



BETHESDA MINISTRIES
d.b.a. OneChild

Financial Statements
With Independent Auditors' Report

September 30, 2021 and 2020

OneChild

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INDEPENDENT AUDITORS' REPORT

Board of Directors
OneChild
Colorado Springs, Colorado

We have audited the accompanying financial statements of Bethesda Ministries d.b.a. OneChild which comprise the statements of financial position as of September 30, 2021 and 2020 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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.

Board of Directors
OneChild
Colorado Springs, Colorado

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bethesda Ministries d.b.a. OneChild as of September 30, 2021 and 2020, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Colorado Springs, Colorado
February 11, 2022

OneChild

Statements of Financial Position

	September 30,	
	<u>2021</u>	<u>2020</u>
ASSETS:		
Cash and cash equivalents	\$ 2,058,853	\$ 2,193,380
Accounts receivable	187,909	273,305
Prepaid expenses and other assets	318,084	110,790
Investments	1,946,588	1,195,997
Furniture, equipment, and software—net	<u>236,365</u>	<u>255,477</u>
Total Assets	<u>\$ 4,747,799</u>	<u>\$ 4,028,949</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 288,485	\$ 94,033
Accrued liabilities and other	389,005	299,416
Paycheck Protection Program loan	-	683,950
Total liabilities	<u>677,490</u>	<u>1,077,399</u>
Net assets:		
Without donor restrictions	1,685,656	1,233,874
With donor restrictions:		
Restricted by purpose or time	<u>2,384,653</u>	<u>1,717,676</u>
Total net assets	<u>4,070,309</u>	<u>2,951,550</u>
Total Liabilities and Net Assets	<u>\$ 4,747,799</u>	<u>\$ 4,028,949</u>

See notes to financial statements

OneChild

Statements of Activities

	Year Ended September 30,					
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions						
General	\$ 659,496	\$ 17,789,344	\$ 18,448,840	\$ 368,626	\$ 17,376,828	\$ 17,745,454
Bethesda affiliates	-	10,876	10,876	-	4,611	4,611
Gain on extinguishment of debt	683,950	-	683,950	-	-	-
Investment income	66,458	-	66,458	40,109	-	40,109
Other income	6,210	-	6,210	13,635	-	13,635
Total Support and Revenue	1,416,114	17,800,220	19,216,334	422,370	17,381,439	17,803,809
NET ASSETS RELEASED:						
Purpose restrictions	17,133,243	(17,133,243)	-	17,267,596	(17,267,596)	-
	17,133,243	(17,133,243)	-	17,267,596	(17,267,596)	-
EXPENSES:						
Program services:						
Child ministries	14,225,420	-	14,225,420	14,056,321	-	14,056,321
Global engagement	304,998	-	304,998	287,249	-	287,249
Humanitarian and relief	79,112	-	79,112	29,935	-	29,935
Mission trips	17,839	-	17,839	80,824	-	80,824
	14,627,369	-	14,627,369	14,454,329	-	14,454,329

(continued)

See notes to financial statements

OneChild

Statements of Activities (continued)

	Year Ended September 30,					
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES, continued:						
Supporting activities:						
General and administrative	1,531,727	-	1,531,727	1,425,973	-	1,425,973
Promotion and development	2,538,479	-	2,538,479	2,278,445	-	2,278,445
Less supporting services subsidized by Bethesda Foundation	(600,000)	-	(600,000)	(750,000)	-	(750,000)
	3,470,206	-	3,470,206	2,954,418	-	2,954,418
 Total Expenses	18,097,575	-	18,097,575	17,408,747	-	17,408,747
 Change in Net Assets	451,782	666,977	1,118,759	281,219	113,843	395,062
 Net Assets, Beginning of Year	1,233,874	1,717,676	2,951,550	952,655	1,603,833	2,556,488
 Net Assets, End of Year	\$ 1,685,656	\$ 2,384,653	\$ 4,070,309	\$ 1,233,874	\$ 1,717,676	\$ 2,951,550

