CONSOLIDATED FINANCIAL STATEMENTS

THE INTERNATIONAL CENTRE FOR MISSING & EXPLOITED CHILDREN AND ICMEC LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2018

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The International Centre for Missing & Exploited Children and ICMEC Limited
Alexandria, Virginia

We have audited the accompanying consolidated financial statements of The International Centre for Missing & Exploited Children and ICMEC Limited (collectively, ICMEC), which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of ICMEC as of December 31, 2019, and the consolidated change in its net assets and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter Regarding Going Concern

The accompanying financial statements have been prepared assuming that ICMEC will continue as a going concern. As discussed in Note 10 to the consolidated financial statements, ICMEC has sustained ongoing declines in funding which raises substantial doubt about ICMEC's ability to continue as a going concern. Management's plan in regard to these matters are also described in Note 10. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited ICMEC's 2018 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 2, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Gelman Rozenberg & Freedman

April 30, 2020

THE INTERNATIONAL CENTRE FOR MISSING & EXPLOITED CHILDREN AND ICMEC LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018

ASSETS

	2019	2018
CURRENT ASSETS		
Cash and cash equivalents	$ 110,121	$ 375,216
Investments	257,165	-
Contributions receivable	358,043	798,606
Other receivables	7,613	12,299
Prepaid expenses	109,145	114,559
Total current assets	842,087	1,300,680
FIXED ASSETS		
Website development	443,014	274,239
Leasehold improvements	247,683	247,683
	690,697	521,922
Less: Accumulated amortization	(316,396)	(236,105)
Net fixed assets	374,301	285,817
OTHER ASSETS		
Contributions receivable, net of current portion	-	282,656
Deposits	42,279	39,809
Investments - long-term	-	1,243,612
Total other assets	42,279	1,566,077
TOTAL ASSETS	**$ 1,258,667**	**$ 3,152,574**

LIABILITIES AND NET ASSETS

	2019	2018
CURRENT LIABILITIES		
Notes payable	$ 164,833	$ -
Accounts payable and accrued expenses	165,250	98,193
Deferred revenue	33,751	24,320
Deferred rent	41,609	35,484
Total current liabilities	405,443	157,997
LONG-TERM LIABILITIES		
Deferred rent	319,024	360,633
Total liabilities	724,467	518,630
NET ASSETS		
Without donor restrictions (deficit)	(690,457)	301,169
With donor restrictions	1,224,657	2,332,775
Total net assets	534,200	2,633,944
TOTAL LIABILITIES AND NET ASSETS	**$ 1,258,667**	**$ 3,152,574**

THE INTERNATIONAL CENTRE FOR MISSING & EXPLOITED CHILDREN AND ICMEC LIMITED

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Contributions and grants	$ 1,119,374	$ 158,395	$ 1,277,769	$ 2,012,716
Investment income (loss)	80,615	-	80,615	(9,747)
Contributed services and materials	1,843	-	1,843	2,101
Gala, net of expenses totaling $327,078	269,034	49,200	318,234	987,596
Other revenue	32,392	-	32,392	-
Net assets released from donor restrictions	1,315,713	(1,315,713)	-	-
Total support and revenue	2,818,971	(1,108,118)	1,710,853	2,992,666
EXPENSES				
Program Services	2,880,892	-	2,880,892	2,536,899
Supporting Services:				
Management and General	564,918	-	564,918	300,108
Fundraising	364,787	-	364,787	284,732
Total supporting services	929,705	-	929,705	584,840
Total expenses	3,810,597	-	3,810,597	3,121,739
Change in net assets	(991,626)	(1,108,118)	(2,099,744)	(129,073)
Net assets at beginning of year	301,169	2,332,775	2,633,944	2,763,017
NET ASSETS AT END OF YEAR (DEFICIT)	$ (690,457)	$ 1,224,657	$ 534,200	$ 2,633,944

