



INMED PARTNERSHIPS FOR CHILDREN, INC.

Financial Statements

For the Year Ended December 31, 2018



**and
Report Thereon**



INMED PARTNERSHIPS FOR CHILDREN, INC.

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For the Year Ended December 31, 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
INMED Partnerships for Children, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of INMED Partnerships for Children, Inc. (INMED), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, 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.

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 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of INMED Partnerships for Children, Inc. as of December 31, 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.

Marcum LLP

Washington, D.C.
September 4, 2019

INMED PARTNERSHIPS FOR CHILDREN, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2018

ASSETS

Cash and cash equivalents	\$ 525,552
Accounts receivable	150,831
Grants and pledges receivable, net	1,983,212
Deferred compensation assets	3,688
Deposits and other assets	40,941
Property and equipment, net	150,149

TOTAL ASSETS \$ 2,854,373

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable and accrued expenses	\$ 120,498
Lines of credit	1,964
Refundable advance	9,519
Deferred rent	195,876
Deferred compensation liability	3,688

TOTAL LIABILITIES 331,545

Net Assets

Without donor restrictions (deficit)	(797,070)
With donor restrictions	3,319,898

TOTAL NET ASSETS 2,522,828

TOTAL LIABILITIES AND NET ASSETS \$ 2,854,373

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

INMED PARTNERSHIPS FOR CHILDREN, INC.

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Contributions, grants and contracts	\$ 815,924	\$ 2,490,119	\$ 3,306,043
Donated goods and services	71,439	531,060	602,499
Other income	176,816	-	176,816
Foreign exchange transaction losses	(48,995)	-	(48,995)
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>21,469,388</u>	<u>(21,469,388)</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	<u>22,484,572</u>	<u>(18,448,209)</u>	<u>4,036,363</u>
EXPENSES			
Program Services:			
Overseas	21,195,231	-	21,195,231
Domestic	<u>1,009,943</u>	<u>-</u>	<u>1,009,943</u>
Total Program Services	<u>22,205,174</u>	<u>-</u>	<u>22,205,174</u>
Supporting Services:			
General and administration	110,757	-	110,757
Program development	235,186	-	235,186
Fundraising	<u>49,810</u>	<u>-</u>	<u>49,810</u>
Total Supporting Services	<u>395,753</u>	<u>-</u>	<u>395,753</u>
TOTAL EXPENSES	<u>22,600,927</u>	<u>-</u>	<u>22,600,927</u>
CHANGE IN NET ASSETS	(116,355)	(18,448,209)	(18,564,564)
NET ASSETS (DEFICIT), BEGINNING OF YEAR	<u>(680,715)</u>	<u>21,768,107</u>	<u>21,087,392</u>
NET ASSETS (DEFICIT), END OF YEAR	<u>\$ (797,070)</u>	<u>\$ 3,319,898</u>	<u>\$ 2,522,828</u>

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

INMED PARTNERSHIPS FOR CHILDREN, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2018

	Program Services			Supporting Services				Total
	Overseas	Domestic	Total Program Services	General and Administration	Program Development	Fundraising	Total Supporting Services	
Donated goods distributed	\$ 18,707,940	\$ -	\$ 18,707,940	\$ -	\$ -	\$ -	\$ -	\$ 18,707,940
Salaries and benefits	593,674	615,412	1,209,086	65,319	209,654	26,441	301,414	1,510,500
Consultants	1,121,295	-	1,121,295	-	4,798	634	5,432	1,126,727
Occupancy	93,689	191,704	285,393	23,249	5,592	-	28,841	314,234
Travel	205,324	11,914	217,238	3,849	3,203	3,288	10,340	227,578
Professional fees	114,977	58,963	173,940	11,680	-	-	11,680	185,620
Project participant incentive and project materials	159,870	16,873	176,743	-	-	-	-	176,743
Other costs	101,120	69,115	170,235	1,400	10,122	16,412	27,934	198,169
Supplies	42,875	6,865	49,740	3,392	140	151	3,683	53,423
Computer costs	26,119	23,262	49,381	750	726	20	1,496	50,877
Meetings and conferences	28,348	1,442	29,790	1,118	951	2,864	4,933	34,723
Depreciation and amortization	-	14,393	14,393	-	-	-	-	14,393
TOTAL EXPENSES	\$ 21,195,231	\$ 1,009,943	\$ 22,205,174	\$ 110,757	\$ 235,186	\$ 49,810	\$ 395,753	\$ 22,600,927

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

INMED PARTNERSHIPS FOR CHILDREN, INC.

