



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Advocates International, Inc.

We have audited the accompanying Financial Statements of Advocates International, Inc. (a nonprofit organization), which comprise the Statement of Financial Position as of December 31, 2019 and 2018, and the related Statements of Activities, Functional Expenses and Cash Flows for the years 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 Advocates International, Inc. as of December 31, 2019 and 2018, 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.

Manassas, VA
April 30, 2020

Advocates International, Inc.
Statement of Financial Position
At December 31, 2019 and 2018

	2019	2018
Assets		
Current Assets		
Cash	\$ 107,733	\$ 101,261
Investments	50,559	90,002
Prepaid Expenses	-	800
Total Current Assets	158,292	192,063
Property and Equipment		
Equipment	11,504	11,504
Accumulated Depreciation	(8,925)	(7,246)
Net Property and Equipment	2,579	4,258
Other Assets		
Video Production in Progress	193,640	163,640
Total Other Assets	193,640	163,640
Total Assets	\$ 354,511	\$ 359,961
Liabilities and Net Assets		
Current Liabilities		
Current Portion of Long Term Debt	\$ 863	\$ 771
Deferred Support	5,000	-
Total Current Liabilities	5,863	771
Long Term Debt	1,955	2,818
Total Liabilities	7,818	3,589
Net Assets		
Without Donor Restrictions	297,827	299,014
With Donor Restrictions	48,866	57,358
Total Net Assets	346,693	356,372
Total Liabilities and Net Assets	\$ 354,511	\$ 359,961

See Notes to Financial Statements

Advocates International, Inc.
Statement of Activities
For the Year Ended December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, Gains and Other Support			
Contributions	\$ 384,788	\$ -	\$ 384,788
Holding Gain(Loss) on Investments	392	-	392
Other Income (Expense)	<u>3,540</u>	<u>-</u>	<u>3,540</u>
Total Revenues, Gains and Other Support	388,720	-	388,720
Expenses			
Program	350,139	-	350,139
Supporting Services			
General and Administrative	3,019	-	3,019
Fundraising	<u>46,632</u>	<u>-</u>	<u>46,632</u>
Total Expenses	399,790	-	399,790
Other Income (Expense)			
Interest/Dividend Income	<u>1,391</u>	<u>-</u>	<u>1,391</u>
Total Other Income (Expense)	<u>1,391</u>	<u>-</u>	<u>1,391</u>
Changes in Net Assets from Operations	(9,679)	-	(9,679)
Net Assets, Beginning of Year	299,014	57,358	356,372
Net Assets Released from Restriction	<u>8,492</u>	<u>(8,492)</u>	<u>-</u>
Net Assets, End of Year	<u><u>\$ 297,827</u></u>	<u><u>\$ 48,866</u></u>	<u><u>\$ 346,693</u></u>

See Notes to Financial Statements

Advocates International, Inc.
Statement of Activities
For the Year Ended December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, Gains and Other Support			
Contributions	\$ 256,971	\$ -	\$ 256,971
Holding Gain(Loss) on Investments	(52)	-	(52)
Other Income (Expense)	1,157	-	1,157
Total Revenues, Gains and Other Support	<u>258,076</u>	<u>-</u>	<u>258,076</u>
Expenses			
Program	298,056	-	298,056
Supporting Services			
General and Administrative	2,231	-	2,231
Fundraising	26,310	-	26,310
Total Expenses	<u>326,597</u>	<u>-</u>	<u>326,597</u>
Other Income (Expense)			
Interest/Dividend Income	1,557	-	1,557
Total Other Income (Expense)	<u>1,557</u>	<u>-</u>	<u>1,557</u>
Changes in Net Assets from Operations	(66,964)	-	(66,964)
Net Assets, Beginning of Year	343,978	79,358	423,336
Net Assets Released from Restriction	<u>22,000</u>	<u>(22,000)</u>	<u>-</u>
Net Assets, End of Year	<u><u>\$ 299,014</u></u>	<u><u>\$ 57,358</u></u>	<u><u>\$ 356,372</u></u>

See Notes to Financial Statements

Advocates International, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2019

