

International Orthodox Christian Charities, Inc. and Affiliate

Consolidated Financial Report
December 31, 2020

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RSM US LLP

Independent Auditor's Report

Board of Directors
International Orthodox Christian Charities, Inc.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of International Orthodox Christian Charities, Inc. and Affiliate (IOCC), which comprise the consolidated statement of financial position as of December 31, 2020, the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of IOCC as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Report on Summarized Comparative Information

We have previously audited IOCC's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 20, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 14, 2021, on our consideration of IOCC'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 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 IOCC's internal control over financial reporting and compliance.

RSM US LLP

Baltimore, Maryland
April 14, 2021

International Orthodox Christian Charities, Inc. and Affiliate

Consolidated Statement of Financial Position

December 31, 2020

(With Comparative Totals for 2019)

	2020	2019
Assets		
Cash and cash equivalents	\$ 9,327,278	\$ 7,817,227
Investments	4,995,384	4,516,571
Receivables, net	2,433,466	2,717,754
Prepaid expenses	175,364	136,582
Deposits and other	11,016	8,088
Commodity inventory	4,731,393	6,048,259
Property and equipment, net	106,359	105,907
	\$ 21,780,260	\$ 21,350,388
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 136,685	\$ 76,634
Accrued expenses and other liabilities	412,885	507,038
Severance liability	613,355	567,782
Advances received for programs	1,449,915	1,003,917
Paycheck Protection Program promissory note	413,005	-
Other liabilities	8,017	2,806
	3,033,862	2,158,177
Commitments and Contingencies (Notes 9 and 14)		
Net Assets:		
Without donor restrictions:		
Undesignated	6,527,963	6,334,116
Board designated	1,000,000	1,000,000
	7,527,963	7,334,116
With donor restrictions	11,218,435	11,858,095
	18,746,398	19,192,211
	\$ 21,780,260	\$ 21,350,388

See notes to consolidated financial statements.

International Orthodox Christian Charities, Inc. and Affiliate

**Consolidated Statement of Activities
Year Ended December 31, 2020
(With Comparative Totals for 2019)**

	2020			2019 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Support and revenue:				
Grants:				
Federal, cash and in-kinds	\$ 3,547,863	\$ -	\$ 3,547,863	\$ 3,280,244
International agencies	9,756,388	-	9,756,388	10,430,392
Contributions:				
In-kind	131,383	8,690,356	8,821,739	8,835,126
Orthodox church institutions	294,947	278,669	573,616	378,316
Individual	3,503,380	920,836	4,424,216	3,695,221
Foundations	507,909	1,182,804	1,690,713	1,101,417
Metropolitan committee events	562,714	24,062	586,776	808,297
Micro-credit loan interest	70,326	-	70,326	68,371
Third party giving	384,800	14,745	399,545	335,948
Investment income, net	71,958	359,098	431,056	700,698
Other	23,528	-	23,528	20,394
Net assets released from restrictions	12,110,230	(12,110,230)	-	-
Total support and revenue	30,965,426	(639,660)	30,325,766	29,654,424
Expenses:				
Program services	26,177,566	-	26,177,566	22,993,032
Support services:				
Management and general	3,275,822	-	3,275,822	3,539,730
Fundraising	1,318,191	-	1,318,191	1,498,265
Total expenses	4,594,013	-	4,594,013	5,037,995
Total expenses	30,771,579	-	30,771,579	28,031,027
Change in net assets	193,847	(639,660)	(445,813)	1,623,397
Net assets:				
Beginning	7,334,116	11,858,095	19,192,211	17,568,814
Ending	\$ 7,527,963	\$ 11,218,435	\$ 18,746,398	\$ 19,192,211

See notes to consolidated financial statements.

International Orthodox Christian Charities, Inc. and Affiliate

**Consolidated Statement of Functional Expenses
Year Ended December 31, 2020
(With Comparative Totals for 2019)**

	Program Services					Total Program Services
	The Americas	Europe	Middle East	Africa	HQ International	
Commodities distributed	\$ 1,760,871	\$ 7,814,894	\$ 2,211,826	\$ -	\$ 181,619	\$ 11,969,210
Salaries and benefits	339,032	325,046	4,548,001	240,518	-	5,452,597
Site support	17,606	27,188	1,549,801	20,638	-	1,615,233
Training and seminars	422	2,280	33,002	30,420	-	66,124
Professional fees	43,108	111,691	259,358	2,747	83,255	500,159
Travel	49,694	11,052	127,132	8,678	-	196,556
Construction costs	-	-	1,652,611	-	-	1,652,611
Grants to other agencies	80,045	1,094,984	2,728,063	87,497	135,497	4,126,086
Office expenses	15,372	36,782	221,353	10,591	900	284,998
Publications and advertising	600	540	6,065	1,801	-	9,006
International transportation	-	49,152	15,132	-	12,905	77,189
Communications	4,202	3,981	52,279	3,933	-	64,395
Vehicle costs	24,263	16,154	67,662	14,292	-	122,371
Capital equipment	1,168	5,865	17,012	292	4,289	28,626
Metropolitan committee expense	-	-	-	-	-	-
Internal transit, handling and storage	11,985	10,046	77,843	-	3,161	103,035
Bank charges	57	3,510	13,547	419	-	17,533
Insurance	211	28	10,276	-	-	10,515
Registration fees	350	435	5,031	700	-	6,516
Equipment costs	1,718	58	7,704	-	-	9,480
Depreciation	25,736	6,423	18,297	-	-	50,456
Currency (gain) loss	-	(130,176)	(61,345)	2,759	-	(188,762)
Other costs	426	616	2,476	114	-	3,632
Total expenses	\$ 2,376,866	\$ 9,390,549	\$ 13,563,126	\$ 425,399	\$ 421,626	\$ 26,177,566