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (18,564,564)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	14,393
Donated goods recorded as revenue	(531,060)
Donated goods distributed	18,707,940
Changes in assets and liabilities:	
Accounts receivable	17,325
Grants and pledges receivable	799,067
Deferred compensation assets	(169)
Deposits and other assets	(6,966)
Accounts payable and accrued expenses	(18,083)
Deferred rent	2,469
Deferred compensation liability	169
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>420,521</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Borrowings on lines of credit	700,366
Principal payments on lines of credit	<u>(900,743)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(200,377)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	220,144
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>305,408</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 525,552</u>
SUPPLEMENTAL INFORMATION	
Actual cash payments for interest	<u>\$ 8,382</u>
NONCASH OPERATING ACTIVITIES	
Donated goods received	<u>\$ 12,720,000</u>
Donated goods distributed	<u>\$ (18,707,940)</u>

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

INMED PARTNERSHIPS FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2018

1. Organization and Summary of Significant Accounting Policies

Organization

INMED Partnerships for Children, Inc. (INMED) is a nonprofit corporation that has worked in more than 100 countries to create a world where all children are safe, healthy, educated and have access to opportunities to thrive. INMED works toward this mission by mobilizing, supporting and providing expertise to improve the health and well-being of vulnerable children and families. Through multisector partnerships, INMED builds effective systems that deliver innovative and sustainable approaches to break complex cycles of poverty and generate opportunities for success. Its health and nutrition, adaptive agriculture/aquaponics and youth development programs have made a sustainable impact on the lives of millions of children and their families since 1986. INMED's principal support comes from corporate, foundation and government grants.

INMED operates in the United States and has offices in Brazil, Peru, Jamaica and South Africa which are registered under local laws so INMED can conduct its programs in these countries. The activities in these countries are reported as part of INMED's activities.

Basis of Accounting

The accompanying financial statements of INMED have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Consequently, revenue is recognized when earned and expenses are recognized when the obligation is incurred.

Cash and Cash Equivalents

INMED considers cash in operating bank accounts and highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

Grants and Pledges Receivable

Grants and pledges receivable include unconditional promises made by donors wherein the donor has unconditionally promised to contribute funds to INMED in future periods. An unconditional promise that is expected to be collected within one year is recorded as grant revenue and a receivable at net realizable value. An unconditional promise that is expected to be collected in future years is recorded as grant revenue and a receivable at the present value of expected future cash flows. Discounts on the amounts due in more than one year are computed using risk-free interest rates that are applicable to the years in which the promises are received. The amortization of the discount is recorded in contribution revenue.

Property and Equipment and Related Depreciation and Amortization

All acquisitions of furniture, equipment and software with useful lives of more than one year and acquisition cost greater than \$5,000 are capitalized at cost and are being depreciated and amortized using the straight-line method over the estimated useful lives of the assets (generally from three to five years) with no salvage value. Leasehold improvements are amortized using the straight-line method over the remaining term of the lease or the estimated

INMED PARTNERSHIPS FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2018

1. Organization and Summary of Significant Accounting Policies (continued)

Property and Equipment and Related Depreciation and Amortization (continued)

useful lives of the improvements. Expenses for major repairs and improvements are capitalized; expenditures for minor repairs and maintenance costs are expensed when incurred.

Classification of Net Assets

INMED's net assets are reported as follows:

- Net assets without donor restrictions represent the portion of expendable funds that are available to support the operations of INMED.
- Net assets with donor restrictions represent amounts that are specifically restricted by donors or grantors for various purposes or time periods. These donor restrictions can be temporary in nature in that they will be met by actions of INMED or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. As of December 31, 2018, INMED had no net assets with donor restrictions that are required to be maintained in perpetuity.

Revenue Recognition

INMED reports gifts and grants of cash and other assets as support without donor restrictions and available for general operations, unless specifically restricted by the donor. Support that is restricted by the donor is reported as having donor restrictions if it is received with donor stipulations that limit the use of the donated assets. When a stipulated time restriction ends or purpose of a restriction is accomplished, 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. Revenue recognized for contributions, grants and contracts that have been committed to INMED, but have not been received, is reflected as grants and pledges receivable in the accompanying statement of financial position.