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Functional Expenses				
Bank Charges	\$ -	\$ 1,201	\$ -	\$ 1,201
Conferences	9,558	-	7,718	17,276
Depreciation and Amortization	-	1,679	-	1,679
Dues and Fees	800	-	-	800
Interest	-	95	-	95
Licenses and Fees	-	-	2,286	2,286
International Support	57,449	-	-	57,449
Meals and Entertainment	195	-	524	719
Miscellaneous	6,000	-	-	6,000
Office Expense	-	15,768	9,502	25,270
Payroll Taxes	14,536	708	802	16,046
Postage and Shipping	76	214	3,464	3,754
Printing and Photocopy	1,884	-	-	1,884
Professional Fees	-	6,570	-	6,570
Rent Expense	-	10,950	-	10,950
Repairs and Maintenance	-	280	-	280
Salaries and Employee Benefits	186,465	29,941	10,292	226,698
Telephone	-	1,002	-	1,002
Travel	11,207	-	8,624	19,831
Allocation of General and Administrative Expenses	61,969	(65,389)	3,420	-
Total Functional Expenses	\$ 350,139	\$ 3,019	\$ 46,632	\$ 399,790

See Notes to Financial Statements

Advocates International, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2018

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Functional Expenses				
Advertising and Public Relations	\$ -	\$ -	\$ 10	\$ 10
Bank Charges	-	803	-	803
Conferences	7,173	-	-	7,173
Depreciation and Amortization	-	1,679	-	1,679
Dues and Fees	-	95	-	95
Interest	-	452	-	452
Licenses and Fees	-	-	1,670	1,670
International Support	40,817	-	-	40,817
Meals and Entertainment	633	-	560	1,193
Miscellaneous	1,917	-	-	1,917
Office Expense	-	16,076	7,455	23,531
Payroll Taxes	12,845	504	690	14,039
Postage and Shipping	1,202	262	3,576	5,040
Printing and Photocopy	-	-	237	237
Professional Fees	-	5,940	-	5,940
Rent Expense	-	9,600	-	9,600
Repairs and Maintenance	-	250	-	250
Salaries and Employee Benefits	165,496	24,550	9,059	199,105
Telephone	-	861	-	861
Travel	12,185	-	-	12,185
Allocation of General and Administrative Expenses	55,788	(58,841)	3,053	-
Total Functional Expenses	\$ 298,056	\$ 2,231	\$ 26,310	\$ 326,597

See Notes to Financial Statements

Advocates International, Inc.
Statement of Cash Flows
For the Years December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Changes in Net Assets	\$ (9,679)	\$ (66,964)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and Amortization	1,679	1,679
(Increase) Decrease in other current assets	39,444	17,528
(Increase) Decrease in prepaid expenses	800	5,959
(Increase) Decrease in other assets	(30,000)	(18,500)
Increase (Decrease) in other current liabilities	5,000	-
Total Adjustments	<u>16,923</u>	<u>6,666</u>
Net Cash Provided (Used) by Operating Activities	7,244	(60,298)
Cash Flows from Financing Activities		
Principle payments on long term debt	<u>(772)</u>	<u>(634)</u>
Net Cash Provided (Used) by Financing Activities	<u>(772)</u>	<u>(634)</u>
Net Increase (Decrease) in Cash and Equivalents	6,472	(60,932)
Cash and Equivalents, Beginning of Year	<u>101,261</u>	<u>162,193</u>
Cash and Equivalents, End of Year	<u>\$ 107,733</u>	<u>\$ 101,261</u>
Interest Paid, Included in Change in Net Assets	\$ 95	\$ 452

See Notes to Financial Statements

Advocates International, Inc.
Notes to the Financial Statements
December 31, 2019 and 2018

A. ORGANIZATION

Advocates International, Inc. (the “Organization”) is a not-for-profit organization incorporated in the Commonwealth of Virginia on December 29, 1992. The purpose of the Organization is to globally promote religious freedom, human rights, justice, sanctity of life, protecting the family, peace & reconciliation and the rule of law through an international network of attorneys and skilled laypersons. Regional and national conferences, held in the United States of America and various other countries, help to build this network and related national judicial systems. The Organization works with other international and missions organizations to analyze and solve problems, and gives presentations in the United States of America and other countries, to promote its mission.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The financial statements of the Organization have been prepared on the US GAAP financial framework of accounting. The accrual method is used for calculations so revenue is recognized when earned and expenses are recognized when incurred.

Use of Estimates and Assumptions – Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Financial Statement Presentation – The Organization reports information regarding its financial position and activities according to two classes of net assets: with and without donor restrictions. As of December 31, 2019 and 2018, the Organization had \$48,866 and \$57,358 with donor restriction net assets, respectively.

