

International Orthodox Christian Charities, Inc. and Affiliate

Consolidated Financial Report
December 31, 2021

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Independent Auditor's Report

RSM US LLP

Board of Directors
International Orthodox Christian Charities, Inc.

Report on the Financial Statements

Opinion

We have audited the consolidated financial statements of International Orthodox Christian Charities, Inc. and Affiliate (IOCC), which comprise the consolidated statement of financial position as of December 31, 2021, 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).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of IOCC as of December 31, 2021, and the changes in their net assets and their cash flows for the year 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (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 Financial Statements section of our report. We are required to be independent of IOCC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

Report on Summarized Comparative Information

We have previously audited IOCC's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 14, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, 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 8, 2022 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 IOCC'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 IOCC's internal control over financial reporting and compliance.

RSM US LLP

Baltimore, Maryland
April 8, 2022

International Orthodox Christian Charities, Inc. and Affiliate

Consolidated Statement of Financial Position

December 31, 2021

(With Comparative Totals for 2020)

	2021	2020
Assets		
Cash and cash equivalents	\$ 10,924,970	\$ 9,327,278
Investments	5,428,395	4,995,384
Receivables, net	2,336,682	2,433,466
Commodity inventory	5,979,099	4,731,393
Prepaid expenses	199,653	175,364
Deposits and other	8,377	11,016
Property and equipment, net	76,693	106,359
	<u>\$ 24,953,869</u>	<u>\$ 21,780,260</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 143,588	\$ 136,685
Accrued expenses and other liabilities	743,500	412,885
Severance liability	631,408	613,355
Advances received for programs	922,351	1,449,915
Paycheck Protection Program promissory note	-	413,005
Other liabilities	14,200	8,017
	<u>2,455,047</u>	<u>3,033,862</u>
Commitments and contingencies (Notes 9 and 14)		
Net Assets:		
Without donor restrictions:		
Undesignated	8,267,056	6,527,963
Board-designated	1,000,000	1,000,000
	<u>9,267,056</u>	<u>7,527,963</u>
With donor restrictions	13,231,766	11,218,435
	<u>22,498,822</u>	<u>18,746,398</u>
	<u>\$ 24,953,869</u>	<u>\$ 21,780,260</u>

See notes to consolidated financial statements.

International Orthodox Christian Charities, Inc. and Affiliate

Consolidated Statement of Activities
Year Ended December 31, 2021
(With Comparative Totals for 2020)

	2021			2020 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Support and revenue:				
Grants:				
Federal, cash and in-kinds	\$ 5,256,337	\$ -	\$ 5,256,337	\$ 3,547,863
International agencies	14,602,812	-	14,602,812	9,756,388
Contributions:				
In-kind	118,214	8,800,673	8,918,887	8,821,739
Orthodox church institutions	338,828	505,139	843,967	573,616
Individual	4,204,903	1,138,640	5,343,543	4,424,216
Foundations	167,719	1,099,867	1,267,586	1,690,713
Metropolitan committee events	580,327	51,321	631,648	586,776
Micro-credit loan interest	71,386	-	71,386	70,326
Third party giving	400,302	8,573	408,875	399,545
Investment income, net	65,223	481,067	546,290	431,056
Forgiveness of Paycheck Protection Program loan	413,005	-	413,005	-
Other	94,005	7,561	101,566	23,528
Net assets released from restrictions	10,079,510	(10,079,510)	-	-
Total support and revenue	36,392,571	2,013,331	38,405,902	30,325,766
Expenses:				
Program services	29,862,916	-	29,862,916	26,177,566
Support services:				
Management and general	3,476,011	-	3,476,011	3,275,822
Fundraising	1,314,551	-	1,314,551	1,318,191
	4,790,562	-	4,790,562	4,594,013
Total expenses	34,653,478	-	34,653,478	30,771,579
Change in net assets	1,739,093	2,013,331	3,752,424	(445,813)
Net assets:				
Beginning	7,527,963	11,218,435	18,746,398	19,192,211
Ending	\$ 9,267,056	\$ 13,231,766	\$ 22,498,822	\$ 18,746,398

See notes to consolidated financial statements.