Unconditional promises to give that are expected to be collected within one year are reflected as grants and pledges receivable at their net realizable value in the period in which INMED is notified by the donor of his or her commitment to make a contribution. Unconditional promises to give that are expected to be collected in future years are reflected as grants and pledges receivable and are recorded at their present value using a risk-adjusted rate that is applicable to the period in which the unconditional promise to give was received. Conditional promises to give are not included as grants and contributions until the conditions are substantially met.

INMED has cost-reimbursable grants and contracts with the U.S. government, state and local agencies, and private organizations. Revenue from these grants and contracts is recognized as costs are incurred on the basis of direct costs plus allowable indirect costs at a provisional or contracted rate. Direct and indirect expenses incurred, but not yet reimbursed, under these grants and contracts are reported as grants and pledges receivable in the accompanying statement of financial position.

INMED PARTNERSHIPS FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2018

1. Organization and Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Revenue from multi-year funding commitments is recognized in the period in which the support has been committed, while the related expenditures may occur in subsequent accounting periods. This can result in significant variations in net asset changes from year to year, especially when large grants of donated pharmaceuticals are involved.

Donated Goods and Services and Inventory

INMED receives a substantial amount of donated pharmaceuticals for distribution overseas, which are recorded at their estimated fair value as of the date of donation and are reflected as donated goods and services revenue with donor restrictions in the accompanying statement of activities. Fair value 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. The fair value of the donated pharmaceuticals is based on the average price that the generic pharmaceuticals sells for in Peru, the country where the pharmaceuticals will be distributed, based on information published by Peru's Ministry of Health and compared to other market research obtained by INMED. As the donated pharmaceuticals are used, they are released from inventory and reported as program expenses in the accompanying statement of activities. The corresponding amount is also released from restrictions and is shown as net assets released from restrictions in the accompanying statement of activities. At the end of the year, unused donated pharmaceuticals are reflected in the accompanying statement of financial position as donated inventory, which is reported using the first-in, first-out method of accounting. Donated inventory was fully disbursed as of December 31, 2018.

Contributions of services are recognized in the financial statements if the services enhance or create nonfinancial assets or if they require specialized skills, are provided by individuals possessing those skills and would typically be purchased if not provided by donation. These services are recorded at their estimated fair value at the date of donation and are recognized in the accompanying financial statements as donated services. For the year ended December 31, 2018, INMED received donated services with an estimated fair value of \$71,439.

Transactions in Foreign Currencies

INMED conducts many of its programs through field offices in foreign countries and, accordingly, transacts in the local currencies of those countries. Translations are made using either a monthly weighted average (based on rates for U.S. dollar-local currency conversions through the bank) or the spot rate (using the exact rate obtained at the bank when a check is cashed). The resulting gain or loss is reflected in revenue and support in the accompanying statement of activities. The U.S. dollar is considered the functional and reporting currency of INMED.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of functional expenses. Expenses directly attributed to specific functional areas of INMED are reported as expenses of those functional

INMED PARTNERSHIPS FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

1. Organization and Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses (continued)

areas, while shared costs that benefit multiple functional areas have been allocated among the various functional areas based on estimates determined by management to be equitable. INMED allocates salaries to various programs and supporting services based upon the actual amount of time worked in each area. Fringe benefit costs are allocated to program services and supporting services based on total labor dollars. Shared costs are allocated to program services based on each program's share of direct costs.

Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with GAAP. Those estimates and assumptions affect the reported amounts 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.

New Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return for nonprofit organizations. INMED has adjusted the presentation of these statements accordingly. The major changes of the ASU affecting INMED include (a) requiring the representation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions"; and (b) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources.

2. Grants and Pledges Receivable

Grants and pledges receivable consist of amounts due from foundations and corporations, which were due as follows as of December 31, 2018:

Receivables due in less than one year	\$ 1,149,975
Receivables due in one to five years	<u>887,670</u>
Total Grants and Pledges Receivable	2,037,645
Less: Discount to Net Present Value (5.5%)	<u>(54,433)</u>
Grants and Pledges Receivable, Net	<u>\$ 1,983,212</u>

INMED has not recorded an allowance for uncollectible accounts, as management believes all amounts are fully collectible.

