

CONSOLIDATED FINANCIAL STATEMENTS



**INVISIBLE CHILDREN, INC.
AND SUBSIDIARIES**

AUDIT REPORT

**FOR THE YEARS ENDED
JUNE 30, 2022 AND 2021**

INVISIBLE CHILDREN, INC. AND SUBSIDIARIES

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2022 and 2021, 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2022 and 2021, and the consolidated 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 and *Government 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 consolidated 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 consolidated 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 consolidated 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 the Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2023, 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 that 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. That 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.



March 27, 2023

INVISIBLE CHILDREN, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2022 AND 2021

ASSETS		<u>2022</u>	<u>2021</u>
CURRENT ASSETS			
Cash and cash equivalents	\$	457,743	\$ 465,793
Grants receivable		516,687	5,108
Accounts receivable		94,294	53,945
Prepaid expenses		<u>144,969</u>	<u>74,380</u>
Total current assets		<u>1,213,693</u>	<u>599,226</u>
FIXED ASSETS			
Fixed assets, net of accumulated depreciation of \$343,786 and \$226,766 in 2022 and 2021, respectively		<u>262,806</u>	<u>298,498</u>
OTHER ASSETS			
Security deposits		<u>36,036</u>	<u>29,171</u>
TOTAL ASSETS	\$	<u>1,512,535</u>	\$ <u>926,895</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	\$	464,648	\$ 223,887
Refundable advance		<u>-</u>	<u>19,952</u>
Total liabilities		<u>464,648</u>	<u>243,839</u>
NET ASSETS			
Without donor restrictions		<u>1,047,887</u>	<u>683,056</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>1,512,535</u>	\$ <u>926,895</u>

INVISIBLE CHILDREN, INC. AND SUBSIDIARIES

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Government grants	\$ 8,052,317	\$ -	\$ 8,052,317
Foundation grants and partnerships	197,765	-	197,765
General donations	174,592	2,722	177,314
Other income	13,174	-	13,174
Net assets released from donor restrictions	<u>2,722</u>	<u>(2,722)</u>	<u>-</u>
Total support and revenue	<u>8,440,570</u>	<u>-</u>	<u>8,440,570</u>
EXPENSES			
Program Services:			
Protection	6,022,894	-	6,022,894
Advocacy and Awareness	<u>770</u>	<u>-</u>	<u>770</u>
Total program services	<u>6,023,664</u>	<u>-</u>	<u>6,023,664</u>
Supporting Services:			
General and Administrative	1,887,480	-	1,887,480
Development	<u>164,595</u>	<u>-</u>	<u>164,595</u>
Total supporting services	<u>2,052,075</u>	<u>-</u>	<u>2,052,075</u>
Total expenses	<u>8,075,739</u>	<u>-</u>	<u>8,075,739</u>
Changes in net assets	364,831	-	364,831
Net assets at beginning of year	<u>683,056</u>	<u>-</u>	<u>683,056</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,047,887</u>	<u>\$ -</u>	<u>\$ 1,047,887</u>

INVISIBLE CHILDREN, INC. AND SUBSIDIARIES

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Government grants	\$ 6,241,607	\$ -	\$ 6,241,607
Foundation grants and partnerships	161,500	-	161,500
General donations	209,206	2,660	211,866
Other income	3,040	-	3,040
Net assets released from donor restrictions	<u>101,244</u>	<u>(101,244)</u>	<u>-</u>
Total support and revenue	<u>6,716,597</u>	<u>(98,584)</u>	<u>6,618,013</u>
EXPENSES			
Program Services:			
Protection	4,974,650	-	4,974,650
Advocacy and Awareness	<u>10,112</u>	<u>-</u>	<u>10,112</u>
Total program services	<u>4,984,762</u>	<u>-</u>	<u>4,984,762</u>
Supporting Services:			
General and Administrative	1,330,350	-	1,330,350
Development	<u>380,972</u>	<u>-</u>	<u>380,972</u>
Total supporting services	<u>1,711,322</u>	<u>-</u>	<u>1,711,322</u>
Total expenses	<u>6,696,084</u>	<u>-</u>	<u>6,696,084</u>
Changes in net assets	20,513	(98,584)	(78,071)
Net assets at beginning of year	<u>662,543</u>	<u>98,584</u>	<u>761,127</u>
NET ASSETS AT END OF YEAR	<u>\$ 683,056</u>	<u>\$ -</u>	<u>\$ 683,056</u>