(Continued)

International Orthodox Christian Charities, Inc. and Affiliate

Consolidated Statement of Functional Expenses (Continued)
Year Ended December 31, 2020
(With Comparative Totals for 2019)

	Support Services			2020 Total	2019 Total
	Management and General	Fundraising	Total Support Services		
Commodities distributed	\$ -	\$ 294	\$ 294	\$ 11,969,504	\$ 6,074,890
Salaries and benefits	1,971,684	728,722	2,700,406	8,153,003	7,005,263
Site support	-	-	-	1,615,233	2,750,182
Training and seminars	2,116	119	2,235	68,359	165,284
Professional fees	712,860	251,277	964,137	1,464,296	1,798,663
Travel	9,915	13,561	23,476	220,032	767,112
Construction costs	-	-	-	1,652,611	1,571,112
Grants to other agencies	-	-	-	4,126,086	5,987,629
Office expenses	297,838	76,115	373,953	658,951	668,212
Publications and advertising	35,734	128,561	164,295	173,301	195,615
International transportation	-	-	-	77,189	56,045
Communications	67,827	78,450	146,277	210,672	212,744
Vehicle costs	-	2,139	2,139	124,510	164,733
Capital equipment	8,533	216	8,749	37,375	18,778
Metropolitan committee expense	-	21,975	21,975	21,975	78,405
Internal transit, handling and storage	-	-	-	103,035	139,841
Bank charges	95,988	-	95,988	113,521	78,598
Insurance	52,590	-	52,590	63,105	60,258
Registration fees	3,569	16,685	20,254	26,770	34,329
Equipment costs	11,826	-	11,826	21,306	20,975
Depreciation	431	-	431	50,887	38,565
Currency (gain) loss	-	-	-	(188,762)	108,658
Other costs	4,911	77	4,988	8,620	35,136
Total expenses	\$ 3,275,822	\$ 1,318,191	\$ 4,594,013	\$ 30,771,579	\$ 28,031,027

See notes to consolidated financial statements.

International Orthodox Christian Charities, Inc. and Affiliate

**Consolidated Statement of Cash Flows
Year Ended December 31, 2020
(With Comparative Totals for 2019)**

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ (445,813)	\$ 1,623,397
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	50,887	38,565
Contributions restricted for permanent endowment	(155,000)	(53,000)
Donated commodities	(8,690,356)	(8,728,731)
Commodities distributed	11,969,504	6,074,890
Donated investments	(178,388)	(123,006)
Realized/unrealized gain on investments, net	(305,108)	(533,636)
Changes in assets and liabilities:		
(Increase) decrease in:		
Receivables	284,288	(367,933)
Commodity purchases	(1,962,282)	(895,137)
Prepaid expenses, deposits and other	(41,710)	(2,800)
Increase (decrease) in:		
Accounts payable	60,051	(36,926)
Accrued expenses	(94,153)	205,331
Severance liability	45,573	38,999
Advances received for programs	445,998	(1,109,359)
Other liabilities	5,211	(6,717)
Net cash provided by (used in) operating activities	988,702	(3,876,063)
Cash flows from investing activities:		
Proceeds from sales of investments	1,539,264	451,364
Purchases of investments	(1,534,581)	(507,241)
Purchases of property and equipment	(51,339)	(38,678)
Net cash used in investing activities	(46,656)	(94,555)
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program promissory note	413,005	-
Contributions restricted to permanent endowment	155,000	53,000
Net cash provided by financing activities	568,005	53,000
Net increase (decrease) in cash and cash equivalents	1,510,051	(3,917,618)
Cash and cash equivalents:		
Beginning	7,817,227	11,734,845
Ending	\$ 9,327,278	\$ 7,817,227
Supplemental schedule of noncash operating activities:		
Donated commodities	\$ 8,690,356	\$ 8,728,731

See notes to consolidated financial statements.

International Orthodox Christian Charities, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: International Orthodox Christian Charities, Inc. and Affiliate (IOCC) consist of two entities: International Orthodox Christian Charities, Inc. and IOCC Foundation, Incorporated.