See notes to financial statements

OneChild

Statement of Functional Expenses

Year Ended September 30, 2021

	Program Services				Supporting Services			Total Expenses	
	Child Ministries	Global Engagement	Humanitarian and Relief	Mission Trips	Total	General and Administrative	Promotion and Development		Total
Direct payments and assistance to ministries	\$ 9,667,539	\$ -	\$ 79,112	\$ 3,150	\$ 9,749,801	\$ -	\$ -	\$ -	\$ 9,749,801
Salaries and labor	2,651,978	194,601	-	-	2,846,579	499,031	1,286,559	1,785,590	4,632,169
Professional and other fees	337,818	24,417	-	1,104	363,339	107,129	249,871	357,000	720,339
Benefits	358,220	23,000	-	-	381,220	67,282	138,928	206,210	587,430
Travel and entertainment	172,092	15,110	-	13,055	200,257	26,312	247,749	274,061	474,318
Computer services	162,151	7,202	-	-	169,353	179,219	76,314	255,533	424,886
Supplies and materials	208,955	12,706	-	498	222,159	56,673	99,219	155,892	378,051
Postage	208,618	6,976	-	-	215,594	67,428	60,342	127,770	343,364
Bank fees	5,879	-	-	32	5,911	314,021	104	314,125	320,036
Building rent and maintenance	156,149	3,347	-	-	159,496	68,985	47,899	116,884	276,380
Payroll taxes	121,319	14,330	-	-	135,649	37,172	94,742	131,914	267,563
Promotion and advertising	4,610	-	-	-	4,610	-	190,924	190,924	195,534
Depreciation	51,846	1,199	-	-	53,045	16,439	26,187	42,626	95,671
Telephone	55,166	1,613	-	-	56,779	3,232	13,695	16,927	73,706
Insurance	1,954	444	-	-	2,398	42,535	3,839	46,374	48,772
Conference and education	34,921	53	-	-	34,974	4,360	897	5,257	40,231
Finance and accounting	11,885	-	-	-	11,885	24,433	-	24,433	36,318
Legal	14,320	-	-	-	14,320	17,476	1,210	18,686	33,006
	14,225,420	304,998	79,112	17,839	14,627,369	1,531,727	2,538,479	4,070,206	18,697,575
Less Bethesda subsidy	-	-	-	-	-	(225,486)	(374,514)	(600,000)	(600,000)
	\$ 14,225,420	\$ 304,998	\$ 79,112	\$ 17,839	\$ 14,627,369	\$ 1,306,241	\$ 2,163,965	\$ 3,470,206	\$ 18,097,575

See notes to financial statements

OneChild

Statement of Functional Expenses

Year Ended September 30, 2020

	Program Services				Supporting Services			Total Expenses	
	Child Ministries	Global Engagement	Humanitarian and Relief	Mission Trips	Total	General and Administrative	Promotion and Development		Total
Direct payments and assistance to ministries	\$ 9,719,143	\$ -	\$ 29,935	\$ 7,200	\$ 9,756,278	\$ -	\$ -	\$ -	\$ 9,756,278
Salaries and labor	2,610,322	190,852	-	-	2,801,174	508,151	1,251,765	1,759,916	4,561,090
Professional and other fees	234,788	26,306	-	2,731	263,825	57,601	246,568	304,169	567,994
Benefits	329,427	17,167	-	-	346,594	54,647	97,909	152,556	499,150
Travel and entertainment	148,386	13,266	-	69,439	231,091	22,054	173,988	196,042	427,133
Computer services	153,600	6,184	-	-	159,784	31,196	66,421	97,617	257,401
Supplies and materials	241,639	8,248	-	1,398	251,285	65,304	68,444	133,748	385,033
Postage	189,856	3,375	-	16	193,247	70,928	25,937	96,865	290,112
Bank fees	6,722	-	-	22	6,744	303,022	9	303,031	309,775
Building rent and maintenance	154,792	3,293	-	-	158,085	59,931	48,997	108,928	267,013
Payroll taxes	117,876	14,007	-	-	131,883	46,058	90,541	136,599	268,482
Promotion and advertising	-	-	-	-	-	-	153,700	153,700	153,700
Depreciation	50,244	1,295	-	-	51,539	17,853	25,957	43,810	95,349
Telephone	64,891	2,005	-	18	66,914	5,524	17,116	22,640	89,554
Insurance	2,145	375	-	-	2,520	41,085	3,331	44,416	46,936
Conference and education	15,859	173	-	-	16,032	868	2,383	3,251	19,283
Finance and accounting	6,762	-	-	-	6,762	132,313	-	132,313	139,075
Legal	9,869	703	-	-	10,572	9,438	5,379	14,817	25,389
	14,056,321	287,249	29,935	80,824	14,454,329	1,425,973	2,278,445	3,704,418	18,158,747
Less Bethesda subsidy	-	-	-	-	-	(288,704)	(461,296)	(750,000)	(750,000)
	\$ 14,056,321	\$ 287,249	\$ 29,935	\$ 80,824	\$ 14,454,329	\$ 1,137,269	\$ 1,817,149	\$ 2,954,418	\$ 17,408,747