THE INTERNATIONAL CENTRE FOR MISSING & EXPLOITED CHILDREN AND ICMEC LIMITED

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018

	2019					2018
		Supporting Services				
	Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses	Total Expenses
Salaries and fringe benefits	$ 1,136,598	$ 321,692	$ 230,246	$ 551,938	$ 1,688,536	$ 1,281,275
Professional and contract fees	644,214	143,297	240,822	384,119	1,028,333	914,447
Travel	216,528	15,547	20,262	35,809	252,337	182,468
Supplies and deliveries	84,293	9,039	21,184	30,223	114,516	71,116
Occupancy and building costs	173,182	33,481	22,321	55,802	228,984	231,787
Outreach	199,109	-	-	-	199,109	184,431
Trainings/roundtables/conferences	340,713	7,983	144,578	152,561	493,274	350,929
Amortization	60,785	11,879	7,627	19,506	80,291	75,316
Other	25,470	22,000	4,825	26,825	52,295	36,869
Subtotal	2,880,892	564,918	691,865	1,256,783	4,137,675	3,328,638
Direct costs of special events	-	-	(327,078)	(327,078)	(327,078)	(206,899)
TOTAL	**$ 2,880,892**	**$ 564,918**	**$ 364,787**	**$ 929,705**	**$ 3,810,597**	**$ 3,121,739**

See accompanying notes to consolidated financial statements.

THE INTERNATIONAL CENTRE FOR MISSING & EXPLOITED CHILDREN AND ICMEC LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (2,099,744)	$ (129,073)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Amortization expense	80,291	75,316
Unrealized (gain) loss on investments	(41,306)	35,924
Realized (gain) loss on sale of investments	(24,586)	632
Change in discount on long-term contributions receivable	(17,042)	4,978
Change in discount on non-interest bearing note payable	(7,167)	-
Decrease (increase) in:		
Contributions receivable	740,261	(598,216)
Other receivables	4,686	(500)
Prepaid expenses	5,414	(58,534)
Deposits	(2,470)	(269)
Increase (decrease) in:		
Accounts payable and accrued expenses	67,057	(6,887)
Deferred revenue	9,431	560
Deferred rent	(35,484)	(29,485)
Net cash used by operating activities	(1,320,659)	(705,554)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(168,775)	(92,972)
Purchase of investments	(336,026)	(1,585,097)
Proceeds from sale of investments	1,388,365	304,929
Net cash provided (used) by investing activities	883,564	(1,373,140)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable	172,000	-
Net cash provided by financing activities	172,000	-
Net decrease in cash and cash equivalents	(265,095)	(2,078,694)
Cash and cash equivalents at beginning of year	375,216	2,453,910
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 110,121**	**$ 375,216**
SUPPLEMENTAL INFORMATION:		
Donated Stock	**$ -**	**$ 25,639**

See accompanying notes to consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The International Centre for Missing and Exploited Children (ICMEC) is a non-profit organization, incorporated in the State of New York and located in Alexandria, Virginia. ICMEC was organized for the purposes of protecting the world's children from sexual exploitation and abduction, and other activities in support of these purposes.

In May 2009, ICMEC created ICMEC Limited, a Singapore public company limited by guarantee. ICMEC is the sole member of ICMEC Limited. The office was established to direct ICMEC's policies and programmatic initiatives in the Asia-Pacific Region. ICMEC Limited is funded by ICMEC. During the year ended December 31, 2019, ICMEC sent $192,629 to ICMEC Limited. ICMEC Limited has one full-time employee and one ICMEC staff member serves on the ICMEC Limited Board of Directors.

Principles of consolidation -

The accompanying consolidated financial statements reflect the activity of The International Centre for Missing & Exploited Children and ICMEC Limited (ICMEC) as of December 31, 2019, pursuant to the criterion established by FASB ASC 958-810, Not-for-Profit Entities Consolidation. Under FASB ASC 958-810, consolidation is required if a separate not-for-profit organization has control and significant economic interest in that other organization. All significant inter-company accounts and transactions have been eliminated in consolidation.

Basis of presentation -

The accompanying consolidated financial statements are presented on the accrual basis of accounting, and in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entitie*s. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.

- **Net Assets With Donor Restrictions -** Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statement of Activities and Change in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Basis of presentation (continued) -

Accordingly, such information should be read in conjunction with ICMEC's consolidated financial statements for the year ended December 31, 2018, from which the summarized information was derived.