International Orthodox Christian Charities, Inc. was incorporated on March 10, 1992, as the international humanitarian agency of the Standing Conference of Canonical Orthodox Bishops in the Americas (SCOBA). During 2012, SCOBA transitioned to the Assembly of Canonical Orthodox Bishops of the United States of America. International Orthodox Christian Charities, Inc. is an independent nonprofit corporation governed by a volunteer Board of Directors (the Board) comprised of clergy and lay persons representing the various Eastern Orthodox jurisdictions in the United States.

International Orthodox Christian Charities, Inc., in the spirit of Christ's love, offers emergency relief and development programs to those in need worldwide without discrimination and strengthens the capacity of the Orthodox Church to so respond. In carrying out this mission, IOCC assumes the highest professional standards and renders itself fully accountable to the public and its donors. Assistance is provided solely on the basis of need. Support is derived primarily from grants and donations of various private and government agencies worldwide as well as monies contributed by organizations affiliated with the Orthodox Church.

IOCC Foundation, Incorporated (the Foundation) is a nonprofit organization which was incorporated in Delaware on October 7, 2004. The Foundation is organized exclusively for charitable and educational purposes for the benefit of International Orthodox Christian Charities, Inc.

A summary of IOCC's program sectors are as follows:

Agriculture and food security: Programs help rural families raise their levels of nutrition, standard of living and agricultural productivity.

Emergency preparedness and response: Programs address the immediate needs of people suffering from natural disaster, war or civil unrest.

Health: Programs help protect the well-being of communities through prevention and intervention.

Water, sanitation and hygiene (WASH): Programs help improve access to clean and safe water and minimize public health threats in vulnerable communities.

Sustainable livelihoods: Programs give people the means to secure basic necessities with dignity.

A summary of IOCC's significant accounting policies follows:

Basis of accounting: The accompanying consolidated financial statements have been prepared on the accrual basis of accounting, whereby unconditional support is recognized when received, revenue is recognized when earned and expenses are recognized when incurred.

Basis of presentation: The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Not-for-Profit Entities topic of the Accounting Standards Codification (ASC). IOCC is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

International Orthodox Christian Charities, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Net assets without donor restrictions: Represent resources that are neither invested in perpetuity, nor purpose or time restricted by donor-imposed stipulations and are available for the support of general operating activities.

Net assets with donor restrictions: Represent resources whose use is limited by donor-imposed stipulations that either expire by the passage of time, are invested in perpetuity or can be fulfilled and removed by actions of IOCC pursuant to these stipulations. Net assets may be restricted for various purposes, such as use in future periods or use for specified parties. Earnings on endowment funds are either net assets with donor restrictions for program purposes or are available for operations as specified by the donor.

Consolidation policy: The accompanying consolidated financial statements include the accounts of IOCC and the Foundation, which is under common control due to the majority of Board members overlapping on the Boards of both International Orthodox Christian Charities, Inc. and the Foundation. All significant transactions between International Orthodox Christian Charities, Inc. and the Foundation have been eliminated in the consolidation.

Financial risk: IOCC maintains its cash in bank deposit accounts which at times may exceed federally insured limits. IOCC has not experienced any losses in such accounts. IOCC believes it is not exposed to any significant financial risk on cash. Deposits held at institutions outside of the United States are not subject to depository insurance. At December 31, 2020, approximately \$1.28 million of deposits were held in numerous financial institutions outside of the United States.

IOCC invests in professionally managed portfolios that primarily include exchange traded funds, fixed income securities, equities and mutual funds. Such investments are exposed to various risks such as market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the consolidated financial statements.

Cash and cash equivalents: For purposes of reporting cash flows, IOCC considers all highly liquid investments with a maturity of three months or less to be cash equivalents. All cash and cash equivalents regardless of maturity, held by the investment advisors, are considered investments.

Investments: Investments are reflected at fair value. To adjust the carrying values of these securities, the change in fair value is recorded as a component of investment income in the consolidated statement of activities. Investments include any cash held within the investment portfolio.

Receivables: Receivables are comprised mainly of costs in excess of amounts billed on federal and international grants and a loan to a microcredit organization. Recoverable costs for federal grants are billable when expenditures are incurred. As these amounts are mainly due from the U.S. government, it is anticipated that all receivables are collectible.

Receivable balances are carried at original invoice amount less an estimate made for doubtful accounts based on a review of all outstanding invoices on a monthly basis. Management determines the provision for doubtful accounts by regularly evaluating individual amounts due and considers prior history and historical proven collectability. Receivables are considered past due if the invoice has been outstanding for more than 30 days. As of December 31, 2020, there was no provision for doubtful accounts.

Most receivables are contract related. However, in the event that a donor makes an irrevocable promise to pay a set amount in a future reporting period, management records that amount as a receivable.

