



CHILDREN INCORPORATED

P.O. Box 72848
North Chesterfield, VA
23235





**CHILDREN INCORPORATED
ANNUAL REPORT FISCAL YEAR 2019**



WE ARE PROUD TO SHARE OUR 2018-2019 ANNUAL REPORT

Dear Friends,

We proudly present to you our annual report for the fiscal year ending on June 30, 2019. We are proud of our transparency in how we use the funds so generously entrusted to us by our sponsors and donors. We take financial responsibility seriously, and we willingly open our books to all of the major charitable monitoring groups, including Charity Navigator, which has awarded us a 4 Out of 4 Stars rating for the last three ratings cycles, and Charity Watch, which identifies Children Incorporated as a Grade-A, Top-rated charity. Furthermore, we are meticulously audited each year by the highly reputable accounting firm of Yount, Hyde, and Barbour. It regularly reports its findings to our Board of Directors, which then provides expert oversight to me as I lead Children Incorporated. For this fiscal year, Children Incorporated ended with a net assets balance of \$6,913,196, the highest for our organization since the economic collapse of 2008. Of this total asset value, nearly 35% of the funds are donor-restricted, which means that due to the specific way they were given to our organization, we may not use them as part of our day-to-day operating budget. Those funds are reserved, and in some cases invested, per instructions from the donors, for purposes outside of our standard child

assistance programs. Of the unrestricted funds entrusted to Children Incorporated, I am happy to report that the organization has again exceeded all expectations for the amount that is actually used to benefit children, families and communities. By being frugal, keeping our staff small, and paying close attention to what we spend, Children Incorporated allocated 87% of the unrestricted funds we received to support child program services. These funds not only supported child sponsorship, but also a host of individualized special needs as they were brought to our attention. As Children Incorporated enters its 56th year of service, our vow to you is simple. We will do everything within our power to improve the lives of as many children and young people as possible. We will continue to offer them education, hope and opportunity. We will remain focused on doing what we know and understand, yet we will be open to new possibilities so that more and more needs may be met.

Thank you for your loyal support.

From the heart,

Ronald H. Carter
President and Chief Executive Officer
Children Incorporated



TESTIMONIALS FROM OUR SUPPORTERS

"I've been a sponsor with Children Incorporated for over 35 years. I know of no other organization devoted to the health and well-being of disadvantaged children with more integrity, compassion, and dedication than Children Incorporated. Check out their charity ratings, go visit them in Richmond, VA, as I have done, and sponsor a child for the cost of a few cappuccinos a month. Children Incorporated and their sponsors make a huge difference in the lives of so many children around the world. Join us."

Rosanne Cash
Grammy-winning Singer, Songwriter and Author
December 2019

"It is such a pleasure to sponsor a child through Children Incorporated. It makes me so proud to be a part of a child's life, and I love the way Children Incorporated helps young people and gives them hope for the future!"

Mary Wilson
Entertainer, Author and Co-founder of The Supremes
December 2019



GUIDE STAR PLATINUM
SEAL OF TRANSPARENCY



MEMBER OF THE BETTER
BUSINESS BUREAU
WISE GIVING ALLIANCE



CHARITY WATCH
A-RATED CHARITY



CHARITY NAVIGATOR
"FOUR STAR CHARITY"



OUR BOARD OF DIRECTORS

Elizabeth Collins, Chair

Shantell Malachi, Vice-Chair

Allyson Wiggins, Treasurer

Keisha Gwaltney

Charlotte Dean

Martina Allen

Victor Rogers

Gabrielle Pearman

OUR STAFF

Ronald H Carter, President & Chief Executive Officer

Terrie Reed, Controller

Anita Holder, Human Resources Coordinator

Netiece Miller, Processes Administrator

Suzanne Estes, Database Administrator

Shelley Callahan, Director of Development

Renée Kube, Director of U.S. Programs

Shelley Oxenham, U.S. Projects Specialist

Luis Bourdet, Director of International Programs

Kristen Walthall, International Projects Specialist

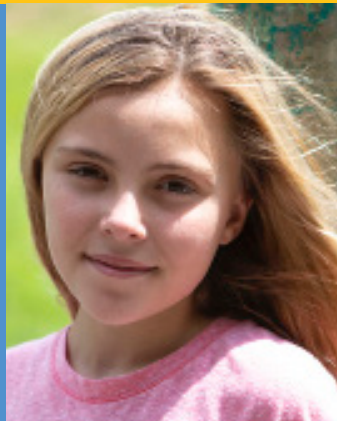
Steve Mitchell, Sponsorship Manager (International)

Chuck Smith, Sponsorship Manager (U.S.)