International Orthodox Christian Charities, Inc. and Affiliate

Consolidated Statement of Functional Expenses
Year Ended December 31, 2021
(With Comparative Totals for 2020)

	2021					
	Program Services					Total
	The Americas	Europe	Middle East	Africa	HQ International	Program Services
Commodities distributed	\$ 382,656	\$ 6,021,588	\$ 3,881,435	\$ 16,283	\$ 1,297,581	\$ 11,599,543
Salaries and benefits	333,375	328,360	5,721,985	259,136	-	6,642,856
Site support	36,083	3,778	3,044,608	588	-	3,085,057
Training and seminars	2,828	12,969	255,684	18,868	-	290,349
Professional fees	37,072	75,974	255,631	9,073	24,000	401,750
Travel	78,621	24,490	126,239	15,092	14	244,456
Construction costs	52,034	-	1,282,679	-	-	1,334,713
Grants to other agencies	85,022	1,072,172	4,491,310	130,364	23,575	5,802,443
Office expenses	16,003	34,650	231,171	9,840	-	291,664
Publications and advertising	292	1,603	5,622	3,321	-	10,838
International transportation	-	35,441	8,670	-	32,951	77,062
Communications	4,999	4,273	49,917	3,644	-	62,833
Vehicle costs	15,982	30,331	60,052	13,333	109	119,807
Capital equipment	70	4,820	49,304	8,473	-	62,667
Metropolitan committee expense	-	-	-	-	-	-
Internal transit, handling and storage	9,008	8,215	103,128	153	2,569	123,073
Bank charges	53	3,617	31,981	338	5	35,994
Insurance	-	31	11,508	-	-	11,539
Registration fees	-	1,461	4,569	-	-	6,030
Equipment costs	695	188	13,240	30	-	14,153
Depreciation	18,486	-	20,285	-	-	38,771
Currency (gain) loss	-	118,447	(634,860)	6,496	-	(509,917)
Other costs	8,314	38	108,723	160	-	117,235
Total expenses	\$ 1,081,593	\$ 7,782,446	\$ 19,122,881	\$ 495,192	\$ 1,380,804	\$ 29,862,916

(Continued)

International Orthodox Christian Charities, Inc. and Affiliate

Consolidated Statement of Functional Expenses (Continued)
Year Ended December 31, 2021
(With Comparative Totals for 2020)

	2021					2020 Total
	Support Services			Total		
	Management and General	Fundraising	Total Support Services			
Commodities distributed	\$ -	\$ -	\$ -	\$ 11,599,543	\$ 11,969,504	
Salaries and benefits	2,088,673	644,355	2,733,028	9,375,884	8,153,003	
Site support	-	-	-	3,085,057	1,615,233	
Training and seminars	3,725	3	3,728	294,077	68,359	
Professional fees	831,816	306,228	1,138,044	1,539,794	1,464,296	
Travel	1,889	12,683	14,572	259,028	220,032	
Construction costs	-	-	-	1,334,713	1,652,611	
Grants to other agencies	-	-	-	5,802,443	4,126,086	
Office expenses	241,566	77,641	319,207	610,871	658,951	
Publications and advertising	41,387	129,728	171,115	181,953	173,301	
International transportation	-	-	-	77,062	77,189	
Communications	74,433	77,553	151,986	214,819	210,672	
Vehicle costs	945	2,508	3,453	123,260	124,510	
Capital equipment	20,256	122	20,378	83,045	37,375	
Metropolitan committee expense	-	33,376	33,376	33,376	21,975	
Internal transit, handling and storage	-	-	-	123,073	103,035	
Bank charges	97,866	25	97,891	133,885	113,521	
Insurance	49,858	-	49,858	61,397	63,105	
Registration fees	10,015	29,993	40,008	46,038	26,770	
Equipment costs	9,354	-	9,354	23,507	21,306	
Depreciation	2,587	-	2,587	41,358	50,887	
Currency (gain) loss	-	-	-	(509,917)	(188,762)	
Other costs	1,641	336	1,977	119,212	8,620	
Total expenses	\$ 3,476,011	\$ 1,314,551	\$ 4,790,562	\$ 34,653,478	\$ 30,771,579	