International Orthodox Christian Charities, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Commodity inventory: Commodity inventory consists of commodities either purchased by IOCC or donated from other non-governmental organizations for distribution related to specific relief programs that have not been distributed at December 31, 2020. Donated inventory is stated at fair value and purchased inventory is stated at the lower of cost or net realizable value.

Property and equipment: IOCC capitalizes all property and equipment with a cost of \$5,000 or more. Property and equipment is recorded at cost and depreciated on the straight-line basis over estimated useful lives of three to ten years. Leasehold improvements are recorded at cost and depreciated on the straight-line basis over the lesser of the estimated useful life or remaining lease term.

Support and revenue: Unconditional contributions are recognized as revenue upon receipt or when unconditional promises to give are received. All donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restriction.

Support and revenue related to government and other grants is recognized when funds are utilized by IOCC to carry out the activity stipulated by the grant or contract, since such contracts can be terminated by the grantor, or refunding can be required under certain circumstances coupled with other performance and/or control barriers. For this reason, IOCC's grant agreements are considered conditional and so, referred to as "conditional grants." Accordingly, amounts received, but not recognized as revenue, are classified in the consolidated statement of financial position as advances received for programs.

Gifts-in-kind revenue is recognized as revenue in circumstances in which IOCC has sufficient discretion over the use and disposition of the items to recognize a contribution. Accordingly, the recognition of gifts-in-kind revenue is limited to circumstances in which IOCC takes constructive possession of the gifts-in-kind and IOCC is the recipient of the gift rather than an agent or intermediary.

IOCC receives books from other non-governmental organizations that provide a value for the shipment based on the average unit value which is calculated from the fair value information as provided by the publishers. IOCC receives in-kind contributions from faith-based non-governmental organizations of handmade quilts and kits that have been purchased and packaged to be distributed. These in-kind contributions are recorded at the average value of the kits, which is the cost an individual would pay for the items in stores in the United States.

Contributions of medical equipment and supplies are recorded also at estimated wholesale value based upon appropriate wholesale price guides or other online pricing sources as applicable. Non-pharmaceutical gifts-in-kind contributions received by IOCC are valued at their estimated wholesale value as provided by the donor or, in the absence of the donors' valuation, using like-kind methodology that references United States wholesale pricing data for similar products.

Donated time and services are recorded at the fair value for the position or service provided for the related geographic region when they meet certain requirements for recognition. Donated investments are recorded as contributions at their fair value at the date of donation.

Functional allocation of expenses: The consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function. As a result, these expenses require allocation on a reasonable basis that is consistently applied within the organization. The expenses that are allocated are salaries and benefits, fuel and maintenance, and office expenses including rent, utilities and supplies.

International Orthodox Christian Charities, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Salaries and benefits are allocated based on timesheets prepared on a basis of time and effort. Fuel and maintenance is allocated based on vehicle usage. Office expenses including rent, utilities and supplies are allocated based on dollar amounts of expenditures incurred on projects.

Foreign currency translation: The functional currency of IOCC is the U.S. dollar. The consolidated financial statements and transactions of IOCC's foreign operations are generally maintained in the relevant local currency. Where local currencies are used, assets and liabilities are translated into U.S. dollars at the consolidated statement of financial position date at the exchange rate in effect at year-end. Monthly expenses that are incurred by field offices in foreign countries are translated into U.S. dollars at the rate of exchange in effect during the month of the transaction.

Foreign currency transactions: Gains and losses from foreign currency exchange transactions are netted with expenses on the consolidated statement of activities. Gains on foreign currency fluctuations were \$188,762 for the year ended December 31, 2020.

Use of estimates: The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income tax: International Orthodox Christian Charities, Inc. and the Foundation are generally exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. In addition, they both qualify for charitable contributions deductions and have been classified as organizations that are not private foundations. Income which is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. IOCC had no net unrelated business income for the year ended December 31, 2020.

IOCC has adopted the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this policy IOCC may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position would be sustained on examination by taxing authorities, based on the technical merits of the position. Management has evaluated IOCC's tax positions and has concluded that IOCC has taken no uncertain tax positions that require adjustment to the consolidated financial statements to comply with the provisions of this guidance.

Generally, IOCC is no longer subject to income tax examinations for the U.S. federal, state or local tax authorities before 2017.

Prior year information: The consolidated financial statements include certain prior year summarized comparative information in total, but not by net asset class or function. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Accordingly, such information should be read in conjunction with IOCC's consolidated financial statements for the year ended December 31, 2019, from which the summarized information was derived.

International Orthodox Christian Charities, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Adopted accounting pronouncement: In June 2018, the FASB issued Accounting Standards Update (ASU) 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The ASU has different effective dates for resource recipients and resource providers. Where IOCC is a resource recipient, the ASU was adopted on a modified prospective basis for the year ended December 31, 2019. Where IOCC is a resource provider, this ASU is effective for the year ended December 31, 2020 and did not have any impact on IOCC's consolidated financial statements.

