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# OUR DAUGHTERS INTERNATIONAL

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**Financial Report  
For The Year Ended  
December 31, 2021**



certified public accountants

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**OUR DAUGHTERS INTERNATIONAL**  
**Rochester Hills, Michigan**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Our Daughters International  
Rochester Hills, Michigan

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of Our Daughters International (a Michigan non-profit organization), which comprise the statement of financial position as of December 31, 2021, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Our Daughters International as of December 31, 2021, and the changes in its nets assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Our Daughters International and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Our Daughters International's ability to continue as a going concern for one year after the date that the financial statements are issued.

#### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Our Daughters International's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Our Daughters International's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

*Gordon Admissions, P.C.*

October 19, 2022

**OUR DAUGHTERS INTERNATIONAL**  
**Statement of Financial Position**  
**December 31, 2021**

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**ASSETS**

**Current Assets**

Cash		\$ 2,187,456
Accounts receivable		<u>1,400</u>
		<u><u>\$ 2,188,856</u></u>

**LIABILITIES AND NET ASSETS**

**Current Liabilities**

Accounts payable	\$ 2,559	
Accrued expenses	<u>2,119</u>	
<b>Total Current Liabilities</b>		<u>\$ 4,678</u>

**Net Assets**

Without donor restrictions	790,855	
With donor restrictions	<u>1,393,323</u>	
<b>Total Net Assets</b>		<u><u>2,184,178</u></u>
		<u><u>\$ 2,188,856</u></u>

**OUR DAUGHTERS INTERNATIONAL**  
**Statement of Activities and Changes In Net Assets**  
**For the Year Ended December 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Program Revenue and Support</b>			
Child sponsorship	\$ 0	\$ 95,442	\$ 95,442
Contributions	567,318	751,280	1,318,598
Interest	3,316	0	3,316
Paycheck Protection Program	5,200	0	5,200
Other revenue	4,458	0	4,458
Net assets released from restrictions	776,855	(776,855)	0
<b>Total Revenue, Support, and Net Assets Released From Restrictions</b>	<u>1,357,147</u>	<u>69,867</u>	<u>1,427,014</u>
<b>Expenses</b>			
Program services	889,282	0	889,282
Fundraising	66,283	0	66,283
Management and general	66,823	0	66,823
<b>Total Expenses</b>	<u>1,022,388</u>	<u>0</u>	<u>1,022,388</u>
<b>Increase In Net Assets</b>	334,759	69,867	404,626
<b>Net Assets - Beginning of Year</b>	<u>456,096</u>	<u>1,323,456</u>	<u>1,779,552</u>
<b>Net Assets - End of Year</b>	<u>\$ 790,855</u>	<u>\$ 1,393,323</u>	<u>\$ 2,184,178</u>

**OUR DAUGHTERS INTERNATIONAL**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2021**

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	<u>Anti-Trafficking Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Grants to others	\$ 888,153	\$ 0	\$ 0	\$ 888,153
Travel	0	0	6,521	6,521
Program supplies	1,129	0	0	1,129
Office supplies	0	7,916	312	8,228
Advertising	0	0	9,125	9,125
Insurance	0	1,519	0	1,519
Professional fees	0	3,814	18,000	21,814
Salaries and related expenses	0	33,432	26,912	60,344
Contract labor	0	0	5,443	5,443
Conferences and meetings	0	0	510	510
Dues and subscriptions	0	9,545	0	9,545
Bank and credit card fees	0	10,057	0	10,057
	<u>\$ 889,282</u>	<u>\$ 66,283</u>	<u>\$ 66,823</u>	<u>\$ 1,022,388</u>

**OUR DAUGHTERS INTERNATIONAL**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2021**

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**Cash Flows From Operating Activities**

Increase in net assets	\$ 404,626	
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Paycheck Protection Program loan forgiveness	(5,200)	
Increase in operating assets:		
Accounts receivable	(1,400)	
Decrease in operating liabilities:		
Accounts payable	(9,288)	
Accrued expenses	<u>(3,760)</u>	
<b>Net Cash Provided By Operating Activities</b>		<u>\$ 384,978</u>
<b>Net Increase In Cash</b>		384,978
<b>Cash - Beginning of Year</b>		<u>1,802,478</u>
<b>Cash - End of Year</b>		<u><u>\$ 2,187,456</u></u>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash paid for interest		<u><u>\$ 0</u></u>



# OUR DAUGHTERS INTERNATIONAL

## Notes to the Financial Statements

### December 31, 2021

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#### **NOTE:**

#### **1. Summary of Significant Accounting Policies**

Description of Entity – Our Daughters International (the Organization) is a non-profit corporation organized under the laws of the State of Michigan. We are supported primarily through contributions from donors interested in helping us increase awareness of human trafficking while we develop leaders and oversee ministry projects both locally and in Nepal. Our mission is to further the global effort of preventing human trafficking through strategic partnerships and education.

Our Daughters International and partners in Nepal continued to impact the lives of many girls and women who were victims of human trafficking. The organizations that we support and monitor in Nepal utilize a holistic approach and each year these organizations rescue hundreds of young girls and women that have been victimized. These individuals are restored as daughters, empowered as leaders, and allow communities throughout Nepal to be transformed.

Cash Equivalents – We consider all highly liquid investments purchased with maturity of three months or less when purchased to be cash equivalents.

Property and Equipment – Property and equipment in excess of \$1,000 is recorded at cost when purchased or at fair value at the date of donation and is being depreciated under the straight-line method over estimated useful lives. Costs of maintenance and repairs are charged to expense when incurred.

