

THREE ANGELS CHILDREN'S RELIEF

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Governing Board
Three Angels Children's Relief
Santa Clarita, California

Management is responsible for the accompanying financial statements of Three Angels Children's Relief (TACR), which comprise the statement of financial position as of March 31, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

We are not independent with respect to Three Angels Children's Relief.

A handwritten signature in blue ink that reads "Goehner Accountancy".

September 2, 2020
Pasadena, California

THREE ANGELS CHILDREN'S RELIEF
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2020

ASSETS

CURRENT ASSETS

Cash \$ 158,151

PROPERTY AND EQUIPMENT - NET 136,260

TOTAL ASSETS \$ 294,411

LIABILITIES AND NET ASSETS

NET ASSETS

Without donor restriction \$ 294,411

TOTAL LIABILITIES AND NET ASSETS \$ 294,411

See accountant's compilation report.
The accompanying notes are an integral part of this statement.

THREE ANGELS CHILDREN'S RELIEF
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2020

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions	\$ 220,586	\$ 35,421	\$ 256,007
Program revenue	144,873	-	144,873
Sponsorship revenue	-	283,433	283,433
Net assets released from restrictions	<u>318,854</u>	<u>(318,854)</u>	<u>-</u>
	<u>684,313</u>	<u>-</u>	<u>684,313</u>
EXPENSES			
Program	576,776	-	576,776
General and administrative	58,572	-	58,572
Fundraising	<u>22,686</u>	<u>-</u>	<u>22,686</u>
Total expenses	<u>658,034</u>	<u>-</u>	<u>658,034</u>
CHANGE IN NET ASSETS	26,279	-	26,279
OTHER COMPREHENSIVE INCOME (LOSS)			
Foreign translation loss	<u>(3,946)</u>	<u>-</u>	<u>(3,946)</u>
CHANGE IN NET ASSETS AND OTHER COMPREHENSIVE INCOME	<u>22,333</u>	<u>-</u>	<u>22,333</u>
NET ASSETS AT BEGINNING OF YEAR	<u>272,078</u>	<u>-</u>	<u>272,078</u>
NET ASSETS AT END OF YEAR	<u>\$ 294,411</u>	<u>\$ -</u>	<u>\$ 294,411</u>

See accountant's compilation report.
The accompanying notes are an integral part of this statement.

THREE ANGELS CHILDREN'S RELIEF
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2020

	<u>Program services</u>	<u>General and administrative</u>	<u>Fundraising</u>	<u>Total</u>
PERSONNEL EXPENSES				
Salaries, taxes, and benefits	\$ 303,650	\$ 28,645	\$ 17,798	\$ 350,093
Total personnel expenses	<u>303,650</u>	<u>28,645</u>	<u>17,798</u>	<u>350,093</u>
OTHER EXPENSES				
Direct cost of programs	64,770	-	-	64,770
Grants	21,079	-	-	21,079
Occupancy	101,715	4,211	2,011	107,937
Office expense	19,793	1,157	1,040	21,990
Insurance	20,739	8,191	-	28,930
Professional fees	8,039	7,922	1,418	17,379
Travel	9,961	1,595	-	11,556
Conferences, conventions and meetings	8,070	2,870	419	11,359
Bank fees	1,795	918	-	2,713
Miscellaneous	14,917	-	-	14,917
Total other expenses	<u>270,878</u>	<u>26,864</u>	<u>4,888</u>	<u>302,630</u>
Depreciation	<u>2,248</u>	<u>3,063</u>	<u>-</u>	<u>5,311</u>
TOTAL EXPENSES	<u>\$ 576,776</u>	<u>\$ 58,572</u>	<u>\$ 22,686</u>	<u>\$ 658,034</u>

See accountant's compilation report.
The accompanying notes are an integral part of this statement.

THREE ANGELS CHILDREN'S RELIEF
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED MARCH 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

CHANGE IN NET ASSETS	\$	26,279
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation expense		<u>5,311</u>
CASH PROVIDED BY OPERATING ACTIVITIES		<u>31,590</u>
CASH USED FOR INVESTING ACTIVITIES		
Purchase of fixed assets		<u>(14,885)</u>
OTHER COMPREHENSIVE INCOME (LOSS)		<u>(3,946)</u>
NET INCREASE IN CASH		12,759
CASH AT BEGINNING OF YEAR		<u>145,392</u>
CASH AT END OF YEAR	\$	<u><u>158,151</u></u>
CASH PAID DURING THE YEAR FOR:		
INTEREST	\$	-
INCOME TAXES	\$	-

See accountant's compilation report.
 The accompanying notes are an integral part of this statement.

