

**INTERNATIONAL CHRISTIAN EMBASSY JERUSALEM-USA, INC.
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEAR ENDED DECEMBER 31, 2020**

INTERNATIONAL CHRISTIAN EMBASSY JERUSALEM-USA, INC.
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Edmondson, Betzler & Dame
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
International Christian Embassy Jerusalem-USA, Inc.

We have audited the accompanying financial statements of International Christian Embassy Jerusalem-USA, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of International Christian Embassy Jerusalem-USA, Inc., as of December 31, 2020, 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.

A handwritten signature in black ink that reads "Edmondson, Betzler & Dame, PLLC". The signature is written in a cursive, flowing style.

Edmondson, Betzler & Dame, PLLC
April 14, 2021

INTERNATIONAL CHRISTIAN EMBASSY JERUSALEM-USA, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

ASSETS

CURRENT ASSETS:

Cash	\$ 643,890
Marketable securities	10,637
Investment held in trust	161,015
Prepaid expenses	91,789
Other current assets	<u>9,704</u>

TOTAL CURRENT ASSETS	<u>917,035</u>
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PROPERTY AND EQUIPMENT:

Equipment	8,157
Accumulated depreciation	<u>(7,892)</u>
	<u>265</u>

TOTAL ASSETS	<u><u>\$ 917,300</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$ 60,543
Accrued vacation	54,389
Tour deposits	<u>101,455</u>

TOTAL CURRENT LIABILITIES	<u>216,387</u>
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NET ASSETS:

Without donor restrictions	373,185
With donor restrictions	<u>327,728</u>

TOTAL NET ASSETS	<u>700,913</u>
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TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 917,300</u></u>
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The accompanying notes are an integral part of these financial statements.

INTERNATIONAL CHRISTIAN EMBASSY JERUSALEM-USA, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support:			
Contributions	\$ 1,810,823	\$ 1,246,981	\$ 3,057,804
Tours, net	319,790	-	319,790
Other income	12,123	-	12,123
Net assets released from restrictions	<u>1,381,876</u>	<u>(1,381,876)</u>	<u>-</u>
Total revenues and other support	<u>3,524,612</u>	<u>(134,895)</u>	<u>3,389,717</u>
Expenses:			
Program services	<u>2,089,316</u>	<u>-</u>	<u>2,089,316</u>
Support services:			
General and administrative	1,011,732	-	1,011,732
Fundraising	<u>430,415</u>	<u>-</u>	<u>430,415</u>
Total supportive services	<u>1,442,147</u>	<u>-</u>	<u>1,442,147</u>
Total expenses	<u>3,531,463</u>	<u>-</u>	<u>3,531,463</u>
Decrease in net assets before other changes	(6,851)	(134,895)	(141,746)
Other changes:			
PPP loan funds	<u>162,277</u>	<u>-</u>	<u>162,277</u>
Change in net assets	<u>155,426</u>	<u>(134,895)</u>	<u>20,531</u>
Net Assets:			
Beginning of year, restated	<u>217,759</u>	<u>462,623</u>	<u>680,382</u>
End of year	<u>\$ 373,185</u>	<u>\$ 327,728</u>	<u>\$ 700,913</u>

The accompanying notes are an integral part of these financial statements.

INTERNATIONAL CHRISTIAN EMBASSY JERUSALEM-USA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services						Supporting Services				
	Israel Encounter	Aid General Assistance	Educational	General Aid to Israel	Aliyah	United States Outreach	Feast of Tabernacles	Program Subtotal	General and Administrative	Fundraising	Total
Grants to foreign organizations	\$ -	\$ 22,800	\$ 10,845	\$ 747,610	\$ 338,223	\$ -	\$ -	\$ 1,119,478	\$ 73,967	\$ -	\$ 1,193,445
Salaries and wages	12,300	6,526	241,035	-	-	54,207	9,720	323,788	489,807	13,758	827,353
Travel - Israel tours	226,563	-	10,852	-	-	-	-	237,415	-	-	237,415
Professional fundraising fee	-	-	-	-	-	-	2,500	2,500	-	229,308	231,808
Grants to organizations	-	5,760	-	41,029	70,000	-	-	116,789	102,000	-	218,789
Printing and copying	1,648	-	60,008	-	-	167	-	61,823	163	132,134	194,120
Grants to foreign individuals	-	7,500	60	11,200	45,600	-	-	64,360	116,600	-	180,960
Advertising and marketing	11,404	8,123	23,264	-	-	1,929	47,633	92,353	-	-	97,103
Taxes and benefits	-	579	421	-	-	-	-	1,000	83,567	4,750	84,567
Bank and credit card fees	-	-	-	-	-	-	-	-	66,343	4,640	70,983
Postage and mailing	20	-	19,609	-	-	285	-	19,914	2,307	34,280	56,501
Information technology	-	65	27,738	-	-	-	-	27,803	12,190	7,465	47,458
Supplies	-	2,130	5,392	-	-	-	-	7,522	16,134	397	24,053
Rent and occupancy	-	-	-	-	-	-	-	-	22,323	-	22,323
Professional fees	-	-	-	-	-	-	-	-	13,150	-	13,150
Contract services	-	3,459	6,281	-	-	-	500	10,240	-	63	10,303
Telephone	289	267	-	-	-	-	-	556	4,424	-	4,980
Travel	-	690	2,525	-	-	-	-	3,215	1,604	-	4,819
Insurance	-	-	-	-	-	-	-	-	4,759	-	4,759
Business registration	-	-	-	-	-	-	-	-	507	3,620	4,127
Depreciation	-	-	-	-	-	-	-	-	1,060	-	1,060
Equipment rental	-	-	-	-	-	-	-	-	617	-	617
Royalties	-	13	547	-	-	-	-	560	-	-	560
Miscellaneous expense	-	-	-	-	-	-	-	-	210	-	210
	\$ 252,224	\$ 57,912	\$ 408,577	\$ 799,839	\$ 453,823	\$ 56,588	\$ 60,353	\$ 2,089,316	\$ 1,011,732	\$ 430,415	\$ 3,531,463