Continued

INMED PARTNERSHIPS FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2018

3. Conditional Promise to Give

During the year ended December 31, 2017, INMED received a conditional promise to give for \$970,206, which is subject to meeting the matching requirement set by the grantor. INMED records revenue and support on this conditional promise to give as the conditions are met. During the year ended December 31, 2018, INMED met a portion of the matching requirement resulting in the recognition of \$417,122 of revenue with donor restrictions. As of December 31, 2018, INMED has yet to recognize revenue of approximately \$264,967 related to this conditional grant.

4. Lines of Credit

INMED has a \$100,000 unsecured revolving line of credit available with a bank that automatically renews annually on January 1, unless it is terminated by INMED or the bank. The interest rate on the line of credit was 9.5% as of December 31, 2018. As of December 31, 2017, \$1,964 was outstanding on this line of credit.

INMED also has a secured line of credit with another bank for \$750,000 to provide short-term working capital. The interest rate on the line of credit is *The Wall Street Journal's* Prime Rate with a floor of 4%. As of December 31, 2018, the rate on this line of credit was 5.5%. The line of credit is secured by all of the assets INMED currently owns or hereafter will acquire. Under the terms of the line of credit, INMED is required to fully repay the bank all amounts outstanding on the line of credit for a period of 30 consecutive days annually, prior to December 15. The line of credit is renewable annually on January 31. As of December 31, 2018, there was no balance outstanding on this line of credit.

Interest expense under both lines of credit was \$8,382 for the year ended December 31, 2018.

5. Retirement Plan

INMED sponsors a 401(k) retirement plan for employees with at least three months of service who were employed after June 1, 2003. Under this plan, in addition to employee salary deferrals, INMED may contribute either matching contributions, profit-sharing contributions or qualified non-elective contributions. Matching contributions will be equal to a discretionary percentage of salary, which will be determined each year. For the year ended December 31, 2018, INMED matched 50% of employee contributions up to 6% of salaries. INMED's contribution to the retirement plan was \$23,474 for the year ended December 31, 2018.

6. Operating Lease

INMED entered into a non-cancelable operating lease for office and program space in June 2014. The lease term is for a period of 15 years beginning October 1, 2014. The lease provides space for the headquarters' offices and INMED's Loudoun County Family and Youth Opportunity Center program and provides for fixed increases to the future minimum rental

INMED PARTNERSHIPS FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

6. Operating Lease (continued)

payments. In May 2017, INMED signed a new three-year lease for additional office space for its headquarters' offices starting June 1, 2017. Under GAAP, all rental payments, including fixed-rent increases, are recognized on a straight-line basis over the term of the lease. The difference between the GAAP rent expense and the required lease payment is reflected as deferred rent in the accompanying statement of financial position. In addition to the basic monthly rent, INMED is responsible for its proportionate share of the building's operating expenses and real estate taxes.

INMED's foreign affiliates do not have long-term office lease commitments.

Total rent expense, including foreign affiliates' offices, was approximately \$289,000 for the year ended December 31, 2018.

The future minimum rental payments for both leases, excluding operating costs that are required under these operating leases, are as follows:

For the Year Ending December 31,	
2019	\$ 162,873
2020	146,366
2021	135,388
2022	139,088
2023	142,919
Thereafter	<u>900,956</u>
Total	<u>\$ 1,627,590</u>

7. Net Assets With Donor Restrictions

As of December 31, 2018, net assets with donor restrictions totaled \$3,319,898 and were restricted for the overseas healthy futures, aquaponics and other programs.

8. Risks and Contingencies

Foreign Operations

INMED has field offices in Brazil, Peru, Jamaica and South Africa and maintains cash accounts in these countries. INMED also maintains a cash account in Trinidad and Tobago. The future of the programs in these countries can be adversely affected by a number of potential factors, such as currency devaluations and political unrest. As of December 31, 2018, INMED had cash in these foreign accounts that totaled approximately \$195,000.

INMED PARTNERSHIPS FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

8. Risks and Contingencies (continued)

Concentration of Revenue Risk

For the year ended December 31, 2018, INMED recognized revenue of approximately \$1,774,000 from one donor, which represents 44% of INMED's total revenue and support. As of December 31, 2018, the same grantor owed INMED approximately \$1,173,000, which represents 41% of INMED's total assets.