Erika Bunn, Sponsorship Specialist

Evlylyn Manzano, Sponsorship Specialist

Magda Kegley, Sponsorship Specialist



OUR WORK



21

COUNTRIES
SERVED



300,000

CHILDREN
SERVED SINCE
1964



300

PROJECTS
WORLDWIDE



55

YEARS
HELPING
CHILDREN



Argentina
Bolivia
Brazil
Chile
Colombia
Costa Rica
El Salvador
Ethiopia
Guatemala
Honduras
India
Kenya
Lebanon
Mexico
Nicaragua
Paraguay
Peru
Philippines
South Korea
Sri Lanka
United States
of America

OUR MISSION

Children Incorporated provides resources to children in need in the United States and abroad because we passionately believe that children everywhere deserve education, hope and opportunity.



OUR VISION

We envision a world in which each child has the education, resources and opportunity to build a better life.

EDUCATION. HOPE. OPPORTUNITY.

OUR 2019 ACCOMPLISHMENTS

UNITED STATES



- Provided back packs full of food for children to take home on the weekends in New Mexico, Arizona and Kentucky



- Purchased equipment for a STEAM Lab in Eastern Kentucky
- Sent children to a district-wide summer arts camp in Kentucky



- Purchased iPads for children in Kentucky
- Provided audio books and matching paperbacks for students in Arizona
- Provided beds for children in our Appalachian and Urban Division



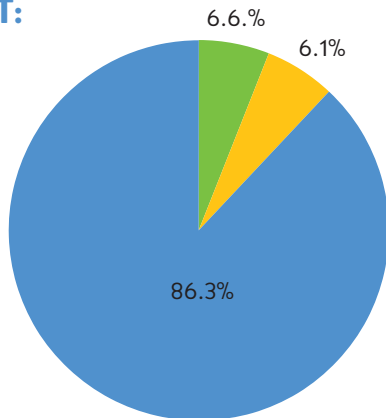
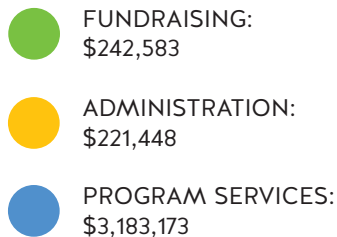
INTERNATIONAL

- Supported five feeding programs serving over 300 children in the Philippines, Kenya and Ethiopia
- Funded the construction of housing in Honduras
- Purchased 600 pairs of shoes for children in Latin America
- Provided 1800 mosquito nets for children in Kenya
- Built a roof over a school playground to protect children from harsh weather in El Salvador
- Implemented a food preparation skills training program in Bolivia and a dressmaking program in Guatemala
- Constructed a classroom equipped with audio-video equipment in Argentina
- Improved the infrastructure of a girls' home in India

THANK YOU FOR MAKING OUR WORK POSSIBLE!

