

CHILDREN INCORPORATED ANNUAL REPORT

2015-2016 FISCAL YEAR



Established in **1964**,
Children Incorporated has
been helping children for
52 YEARS and counting.



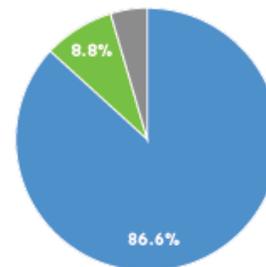
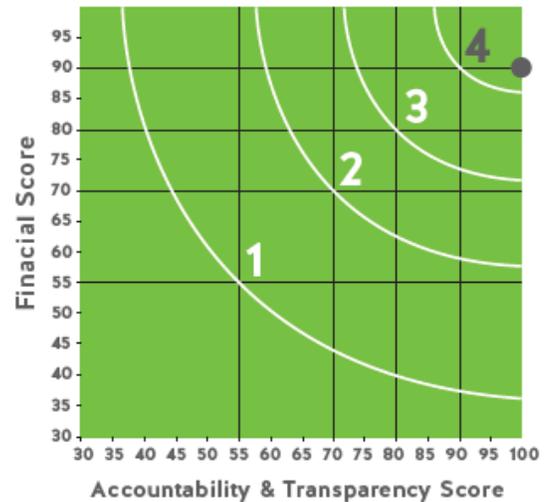
We work in **22** countries

Total annual budget:
4.8 MILLION

87% goes directly to
programs to help children in
need all around the world

CHARITY NAVIGATOR

4 OUT OF 4 STARS



EXPENSES BREAKDOWN

- Program
- Administrative
- Fundraising

THIS YEAR, OUR DONORS:



BUILT A SCHOOL IN **BOLIVIA**
WHICH PROVIDED 7 CLASSROOMS
FOR HUNDREDS OF CHILDREN



PURCHASED FOOD, CLOTHING, SCHOOL
SUPPLIES, HYGIENE ITEMS AND NUMEROUS
OTHER BASIC NECESSITIES FOR CHILDREN
ALL OVER THE WORLD!



PURCHASED HEARING AIDS FOR
DEAF CHILDREN IN LEBANON



PROVIDED WINTER CLOTHES FOR
THOUSANDS OF CHILDREN



FUNDED FEEDING PROGRAMS IN THE
PHILIPPINES & KENYA

MEMBER OF
BETTER BUSINESS BUREAU
WISE GIVING ALLIANCE



"GOLD STAR RATING"



PREFERRED CHARITY
RATED "A"



Children Incorporated Annual Report

2015-2016 Fiscal Year

Supplemental Information

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 Board of Directors

Carolyn W. Brown	Shantell J. Malachi <i>Vice-Chair</i>
Lynn L. Clayton	Kindall A. Stevenson
Elizabeth S. Collins <i>Chair</i>	Allyson Petty Wiggins
Kesia Gwaltney	John Cerreto

Our Funds

Total Income	4,800,00
Support to children and child assistance programs (86.6%)	4,156,800
Fundraising expenses (4.6%)	220,800
Administration (8.8%)	422,400
Net Assets	5,800,000



CHILDREN, INCORPORATED

Statements of Financial Position

June 30, 2016 and 2015

Assets	2016	2015
Cash	\$ 2,588,035	\$ 1,106,964
Investments	2,431,371	3,135,418
Miscellaneous receivable	515	60
Prepaid expenses	6,678	8,370
Furniture and equipment, net	<u>898,736</u>	<u>509,069</u>
Total assets	<u>\$ 5,925,335</u>	<u>\$ 4,759,881</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 14,797	\$ 6,642
Accrued vacation	11,545	12,542
Other	<u>6,420</u>	<u>4,940</u>
	<u>\$ 32,762</u>	<u>\$ 24,124</u>

CHILDREN, INCORPORATED

Statement of Activities
Year Ended June 30, 2016

	2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Changes in unrestricted net assets				
Revenues				
Contributions	\$ 4,553,766	\$ 779,200	\$ --	\$ 5,332,966
(Loss) on disposal of fixed assets	(1,160)	--	--	(1,160)
Investment income	38,239			38,239
(Loss) on marketable securities	(43,341)	--	--	(43,341)
Total revenues	<u>\$ 4,547,504</u>	<u>\$ 779,200</u>	<u>\$ --</u>	<u>\$ 5,326,704</u>
Net assets released from restrictions	582,010	(582,010)	--	--
Total revenues, support and other changes	<u>\$ 5,129,514</u>	<u>\$ 197,190</u>	<u>\$ --</u>	<u>\$ 5,326,704</u>
Expenses				
Program services	\$ 3,415,670	\$ --	\$ --	\$ 3,415,670
Administration	454,321	--	--	454,321
Fundraising	299,897	--	--	299,897
Total expenses	<u>\$ 4,169,888</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 4,169,888</u>
Change in net assets	\$ 959,626	\$ 197,190	\$ --	\$ 1,156,816
Net assets, beginning of year	<u>3,500,380</u>	<u>663,030</u>	<u>572,347</u>	<u>4,735,757</u>

