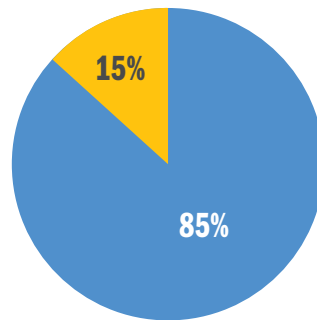




Established in 1964, Children Incorporated has helped more than **300,000 CHILDREN** in *23 countries* around the world.

TOTAL ANNUAL BUDGET: **\$5.3 MILLION**

**85%** of contributions went to support programs benefiting children and their families both domestically and internationally.



● PROGRAMS  
● ADMINISTRATION & FUNDRAISING

## This year, our donors:



Built houses in Bolivia for children in our program and their mothers, who would be living on the streets otherwise



Purchased food, clothing, school supplies, hygiene items, and other basic necessities for children all over the world



Funded feeding programs in the U.S., Philippines, and Kenya



Provided winter clothes for thousands of children in the U.S.



Provided a thousand pairs of new shoes to children in Latin America, Asia, and Africa

“GOLD” SEAL OF TRANSPARENCY



MEMBER OF THE BETTER BUSINESS BUREAU WISE GIVING ALLIANCE



“FOUR STAR CHARITY”



A-RATED CHARITY



# Children Incorporated Annual Report

2016-2017 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 *Vice-Chair*

Lynn L. Clayton

Kindall A. Stevenson

Elizabeth S. Collins *Chair*

Allyson Petty Wiggins

Kesia Gwaltney

John Cerreto

## Our Funds

Total Income	5,300,000
Support to children and child assistance programs (85%)	4,505,000
Fundraising expenses & Administration (15%)	795,000
Net Assets	6,600,000



**Statements of Cash Flows**  
Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (117,079)	\$ 900,199
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	139,381	130,029
Loss on disposal of fixed assets	2,500	1,160
Realized (gain) on sale of marketable securities	(16,893)	(45,367)
Unrealized (gain) loss on marketable securities	(26,895)	88,708
Change in value of beneficial interests in Charitable Remainder Annuity Trusts	(79,111)	57,935
Change in assets and liabilities:		
(Increase) in accounts receivable	(5,030)	(455)
(Increase) decrease in prepaid expenses	(4,320)	1,692
Increase in accounts payable	75,414	206,837
(Decrease) in accrued vacation	(1,109)	(997)
Increase in other payroll liabilities	<u>10,821</u>	<u>1,480</u>
Net cash (used in) provided by operating activities	<u>\$ (22,321)</u>	<u>\$ 1,341,221</u>
 <b>Cash Flows from Investing Activities</b>		
Purchases of fixed assets	\$ (77,642)	\$ (520,856)
Proceeds from sales of marketable securities	166,738	702,926
Purchases of marketable securities	<u>(182,994)</u>	<u>(42,220)</u>
Net cash (used in) provided by investing activities	<u>\$ (93,898)</u>	<u>\$ 139,850</u>
 Net (decrease) increase in cash	 \$ (116,219)	 \$ 1,481,071
 <b>Cash</b>		
Beginning	<u>2,588,035</u>	<u>1,106,964</u>
 Ending	 <u>\$ 2,471,816</u>	 <u>\$ 2,588,035</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, 2017 and 2016 is as follows:

	<u>2017</u>	<u>2016</u>
Program services provided outside the United States of America:		
Central America and the Caribbean	\$ 314,816	\$ 346,356
East Asia and the Pacific	91,545	155,566
Middle East and North Africa	--	24,555
North America	30,785	37,126
South America	506,277	549,116
South Asia	230,878	237,216
SubSahara Africa	<u>145,353</u>	<u>161,077</u>
	\$ 1,319,654	\$ 1,511,013
Program services provided in the United States of America	<u>1,008,647</u>	<u>1,055,170</u>
	<u>\$ 2,328,301</u>	<u>\$ 2,566,183</u>

# CHILDREN, INCORPORATED

## Statements of Financial Position

June 30, 2017 and 2016

<b>Assets</b>	<b>2017</b>	<b>2016</b>
Cash	\$ 2,471,816	\$ 2,588,035
Investments	2,491,415	2,431,371
Accounts receivable	5,545	515
Beneficial interests in charitable remainder annuity trusts	1,061,879	982,768
Prepaid expenses	10,998	6,678
Property and equipment, net	<u>834,497</u>	<u>898,736</u>
 Total assets	 <u>\$ 6,876,150</u>	 <u>\$ 6,908,103</u>
 <b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 288,893	\$ 213,479
Accrued vacation	10,436	11,545
Other payroll liabilities	<u>17,241</u>	<u>6,420</u>
	<u>\$ 316,570</u>	<u>\$ 231,444</u>
 <b>Net Assets</b>		
Unrestricted	\$ 4,087,048	\$ 4,261,324
Temporarily restricted	1,900,185	1,842,988
Permanently restricted	<u>572,347</u>	<u>572,347</u>
	<u>\$ 6,559,580</u>	<u>\$ 6,676,659</u>
 Total liabilities and net assets	 <u>\$ 6,876,150</u>	 <u>\$ 6,908,103</u>