International Orthodox Christian Charities, Inc. and Affiliate

**Consolidated Statement of Cash Flows
Year Ended December 31, 2021
(With Comparative Totals for 2020)**

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 3,752,424	\$ (445,813)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	41,358	50,887
Contributions restricted for permanent endowment	(52,950)	(155,000)
Forgiveness of Paycheck Protection Program promissory note	(413,005)	-
Donated commodities	(8,793,935)	(8,690,356)
Commodities distributed	11,599,543	11,969,504
Donated investments	(160,456)	(178,388)
Realized/unrealized gain on investments, net	(399,568)	(305,108)
Changes in assets and liabilities:		
(Increase) decrease in:		
Receivables	96,784	284,288
Commodity purchases	(4,053,314)	(1,962,282)
Prepaid expenses, deposits and other	(21,650)	(41,710)
Increase (decrease) in:		
Accounts payable	6,903	60,051
Accrued expenses	330,615	(94,153)
Severance liability	18,053	45,573
Advances received for programs	(527,564)	445,998
Other liabilities	6,183	5,211
Net cash provided by operating activities	1,429,421	988,702
Cash flows from investing activities:		
Proceeds from sales of investments	2,052,558	1,539,264
Purchases of investments	(1,925,545)	(1,534,581)
Purchases of property and equipment	(11,692)	(51,339)
Net cash provided by (used in) investing activities	115,321	(46,656)
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program promissory note	-	413,005
Contributions restricted to permanent endowment	52,950	155,000
Net cash provided by financing activities	52,950	568,005
Net increase in cash and cash equivalents	1,597,692	1,510,051
Cash and cash equivalents:		
Beginning	9,327,278	7,817,227
Ending	\$ 10,924,970	\$ 9,327,278
Supplemental schedule of noncash operating activities:		
Donated commodities	\$ 8,793,935	\$ 8,690,356
Supplemental disclosure of noncash financing activities:		
Forgiveness of Paycheck Protection Program promissory note	\$ 413,005	\$ -

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: These net assets 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: These net assets 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, 2021, approximately \$1.3 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 composed 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, 2021, 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 nongovernmental organizations for distribution related to specific relief programs that have not been distributed at December 31, 2021. Donated inventory is stated at fair value at the date of donation 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 10 years. Leasehold improvements are recorded at cost and depreciated on the straight-line basis over the shorter 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 nongovernmental 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 nongovernmental 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. Nonpharmaceutical 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 donor's 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 \$509,917 for the year ended December 31, 2021.

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 organized and nonprofit corporations and have been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code (IRC) Section 501(a) as organizations described in IRC Section 501(c)(3), qualify for the charitable contribution deduction under IRC Sections 509(a)(1) and (3), respectively. Both organizations are annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the organizations are subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The organizations have determined that they are no subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

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, 2020, 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)

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 beginning January 1, 2022. IOCC is 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 8, 2022, which is the date the consolidated financial statements were available to be issued.

Note 2. Cash and Cash Equivalents

Cash and cash equivalents at December 31, 2021, consist of the following:

Earmarked for certain projects (donor-restricted)	\$ 4,239,015
Unrestricted:	
Severance liability	631,408
Board-designated	1,000,000
Undesignated	5,054,547
	<u>\$ 10,924,970</u>

International Orthodox Christian Charities, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 3. Investments and Fair Value Measurements

Investments at December 31, 2021, consist of the following:

Exchange-traded funds (ETFs)	\$ 3,037,388
Mutual funds	1,470,767
Fixed income	896,661
Cash and cash equivalents	23,579
	<u>\$ 5,428,395</u>

Investment income, net, for the year ended December 31, 2021, consists of the following:

Realized and unrealized gains, net	\$ 399,568
Interest and dividends	160,764
Investment fees	(14,042)
	<u>\$ 546,290</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.

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.