CHILDREN, INCORPORATED**Statement of Activities**
Year Ended June 30, 2015

	2015			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Changes in unrestricted net assets				
Revenues				
Contributions	\$ 2,872,641	\$ 663,030	\$ --	\$ 3,535,671
Earnings on marketable securities	854	--	--	854
Total revenues	<u>\$ 2,873,495</u>	<u>\$ 663,030</u>	<u>\$ --</u>	<u>\$ 3,536,525</u>
Expenses				
Program services	\$ 3,303,691	\$ --	\$ --	\$ 3,303,691
Administration	337,248	--	--	337,248
Fundraising	171,902	--	--	171,902
Total expenses	<u>\$ 3,812,841</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 3,812,841</u>
Change in net assets	\$ (939,346)	\$ 663,030	\$ --	\$ (276,316)
Net assets, beginning of year	<u>4,439,726</u>	<u>--</u>	<u>572,347</u>	<u>5,012,073</u>
Net assets, end of year	<u>\$ 3,500,380</u>	<u>\$ 663,030</u>	<u>\$ 572,347</u>	<u>\$ 4,735,757</u>

CHILDREN, INCORPORATED**Statement of Functional Expenses**
Year Ended June 30, 2016

	<u>Program Services</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>
Compensation	\$ 576,835	\$ 117,506	\$ 97,179	\$ 791,520
Employee benefits	49,219	10,026	8,292	67,537
Payroll taxes	<u>40,243</u>	<u>8,198</u>	<u>6,780</u>	<u>55,221</u>
	\$ 666,297	\$ 135,730	\$ 112,251	\$ 914,278
Advertising and promotion	--	--	165,894	165,894
Bank and credit card fees	52,312	--	--	52,312
Change in valuation allowance	--	234,850	--	234,850
Depreciation	97,522	26,006	6,501	130,029
General insurance	13,926	3,714	928	18,568
Office expenses	52,229	13,928	3,482	69,639
Professional fees	70,220	18,725	4,681	93,626
Rent	24,654	6,574	1,644	32,872
Repairs and maintenance	11,476	3,060	765	15,301
Supplies and services for impoverished children	2,367,501	--	--	2,367,501
Software expense	20,760	5,536	1,384	27,680
Travel	27,795	3,270	1,635	32,700
Other	4,108	1,096	274	5,478
Utilities	<u>6,870</u>	<u>1,832</u>	<u>458</u>	<u>9,160</u>
	<u>\$ 3,415,670</u>	<u>\$ 454,321</u>	<u>\$ 299,897</u>	<u>\$ 4,169,888</u>

CHILDREN, INCORPORATED

Statement of Functional Expenses

Year Ended June 30, 2015

	<u>Program Services</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>
Compensation	\$ 499,627	\$ 238,304	\$ 60,784	\$ 798,715
Employee benefits	35,018	16,702	4,260	55,980
Payroll taxes	38,316	18,275	4,661	61,252
	<u>\$ 572,961</u>	<u>\$ 273,281</u>	<u>\$ 69,705</u>	<u>\$ 915,947</u>
Advertising and promotion	--	--	85,629	85,629
Bank and credit card fees	51,377	--	--	51,377
Depreciation	69,432	18,515	4,629	92,576
General insurance	9,871	2,632	658	13,161
Office expenses	34,376	9,167	2,292	45,835
Professional fees	48,787	13,010	3,252	65,049
Rent	46,999	12,533	3,133	62,665
Supplies and services for impoveryished children	2,428,529	--	--	2,428,529
Travel	19,592	2,305	1,152	23,049
Other	21,767	5,805	1,452	29,024
	<u>\$ 3,303,691</u>	<u>\$ 337,248</u>	<u>\$ 171,902</u>	<u>\$ 3,812,841</u>

CHILDREN, INCORPORATED

Statements of Cash Flows Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 1,156,816	\$ (276,316)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	130,029	92,576
Loss on disposal of fixed assets	1,160	--
Realized (gain) on sale of marketable securities	(45,367)	--
Unrealized loss on investments	88,708	5,163
Change in assets and liabilities:		
(Increase) in miscellaneous receivable	(455)	(60)
Decrease (increase) in prepaid expenses	1,692	(8,370)
Increase in accounts payable	8,155	6,642
(Decrease) increase in accrued vacation	(997)	12,542
Increase (decrease) in other liabilities	1,480	(31,360)
Net cash provided by (used in) operating activities	<u>\$ 1,341,221</u>	<u>\$ (199,183)</u>
Cash Flows from Investing Activities		
Purchases of fixed assets	\$ (520,856)	\$ (155,158)
Proceeds from sales of marketable securities	702,926	--
Purchases of marketable securities	<u>(42,220)</u>	<u>--</u>
Net cash provided by (used in) investing activities	<u>\$ 130,850</u>	<u>\$ (155,158)</u>

CHILDREN, INCORPORATED

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, 2016 and 2015 is as follows:

	<u>2016</u>	<u>2015</u>
Program services provided outside the United States of America:		
Central America and the Caribbean	\$ 319,540	\$ 314,761
East Asia and the Pacific	143,522	161,640
Middle East and North Africa	22,654	33,372
North America	34,252	103,673
South America	506,602	515,652
South Asia	218,850	185,043