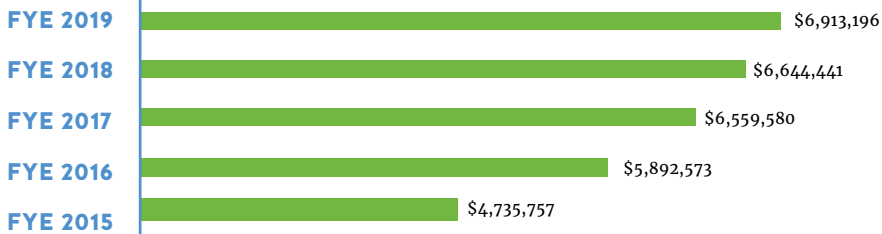
CHILDREN INCORPORATED STATEMENT OF FUNCTIONAL EXPENSES FISCAL YEAR 2019

TOTAL ANNUAL BUDGET: \$3.5 MILLION



FINANCIAL REPORT REFLECTS FISCAL YEAR ENDING JUNE 30, 2019

ANNUAL NET ASSETS BY FISCAL YEAR



CONTACT:
P.O. BOX 72848
NORTH CHESTERFIELD, VA 23235
(800) 538-5381
SPONSORSHIP@CHILDRENINCORPORATED.ORG



CHILDREN, INCORPORATED

Statements of Cash Flows Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 268,755	\$ 84,861
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	178,146	152,982
Loss on disposal of fixed assets	49	--
Realized (gain) on sale of marketable securities	(109,589)	(33,232)
Unrealized (gain) loss on marketable securities	(146,693)	24,368
Change in value of beneficial interests in charitable remainder annuity trusts	(18,566)	(62,564)
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	48,798	(43,971)
(Increase) decrease in prepaid expenses	(116)	7,815
(Decrease) increase in accounts payable	(77,183)	32,288
Increase in accrued vacation	2,346	134
(Decrease) in other payroll liabilities	(648)	(7,512)
Net cash provided by operating activities	<u>\$ 145,299</u>	<u>\$ 155,169</u>
Cash Flows from Investing Activities		
Purchases of fixed assets	\$ (13,622)	\$ (122,857)
Proceeds from sales of marketable securities	1,560,357	234,312
Purchases of investments	<u>(2,333,482)</u>	<u>(170,896)</u>
Net cash (used in) investing activities	<u>\$ (786,747)</u>	<u>\$ (59,441)</u>
Net (decrease) increase in cash	\$ (641,448)	\$ 95,728
Cash		
Beginning	<u>2,567,544</u>	<u>2,471,816</u>
Ending	<u>\$ 1,926,096</u>	<u>\$ 2,567,544</u>

Notes to Financial Statements

Note 1. Nature of Operations

Children, Incorporated is a not-for-profit entity that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Its program services consist of arranging and providing funding for supplies and services to meet the basic and educational needs of approximately 20,000 impoverished children in 300 locations, approximately half in the United States and half in other countries.

Program services are provided entirely by volunteers at each location. Funding for supplies and services for impoverished children is transferred from the Richmond office to various organizations that distribute the supplies and services to the children. The volunteers of the organizations decide on the supplies and services needed, arrange for them to be provided, and administer disbursements of the funds. The volunteer staff members are required to retain documentation of the disbursements and provide periodic reports to the paid staff members. Volunteer staff members are periodically visited at their locations by paid staff members.

A summary of program services by location for the years ended June 30, 2019 and 2018 is as follows:

	<u>2019</u>	<u>2018</u>
Program services provided outside the		
United States of America:		
Central America and the Caribbean	\$ 327,905	\$ 291,967
East Asia and the Pacific	85,758	87,194
North America	23,160	24,624
South America	380,233	405,520
South Asia	215,170	222,148
SubSahara Africa	<u>138,421</u>	<u>139,761</u>
	\$ 1,170,647	\$ 1,171,214
Program services provided in the		
United States of America	<u>994,755</u>	<u>961,742</u>
	<u>\$ 2,165,402</u>	<u>\$ 2,132,956</u>

CHILDREN, INCORPORATED**Statements of Financial Position**

June 30, 2019 and 2018

Assets	2019	2018
Cash	\$ 1,926,096	\$ 2,567,544
Accounts receivable	718	49,516
Prepaid expenses	3,299	3,183
Investments	3,466,270	2,436,863
Beneficial interests in charitable remainder annuity trusts	1,143,009	1,124,443
Property and equipment, net	<u>639,799</u>	<u>804,372</u>
Total assets	<u>\$ 7,179,191</u>	<u>\$ 6,985,921</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 243,998	\$ 321,181
Accrued vacation	12,916	10,570
Other payroll liabilities	<u>9,081</u>	<u>9,729</u>
	<u>\$ 265,995</u>	<u>\$ 341,480</u>
Net Assets		
Without donor restrictions	\$ 4,509,145	\$ 4,584,892
With donor restrictions	<u>2,404,051</u>	<u>2,059,549</u>
	<u>\$ 6,913,196</u>	<u>\$ 6,644,441</u>
Total liabilities and net assets	<u>\$ 7,179,191</u>	<u>\$ 6,985,921</u>

See Notes to Financial Statements.

CHILDREN, INCORPORATED

Statement of Activities **Year Ended June 30, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support and other changes in net assets:			
Contributions	\$ 2,937,773	\$ 660,341	\$ 3,598,114
Investment income	299,328	--	299,328
(Loss) on disposal of property and equipment	(49)	--	(49)
Change in value of beneficial interests in charitable remainder annuity trusts	--	18,566	18,566
Total revenue, support and other changes in net assets	\$ 3,237,052	\$ 678,907	\$ 3,915,959
Net assets released from restrictions	334,405	(334,405)	--
Total revenue, support and other changes in net assets	<u>\$ 3,571,457</u>	<u>\$ 344,502</u>	<u>\$ 3,915,959</u>
Expenses			
Program services	\$ 3,183,173	\$ --	\$ 3,183,173
Administration	221,448	--	221,448
Fundraising	242,583	--	242,583
Total expenses	<u>\$ 3,647,204</u>	<u>\$ --</u>	<u>\$ 3,647,204</u>
Change in net assets	\$ (75,747)	\$ 344,502	\$ 268,755
Net assets, beginning of year	<u>4,584,892</u>	<u>2,059,549</u>	<u>6,644,441</u>
Net assets, end of year	<u>\$ 4,509,145</u>	<u>\$ 2,404,051</u>	<u>\$ 6,913,196</u>

See Notes to Financial Statements.