Upcoming accounting pronouncements: In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheets for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statements of activities. The new standard is effective for IOCC for the fiscal year beginning January 1, 2022. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the consolidated financial statements, with certain practical expedients available. IOCC is currently evaluating the impact of the pending adoption of the new standard on the consolidated financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. This guidance will be effective for IOCC's fiscal year ending December 31, 2022. IOCC is in the process of evaluating the impact of this new guidance on the consolidated financial statements.

Uncertainties: On January 30, 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak a "Public Health Emergency of International Concern" and, on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of COVID-19 include restrictions on travel, quarantine in certain areas and forced closures for certain types of public places and businesses. COVID-19 and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries. It is unknown how long these conditions will last and what the complete financial effect will be on IOCC. The extent of the impact of COVID-19 on IOCC's operations and financial performance are uncertain and cannot be predicted. Management is continually monitoring the impact of COVID-19.

Subsequent events: IOCC has evaluated subsequent events through April 14, 2021, which is the date the consolidated financial statements were available to be issued.

International Orthodox Christian Charities, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 2. Cash and Cash Equivalents

Cash and cash equivalents at December 31, 2020, consist of the following:

Earmarked for certain projects (donor restricted)	\$ 3,837,468
Unrestricted:	
Severance liability	601,979
Board designated	1,000,000
Undesignated	3,887,831
	<u>\$ 9,327,278</u>

Note 3. Investments and Fair Value Measurements

Investments at December 31, 2020, consist of the following:

Exchange-traded funds (ETFs)	\$ 2,718,145
Mutual funds	1,344,301
Fixed income	875,708
Cash and cash equivalents	57,230
	<u>\$ 4,995,384</u>

Investment income, net, for the year ended December 31, 2020, consists of the following:

Realized and unrealized gains, net	\$ 305,108
Interest and dividends	137,080
Investment fees	(11,132)
	<u>\$ 431,056</u>

The Fair Value Measurement topic of the ASC defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined under the Fair Value Topic of the ASC as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy under the Fair Value Measurements topic of the ASC are described below:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

In certain cases, the inputs used to measure the fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. IOCC's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

Investments in securities traded on a national securities exchange or reported on the NASDAQ national market are stated at the last reported sales price on the day of valuation. These financial instruments are classified as Level 1 in the fair value hierarchy.

International Orthodox Christian Charities, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 3. Investments and Fair Value Measurements (Continued)

Investments in certificates of deposit at the last reported sales price on the day of valuation. These financial instruments are classified as Level 2 in the fair value hierarchy.

The following table presents IOCC's fair value hierarchy for those assets measured at fair value on a recurring basis as of December 31, 2020:

Description	Assets at Fair Value as of December 31, 2020			
	Total	Level 1	Level 2	Level 3
Exchange Traded Funds (ETFs):				
Domestic equity	\$ 1,420,259	\$ 1,420,259	\$ -	\$ -
Foreign equity	949,854	949,854	-	-
Foreign real estate	131,573	131,573	-	-
Commodities	114,035	114,035	-	-
Domestic real estate	102,424	102,424	-	-
	<u>2,718,145</u>	<u>2,718,145</u>	-	-
Fixed income:				
Certificates of deposit	875,708	-	875,708	-
	<u>875,708</u>	-	<u>875,708</u>	-
Mutual funds:				
Domestic equity and bond	125,438	125,438	-	-
Domestic bond	757,209	757,209	-	-
Foreign bond	353,671	353,671	-	-
Global bond	107,983	107,983	-	-
	<u>1,344,301</u>	<u>1,344,301</u>	-	-
	<u>\$ 4,938,154</u>	<u>\$ 4,062,446</u>	<u>\$ 875,708</u>	<u>\$ -</u>

Cash and cash equivalents temporarily held in the investment portfolio are excluded from the fair value hierarchy as cash is generally measured at cost. As such, \$57,230 of cash and cash equivalents held in investments at December 31, 2020, have been excluded from this table.

Note 4. Receivables

Receivables at December 31, 2020, consist of the following:

Unbilled receivables	\$ 303,714
Micro-credit lending – Bosnia	1,483,060
Advances and other receivables	646,692
	<u>\$ 2,433,466</u>

IOCC has advanced funds to a micro-credit organization in Bosnia and Herzegovina in order to make microcredit loans to low-income individuals. The loans totaled 2,361,871 Bosnian Mark (which is equivalent to \$1,483,060 at December 31, 2020, and are secured by collateral which substantially exceeds the loan balances. All loans must be repaid no later than July 31, 2022.

