

INTERNATIONAL CRISIS AID, INC.
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2011

INTERNATIONAL CRISIS AID, INC.

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Fick, Eggemeyer & Williamson

Certified Public Accountants, PC



MEMBERS OF THE
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
International Crisis Aid, Inc.
St. Louis, MO

We have audited the accompanying statement of financial position of International Crisis Aid, Inc. (a non-profit corporation) as of December 31, 2011, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of International Crisis Aid, Inc. as of December 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying financial information listed as "Supplemental Information" in the table of contents is presented for the purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Fick, Eggemeyer & Williamson

Fick, Eggemeyer & Williamson, CPA's

St. Louis, MO

January 25, 2012

INTERNATIONAL CRISIS AID, INC.
STATEMENT OF FINANCIAL POSITION

December 31,

2011

ASSETS

Cash	\$	437,125
Investments - note 8		13,616
Prepaid expenses		515
Deposit		2,000
Property and equipment (Net of accumulated depreciation) - note 5		13,289
		<hr/>
Total assets	\$	<u>466,545</u>

LIABILITIES AND NET ASSETS

Accounts payable	\$	4,562
Accrued payroll		2,305
Payroll tax liability		908
		<hr/>
Total liabilities		<u>7,775</u>
Net assets		
Unrestricted		79,872
Temporarily restricted		378,898
Permenantly restricted		-
		<hr/>
Total net assets		<u>458,770</u>
		<hr/>
Total liabilities and net assets	\$	<u>466,545</u>

See accompanying notes and auditor's report

INTERNATIONAL CRISIS AID, INC.
STATEMENT OF ACTIVITIES

For the year ended December 31,				2011
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue				
General donations	\$ 287,582	\$ -	\$ -	\$ 287,582
Restricted income	-	1,122,446	-	1,122,446
In-kind contribution	10,438	-	-	10,438
Other income	158	-	-	158
Interest income	-	2,594	-	2,594
Total support and revenue	298,178	1,125,040	-	1,423,218
Net assets released from restrictions	977,514	(977,514)	-	-
	1,275,692	147,526	-	1,423,218
Program expenses				
Project expenses	1,140,286	-	-	1,140,286
Total program expenses	1,140,286	-	-	1,140,286
Support expenses				
General and administration	106,804	-	-	106,804
Fundraising	15,132	-	-	15,132
Total support expenses	121,936	-	-	121,936
Total expenses	1,262,222	-	-	1,262,222
Changes in net assets	13,470	147,526	-	160,996
Net assets, beginning of year	66,402	231,372	-	297,774
Net assets, end of year	\$ 79,872	\$ 378,898	\$ -	\$ 458,770

See accompanying notes and auditor's report

INTERNATIONAL CRISIS AID, INC.
STATEMENT OF CASH FLOWS

For the year ended December 31,	2011
CASH FLOWS FROM OPERATING ACTIVITIES	
Changes in net assets	\$ 160,996
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:	
Depreciation	8,148
Changes in assets and liabilities:	
(Increase) decrease in prepaid expenses	681
(Increase) decrease in deposit	(2,000)
Increase (decrease) in accounts payable	(1,667)
Increase (decrease) in accrued payroll	950
Increase (decrease) in payroll tax liability	(9)
	167,099
Net cash provided by (used in) operating activities	167,099
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of equipment	(9,094)
Net cash provided by (used in) investing activities	(9,094)
CASH FLOWS FROM FINANCING ACTIVITIES	
None	-
Net cash provided by (used in) financing activities	-
Net increase (decrease) in cash and cash equivalents	158,005
Cash - beginning of year	279,120
Cash - end of year	\$ 437,125

See accompanying notes and auditor's report

INTERNATIONAL CRISIS AID, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

International Crisis Aid, Inc. is organized as a non-profit corporation. The Organization's purpose is to assist in sustaining life, bring encouragement to those suffering and to assist in facilitating other relief organizations by bringing necessary materials, food and medicines to people who are in crisis situations.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis in accordance with auditing standards generally accepted in the United States of America. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Income Taxes

The Organization is exempt from income taxes pursuant to section 501(c)(3) of the Internal Revenue Service Code. Therefore, no provision is made for taxes on income.

On January 1, 2011, the Organization adopted the provisions of FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes (FIN 48). FIN 48 requires that a tax position be recognized or derecognized based on a "more-likely-than-not" threshold. This applies to positions taken or expected to be taken in a tax return. The implementation of FIN 48 had no impact on the Organization's statement of financial position or statement of activities. The Organization does not believe its financial statements include (or reflect) any uncertain tax positions. The Organization's tax returns filed prior to fiscal 2009 are closed.

Fixed Assets and Depreciation

Fixed assets are recorded at cost or, in the case of donated property, at their estimated fair market value at the date of the donation. Depreciation of fixed assets is provided over the estimated useful lives of the respective assets on a straight-line basis. Software is depreciated over a useful life of three years, equipment is depreciated over a useful life of five years, and furniture is depreciated over a life of seven years.

Expenditures for repairs and maintenance are charged to operating expense as incurred. The cost of assets sold or returned and the related amounts of accumulated depreciation are eliminated from the accounts in the year of disposal, and the resulting gains or losses are included in operations.