New accounting pronouncements adopted -

During 2019, ICMEC adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. The ASU provides a framework for recognizing revenue and is intended to improve comparability of revenue recognition practices across for-profit and non-profit entities. Analysis of the various provisions of this standard resulted in no significant changes in the way ICMEC recognized revenue; however, the presentation and disclosures of revenue have been enhanced. ICMEC has elected to opt out of all (or certain) disclosures not required for nonpublic entities and also elected a modified retrospective approach for implementation.

Also during 2019, the ICMEC adopted ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made.* This guidance is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improve guidance to better distinguish between conditional and unconditional contributions. ICMEC adopted the ASU using a modified prospective basis.

Cash and cash equivalents -

ICMEC considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of $250,000. At times during the year, ICMEC maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Foreign currency -

The U.S. Dollar is the functional currency of ICMEC. ICMEC Limited financial statements are reported in Singapore dollars. All assets and liabilities of the Singapore entity have been translated into U.S. Dollars using the spot exchange rate in effect as of year-end. All revenues and expenses of the Singapore entity have been translated into U.S. Dollars using the average annual exchange rate. The effects of this translation are recorded in the Consolidated Statement of Activities and Change in Net Assets and are immaterial.

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses net of investment fees are included in investment income (loss) in the Consolidated Statement of Activities and Change in Net Assets.

Contributions and other receivables -

Contributions and other receivables that are expected to be collected in future years are recorded at fair value, measured as the present value of their future cash flows.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Contributions and other receivables (continued) -

The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contributions revenue. All contributions receivable are considered by management to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Fixed assets -

Fixed assets in excess of $10,000 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets. Leasehold improvements are amortized over the remaining life of the lease. The cost of maintenance and repairs is recorded as expenses are incurred. Website development costs are amortized over three years once placed in service. Costs incurred for the ongoing maintenance of the existing website are expensed as incurred.

The capitalization and ongoing assessment of recoverability of website development costs incurred require considerable judgment by management with respect to certain external factors, including, but not limited to, technological and economic feasibility and estimated economic life. Amortization expense for the year ended December 31, 2019 totaled $80,291.

Income taxes -

The International Centre for Missing and Exploited Children is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements. The International Centre for Missing and Exploited Children is not a private foundation.

ICMEC Limited is recognized as a public company limited by guarantee in accordance with the laws and regulations of Singapore. A public company limited by guarantee is exempt from income tax if any surplus funds are from contributions or if over 50% of gross revenue receipts are from members and are not tax deductible for members. Accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements.

Uncertain tax positions -

For the year ended December 31, 2019, ICMEC has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the consolidated financial statements.

Deferred revenue -

Deferred revenue consists of gala registrations. ICMEC recognizes gala revenue when the related event has occurred.

Contributions and grants -

Gifts, grants and contracts are recognized in the appropriate category of net assets in the period received. Contributions of assets other than cash are recorded at their estimated fair value at the date of gift.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Contributions and grants (continued) -

Conditional promises to give are not recognized until the condition on which they depend are substantially met. Contributions and grants qualifying as contributions are recorded by the ICMEC upon notification of the contribution and grant award and satisfaction of all conditions, if applicable. Contributions and grants are classified as net assets with donor restrictions when use of the contribution or grant funds is limited to specific programmatic areas or is designated for use in future periods. Contributions and grants with donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying consolidated financial statements. Contributions and grants received in advance of incurring the related expenses are recorded as "net assets with donor restrictions".

Contributed services and materials -

Contributed services and materials consist of professional services and are recorded at their fair market value as of the date of the gift.

Use of estimates -

The preparation of the consolidated 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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Consolidated Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Direct identification of specific expenses is ICMEC’s preferred method for charging expenses to various functions. If an expense can be specifically identified with a program or a supporting service, it will be assigned to that function. When it is not possible or practical to make a direct identification, an allocation of funds approach is used.

Indirect costs are those expenses that benefit more than one project, activity, or service. They are not readily identifiable with a particular grant, contract, project function, or activity, but are necessary for ICMEC’s general operation. ICMEC allocates indirect expenses as a percentage of direct costs.