INVISIBLE CHILDREN, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services			Supporting Services			Total Expenses
	Protection	Advocacy and Awareness	Total Program Services	General and Administrative	Development	Total Supporting Services	
Salaries and related costs	\$ 2,779,642	\$ 770	\$ 2,780,412	\$ 1,109,622	\$ 134,135	\$ 1,243,757	\$ 4,024,169
Contractors	162,674	-	162,674	143,533	15,100	158,633	321,307
Professional services	76,626	-	76,626	295,955	1,250	297,205	373,831
Supplies and equipment	529,323	-	529,323	112,998	12,028	125,026	654,349
Subawards	698,358	-	698,358	31,085	-	31,085	729,443
Travel	706,335	-	706,335	60,435	47	60,482	766,817
Communications	979	-	979	6,911	722	7,633	8,612
Occupancy	168,522	-	168,522	43,560	-	43,560	212,082
Office expenses and miscellaneous	655,237	-	655,237	18,970	1,277	20,247	675,484
Insurance, fees and licenses	128,178	-	128,178	64,411	36	64,447	192,625
Total expenses before depreciation	5,905,874	770	5,906,644	1,887,480	164,595	2,052,075	7,958,719
Depreciation	117,020	-	117,020	-	-	-	117,020
TOTAL	\$ 6,022,894	\$ 770	\$ 6,023,664	\$ 1,887,480	\$ 164,595	\$ 2,052,075	\$ 8,075,739

See accompanying notes to consolidated financial statements.

INVISIBLE CHILDREN, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Services			Supporting Services			Total Expenses
	Protection	Advocacy and Awareness	Total Program Services	General and Administrative	Development	Total Supporting Services	
Salaries and related costs	\$ 2,431,036	\$ 6,483	\$ 2,437,519	\$ 956,643	\$ 165,819	\$ 1,122,462	\$ 3,559,981
Contractors	155,634	3,119	158,753	56	95,604	95,660	254,413
Professional services	83,661	203	83,864	195,036	102,182	297,218	381,082
Supplies and equipment	489,455	307	489,762	46,509	8,427	54,936	544,698
Subawards	468,232	-	468,232	-	-	-	468,232
Travel	608,752	-	608,752	29,529	5,749	35,278	644,030
Communications	3,917	-	3,917	2,306	2,833	5,139	9,056
Occupancy	169,068	-	169,068	41,809	-	41,809	210,877
Office expenses and miscellaneous	349,035	-	349,035	12,946	345	13,291	362,326
Insurance, fees and licenses	136,442	-	136,442	45,516	13	45,529	181,971
Total expenses before depreciation	4,895,232	10,112	4,905,344	1,330,350	380,972	1,711,322	6,616,666
Depreciation	79,418	-	79,418	-	-	-	79,418
TOTAL	\$ 4,974,650	\$ 10,112	\$ 4,984,762	\$ 1,330,350	\$ 380,972	\$ 1,711,322	\$ 6,696,084

INVISIBLE CHILDREN, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 364,831	\$ (78,071)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	117,020	79,418
(Increase) decrease in:		
Grants receivable	(511,579)	95,859
Accounts receivable	(40,349)	(18,837)
Prepaid expenses	(70,589)	(11,818)
Security deposits	(6,865)	7,556
Increase (decrease) in:		
Accounts payable and accrued liabilities	240,761	(48,893)
Refundable advance	<u>(19,952)</u>	<u>19,952</u>
Net cash provided by operating activities	<u>73,278</u>	<u>45,166</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	<u>(81,328)</u>	<u>(147,418)</u>
Net cash used by investing activities	<u>(81,328)</u>	<u>(147,418)</u>
Net decrease in cash and cash equivalents	(8,050)	(102,252)
Cash and cash equivalents at beginning of year	<u>465,793</u>	<u>568,045</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 457,743</u>	<u>\$ 465,793</u>

INVISIBLE CHILDREN, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

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. 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.

INVISIBLE CHILDREN, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

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

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 pronouncements adopted -

During the year ended June 30, 2022, the Organization adopted Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which improves generally accepted accounting principles (GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this update address certain stakeholders' concerns about the lack of transparency relating to the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in a NFP's programs and other activities. The ASU was adopted retrospectively and did not change the recognition and measurement requirements for those contributed nonfinancial assets.