Classification of Net Assets – Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets Without Donor Restrictions – Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes net assets previously restricted in which restrictions have expired or been met.

Net Assets With Donor Restrictions – Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Organization. Certain restrictions may need to be maintained in perpetuity.

Earnings related to restricted net assets will be included in net assets without donor-restrictions unless otherwise specifically required to be included in donor-restricted net assets by the donor or by applicable state law.

Revenue With and Without Donor Restrictions – Contributions received are recorded as either increases in net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions Without Conditions – Gifts received by the Organization that do not include conditions are recorded as either increases in net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. These contributions are recognized at the point in time that the contribution is promised to the Organization.

Conditional Contributions – In general, funding the Organization receives contributions from individuals to primarily oversee ministry projects both locally and in Nepal that Our Daughters International supports. The Organization only recognizes these contributions when all conditions associated with the contribution are met. During the year ended December 31, 2021, all contributions received were unconditional at the time the donation was promised to the Organization.

**OUR DAUGHTERS INTERNATIONAL**  
**Notes to the Financial Statements (Continued)**  
**December 31, 2021**

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**NOTE:**

**1. Summary of Significant Accounting Policies (Continued)**

In-Kind Contributions – In-kind contributions represent the estimated fair value of professional services provided at no charge to the Organization. Donated services are recognized as both support and expenditures when the following criteria are met: (a) value can be reasonably estimated, (b) creates or enhances non-financial assets, (c) requires specialized skills that are provided by individuals possessing those skills, and (d) would typically need to be purchased if not provided by donation.

In-kind donations for accounting services were \$6,500 for the year ended December 31, 2021. This amount was included in contributions on the statement of activities and changes in net assets and in professional fees on the statement of functional expenses.

Donated Assets – Donated assets are recorded as contributions at estimated fair value at date of receipt.

Major Donors – Approximately 42% of our revenue was received from three donors.

Federal Income Taxes – We are exempt from income tax as a charitable organization under the provisions of Internal Revenue Code Section 501(c)(3).

Use of Estimates – The preparation of financial statements in conformity 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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events – We have evaluated events and transactions that occurred through October 19, 2022, which is the date the financial statements were available for issue.

Uncertain Tax Positions – Management evaluates, at least annually, whether any tax positions reported on a return are more likely than not to be sustained if challenged. Management believes no such positions exist that would have significant impact on our financial position and results of operations. As of December 31, 2021, no liability for uncertain tax benefits was recorded.

Uncertainty from Pandemic – In March 2020, a national emergency was declared in response to the outbreak of a novel strain of coronavirus in the United States. The impact of the pandemic placed limits on the business activities of individuals from the time the national emergency was declared and have continued into 2022. While this disruption is expected to be temporary with multiple approved vaccinations currently in distribution throughout the country, there remains considerable uncertainty as to the duration and spread of the outbreak, its impact on the economy as a whole, and on the Organization's overall operations. Therefore, management cannot reasonably estimate how this matter will affect the future activities and financial position of Our Daughters International.

**2. Change in Accounting Principle**

In September 2020, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as in-kind contributions. The new standard was applied retrospectively at the date it was adopted by the Organization, January 1, 2021. This change in accounting principle did not have a material impact on the financial statements and the disclosure changes required by the ASU have been incorporated into Note 1 of the notes to the financial statements pertaining to in-kind contributions.

**OUR DAUGHTERS INTERNATIONAL**  
**Notes to the Financial Statements (Continued)**  
**December 31, 2021**

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**NOTE:**

**3. Functional Allocation of Expenses**

The costs of providing program and supporting services have been reported on a functional basis in the statement of functional expenses. Certain costs have been allocated between program and supporting services based on estimates by management. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

**4. Cash Balances**

The Organization maintains its cash accounts at financial institutions whose balances are insured up to limits established by the Federal Deposit Insurance Corporation. The Organization at times maintains cash balances in excess of federally insured limits. Management does not believe the Organization is exposed to any unusual credit risk on uninsured balances.

**5. Liquidity**

At December 31, 2021, the Organization maintains \$2,188,856 of liquid financial assets that we expect will be available within one year of the statement of financial position to meet cash needs for general expenditures consisting of cash of \$2,187,456 and \$1,400 of accounts receivable. At December 31, 2021, net assets with donor restrictions amount to \$1,393,323 but this amount does not reduce liquid financial assets because the restrictions allow for the funding of continuing program services.

The Organization prepares a budget and continually reviews the budget to predict and manage cash disbursements and available liquid financial assets.

**6. Paycheck Protection Program Loan Payable**

In May 2020, the Organization obtained funding of \$5,200 through a loan administered by the U.S. Small Business Administration. The Organization pursued this arrangement to maintain liquidity in response to the coronavirus pandemic. The loan was approved under the Paycheck Protection Program (PPP), established by the Coronavirus Aid, Relief and Economic Security Act (CARES Act). Under provisions of the program, loan amounts can be forgiven if the Organization uses the proceeds to fund payroll, and certain other specified operating expenses during a defined period of time. The amount of loan forgiveness can be reduced if the Organization lowers either employee headcount or compensation levels when compared to amounts incurred at specific times prior to the pandemic.

During 2021 the Organization's application for forgiveness of the PPP loan was approved by the SBA for the entire amount of \$5,200. The Organization elected to report PPP loan forgiveness as grant income on the date forgiveness occurred.

**7. Net Assets with Donor Restrictions**

All net assets with donor restrictions relate to funding we will provide to our partner agencies restricted to defined geographical areas and projects.