See notes to financial statements

OneChild

Statements of Cash Flows

	Year Ended September 30,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,118,759	\$ 395,062
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	95,671	95,349
Gain on sale of furniture, equipment, and software	-	(9,268)
Net realized and unrealized gains on investments	(40,153)	(175)
Gain on extinguishment of debt	(683,950)	-
Reinvested dividends	(24,820)	(39,248)
Changes in operating assets and liabilities:		
Accounts receivable	85,396	(26,203)
Prepaid expenses and other assets	(207,294)	122,142
Accounts payable	194,452	(41,967)
Accrued liabilities and other	89,589	(312,178)
Net Cash Provided by Operating Activities	627,650	183,514
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(761,560)	(764,336)
Proceeds from sale of investments	75,942	1,362,326
Proceeds from sale of furniture, equipment, and software	-	21,400
Purchases of furniture, equipment, and software	(76,559)	(76,417)
Net Cash Provided (Used) by Investing Activities	(762,177)	542,973
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Paycheck Protection Program loan	-	683,950
Net Cash Provided by Financing Activities	-	683,950
Net Change in Cash and Cash Equivalents	(134,527)	1,410,437
Cash and Cash Equivalents, Beginning of Year	2,193,380	782,943
Cash and Cash Equivalents, End of Year	\$ 2,058,853	\$ 2,193,380
SUPPLEMENTAL DISCLOSURE:		
Non-cash financing transaction to recognize loan forgiveness	\$ 683,950	\$ -

See notes to financial statements

OneChild

Notes to Financial Statements

September 30, 2021 and 2020

1. NATURE OF ORGANIZATION:

Bethesda Ministries d.b.a. OneChild (OneChild) exists as a global community of child champions to advocate for children in hard places and provide holistic care so they have hope and thrive. OneChild's 328 Hope Centers provide holistic child development programs to children and youth in fourteen third-world countries. OneChild also serves the children and youth in its programs through educational initiatives, medical and health programs, feeding programs, and other special programs that impact children and youth directly.

OneChild is a nonprofit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the Code) and is not a private foundation under Section 509(a) of the Code.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of OneChild have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader. The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of demand deposits and money market accounts. All liquid investments with original maturities of three months or less are included as cash and cash equivalents. As of September 30, 2021 and 2020, these accounts exceed federally insured limits by approximately \$1,650,000 and \$1,765,000, respectively. OneChild has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

ACCOUNTS RECEIVABLE

Accounts receivable consist of employee advances for mission trips and operating budgets and amounts to be received under various split-interest agreements.

INVESTMENTS

Investments consist of mutual funds and exchange-traded funds. Investments are stated at fair value. Fair values for mutual funds and exchange-traded funds are determined by quoted market prices in active markets for identical assets, which are considered Level 1 inputs of the fair value hierarchy. Level 2 and Level 3 inputs were not used as of the years ended September 30, 2021 and 2020.