The accompanying notes are an integral part of these financial statements.

INTERNATIONAL CHRISTIAN EMBASSY JERUSALEM-USA, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase in net assets	\$ 20,531
Adjustments to reconcile increase in net assets to net cash used in operating activities:	
Depreciation	1,060
Unrealized loss on investments	1,368
Dividends reinvested	(241)
Change in assets and liabilities:	
Prepaid expenses	10,045
Other current assets	963
Accounts payable	10,510
Accrued vacation	9,434
Tour deposits	<u>(208,470)</u>
Net cash used in operating activities	<u>(154,800)</u>
Net decrease in cash	(154,800)
Cash, beginning of year	<u>798,690</u>
Cash, end of year	<u><u>\$ 643,890</u></u>

The accompanying notes are an integral part of these financial statements.

INTERNATIONAL CHRISTIAN EMBASSY JERUSALEM-USA, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 1 - NATURE OF ACTIVITIES AND ORGANIZATION

International Christian Embassy Jerusalem-USA, Inc (ICEJ) is a not for profit organization for religious, charitable, and educational purposes including but not limited to, such purposes as making distributions to other tax-exempt organizations as defined in the Internal Revenue Code 501(c)(3). ICEJ initiates and assists projects in Israel, including economic welfare ventures for the well-being of all who live in Israel, irrespective of race, background, or religion, while also serving as a reconciling influence among Arabs, Jews, and other citizens and residents of the land of Israel. The Organization strives to be a support center where Christians from all over the world can learn what is taking place in the land of Israel and be rightly related to the nation of Israel.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of ICEJ's significant accounting policies is presented to assist in understanding the financial statements. The financial statements and notes are representation of ICEJ's management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Basis of Accounting and Financial Statement Presentation

ICEJ's financial statements have been prepared on the accrual basis of accounting, and in accordance with the American Institute of Certified Public Accountants' Audit and Accounting Guide, *Audits of Not-for-Profit Organizations*.

The financial statements are prepared in conformity with the standards promulgated by the Financial Accounting Standards Board in FASB ASC 958-605, *Accounting for Contributions Received and Contributions Made*, and FASB ASC 958-225, *Financial Statements of Not-for-Profit Organizations*.

Net Assets

Under FASB ASU 2016-14, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions are those that are free of donor-imposed restrictions. Net assets with donor restrictions are those limited by donor-imposed stipulations.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions that increases that net asset class. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

INTERNATIONAL CHRISTIAN EMBASSY JERUSALEM-USA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash equivalents consist of unrestricted short-term highly liquid investments that are readily convertible into cash within twelve months of purchase.

Property and Equipment

Property and equipment are carried at cost, or if donated, at the approximate fair value at the date of donation. Routine repairs and maintenance are expensed as incurred. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets as follows:

<u>Description</u>	<u>Estimated Useful Life</u>
Equipment	5-7 years

Depreciation expense for the year ended December 31, 2020 was \$1,060.

Long-lived assets held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In the event that facts and circumstances indicate that the cost of any long-lived assets may be impaired, an evaluation of recoverability would be performed.

Concentrations of Risk

ICEJ maintains its cash in bank deposit accounts at regional financial institutions, which at times, may exceed the FDIC limit. ICEJ has not experienced any losses in such accounts; therefore management believes it is not exposed to any significant credit risk related to cash and cash equivalents.

Marketable Securities

In accordance with FASB ASC 958-320, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Market values for investments are based on quoted market prices. Unrealized losses on investments are included in the statement of activities and changes in net assets as part of other income.