**CHILDREN, INCORPORATED**

**Statement of Activities**  
Year Ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Revenue, support and other changes in net assets:</b>				
Contributions	\$ 2,680,527	\$ 671,037	\$ --	\$ 3,351,564
(Loss) on disposal of fixed assets	(2,500)	--	--	(2,500)
Investment income	15,255	--	--	15,255
Gain on marketable securities	43,788	--	--	43,788
Change in value of beneficial interests in charitable remainder annuity trusts	--	79,111	--	79,111
Change in valuation allowance	<u>212,621</u>	<u>--</u>	<u>--</u>	<u>212,621</u>
Total revenues	\$ 2,949,691	\$ 750,148	\$ --	\$ 3,699,839
Net assets released from restrictions	<u>692,951</u>	<u>(692,951)</u>	<u>--</u>	<u>--</u>
Total revenues, support and other changes	<u>\$ 3,642,642</u>	<u>\$ 57,197</u>	<u>\$ --</u>	<u>\$ 3,699,839</u>
<b>Expenses</b>				
Program services	\$ 3,262,166	\$ --	\$ --	\$ 3,262,166
Administration	229,870	--	--	229,870
Fundraising	<u>324,883</u>	<u>--</u>	<u>--</u>	<u>324,883</u>
Total expenses	<u>\$ 3,816,918</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 3,816,918</u>
Change in net assets	\$ (174,276)	\$ 57,197	\$ --	\$ (117,079)
<b>Net assets, beginning of year (as restated)</b>	<u>4,261,324</u>	<u>1,842,988</u>	<u>572,347</u>	<u>6,676,659</u>
<b>Net assets, end of year</b>	<u>\$ 4,087,048</u>	<u>\$ 1,900,185</u>	<u>\$ 572,347</u>	<u>\$ 6,559,580</u>

**CHILDREN, INCORPORATED**

**Statement of Activities**  
Year Ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Revenue, support and other changes in net assets:</b>				
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)
Change in value of beneficial interests in charitable remainder annuity trusts	--	(57,935)	--	(57,935)
Change in valuation allowance	(234,850)	--	--	(234,850)
Total revenues	<u>\$ 4,312,654</u>	<u>\$ 721,265</u>	<u>\$ --</u>	<u>\$ 5,033,919</u>
Net assets released from restrictions	582,010	(582,010)	--	--
Total revenues, support and other changes	<u>\$ 4,894,664</u>	<u>\$ 139,255</u>	<u>\$ --</u>	<u>\$ 5,033,919</u>
 <b>Expenses</b>				
Program services	\$ 3,572,997	\$ --	\$ --	\$ 3,572,997
Administration	252,555	--	--	252,555
Fundraising	308,168	--	--	308,168
Total expenses	<u>\$ 4,133,720</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 4,133,720</u>
 Change in net assets	 \$ 760,944	 \$ 139,255	 \$ --	 \$ 900,199
 <b>Net assets, beginning of year, as previously reported</b>	 3,500,380	 663,030	 572,347	 4,735,757
Restatement of prior year net assets	<u>--</u>	<u>1,040,703</u>	<u>--</u>	<u>1,040,703</u>
 <b>Net assets, end of year, as restated</b>	 <u>\$ 4,261,324</u>	 <u>\$ 1,842,988</u>	 <u>\$ 572,347</u>	 <u>\$ 6,676,659</u>

**CHILDREN, INCORPORATED**

**Statement of Functional Expenses**  
Year Ended June 30, 2017

	<u>Program Services</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>
Compensation	\$ 497,655	\$ 94,289	\$ 85,745	\$ 677,688
Employee benefits	63,436	12,019	10,930	86,385
Payroll taxes	36,745	6,962	6,331	50,038
	<u>\$ 597,836</u>	<u>\$ 113,270</u>	<u>\$ 103,006</u>	<u>\$ 814,111</u>
Advertising and promotion	--	--	192,092	192,092
Bank and credit card fees	10,973	33,131	8,283	52,387
Depreciation	104,536	27,876	6,969	139,381
General insurance	12,606	3,362	840	16,808
Office expenses	42,526	11,340	2,835	56,701
Professional fees	53,469	14,258	3,565	71,292
Rent	8,006	2,135	534	10,675
Repairs and maintenance	1,620	432	108	2,160
Supplies and services for impoveryished children	2,328,301	--	--	2,328,301
Software expense	57,044	15,212	3,803	76,058
Travel	21,553	2,536	1,268	25,357
Other	14,857	3,962	990	19,809
Utilities	8,840	2,357	589	11,786
	<u>\$ 3,262,166</u>	<u>\$ 229,870</u>	<u>\$ 324,883</u>	<u>\$ 3,816,918</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	40,243	8,198	6,780	55,221
	<u>\$ 666,297</u>	<u>\$ 135,730</u>	<u>\$ 112,251</u>	<u>\$ 914,278</u>
Advertising and promotion	--	--	165,894	165,894
Bank and credit card fees	10,957	33,084	8,271	52,312
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 impooverished children	2,566,183	--	--	2,566,183
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	6,870	1,832	458	9,160
	<u>\$ 3,572,997</u>	<u>\$ 252,555</u>	<u>\$ 308,168</u>	<u>\$ 4,133,720</u>