THREE ANGELS CHILDREN'S RELIEF
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020

NATURE OF ORGANIZATION

Three Angels Children's Relief (TACR) was incorporated in 2010. TACR is incorporated in California as a not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. It is also exempt from state income taxes. Contributions by the public are deductible for income tax purposes.

TACR exists to serve orphans and at-risk families in Haiti. The mission of TACR is to help children in Haiti escape poverty so that they may experience God's love, become part of a healthy home, and grow into who they are called to be.

In order to build up children and families in Christ, TACR operates the Angel House Orphanage, Three Angels Christian Academy, and the Halos Medical Clinic, which are all located in Haiti.

LIQUIDITY

TACR had cash of \$158,151 available within one year of the date of the statement of financial position as of March 31, 2020. TACR has a goal to maintain financial assets on hand to meet a minimum of 60 days of normal operating expenses, which were, on average \$108,000 for a 60 day period during the year ended March 31, 2020.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of TACR are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

CASH

Cash consists of cash on hand and cash on deposit. For purposes of the statement of cash flows, TACR considers all short-term debt securities with a maturity of three months or less to be cash equivalents.

PROPERTY AND EQUIPMENT

Expenditures for furniture and equipment are capitalized at cost. TACR capitalizes all furniture and equipment purchases greater than \$500. Depreciation is computed on the straight-line basis over estimated useful lives of the assets, which range from three to seven years.

INCOME AND EXPENSE RECOGNITION

The financial statements of TACR have been prepared on the accrual basis of accounting. All donations received are considered available for unrestricted use unless restricted by the donor. Restricted funds are recorded as revenue upon receipt.

BASIS OF PRESENTATION

TACR reports information regarding its financial position and activities according to two classes of net assets: with donor restriction and without donor restriction described below:

Net assets without donor restriction, includes funds which are expendable for the support of TACR's operations.

Net Assets with donor restriction, includes funds which donors have restricted for specific purposes or for use according to specific timetables, or both.

See accountant's compilation report.

THREE ANGELS CHILDREN'S RELIEF
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

PUBLIC SUPPORT, REVENUE AND EXPENSES

Contributions are recorded when cash or unconditional promises-to-give have been received, or ownership of donated assets is transferred to TACR.

TACR records contributions as contributions with donor restriction if donors restrict their use for a specific purpose or for use according to a specific time schedule or both. When donor restrictions expire, that is, when the purpose restriction is fulfilled or the time restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Non-cash gifts received by TACR are recorded as support at their estimated fair market value on the date received.

JOINT COST ALLOCATION

TACR incurs costs that are shared by program, management and general, and fundraising activities. The amount allocated to each area depends upon the purpose and content of the costs incurred. TACR determined the allocation based on current and historical data.

USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

Land	\$ 115,000
Leasehold improvements	37,121
Vehicles	<u>6,500</u>
	158,621
Less accumulated depreciation	<u>(22,361)</u>
Net property and equipment	<u><u>\$ 136,260</u></u>

Depreciation expense for the year ended March 31, 2020 was \$5,311.

See accountant's compilation report.

THREE ANGELS CHILDREN'S RELIEF
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2020

LEASE COMMITMENT

TACR leases property under a quarter to quarter operating lease. The quarterly payment is \$2,550.

TACR has contracted to lease property under a non-cancelable operating lease through October 1, 2020. The quarterly payment is \$4,500. Future required minimum payments total \$9,000 for the year ended March 31, 2021.

Rent and lease expense for the year ended March 31, 2020 was \$28,200.

SUBSEQUENT EVENTS

Subsequent to year end, TACR received a \$17,394 loan under the Paycheck Protection Program created and administered by the Small Business Administration as part of the relief efforts related to COVID-19. The loan accrues interest at 1%, but payments are not required to begin for six months after the funding of the loan. TACR is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized, and is fully guaranteed by the Federal government.

TACR has evaluated subsequent events through September 2, 2020, which is the date these financial statements were issued. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact operations. Other financial impact could occur, though such potential impact is unknown at this time.

See accountant's compilation report.