CHILDREN'S CUP

Prairieville, Louisiana

Financial Statements

Year Ended December 31, 2014

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Year Ended December 31, 2014

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PSK LLP
Accountants & Advisors

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Children's Cup
Prairieville, Louisiana

We have audited the accompanying financial statements of Children's Cup (the "Organization"), an Iowa nonprofit corporation, which comprise the statement of financial position as of December 31, 2014, and the related statements of activities 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.

Auditors' 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 auditors' 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 auditors consider internal control relevant to the Organization'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 Organization'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 Children's Cup as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

PSK LLP

Arlington, Texas
May 24, 2015

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CHILDREN'S CUP
Statement of Financial Position
December 31, 2014

ASSETS

Cash	$ 525,075
Accounts receivable	48
Property and equipment	
Office	222,135
Land	51,926
Vehicles	2,700
Office equipment	105,945
Construction in progress	53,773
Accumulated depreciation	(198,150)
Total property and equipment	238,329
Total Assets	$ 763,452

LIABILITIES AND NET ASSETS

Liabilities	
Accounts payable	$ 34,136
Accrued expenses	296
Total liabilities	34,432
Net Assets	
Unrestricted	729,020
Total Liabilities and Net Assets	$ 763,452

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

CHILDREN'S CUP
Statement of Activities
Year Ended December 31, 2014

Revenues, gains and other support	
Contributions	$ 2,613,365
In-kind contributions	898,901
Missionary support	733,123
One Child Matters	752,544
Interest income	214
Total revenues, gains and other support	4,998,147
Expenses	
Program expenses	
Swaziland	2,781,703
Zimbabwe	744,637
Mozambique	188,901
Honduras	18,434
South Africa	394,069
Mexico	31,606
Other expenses	58,855
Missionary Support	23,129
Field development	228,815
Total program expenses	4,470,149
Supporting services	
Payroll	233,149
Fees for services	59,786
Office expenses	103,995
Information technology	15,330
Occupancy	17,955
Insurance	10,891
Total supporting services	441,106
Fundraising expenses	
Payroll	130,646
Advertising and promotion	184,642
Conferences, conventions and meetings	51,350
Total fundraising expenses	366,638
Total expenses	5,277,893
Change in net assets	(279,746)
Net assets at beginning of the year	1,008,766
Net assets at end of the year	$ 729,020

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

CHILDREN'S CUP
Statement of Cash Flows
Year Ended December 31, 2014

Cash Flows From Operating Activities:	
Change in net assets	$ (279,746)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	12,915
(Increase) decrease in assets:	
Prepaid expenses	42,979
Increase (decrease) in liabilities:	
Accounts payable	(2,063)
Accrued expenses	(75,716)
Net cash used in operating activities	(301,631)
Cash Flows From Investing Activities:	
Purchase of property and equipment	(61,072)
Collections on advances to related party	22,682
Net cash used in investing activities	(38,390)
Change in cash	(340,021)
Cash at beginning of the year	865,096
Cash at end of the year	$ 525,075

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

CHILDREN'S CUP
Notes to Financial Statements

1 - Organization and Nature of Activities

Children's Cup (the "Organization"), founded in 1992, is incorporated in the state of Iowa as a nonprofit religious organization. The Organization's function is to provide humanitarian and spiritual aid to orphans and vulnerable children in impoverished areas of Africa, Asia and Central America. The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code as other than a private foundation.

2 - Summary of Significant Accounting Policies

<u>Basis of Accounting</u> - The financial statements of the Organization have been prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when the obligation is incurred. The financial statements of the Organization have been prepared using accounting principles generally accepted in the United States of America.

<u>Basis of Presentation</u> - As required by the Not-for-Profit Entities Classification of Net Assets topic of the Financial Accounting Standards Board *Accounting Standards Codification* ("FASB ASC"), the Organization reports 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.

<u>Revenue Recognition</u> - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Donor-restricted contributions whose restrictions are met in the same reporting period are accounted for as unrestricted support, while all other donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

<u>Revenues and Support</u> - Revenues and support for the Organization are primarily derived from unrestricted contributions from businesses, churches and individuals.

<u>Functional Allocation of Expenses</u> - The costs of providing the various program services and supporting activities of the Organization have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program services and supporting activities.

<u>Use of Estimates</u> - Management used estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

<u>Donated Assets</u> - Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation. Donated food amounted to $898,901 for the year ended December 31, 2014.

<u>Donated Services</u> - No amounts have been reflected in the financial statements for donated services. The Organization pays for most services requiring specific expertise. A large number of people have contributed significant amounts of time to the activities of the Organization without compensation. The financial statements do not reflect the value of those contributed services.

CHILDREN'S CUP
Notes to Financial Statements

2 - Summary of Significant Accounting Policies (continued)

Compensated Absences - Employees of the Organization, administrative and ministerial, are entitled to paid vacation depending upon length of service and other factors. The Organization's policy is to recognize the cost of compensated absences when paid to employees and unused balances may not be rolled forward to the next year; therefore, no liability has been recorded in the accompanying financial statements.

Concentrations and Credit Risks - The Organization maintains deposits at financial institutions which, at times, may exceed the federally insured limit. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk.

Property and Equipment - It is the Organization's policy to capitalize property and equipment purchases over $500 at cost, if purchased, and fair market value at date of donation, if contributed. Maintenance, repairs, and replacements, which do not improve or extend the lives of the respective assets, are charged to expense when incurred. Additions to property and equipment, including renewals and betterments that extend the useful life of property and equipment, are capitalized. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets as follows:

Building and improvements	15 to 40	years
Furniture, fixtures, and equipment	3 to 7	years
Transportation equipment	5	years

Depreciation expense for the year ended December 31, 2014 amounted to $12,915.

Income Taxes - The Organization follows the Income Taxes topic of the FASB ASC, which prescribes a comprehensive model for the financial statement recognition, measurement, presentation and disclosure of uncertain tax positions taken or expected to be taken in income tax returns. The Organization is not aware of any activities that would jeopardize its tax-exempt status and is not aware of any activities that are subject to tax on unrelated business income. As of December 31, 2014, the Organization has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements and does not expect this to change in the next twelve months. The 2011 through 2014 tax years remain subject to examination by the Internal Revenue Service.

Subsequent Events - Subsequent events have been evaluated through May 24, 2015, which is the date the financial statements were available to be issued.