International Orthodox Christian Charities, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 3. Investments and Fair Value Measurements (Continued)

The following table presents IOCC's fair value hierarchy for those assets measured at fair value on a recurring basis as of December 31, 2021:

Description	Total	Level 1	Level 2	Level 3
Exchange-traded funds (ETFs):				
Domestic equity	\$ 1,588,738	\$ 1,588,738	\$ -	\$ -
Foreign equity	1,047,254	1,047,254	-	-
Foreign real estate	158,177	158,177	-	-
Commodities	112,620	112,620	-	-
Domestic real estate	130,599	130,599	-	-
	<u>3,037,388</u>	<u>3,037,388</u>	-	-
Fixed income:				
Certificates of deposit	896,661	-	896,661	-
	<u>896,661</u>	-	<u>896,661</u>	-
Mutual funds:				
Domestic equity and bond	127,083	127,083	-	-
Domestic bond	854,792	854,792	-	-
Foreign bond	380,084	380,084	-	-
Global bond	108,808	108,808	-	-
	<u>1,470,767</u>	<u>1,470,767</u>	-	-
Total investments at fair value	5,404,816	\$ 4,508,155	\$ 896,661	\$ -
Cash, held at cost	23,579			
Total investments	<u>\$ 5,428,395</u>			

Note 4. Receivables

Receivables at December 31, 2021, consist of the following:

Unbilled receivables	\$ 688,722
Micro-credit lending – Bosnia	1,368,700
Advances and other receivables	254,260
Pledge Receivable	25,000
	<u>\$ 2,336,682</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 \$1,368,700) at December 31, 2021, and are secured by collateral which substantially exceeds the loan balances. All loans must be repaid no later than July 31, 2025.

International Orthodox Christian Charities, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 5. Commodity Inventory

Commodity inventory at December 31, 2021, consists of the following:

Medical	\$ 5,045,152
Other – blankets, quilts, baby kits, mattresses	178,972
Hygiene kits and personal care kits	323,820
Books	122,155
School kits	309,000
	<u>\$ 5,979,099</u>

Note 6. Advances Received from Programs

Advances received from programs at December 31, 2021, are available for grant programs in the following areas:

Lebanon	\$ 595,926
Jordan	26,308
Syria	37,849
Greece	156,994
Uganda	104,651
Jerusalem/West Bank/Gaza	623
	<u>\$ 922,351</u>

Note 7. Line of Credit

IOCC has a \$1,000,000 line of credit agreement with a bank that expires on July 31, 2022. Interest is at the U.S. prime rate plus 0.50% (3.75% at December 31, 2021) and is payable monthly. The line of credit is unsecured and renews annually. At December 31, 2021, 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 IOCC has elected to record the loan under ASC Topic 470, IOCC has recognized \$413,005 for the forgiveness as revenue on the consolidated statement of activities for the year ended December 31, 2021. The loan forgiveness is subject to audit by the Small Business Administration (SBA) for a period of six years after the loan forgiveness.

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, 2021, including overseas offices and other operating leases, was \$311,414.

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:

2022	\$ 211,845
2023	185,344
2024	131,682
2025	130,710
2026	129,435
Thereafter	10,808
	<u>\$ 799,824</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, 2021, the Board designated net assets comprise a reserve fund of \$1,000,000.

Note 11. Net Assets With Donor Restrictions

Net assets with donor restrictions and related activity are restricted for the following purposes or periods for the year ended December 31, 2021:

	Balance December 31, 2020	Additions/ Income (Loss)	Releases	Balance December 31, 2021
Subject to expenditure for a specified purpose:				
IOCC:				
USA	\$ 408,123	\$ 556,314	\$ (589,452)	\$ 374,985
HQ International	2,652,260	6,200,861	(4,680,981)	4,172,140
Greece	3,608,246	3,274,997	(3,996,154)	2,887,089
Lebanon/Syria	598,564	405,185	(298,946)	704,803
Jordan	12,267	269,410	(227)	281,450
Jerusalem/ West Bank/ Gaza	68,240	103,621	(14,740)	157,121
Ethiopia/Uganda	61,239	309,394	(182,584)	188,049
Western Balkans Region	70,800	430,633	(185,914)	315,519
Georgia	35,659	8,408	(2,864)	41,203
	<u>7,515,398</u>	<u>11,558,823</u>	<u>(9,951,862)</u>	<u>9,122,359</u>
Subject to IOCC spending policy and appropriation:				
IOCC:				
Endowment Fund	132,600	-	-	132,600
Katherine Valone Trust "St. Phontini" Water Fund	249,816	33,998	(48,912)	234,902
	<u>382,416</u>	<u>33,998</u>	<u>(48,912)</u>	<u>367,502</u>
Foundation:				
Styliades fund	1,955,640	316,148	(42,502)	2,229,286
Anthony fund	615,933	81,628	(16,444)	681,117
Spiris fund	512,986	67,985	(13,696)	567,275
Tsakalos fund	179,358	26,744	(4,580)	201,522
Panos fund	56,704	7,515	(1,514)	62,705
	<u>3,320,621</u>	<u>500,020</u>	<u>(78,736)</u>	<u>3,741,905</u>
	<u>3,703,037</u>	<u>534,018</u>	<u>(127,648)</u>	<u>4,109,407</u>
	<u>\$ 11,218,435</u>	<u>\$ 12,092,841</u>	<u>\$ (10,079,510)</u>	<u>\$ 13,231,766</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, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds, IOCC	\$ -	\$ 367,502	\$ 367,502
Donor-restricted endowment funds, Foundation	-	3,741,905	3,741,905
Board-designated endowment funds	1,000,000	-	1,000,000
	<u>\$ 1,000,000</u>	<u>\$ 4,109,407</u>	<u>\$ 5,109,407</u>

Endowment fund activity for the year ended December 31, 2021, consists of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of the year	\$ 1,000,000	\$ 3,703,037	\$ 4,703,037
Investment return:			
Interest and dividends	-	119,953	119,953
Realized and unrealized gains, net	-	375,156	375,156
Investment fees	-	(14,042)	(14,042)
Contributions	-	52,950	52,950
Appropriations	-	(127,647)	(127,647)
Endowment net assets, end of the year	<u>\$ 1,000,000</u>	<u>\$ 4,109,407</u>	<u>\$ 5,109,407</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, 2021, was \$49,382.

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, 2021	\$ 18,690,047
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Restricted by donor with time or purpose restrictions	(13,231,766)
Board designations:	
Amount set aside for liquidity reserve	<u>(1,000,000)</u>
	4,458,281
Plus appropriations for 2022 from endowment income	<u>89,000</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 4,547,281</u></u>

Note 16. Conditional Grants

As of December 31, 2021, IOCC has \$13,952,035 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 multiyear 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, 2021, 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 changes in net assets and cash flows 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 8, 2022

International Orthodox Christian Charities, Inc. and Affiliate

**Consolidating Statement of Financial Position
December 31, 2021**

	IOCC	Foundation	Elimination Entries	Total
Assets				
Cash and cash equivalents	\$ 10,846,380	\$ 78,590	\$ -	\$ 10,924,970
Investments	1,689,240	3,739,155	-	5,428,395
Receivables, net	2,336,682	-	-	2,336,682
Commodity inventory	5,979,099	-	-	5,979,099
Prepaid expenses	199,653	-	-	199,653
Deposits and other	8,377	-	-	8,377
Due from related party	9,649	-	(9,649)	-
Property and equipment, net	76,693	-	-	76,693
	<u>\$ 21,145,773</u>	<u>\$ 3,817,745</u>	<u>\$ (9,649)</u>	<u>\$ 24,953,869</u>
Liabilities and Net Assets				
Liabilities:				
Accounts payable	\$ 143,186	\$ 402	\$ -	\$ 143,588
Accrued expenses and other liabilities	743,500	-	-	743,500
Severance liability	631,408	-	-	631,408
Due to related party	-	9,649	(9,649)	-
Advances received for programs	922,351	-	-	922,351
Paycheck Protection Program promissory note	-	-	-	-
Other liabilities	14,200	-	-	14,200
	<u>2,454,645</u>	<u>10,051</u>	<u>(9,649)</u>	<u>2,455,047</u>
Net assets:				
Without donor restrictions:				
Undesignated	8,201,267	65,789	-	8,267,056
Board-designated	1,000,000	-	-	1,000,000
	<u>9,201,267</u>	<u>65,789</u>	<u>-</u>	<u>9,267,056</u>
With donor restrictions	9,489,861	3,741,905	-	13,231,766
	<u>18,691,128</u>	<u>3,807,694</u>	<u>-</u>	<u>22,498,822</u>
	<u>\$ 21,145,773</u>	<u>\$ 3,817,745</u>	<u>\$ (9,649)</u>	<u>\$ 24,953,869</u>