International Orthodox Christian Charities, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 5. Commodity Inventory

Commodity inventory at December 31, 2020, consists of the following:

Medical	\$ 3,693,234
Other – blankets, quilts, baby kits, mattresses	421,070
Hygiene kits and personal care kits	350,280
Books	244,309
School kits	22,500
	<u>\$ 4,731,393</u>

Note 6. Advances Received from Programs

Advances received from programs at December 31, 2020, are available for grant programs in the following areas:

Lebanon	\$ 658,587
Jordan	367,940
Syria	276,246
Greece	96,913
Uganda	34,650
Jerusalem/West Bank/Gaza	15,579
	<u>\$ 1,449,915</u>

Note 7. Line of Credit

IOCC has a \$1,000,000 line of credit agreement with a bank that expires on July 31, 2021. Interest is at the U.S. prime rate plus 0.5% (3.25% at December 31, 2020) and is payable monthly. The line of credit is unsecured and renews annually. At December 31, 2020, this line of credit did not have an outstanding balance.

Note 8. Paycheck Protection Program Promissory Note

On May 1, 2020, IOCC applied for and received \$413,005 from the Paycheck Protection Program (PPP) as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Funds from the note may only be used for payroll costs, interest on other debt obligations, leases, and utilities. IOCC used the entire loan amount for qualifying expenses. IOCC applied for and received loan forgiveness on March 22, 2021. As of December 31, 2020, IOCC has elected to record the loan under the ASC Topic 470. Under ASC 470, IOCC will recognize income for any amount forgiven in the fiscal year ending December 31, 2021.

Note 9. Leases

IOCC has a lease for office space for the Baltimore, Maryland office through January 31, 2027. Overseas offices have short-term leases. Total rent expense for the year ended December 31, 2020, including overseas offices and other operating leases, was \$328,067.

International Orthodox Christian Charities, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 9. Leases (Continued)

Future minimum rental payments for IOCC's operating leases are as follows:

Years ending December 31:		
2021	\$	215,885
2022		211,845
2023		185,344
2024		131,682
2025		130,710
Thereafter		140,244
	\$	<u>1,015,710</u>

Note 10. Board Designated Net Assets

The Board designated net assets for the establishment of a reserve fund. The Board designated fund is included in cash and cash equivalents on the consolidated statement of financial position. At December 31, 2020, the Board designated net assets comprise a reserve fund of \$1,000,000.

Note 11. Net Assets With Donor Restrictions

Changes in net assets with donor restrictions during 2020, were as follows:

	Balance December 31, 2019	Additions/ Income	Releases	Balance December 31, 2020
Subject to expenditure for a specified purpose:				
IOCC:				
USA	\$ 536,256	\$ 289,404	\$ (417,537)	\$ 408,123
HQ International	5,262,019	4,041,293	(6,651,052)	2,652,260
Greece	2,002,946	5,944,739	(4,339,439)	3,608,246
Lebanon/Syria	502,226	463,703	(367,365)	598,564
Jordan	10,547	2,521	(801)	12,267
Jerusalem/ West Bank/ Gaza	48,280	19,960	-	68,240
Ethiopia/Uganda	97,952	143,368	(180,081)	61,239
Western Balkans Region	103,423	19,895	(52,518)	70,800
Georgia	35,553	30,589	(30,483)	35,659
	<u>8,599,202</u>	<u>10,955,472</u>	<u>(12,039,276)</u>	<u>7,515,398</u>
Foundation:				
Kosovo	-	1,000	(1,000)	-
	<u>8,599,202</u>	<u>10,956,472</u>	<u>(12,040,276)</u>	<u>7,515,398</u>
Subject to IOCC spending policy and appropriation:				
IOCC:				
Endowment Fund	132,600	-	-	132,600
Katherine Valone Trust "St. Phontini" Water Fund	222,779	27,037	-	249,816
	<u>355,379</u>	<u>27,037</u>	<u>-</u>	<u>382,416</u>
Foundation:				
Styliades fund	1,644,396	346,802	(35,558)	1,955,640
Anthony fund	570,353	61,238	(15,658)	615,933
Spiris fund	475,024	51,003	(13,041)	512,986
Tsakalos fund	161,233	22,380	(4,255)	179,358
Panos fund	52,508	5,638	(1,442)	56,704
	<u>2,903,514</u>	<u>487,061</u>	<u>(69,954)</u>	<u>3,320,621</u>
	<u>3,258,893</u>	<u>514,098</u>	<u>(69,954)</u>	<u>3,703,037</u>
	<u>\$ 11,858,095</u>	<u>\$ 11,470,570</u>	<u>\$ (12,110,230)</u>	<u>\$ 11,218,435</u>

International Orthodox Christian Charities, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 12. Endowment Funds

IOCC's endowment consists of individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the board to function as an endowment. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. Accordingly, IOCC's endowment consists of quasi-endowments classified as net assets without donor restrictions, endowment earnings classified as net assets with donor restrictions, and principal amounts from the endowment categorized as net assets with donor restrictions (collectively referred to as the Endowment).