Cash and Cash Equivalents

International Crisis Aid considers all highly liquid investments with an original maturity of three months or less to be cash equivalents for the purposes of the statement of cash flows.

INTERNATIONAL CRISIS AID, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

The Organization's financial statement presentation complies with the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Unrestricted Net Assets - represent resources over which the Board of Directors has unlimited discretionary control to carry out the activities of the Organization in accordance with the Articles of Incorporation and By-Laws.

Temporarily Restricted Net Assets - represent resources whose use is limited by donor-imposed restrictions that will be met either by actions of the Organization or by the passage of time.

Permanently Restricted Net Assets - are subject to donor-imposed stipulations that the net assets be retained and invested permanently. The Organization presently has no permanently restricted net assets.

Promises to Give

Contributions and grants are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions or grants are recognized. All other donor-restricted contributions and grants are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Use of Estimates in Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - DONATED SERVICES

The Organization receives a significant amount of donated services from unpaid volunteers who assist in fundraising and special projects. No amounts have been recognized in the statement of activities because the criteria for recognition under SFAS No. 116 has not been satisfied.

INTERNATIONAL CRISIS AID, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

Note 3 - CONCENTRATION OF CREDIT RISK

At year-end, the carrying amount of the Organization's deposits totaled \$437,125 and bank balances totaled \$411,364. Of the bank balances, \$293,082 was insured by the Federal Deposit Insurance Corporation (FDIC), and \$118,282 was unsecured.

Note 4 - TEMPORARILY RESTRICTED FUND BALANCE

The Temporarily Restricted Fund Balance at December 31, 2011 was comprised of the following project balances:

Angacha Clinic	\$ 6,068
Ethiopia Child Sponsorship	13,683
Ethiopia Missions	13,293
Ethiopia Feeding	15,727
Haiti Child Sponsorship	10,962
Haiti Orphanage	46,266
Horn of Africa	62,946
Mercy Chapel	7,033
Miscellaneous Projects	14,750
SAFE Program	51,537
Soda Tab Bracelets	19,624
USA Home	106,048
Wells Project	10,961
	<u>\$ 378,898</u>

Note 5 - FIXED ASSETS AND DEPRECIATION

A summary of fixed assets as of December 31, 2011 follows:

Furniture	\$ 11,185
Equipment and software	<u>39,863</u>
Total	51,048
Less: Accumulated depreciation	<u>(37,759)</u>
Property and equipment, net	<u>\$ 13,289</u>

Depreciation policies are disclosed in Note 1. Depreciation expense for the year ended December 31, 2011 was \$8,148.

INTERNATIONAL CRISIS AID, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

Note 6 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between project expenses, administration and fundraising. This allocation and the detail of the functional expense categories is provided on the statement of functional expenses on page 9.

Note 7 - OPERATING LEASES

The Organization leases office space from an Individual at a cost of \$2,000 per month. The lease agreement is for 3 years and expires April 2014. The lease also includes 2 one year options.

The Organization leases a copier from US Bancorp Business Equipment Finance Group at a cost of \$249 per month. The lease agreement is 60 months and expires September 2015.

At December 31, 2011, future minimum lease payments were as follows:

Year ending December 31,	
2012	\$ 26,988
2013	26,988
2014	10,988
2015	<u>2,241</u>
Total future minimum lease payments	<u>\$ 67,205</u>

Total lease payments for the year ended December 31, 2011 were \$24,588

Note 8 - FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board Statement No. 157, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy under FASB Statement No. 157 are described below:

Level 1- Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

INTERNATIONAL CRISIS AID, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

Note 8 - FAIR VALUE MEASUREMENTS (Continued)

Level 2- Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3- Inputs to the valuation methodology are unobservable and significant to the fair value measurement

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2011.

Equity security: Value is estimated by the company that issued the privately held shares.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2011.

	Level 1	Level 2	Level 3	Total
Equity security	\$ -	\$ -	\$ 13,616	\$ 13,616
Totals	\$ -	\$ -	\$ 13,616	\$ 13,616

The table below sets forth a summary of changes in the fair value of the level 3 assets for the year ended December 31, 2011.

Balance, beginning of year	\$ 13,616
Change in value	-
Balance, end of year	<u>\$ 13,616</u>

Note 9 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 25, 2012, the date which the financial statements were available for issue.

INTERNATIONAL CRISIS AID, INC.
STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2011

	Project expenses	General and Administration	Fundraising	Total
Project expenses	\$ 977,632	\$ -	\$ -	\$ 977,632
Salary expense	81,527	27,175	-	108,702
Payroll taxes	6,683	2,227	-	8,910
Employee benefits	4,591	1,530	-	6,121
Office expense	2,303	13,064	-	15,367
Contributions to others	5,621	-	-	5,621
Insurance expense	-	2,606	-	2,606
Postage & delivery	-	3,236	3,235	6,471
Printing & copying	-	8,503	8,503	17,006
Small equipment expense	-	6,681	-	6,681
Professional fees	26,742	17,320	3,394	47,456
Telephone	5,308	1,327	-	6,635
Travel	4,454	-	-	4,454
Occupancy	14,987	14,987	-	29,974
In-kind expenses	10,438	-	-	10,438
Depreciation expense	-	8,148	-	8,148
TOTAL	\$ 1,140,286	\$ 106,804	\$ 15,132	\$ 1,262,222

See accompanying notes and auditor's report