OneChild

Notes to Financial Statements

September 30, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

FURNITURE, EQUIPMENT, AND SOFTWARE

Furniture and equipment are recorded at cost or, if donated, at the estimated fair market value at the date of donation. Costs of computer software developed or obtained for internal use are recorded in accordance with Accounting Standards Codification (ASC) *Topic 350*. Under *Topic 350*, costs incurred during the preliminary project stage are expensed as incurred, costs incurred during the application development states are capitalized, and training and maintenance costs incurred during the post-implementation/operation stage are expensed as incurred. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets, ranging from two to ten years.

NET ASSETS

Net assets are reported in the financial statements as follows:

Net assets without donor restrictions are those resources currently available under the direction of the board and those resources invested in property and equipment.

Net assets with donor restrictions are those resources whose use has been limited by donors for a specific purpose. These include donor restrictions requiring that the net asset is to be maintained in perpetuity. Net assets restricted in perpetuity consists of two endowments from which income is available for child sponsorships. During the year ended September 30, 2020, with authorization from the original donors, net assets restricted in perpetuity were released and reclassified to net assets with purpose restrictions.

SUPPORT AND REVENUE

Contributions are recorded when made, which may be when cash and other assets are received or unconditionally promised. Gifts of cash and other assets received without donor stipulations are reported as support without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as support with donor restrictions. When a donor 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 statements of activities as net assets released from restrictions. Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as support with donor restrictions and then released from restriction.

Gifts of furniture, equipment, and software are reported as revenue without donor restrictions unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as support with donor restrictions. Absent donor stipulations for the period in which long-lived assets must be held, expirations of restrictions resulting in reclassification of net assets with donor restrictions as net assets without donor restrictions are reported when the long-lived assets are placed in service.

OneChild

Notes to Financial Statements

September 30, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUE, continued

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. Contributed services consisted of medical services provided for medical trips. Contribution revenue recognized from these services were approximately \$32,000 and \$19,000 for the years ended September 30, 2021 and 2020, respectively.

Contributions to foreign organizations for sponsorship operations are considered to be expenses when OneChild disburses funds to the overseas projects.

In April 2020, OneChild obtained a \$683,950 loan under the Paycheck Protection Program. The loan was fully forgivable provided OneChild meet certain spending and employment thresholds in line with the criteria of the program. During the year ended September 30, 2021 OneChild received full forgiveness of the loan. Loan forgiveness has been recorded as a gain on extinguishment of debt on the statements of activities.

FUNCTIONAL ALLOCATION OF EXPENSES

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of OneChild. These expenses include salaries and labor, travel and entertainment, depreciation, building rent and maintenance, and other expenses. Depreciation and building rent and maintenance are allocated based on square footage and interest is allocated based on usage of space. Costs of other categories were allocated on estimates of time and effort.

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Notes to Financial Statements

September 30, 2021 and 2020

3. INVESTMENTS:

Investments consist of:

	September 30,	
	2021	2020
Mutual funds	\$ 1,835,729	\$ 1,124,419
Exchange-traded funds	110,859	71,578
	<u>\$ 1,946,588</u>	<u>\$ 1,195,997</u>

Investment income consists of:

	Year Ended September 30,	
	2021	2020
Interest and dividends	\$ 26,305	\$ 39,248
Net realized and unrealized gains	40,153	861
	<u>\$ 66,458</u>	<u>\$ 40,109</u>

4. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The following table reflects OneChild's financial assets as of September 30, 2021 and 2020, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when they are illiquid or not convertible to cash within one year. Illiquid assets include net assets with without donor restrictions.

OneChild

Notes to Financial Statements

September 30, 2021 and 2020

4. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS, continued:

	September 30,	
	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 2,058,853	\$ 2,193,380
Accounts receivable	187,909	273,305
Investments	1,946,588	1,195,997
Financial assets, at year-end	4,193,350	3,662,682
Less those unavailable for general expenditure within one year, due to:		
Purpose restrictions to be spent beyond one year	(1,090,000)	(450,000)
Financial assets available to meet cash needs for general expenditures within one year	\$ 3,103,350	\$ 3,212,682

OneChild does not have any other financial assets that are illiquid or assets that are not convertible to cash. OneChild monitors its ongoing liquidity position through cash flow projection analysis that includes calculating expected expenditures and revenues that effect liquid assets. This cash flow projection process is performed monthly and as-needed throughout the year.