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

- a) The duration and preservation of the fund
- b) The purposes of IOCC and the donor-restricted endowment fund
- c) General economic conditions
- d) The possible effects of inflation and deflation
- e) The expected total return from income and the appreciation of investments
- f) Other resources of IOCC
- g) The investment policies of IOCC

IOCC adopted an investment and spending policy to achieve security of principal and maximum compatible return including income and appreciation for the long-term. Safety of principal is of primary importance with a policy that targets a diversified asset allocation that places a greater emphasis to achieve its long-term objectives within prudent risk constraints. IOCC has a preference for lower costs and appropriate oversight.

IOCC has adopted investment and spending policies for cash contributions restricted in perpetuity that attempt to provide a predictable stream of funding to programs while maintaining purchasing power. All earnings from these funds are reflected as net assets with donor restrictions until appropriated by the board for program expenditures.

International Orthodox Christian Charities, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 12. Endowment Funds (Continued)

IOCC's endowment funds consist of the following at December 31, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds, IOCC	\$ -	\$ 382,416	\$ 382,416
Donor-restricted endowment funds, Foundation	-	3,320,621	3,320,621
Board designated endowment funds	1,000,000	-	1,000,000
	<u>\$ 1,000,000</u>	<u>\$ 3,703,037</u>	<u>\$ 4,703,037</u>

Endowment fund activity for the year ended December 31, 2020, consists of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of the year	\$ 1,000,000	\$ 3,258,893	\$ 4,258,893
Investment return:			
Interest and dividends	-	91,536	91,536
Realized and unrealized gains, net	-	278,694	278,694
Investment fees	-	(11,132)	(11,132)
Contributions	-	155,000	155,000
Appropriations	-	(69,954)	(69,954)
Endowment net assets, end of the year	<u>\$ 1,000,000</u>	<u>\$ 3,703,037</u>	<u>\$ 4,703,037</u>

Note 13. Retirement Plan

IOCC sponsors a 403(b) retirement savings and investment plan (the Plan) for eligible employees. All full-time employees completing 12 months of continuous service are eligible for the Plan. For eligible participating employees, IOCC will match up to 5% of the employee's gross salary. Retirement plan expense for the year ended December 31, 2020, was \$97,478.

Note 14. Contingencies

IOCC participates in a number of federally assisted grant programs, which are subject to financial and compliance audits by federal agencies or their representatives. As such, there exists a contingent liability for potential questioned costs that may result from such audits. Management does not anticipate any significant adjustments as a result of such audits.

Note 15. Availability of Financial Assets

IOCC is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner, IOCC must maintain sufficient resources to meet those responsibilities to its donors. Therefore, financial assets may not be available for general expenditures within one year. As part of IOCC's liquidity management, it has a policy to structure its financial assets to be available as general expenditures, liabilities and other obligations come due. In addition, the board designates a liquidity reserve of \$1,000,000 that may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities. In the event of an unanticipated liquidity need, IOCC also could draw upon \$1,000,000 of available line of credit (as further discussed in Note 7).

International Orthodox Christian Charities, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 15. Availability of Financial Assets (Continued)

The following reflects IOCC's consolidated financial assets, including cash and cash equivalents, investments and receivables, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated statement of financial position date:

Financial assets, at December 31, 2020	\$ 16,756,128
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Restricted by donor with time or purpose restrictions	(11,218,435)
Board designations:	
Amount set aside for liquidity reserve	<u>(1,000,000)</u>
	4,537,693
Plus appropriations for 2021 from endowment income	<u>78,700</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 4,616,393</u></u>

Note 16. Conditional Grants

As of December 31, 2020, IOCC has \$19,830,550 of revenue to be earned on various conditional grants from various sources of funding including the U.S government, other governments and public institutions, corporations and foundations. The amount is not recognized in the accompanying consolidated financial statements as such revenue is recognized over the multi-year period of each respective grant agreement, conditional upon management of IOCC complying with grant requirements.



RSM US LLP

Independent Auditor's Report on the Supplementary Information

Board of Directors
International Orthodox Christian Charities, Inc.

We have audited the consolidated financial statements of International Orthodox Christian Charities, Inc. and Affiliate (IOCC) as of and for the year ended December 31, 2020, and have issued our report thereon, which contained an unmodified opinion on those consolidated financial statements. See pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole.

The consolidating and other supplementary information is presented for purposes of additional analysis rather than to present the financial position and results of activities of the individual entities and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating and other supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