All ICMEC employees are required to complete a timesheet on a bi-weekly basis. Those employees whose responsibilities include tasks that fall into more than one functional category or program record their time to the different functional categories based upon effort spent on separate identifiable activities. ICMEC's accountant's salary and benefits are allocated to programs and other functional categories as a percentage of those activities' direct costs.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Special event expenses -

The Consolidated Statement of Functional Expenses includes special event expenses which are deducted from special event revenue in the Consolidated Statement of Activities and Change in Net Assets.

Going concern -

ICMEC adopted FASB ASU 2014-15, *Presentation of Financial Statements - Going Concern* and evaluated whether there are conditions or events, considered in the aggregate, that raise substantial doubt about an ability to continue as a going concern within one year after the date the consolidated financial statements are issued. See Note 10 for the analysis of the principal conditions and management's plans to mitigate these concerns.

New accounting pronouncements (not yet adopted) -

FASB issued ASU 2019-01, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Consolidated Statement of Financial Position and disclosing key information about leasing arrangements. The ASU is effective for non public entities beginning after December 15, 2020. Early adoption is permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

ICMEC plans to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying consolidated financial statements.

Risks and uncertainties -

ICMEC invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated financial statements.

Fair value measurement -

ICMEC adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements.

ICMEC accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

2. INVESTMENTS

Investments consisted of the following at December 31, 2019:

Common Stocks	$ 84,391
Corporate Bonds	172,774
TOTAL INVESTMENTS	**$ 257,165**

Included in investment income are the following for the year ended December 31, 2019:

Interest and dividends	$ 21,860
Unrealized gain	41,306
Realized gain on sale of investment	24,586
Management fees	(7,137)
TOTAL INVESTMENT INCOME, NET	**$ 80,615**

3. NOTE PAYABLE

ICMEC entered into a one-year $172,000 note payable with the International Centre for Missing and Exploited Children Switzerland in October 2019. The amount is due in full no later than October 4, 2020. The note is non-interest bearing. As the loan is non-interest bearing, ICMEC has discounted the note payable to present value using a rate of 5%. As of December 31, 2019, the present value of the note payable discounted at 5.00% is $164,833.

Total imputed interest totaling $8,600 was calculated and included in other revenue in the accompanying Consolidated Statement of Activities and Change in Net Assets during the year ended December 31, 2019 using an effective interest rate of 5% (the incremental borrowing rate on the date of the note), of which $1,433 was recorded as interest expense during the year ended December 31, 2019.

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2019:

Program	$ 1,175,457
Time Restricted	49,200
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	**$ 1,224,657**

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

Program	$ 920,097
Passage of Time	395,616
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	**$ 1,315,713**

5. LIQUIDITY

Financial assets available for use within one year of the Consolidated Statement of Financial Position, comprise the following at December 31, 2019:

Cash and cash equivalents	$ 110,121
Investments	257,165
Contributions receivable	358,043
Other receivables	7,613
Less: Those unavailable for general expenditures within one year due to restricted by donor with time or purpose restrictions	(1,175,457)
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	**$ (442,515)**

ICMEC has a policy to structure its financial assets to be available and liquid as its obligations become due. As of December 31, 2019, financial assets available for use for general expenditures within one year of the Consolidated Statement of Financial Position date had a deficit balance. See Note 10 for management's plan to mitigate going concern matters.

6. CONTRIBUTED SERVICES AND MATERIALS

During the year ended December 31, 2019, ICMEC was the beneficiary of professional services and materials which allowed ICMEC to provide greater resources toward various programs.

To properly reflect total program expenses, the following donations have been included in revenue and expense for the year ended December 31, 2019.

Donated Legal Services	**$ 1,843**

7. LEASE COMMITMENTS

In May 2016, ICMEC signed a lease for 111 months, commencing on November 15, 2016, for office space in Virginia. ICMEC received build-out allowance and other modifications paid by the landlord in the amount totaling $244,884, which was recorded as a deferred rent liability and will be amortized using the straight-line method over the life of the lease.

Additionally, the lease calls for an annual two and one-half percent rent escalation adjustment and eleven months of rent abatement.