During the year ended June 30, 2021, the Organization adopted ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. The ASU provides a framework for recognizing revenue and is intended to improve comparability of revenue recognition practices across for-profit and non-profit entities. Analysis of the various provisions of this standard resulted in no significant changes in the way the Organization recognized revenue; however, the presentation and disclosures of revenue have been enhanced. The Organization has elected to opt out of all disclosures not required for nonpublic entities and also elected a modified retrospective approach for implementation.

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 \$196,625 and \$317,493, respectively, of cash and cash equivalents held in accounts in foreign countries at June 30, 2022 and 2021. 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.

INVISIBLE CHILDREN, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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

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 within one year. Accordingly, an allowance for doubtful accounts has not been established.

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 expense for the years ended June 30, 2022 and 2021 totaled \$117,020 and \$79,418, 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, 2022 and 2021.

Income taxes -

Invisible Children, Inc. is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements. 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, 2022 and 2021, 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 under ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

INVISIBLE CHILDREN, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

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

Grants and partnerships (continued) -

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 consolidated financial statements.

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 \$1,797,282 and \$11,786,190, in unrecognized conditional awards as of June 30, 2022 and 2021, respectively.

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.

New accounting pronouncement not yet adopted -

The FASB issued Accounting Standards Update (ASU) 2019-01, *Leases* (Topic 842), which 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 which delayed the implementation date by one year. The ASU is effective for non-public entities for fiscal years beginning after December 15, 2021. 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.

INVISIBLE CHILDREN, INC. AND SUBSIDIARIES

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

2. FIXED ASSETS

Fixed assets consisted of the following at June 30, 2022 and 2021:

	2022	2021
Vehicles	\$ 519,591	\$ 465,753
Other equipment	87,001	59,511
Total fixed assets	606,592	525,264
Less: Accumulated depreciation	(343,786)	(226,766)
NET FIXED ASSETS	\$ 262,806	\$ 298,498

3. NET ASSETS RELEASED FROM DONOR RESTRICTIONS

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

	2022	2021
Purpose restrictions accomplished:		
Protection	\$ -	\$ 72,002
Mobile Cinema	-	26,582
Sister Angelique Partnership	2,722	2,660
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	\$ 2,722	\$ 101,244

There were no net assets with donor restrictions at June 30, 2022 and 2021.

4. JOINT COSTS

During the years ended June 30, 2022 and 2021, the Organization incurred joint costs of \$16,893 and \$21,045, respectively, for web and communications activities which included an educational component.

Joint costs were allocated as follows for the years ended June 30, 2022 and 2021:

	2022	2021
Program Services:		
Communications	\$ 11,519	\$ 15,089
Web	2,245	1,966
Total program services	13,764	17,055
Supporting Services (Development):		
Communications	2,880	3,772
Web	249	218
Total supporting services	3,129	3,990
TOTAL EXPENSES	\$ 16,893	\$ 21,045

INVISIBLE CHILDREN, INC. AND SUBSIDIARIES

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

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:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 457,743	\$ 465,793
Grants receivable	516,687	5,108
Accounts receivable	<u>94,294</u>	<u>53,945</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 1,068,724</u>	<u>\$ 524,846</u>

The Organization has a policy to structure its financial assets to be available and liquid as its obligations become due.

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.

In May 2022, the Organization signed a lease agreement for office space in Washington, D.C. for a period of six months, commencing July 1, 2022 and terminating on December 31, 2022.

The following is a schedule of the future minimum lease payments:

Year Ending June 30, 2022	<u>\$ 20,580</u>
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Occupancy expense, including other facility costs, for the years ended June 30, 2022 and 2021, totaled \$214,158 and \$210,877, 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, 2022 and 2021 totaled \$29,893 and \$25,988, 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. The Organization received notification of an additional award from USAID in June 2021. The period of performance of the this award commenced on June 15, 2021 and terminates on June 14, 2024. The award amount of \$3,999,762 is obligated on a periodic basis. Additionally, the Organization received two awards from the United States Department of State (USDoS) in the amounts of \$1,481,480 and \$987,654. The awards commenced on September 30, 2021 and the first award terminates on January 31, 2023 and the other award terminates on February 28, 2023.

INVISIBLE CHILDREN, INC. AND SUBSIDIARIES

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8. CONCENTRATION OF REVENUE (Continued)

The total unliquidated balance of the continuing awards have not been recorded as revenue (and grants receivable) due to the conditional nature of the agreements and their 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 95% and 94%, respectively, of the Organization's revenue for the years ended June 30, 2022 and 2021, 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)*.

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 2022. 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 27, 2023, the date the consolidated financial statements were issued.