Concentration of Credit Risk

INMED's cash is held in accounts at various financial institutions. Amounts held in accounts that exceed the Federal Deposit Insurance Corporation (FDIC) insurable limit are uninsured. As of December 31, 2018, cash balances exceeding the FDIC insured limit of \$250,000 per depositor per institution were approximately \$78,900. INMED monitors the creditworthiness of these institutions and has not experienced any historical credit losses, nor does management anticipate any losses on its funds.

9. Availability and Liquidity

INMED regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to preserve the principal and return on the investment of its funds. INMED's financial assets available within one year of the statement of financial position date for general expenditures at December 31, 2018, were as follows:

Cash and cash equivalents	\$ 525,552
Accounts receivable	150,831
Grants and pledges receivable, net	<u>1,983,212</u>
Total Financial Assets	2,659,595
Less:	
Amounts unavailable for general expenditures within one year:	
Long-term grants and pledges receivable	(833,237)
Amounts restricted by donors with purpose restriction	<u>(179,330)</u>
Financial Assets Available to Meet	
General Expenditures Within One Year	<u>\$ 1,647,028</u>

INMED has various sources of liquidity at its disposal, including cash and cash equivalents, which are available for general expenditures, liabilities and other obligations as they come due. Management is focused on sustaining the financial liquidity of INMED throughout the year. This is done through monitoring and reviewing INMED's cash flow needs on a regular basis. As a result, management is aware of the cyclical nature of INMED's cash flow related to INMED's various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs. To help manage unanticipated liquidity needs, INMED has two committed lines of credit totaling \$850,000, of which approximately \$848,000 was unused and available to draw upon as of December 31, 2018.

Continued

INMED PARTNERSHIPS FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2018

10. Net Assets Without Donor Restrictions (Deficit)

INMED had a deficit balance in net assets without donor restrictions as of December 31, 2018, and also had a negative change in net assets without donor restrictions for 2018. The deficit is a result of the Board of Directors' and management's approval to continue making strategic investments designed to expand and diversify INMED's funding base and position it for long term growth.

Strategic investments made in the past few years resulted in \$1.8 million of new multi-year funding in 2018 and \$1.8 million in new multi-year funding in 2019 as of the date of this report.

INMED's adaptive agriculture program in Jamaica continues to attract both public and private sector funding as well as multilateral funding in all of our geographic program areas. Expansion of the adaptive agriculture project in South Africa has positioned INMED for over \$1 million of funding from a large consortium of funders. This funding would allow INMED to continue to scale its adaptive agriculture program to other program locations (Brazil and Peru, in addition to existing projects in Jamaica).

INMED's Family and Youth Opportunity Center in Loudoun County, Virginia, is increasing its visibility in the community and has attracted the attention and interest of large technology companies in the Dulles corridor, which have committed to provide financial and materials support for the Center in 2019 and thereafter. Simultaneously, investments have been made to develop individual donor support. Plans are also underway and initial funding commitments have been identified to expand programs in the U.S. beyond Loudoun County.

INMED intends to continue making strategic investments to position it for growth. INMED will use donations without donor restrictions and bank financing to meet working capital needs. A major fundraising event is planned for 2019, and INMED has a total of \$850,000 in lines of credit from two large banks to provide working capital if/as needed.

The factors discussed above give management the belief that INMED will continue as a going concern within one year after the date on which the financial statements were issued.

11. Related Party Transactions

In fiscal year 2018, INMED received donated services of \$71,439 provided by a member of INMED's Board of Directors who is related to INMED's President and CEO. The Director of International Programs of INMED is also related to INMED's President and CEO.

12. Income Taxes

Under Section 501(c)(3) of the IRC, INMED is exempt from federal taxes on income other than net unrelated business income. For the year ended December 31, 2018, no provision for income taxes was required, as INMED had no net unrelated business income.

INMED PARTNERSHIPS FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

12. Income Taxes (continued)

INMED has adopted the authoritative guidance relating to accounting for uncertainty in income taxes included in FASB Accounting Standards Codification Topic 740, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. INMED evaluated its uncertainty in income taxes for the year ended December 31, 2018, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. As of December 31, 2018, the statute of limitations for tax years 2015 through 2017 remained open with the U.S. federal jurisdiction or the various states and local jurisdictions in which INMED files tax returns. It is INMED's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax or interest expense. There are currently no examinations pending or in progress regarding INMED's tax returns.

13. Subsequent Events

In preparation of these financial statements, INMED has evaluated transactions and events for potential recognition or disclosure through September 4, 2019, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in these financial statements.