Contributions – Grants and contributions received are recorded as with or without donor restrictions, depending on the existence and/or nature of any restrictions. The Organization reports gifts of cash and other assets as donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, donor restricted assets are reclassified to without donor restricted net assets and are reported in the Statement of Activities as Net Assets Released from Restrictions.

Donated Services – Donated Services are a significant part of the efforts of the Organization and are primarily related to legal services and speaking fees in the United States of America and in other countries. In addition, officers and directors of the Organization provide donated services in addition to their normal duties as officers and directors. Management estimates the fair market value of these services based on the average market value of the services rendered. The global network now informally links over 30,000 lawyers in 150+ nations. Tracking the pro bono donated services by lawyers globally with only a very small staff to do the tracking is no longer feasible.

Cash and Cash Equivalents – For purposes of the Statement of Cash Flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Property and Equipment – The Organization capitalizes expenditures with a useful life of greater than one year that exceed \$500. Property and equipment is stated at cost and is depreciated using the straight-line method over an estimated useful life of three to five years for equipment and forty years for real property.

As of December 31, 2019, and 2018, these assets were valued at \$11,504 and \$11,504, respectively. Depreciation expense for 2019 and 2018 was \$1,679 and \$1,679, respectively.

Functional Allocation of Expenses – The Organization’s expenses have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the areas benefited.

Advocates International, Inc.
Notes to the Financial Statements
December 31, 2019 and 2018

Income Taxes – The Internal Revenue Service has recognized the Organization as a Section 501(c)(3) organization exempt from income tax under Section 501(a) of the Internal Revenue Code and applicable income tax regulations of the Commonwealth of Virginia.

C. PENSION PLAN

The Organization contributes to a SEP/IRA plan for all employees who work a minimum of 32 hours per week on a regular basis. Contributions ranged from 0% to 11% of compensation. Pension expenses for the years ended December 31, 2019 and 2018 were \$0 and \$0, respectively.

D. LEASES

On March 25, 2013 the Organization entered into a new lease agreement, effective May 1, 2013, for office space on the 2nd Floor at 2920 King Street, Alexandria, VA. The term was two years. The lease has been renewed every two years since inception. On February 1, 2019 the lease went to annual renewals with the next renewal due date being January 31, 2020. The monthly rent was \$800 and includes all utilities and real estate taxes through January 31, 2019. On February 1, 2019 the rate went to \$850 a month.

Rent Expense for the space was \$10,950 and \$9,600 for 2019 and 2018, respectively.

E. CONCENTRATIONS OF RISK

For the year ended December 31, 2019, the Organization received contributors totaled 26.5% of all grants and contributions from three donors. One donor was 12.2%

For the year ended December 31, 2018, the Organization received contributors totaled 22% of all grants and contributions from three donors.

F. INVESTMENTS

As of December 31, 2019, and 2018, the Organization held some cash and some available for sale investments with one brokerage firm. The cash was held in low risk government money market funds and the investments were in conservative bond mutual funds. The Fair Market Value of the investments as of year-end, as determined by the public exchange rates, was \$50,559 and \$90,002, respectively, and the cash in the money market fund was \$38,541 and \$77,368, respectively. These cash and investment amounts generated interest and dividend incomes of \$1,391 and \$1,557 and holding gains of \$392 and losses of \$52 in the years ended December 31, 2019 and 2018, respectively.

G. CAPITAL LEASES

Current and Long-Term Debt currently consists of a leased copier costing \$4,299 financed by the Organization over 60 months, with the first payment due in December 2017, at an imputed interest rate of 11.4% and monthly payments of \$95.

Advocates International, Inc.
Notes to the Financial Statements
December 31, 2019 and 2018

Future minimum lease payments for the next five years are as follows:

Year	Amount
2020	\$ 863
2021	967
2022	988
Total	\$ 2,818

H. FINANCIAL ASSETS AVAILABLE FOR THE NEXT YEAR

The Organization has \$158,292 of financial assets available within 1 year of the balance sheet date to meet cash needs for general expenditure consisting of cash and cash equivalents of \$146,274. \$48,866 of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$66,632. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Organization invests cash in excess of daily requirements in various short-term investments, including sweep type bank instruments.

I. SUBSEQUENT EVENTS

The following subsequent events were evaluated through April 30, 2020 which is the date the financial statements were available to be issued.

On February 1, 2020 the lease mentioned in Note D above renewed thru January 31, 2021 at the same rate.