International Orthodox Christian Charities, Inc. and Affiliate

**Consolidating Statement of Activities
Year Ended December 31, 2021**

	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	\$ 5,256,337	\$ -	\$ 5,256,337	\$ -	\$ -	\$ -	\$ -	\$ 5,256,337
International agencies	14,602,812	-	14,602,812	-	-	-	-	14,602,812
Contributions:								
In-kind	118,214	8,800,673	8,918,887	-	-	-	-	8,918,887
Orthodox church institutions	338,828	505,139	843,967	-	-	-	-	843,967
Individual	4,147,657	1,085,690	5,233,347	57,246	52,950	110,196	-	5,343,543
Foundations	246,455	1,099,867	1,346,322	-	-	-	(78,736)	1,267,586
Metropolitan committee events	580,327	51,321	631,648	-	-	-	-	631,648
Microcredit loan interest	71,386	-	71,386	-	-	-	-	71,386
Third-party giving	400,302	8,573	408,875	-	-	-	-	408,875
Investment income, net	65,223	33,997	99,220	-	447,070	447,070	-	546,290
Forgiveness of Paycheck Protection Program note	413,005	-	413,005	-	-	-	-	413,005
Other	130,597	7,561	138,158	-	-	-	(36,592)	101,566
Net assets released from restrictions	10,000,774	(10,000,774)	-	78,736	(78,736)	-	-	-
Contribution to Foundation	-	-	-	35,833	-	35,833	(35,833)	-
Total support and revenue	36,371,917	1,592,047	37,963,964	171,815	421,284	593,099	(151,161)	38,405,902
Expenses:								
Program services	29,862,916	-	29,862,916	78,736	-	78,736	(78,736)	29,862,916
Support services:								
Management and general	3,497,869	-	3,497,869	50,567	-	50,567	(72,425)	3,476,011
Fundraising	1,314,551	-	1,314,551	-	-	-	-	1,314,551
Total expenses	34,675,336	-	34,675,336	129,303	-	129,303	(151,161)	34,653,478
Change in net assets	1,696,581	1,592,047	3,288,628	42,512	421,284	463,796	-	3,752,424
Net assets:								
Beginning	7,504,686	7,897,814	15,402,500	23,277	3,320,621	3,343,898	-	18,746,398
Ending	\$ 9,201,267	\$ 9,489,861	\$ 18,691,128	\$ 65,789	\$ 3,741,905	\$ 3,807,694	\$ -	\$ 22,498,822

International Orthodox Christian Charities, Inc. and Affiliate

**Schedule of Program Expenses by Region
Year Ended December 31, 2021**

Region	Country	Amount	Total Per Functional Expense Schedule
North America	USA	\$ 1,002,355	
	Haiti	79,238	\$ 1,081,593
Europe	Romania	239,817	
	Bosnia and Herzegovina	551,560	
	Serbia	265,388	
	Republic of Georgia	483,214	
	Kosovo	76,551	
	Montenegro	55,123	
	Greece	6,110,793	7,782,446
Middle East	Lebanon	11,736,171	
	Jerusalem/West Bank/Gaza	1,703,496	
	Syria	3,399,189	
	Jordan	2,284,025	19,122,881
Africa	Ethiopia	395,640	
	Uganda	99,552	495,192
HQ International	Multi-Country	1,380,804	1,380,804
		\$ 29,862,916	\$ 29,862,916