5. FURNITURE, EQUIPMENT, AND SOFTWARE–NET:

Furniture, equipment, and software–net consist of:

	September 30,	
	2021	2020
Buildings and improvements	\$ 311,752	\$ 311,752
Computer software and hardware	1,236,231	2,428,990
Furniture and equipment	432,771	421,495
Transportation equipment	44,227	44,227
	2,024,981	3,206,464
Less accumulated depreciation	(1,803,028)	(2,950,987)
Construction in process	14,412	-
	\$ 236,365	\$ 255,477

OneChild

Notes to Financial Statements

September 30, 2021 and 2020

6. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of:

	September 30,	
	2021	2020
Sponsorship Fund Reserves for various countries	\$ 1,150,255	\$ 613,868
Children's crisis fund	329,767	290,587
Child care—gift fund	328,287	241,454
Kenya	206,743	266,411
Mission trips	96,900	71,018
Philippines	52,186	36,998
Dominican Republic	42,435	45,170
Ethiopia	39,736	36,187
Honduras	39,186	55,406
Health and human services	35,569	-
Nicaragua	23,274	2,024
Cambodia	20,546	22,921
India	9,289	16,138
Haiti	3,320	14,945
Capacity, building, and community development	3,260	-
Bangladesh	2,528	3,008
Nepal	1,122	1,291
Zimbabwe	250	250
	<u>\$ 2,384,653</u>	<u>\$ 1,717,676</u>

7. RETIREMENT PLAN:

OneChild has established a retirement plan for the benefit of its employees and their beneficiaries under a 403(b) arrangement. Employees are eligible for employer contributions after one year of service and attainment of age 21. For the years ended September 30, 2021 and 2020, the employer made discretionary contributions as well as matched employee contributions. From October 1, 2019 through May 1, 2020, OneChild matched up to 4 percent of eligible employee contributions. Starting May 1, 2020, the employer match decreased to 1 percent, but was later increased to 2 percent on April 1, 2021. Employer contributions were \$70,734 and \$89,519 for the years ended September 30, 2021 and 2020, respectively.

OneChild

Notes to Financial Statements

September 30, 2021 and 2020

8. RELATED PARTY TRANSACTIONS:

The following are transactions between OneChild and other related entities:

During the years ended September 30, 2021 and 2020, OneChild's affiliates (Bethesda Foundation and Subsidiaries) contributed \$10,876 and \$4,611, respectively, to OneChild programs.

During the years ended September 30, 2021 and 2020, Bethesda Foundation subsidized certain overhead costs of OneChild in order to reduce the ongoing overhead burden on funds received from donors. Specifically, during the years ended September 30, 2021 and 2020, Bethesda Foundation gave \$600,000 and \$750,000, respectively to OneChild to subsidize unrestricted general, administrative, and promotional costs. These items were recorded as a decrease in supporting services as donors' funds were not used for these expenses.

An entity to which OneChild is related charged \$250,171 and \$233,636 for computer, accounting, and other services provided to OneChild during the years ended September 30, 2021 and 2020, respectively. OneChild was charged \$191,396 and \$196,243 for the rental of office and storage space during the years ended September 30, 2021 and 2020, respectively. The rent is charged on a monthly basis; as such, there is no future operating lease commitment.

Accounts receivable from Bethesda Foundation and its related entities to OneChild as of September 30, 2021 and 2020 totaled \$19,233 and \$83,711, respectively.

Contributions to a related but non-consolidated entity, were approximately \$438,000 and \$459,000, during the years ended September 30, 2021 and 2020, respectively.

9. SUBSEQUENT EVENTS:

Subsequent events were evaluated through February 11, 2022, which represents the date the financial statements were available to be issued.