Accounting principles generally accepted in the United States of America require that the total rent commitment and lease incentive should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is recorded as a deferred rent liability on the Consolidated Statement of Financial Position. As of December 31, 2019, the deferred rent liability totaled $360,633.

7. LEASE COMMITMENTS (Continued)

The following is a schedule of the future minimum lease payments:

Year Ending December 31,	
2020	$ 251,316
2021	257,617
2022	264,044
2023	270,647
2024	277,382
Thereafter	332,821
	$ 1,653,827

Rent expense under this lease for the year ended December 31, 2019 was $209,707 and is included in Occupancy and building costs on the accompanying Consolidated Statement of Functional Expenses. ICMEC Limited leases office space in Singapore under a short-term lease agreement.

8. RETIREMENT PLAN

In January 2017, ICMEC started participating in a new 403(b) defined contribution plan covering all eligible employees of ICMEC.

The Plan offers employee elective deferrals, voluntary after-tax contributions and Roth contributions up to the maximum allowed by law. Employees are immediately vested in their elective deferrals. Under the same 403(b) plan, ICMEC contributes 7% of each eligible employee’s gross salary per pay period, regardless of the employee’s contribution. Employees are vested after being employed for two (2) years, with at least 1,000 hours worked in each year. ICMEC's contributions to the Plan during the year ended December 31, 2019 totaled $89,214.

9. RELATED PARTY

For the year ended December 31, 2019, ICMEC received contributions from Board members totaling $536,070.

Subsequent to December 31, 2019, on January 30, 2020, ICMEC entered into two notes payable with Board members. The first note is a two-year $200,000 note payable with an annual interest rate of 3%. The note is due in full on or before January 30, 2022. The second note is a two-year $100,000 note payable with an annual interest rate of 3% and is due in full on or before January 30, 2022.

10. GOING CONCERN

ICMEC has suffered recurring significant losses and has a deficit in net assets without donor restrictions that raises doubt about its ability to continue as a going concern. The ability of ICMEC to continue is dependent on the success of ICMEC's Board and management in raising without donor restrictions funding during the coming year and subsequent years to ensure that expenditures do not continue to exceed available funds. The financial statements have been prepared assuming that ICMEC will continue as a going concern.

10. GOING CONCERN (Continued)

Given historic financial information and long-standing relationships with the sources of expected funds, management has confidence in the following specific 2020 revenue projections totaling over $3.6 million to meet expense needs:

- $1.8MM verbally committed by our two largest corporate donors, with $350,000 received to date.
- $500,000 expected in contributions from the Board of Directors based on historic contribution amounts.
- $300,000 in loans received from two Board members with an additional $200,000 verbally committed for loans from two additional Board members.
- $400,000 in received contributions and written commitments for the 2020 gala.
- $335,000 verbally committed from multiple corporate donors.
- $150,000 verbally committed from an individual donor.

11. FAIR VALUE MEASUREMENT

In accordance with FASB ASC 820, *Fair Value Measurement*, ICMEC has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Consolidated Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market ICMEC has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used at December 31, 2019.

- *Common stocks* - Valued at the closing price reported on the active market in which the individual securities are traded.

- *Corporate bonds* - Fair value is based upon current yields available on comparable securities of issuers with similar ratings, the security's terms and conditions, and interest rate and credit risk.

11. FAIR VALUE MEASUREMENT (Continued)

The table below summarizes, by level within the fair value hierarchy, ICMEC's investments as of December 31, 2019:

	Level 1	Level 2	Level 3	Total
Asset Class:				
Common stocks	$ 84,391	$ -	$ -	$ 84,391
Corporate bonds	-	172,774	-	172,774
TOTAL	**$ 84,391**	**$ 172,774**	**$ -**	**$ 257,165**

12. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, ICMEC has evaluated events and transactions for potential recognition or disclosure through April 30, 2020, the date the consolidated financial statements were issued.

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact ICMEC's operations. The overall potential impact is unknown at this time.

On April 27, 2020, ICMEC entered into a two-year promissory note agreement in the amount of $285,782 with a 1% fixed interest rate under the Paycheck Protection Program. The promissory note calls for monthly principal and interest payments, beginning seven months from the date of the note. Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the promissory note may be forgiven by the Small Business Administration in whole or in part.