9. CONTINGENCY

The Organization receives grants from various agencies of the United States Government. Such grants are subject to audit under the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*.

INVISIBLE CHILDREN, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

9. CONTINGENCY (Continued)

The ultimate determination of amounts received under the United States Government grants is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits. Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2020. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

10. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 18, 2021, the date the consolidated financial statements were issued.