RSM US LLP

Baltimore, Maryland
April 14, 2021

International Orthodox Christian Charities, Inc. and Affiliate

**Consolidating Statement of Financial Position
December 31, 2020**

	IOCC	Foundation	Elimination Entries	Total
Assets				
Cash and cash equivalents	\$ 9,292,382	\$ 34,896	\$ -	\$ 9,327,278
Investments	1,674,763	3,320,621	-	4,995,384
Receivables, net	2,433,466	-	-	2,433,466
Prepaid expenses	175,364	-	-	175,364
Deposits and other	11,016	-	-	11,016
Due from related party	8,389	-	(8,389)	-
Commodity inventory	4,731,393	-	-	4,731,393
Property and equipment, net	106,359	-	-	106,359
	<u>\$ 18,433,132</u>	<u>\$ 3,355,517</u>	<u>\$ (8,389)</u>	<u>\$ 21,780,260</u>
Liabilities and Net Assets				
Liabilities:				
Accounts payable	\$ 133,455	\$ 3,230	\$ -	\$ 136,685
Accrued expenses and other liabilities	412,885	-	-	412,885
Severance liability	613,355	-	-	613,355
Due to related party	-	8,389	(8,389)	-
Advances received for programs	1,449,915	-	-	1,449,915
Paycheck protection program promissory note	413,005	-	-	413,005
Other liabilities	8,017	-	-	8,017
	<u>3,030,632</u>	<u>11,619</u>	<u>(8,389)</u>	<u>3,033,862</u>
Net Assets:				
Without donor restrictions:				
Undesignated	6,504,686	23,277	-	6,527,963
Board designated	1,000,000	-	-	1,000,000
	<u>7,504,686</u>	<u>23,277</u>	<u>-</u>	<u>7,527,963</u>
With donor restrictions	7,897,814	3,320,621	-	11,218,435
	<u>15,402,500</u>	<u>3,343,898</u>	<u>-</u>	<u>18,746,398</u>
	<u>\$ 18,433,132</u>	<u>\$ 3,355,517</u>	<u>\$ (8,389)</u>	<u>\$ 21,780,260</u>

International Orthodox Christian Charities, Inc. and Affiliate

Consolidating Statement of Activities Year Ended December 31, 2020

	IOCC			Foundation			Elimination Entries	Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
Support and revenue:								
Grants:								
Federal, cash and in-kinds	\$ 3,547,863	\$ -	\$ 3,547,863	\$ -	\$ -	\$ -	\$ -	\$ 3,547,863
International agencies	9,756,388	-	9,756,388	-	-	-	-	9,756,388
Contributions:								
In-kind	131,383	8,690,356	8,821,739	-	-	-	-	8,821,739
Orthodox church institutions	294,947	278,669	573,616	-	-	-	-	573,616
Individual	3,490,772	764,836	4,255,608	12,608	156,000	168,608	-	4,424,216
Foundations	578,863	1,182,804	1,761,667	-	-	-	(70,954)	1,690,713
Metropolitan committee events	562,714	24,062	586,776	-	-	-	-	586,776
Microcredit loan interest	70,326	-	70,326	-	-	-	-	70,326
Third-party giving	384,800	14,745	399,545	-	-	-	-	399,545
Investment income, net	71,958	27,037	98,995	-	332,061	332,061	-	431,056
Other	52,743	-	52,743	-	-	-	(29,215)	23,528
Net assets released from restrictions	12,039,276	(12,039,276)	-	70,954	(70,954)	-	-	-
Contribution to Foundation	-	-	-	29,773	-	29,773	(29,773)	-
Total support and revenue	30,982,033	(1,056,767)	29,925,266	113,335	417,107	530,442	(129,942)	30,325,766
Expenses:								
Program services	26,177,566	-	26,177,566	70,954	-	70,954	(70,954)	26,177,566
Support services:								
Management and general	3,290,917	-	3,290,917	43,893	-	43,893	(58,988)	3,275,822
Fundraising	1,318,191	-	1,318,191	-	-	-	-	1,318,191
	4,609,108	-	4,609,108	43,893	-	43,893	(58,988)	4,594,013
Total expenses	30,786,674	-	30,786,674	114,847	-	114,847	(129,942)	30,771,579
Change in net assets	195,359	(1,056,767)	(861,408)	(1,512)	417,107	415,595	-	(445,813)
Net assets:								
Beginning	7,309,327	8,954,581	16,263,908	24,789	2,903,514	2,928,303	-	19,192,211
Ending	\$ 7,504,686	\$ 7,897,814	\$ 15,402,500	\$ 23,277	\$ 3,320,621	\$ 3,343,898	\$ -	\$ 18,746,398

International Orthodox Christian Charities, Inc. and Affiliate

**Schedule of Program Expenses by Region
Year Ended December 31, 2020**

Region	Country	Amount	Total Per Functional Expense Schedule
North America	USA	\$ 2,289,150	
	Haiti	87,716	\$ 2,376,866
Europe	Romania	232,383	
	Bosnia and Herzegovina	(22,786)	
	Serbia	467,321	
	Republic of Georgia	2,080,078	
	Ukraine	4,880	
	Kosovo	50,121	
	Montenegro	239,309	
	Greece	6,339,243	9,390,549
Middle East	Lebanon	7,425,549	
	Jerusalem/West Bank/Gaza	1,222,777	
	Syria	2,521,032	
	Jordan	2,393,768	13,563,126
Africa	Ethiopia	371,615	
	Uganda	53,784	425,399
HQ International	Multi-Country	421,626	421,626
		<u>\$ 23,888,416</u>	<u>\$ 26,177,566</u>