INTERNATIONAL CHRISTIAN EMBASSY JERUSALEM-USA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

ICEJ is exempt, except for unrelated business income, from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

ICEJ has adopted ASC Topic 740-10, *Accounting for Uncertainty in Income Taxes*, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, including the position that the Organization continues to qualify to be treated as a tax-exempt entity for both federal and state income tax purposes. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. For the year ended December 31, 2020, the Organization has no material uncertain tax positions to be accounted for in the financial statements under these rules. The Organization has exempt organization tax filings open to Internal Revenue Service audit, generally, for three years after they are filed.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, which are allocated on the basis of estimates of time and effort. All other expenses are directly assigned to their related program.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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.

Events Occurring After Reporting Date

The Organization has evaluated events and transactions that occurred after December 31, 2020 through the date of the issued financial statements. During the period there were no material recognizable subsequent events that required recognition in the disclosures to the December 31, 2020 financial statements.

INTERNATIONAL CHRISTIAN EMBASSY JERUSALEM-USA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

NOTE 3 - FAIR VALUE MEASUREMENTS

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. In accordance with the *Fair Value Measurements and Disclosures* topic of FASB ASC 820, the fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In accordance with this guidance, the Organization groups its financial assets and liabilities generally measured at fair value in a three level valuation hierarchy for disclosure of fair value measurements defined as Level 1 – inputs for quoted market prices for identical assets or liabilities in active markets; Level 2 – inputs include quoted market prices for similar assets and liabilities in active markets and inputs that are observable either directly or indirectly and; Level 3 – inputs that are unobservable and significant to the fair value measurements.

Fair value of assets and liabilities measured on a recurring basis at June 30, 2020 and 2019 are as follows:

	Inputs for Identical Assets/ Liabilities (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
December 31, 2020				
Marketable securities	\$ 10,637	\$ -	\$ -	\$ 10,637
Investment held in trust	-	-	161,015	161,015
Total	<u>\$ 10,637</u>	<u>\$ -</u>	<u>\$ 161,015</u>	<u>\$ 171,652</u>

The Organization does not measure any liabilities at fair value on a recurring basis.

The following table below presents, for the year ended December 31, 2020, the changes in Level 3 assets and liabilities that are measured at fair value on a recurring basis:

	2020
Fair value, January 1	\$ -
Contributions received	161,015
Fair value, December 31	<u>\$ 161,015</u>

INTERNATIONAL CHRISTIAN EMBASSY JERUSALEM-USA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

NOTE 4 - RESTATEMENT OF NET ASSETS

During 2020, management received notification that the Organization had received interest in a trust that should have been reported as a contribution as of December 31, 2019.

This omission resulted in an understatement of \$161,015 for net assets without donor restrictions reported as of December 31, 2019.

The following summarizes the prior period adjustment referred to above:

Balance at December 31, 2019, as previously reported	\$ 56,744
Prior period adjustment for:	
Contribution income	<u>161,015</u>
Balance at December 31, 2019, as restated	<u><u>\$ 217,759</u></u>

NOTE 4 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization has \$654,527 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash of \$643,890 and marketable securities of \$10,637. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position. The Organization has a goal to maintain financial assets, which consist of cash and marketable securities, on hand to meet 60 days of normal operating expense, which are, on average, approximately \$590,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2020, net assets with donor restrictions consist of amounts restricted for use in the following areas:

Aliyah	\$ 144,270
USA Projects	98,054
Aid	76,148
Other	<u>9,256</u>
	<u><u>\$ 327,728</u></u>

INTERNATIONAL CHRISTIAN EMBASSY JERUSALEM-USA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

NOTE 6 - RELATED PARTY

The Organization is directly affiliated with the International Christian Embassy Jerusalem and a substantial portion of expenditures go to support its programs. For the year ended December 31, 2020, the Organization had \$747,610 in expenditures related to International Christian Embassy Jerusalem projects, which are included in "Grants to Foreign Organizations" on the Statement of Functional Expenses. The Organization also provided support to other branches of the International Christian Embassy Jerusalem, which is included in General and Administrative Expenses on the Statement of Functional Expenses.

NOTE 7 - PENSION PLAN

The Organization maintains a savings incentive match pension plan (the plan) for eligible employees. Employees may contribute up to 100% of compensation up to the maximum allowable amount. The Organization matches the employee's contribution up to a maximum of 3% of the participant's salary. Total expenses related to the plan during 2020 totaled \$17,408.

NOTE 8 - LINE OF CREDIT

The Organization has a line of credit with PNC Bank in the amount of \$50,000. The line of credit accrues interest at the Prime Rate in the Wall Street Journal plus 1.00% (4.25% at December 31, 2020). This line of credit matures on September 26, 2021. The line of credit is secured by the bank accounts held by the Organization at this bank. There was no balance on the line of credit as of December 31, 2020.

NOTE 9 - PAYCHECK PROTECTION PROGRAM FUNDS

The Organization received funds in the amount of \$162,277 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provided loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest were forgivable after twenty-four weeks as long as the borrower used the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The Organization's PPP loan was forgiven prior to December 31, 2020, and recognized on the statement of activities as an other change to net assets without donor restrictions.