CHILDREN, INCORPORATED

Statement of Activities Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support and other changes in net assets:			
Contributions	\$ 3,339,516	\$ 279,252	\$ 3,618,768
Investment income	41,827	- -	41,827
Change in value of beneficial interests in charitable remainder annuity trusts	- -	62,564	62,564
Total revenue, support and other changes in net assets	\$ 3,381,343	\$ 341,816	\$ 3,723,159
Net assets released from restrictions	754,799	(754,799)	- -
Total revenue, support and other changes in net assets	\$ 4,136,142	\$ (412,983)	\$ 3,723,159
Expenses			
Program services	\$ 3,092,600	\$ - -	\$ 3,092,600
Administration	212,058	- -	212,058
Fundraising	333,640	- -	333,640
Total expenses	\$ 3,638,298	\$ - -	\$ 3,638,298
Change in net assets	\$ 497,844	\$ (412,983)	\$ 84,861
Net assets, beginning of year	<u>4,087,048</u>	<u>2,472,532</u>	<u>6,559,580</u>
Net assets, end of year	<u>\$ 4,584,892</u>	<u>\$ 2,059,549</u>	<u>\$ 6,644,441</u>

See Notes to Financial Statements.

CHILDREN, INCORPORATED

Statement of Functional Expenses
Year Ended June 30, 2019

	Program Services	Administration	Fundraising	Total
Compensation	\$ 570,853	\$ 118,617	\$ 69,355	\$ 758,825
Employee benefits	62,664	13,021	7,613	83,298
Payroll taxes	<u>40,517</u>	<u>8,419</u>	<u>4,923</u>	<u>53,859</u>
	\$ 674,034	\$ 140,057	\$ 81,891	\$ 895,982
Advertising and promotion	--	--	139,482	139,482
Bank and credit card fees	31,935	2,613	653	35,201
Depreciation	133,610	35,629	8,907	178,146
General insurance	13,332	3,555	889	17,776
Office expenses	43,456	11,588	2,897	57,941
Professional fees	35,551	9,480	2,370	47,401
Rent	5,137	1,370	343	6,850
Repairs and maintenance	1,774	473	118	2,365
Supplies and services for impoveryished children	2,165,402	--	--	2,165,402
Software expense	8,402	2,241	560	11,203
Travel	29,316	3,449	1,725	34,490
Other	27,554	7,348	1,837	36,739
Utilities	<u>13,670</u>	<u>3,645</u>	<u>911</u>	<u>18,226</u>
	<u>\$ 3,183,173</u>	<u>\$ 221,448</u>	<u>\$ 242,583</u>	<u>\$ 3,647,204</u>

See Notes to Financial Statements.

CHILDREN, INCORPORATED

Statement of Functional Expenses
Year Ended June 30, 2018

	Program Services	Administration	Fundraising	Total
Compensation	\$ 534,460	\$ 92,133	\$ 85,195	\$ 711,788
Employee benefits	59,601	10,274	9,501	79,376
Payroll taxes	<u>39,881</u>	<u>6,875</u>	<u>6,357</u>	<u>53,113</u>
	\$ 633,942	\$ 109,282	\$ 101,053	\$ 844,277
Advertising and promotion	--	--	206,211	206,211 ✓
Bank and credit card fees	21,013	24,981	6,245	52,239
Depreciation	114,737	30,596	7,649	152,982 ✓
General insurance	13,160	3,509	877	17,546
Office expenses	52,436	13,983	3,496	69,915 ✓
Professional fees	26,495	7,065	1,766	35,326
Rent	5,985	1,596	399	7,980 ✓
Repairs and maintenance	1,209	323	81	1,613 ✓
Supplies and services for impoveryished children	2,132,956	--	--	2,132,956
Software expense	32,980	8,795	2,199	43,974 ✓
Travel	23,187	2,728	1,364	27,279
Other	20,583	5,489	1,372	27,444 ✓
Utilities	<u>13,917</u>	<u>3,711</u>	<u>928</u>	<u>18,556</u> ✓
	<u>\$ 3,092,600</u>	<u>\$ 212,058</u>	<u>\$ 333,640</u>	<u>\$ 3,638,298</u>

See Notes to Financial Statements.