



FINANCIAL STATEMENTS  
With Independent Auditors' Report

December 31, 2010 and 2009

# VISIONTRUST INTERNATIONAL, INC.

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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
VisionTrust International, Inc.  
Colorado Springs, Colorado

We have audited the accompanying statements of financial position of VisionTrust International, Inc. as of December 31, 2010 and 2009, and the related statements of activities, and cash flows for the years then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of VisionTrust International, Inc. as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Capin Crouse LLP*

Colorado Springs, Colorado  
February 24, 2011

# VISIONTRUST INTERNATIONAL, INC.

## Statements of Financial Position

	December 31,	
	2010	2009
<b>ASSETS:</b>		
Cash	\$ 718,034	\$ 518,374
Prepaid expenses and other assets	-	1,556
Capitalized loan costs–net	4,086	5,129
Property and equipment–net	1,480,070	1,532,868
<b>Total Assets</b>	<b>\$ 2,202,190</b>	<b>\$ 2,057,927</b>
 <b>LIABILITIES AND NET ASSETS:</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 13,451	\$ 2,900
Note payable	1,102,937	1,114,800
	1,116,388	1,117,700
Net assets:		
Unrestricted:		
Undesignated	(40,429)	(97,868)
Equity in property and equipment	381,219	423,197
	340,790	325,329
Temporarily restricted	745,012	614,898
	1,085,802	940,227
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,202,190</b>	<b>\$ 2,057,927</b>

See notes to financial statements

# VISIONTRUST INTERNATIONAL, INC.

## Statements of Activities

	Year Ended December 31,					
	2010			2009		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE:</b>						
Contributions and grants	\$ 824,421	\$ 2,657,058	\$ 3,481,479	\$ 791,180	\$ 1,625,862	\$ 2,417,042
Contributed goods and services	78,187	586,765	664,952	54,825	251,903	306,728
Rental income	91,708	-	91,708	93,795	-	93,795
Other income	11,973	-	11,973	12,064	-	12,064
<b>Total support and revenue</b>	<b>1,006,289</b>	<b>3,243,823</b>	<b>4,250,112</b>	<b>951,864</b>	<b>1,877,765</b>	<b>2,829,629</b>
<b>NET ASSETS RELEASED:</b>						
Purpose restrictions	2,920,878	(2,920,878)	-	1,806,392	(1,806,392)	-
Administrative assessment	192,831	(192,831)	-	153,352	(153,352)	-
	<b>3,113,709</b>	<b>(3,113,709)</b>	<b>-</b>	<b>1,959,744</b>	<b>(1,959,744)</b>	<b>-</b>
<b>EXPENSES:</b>						
Program services	3,572,455	-	3,572,455	2,585,419	-	2,585,419
Supporting activities:						
General and administrative	357,022	-	357,022	268,039	-	268,039
Fund-raising	175,060	-	175,060	162,060	-	162,060
	<b>532,082</b>	<b>-</b>	<b>532,082</b>	<b>430,099</b>	<b>-</b>	<b>430,099</b>
<b>Total expenses</b>	<b>4,104,537</b>	<b>-</b>	<b>4,104,537</b>	<b>3,015,518</b>	<b>-</b>	<b>3,015,518</b>
Change in Net Assets	15,461	130,114	145,575	(103,910)	(81,979)	(185,889)
Net Assets, Beginning of Year	325,329	614,898	940,227	429,239	696,877	1,126,116
Net Assets, End of Year	<b>\$ 340,790</b>	<b>\$ 745,012</b>	<b>\$ 1,085,802</b>	<b>\$ 325,329</b>	<b>\$ 614,898</b>	<b>\$ 940,227</b>

See notes to financial statements

# VISIONTRUST INTERNATIONAL, INC.

## Statements of Cash Flows

	Year Ended December 31,	
	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 145,575	\$ (185,889)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	95,609	58,634
Contributed property and equipment	(27,791)	-
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	1,556	25,912
Accounts payable and accrued expenses	10,551	(1,845)
Net Cash Provided (Used) by Operating Activities	225,500	(103,188)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Capitalized loan costs	-	(5,216)
Purchases of property and equipment	(13,977)	(124,723)
Net Cash Used by Investing Activities	(13,977)	(129,939)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds on note payable	-	5,216
Payments on note payable	(11,863)	(14,808)
Net Cash Used by Financing Activities	(11,863)	(9,592)
Net Change in Cash	199,660	(242,719)
Cash, Beginning of Year	518,374	761,093
Cash, End of Year	\$ 718,034	\$ 518,374
<b>SUPPLEMENTAL DISCLOSURE:</b>		
Interest paid (none capitalized)	\$ 71,221	\$ 72,524

See notes to financial statements

# VISIONTRUST INTERNATIONAL, INC.

## Notes to Financial Statements

December 31, 2010 and 2009

### 1. NATURE OF ORGANIZATION:

VisionTrust International, Inc. (VisionTrust) is a nonprofit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the "Code") and is not a private foundation under Section 509(a) of the Code. VisionTrust is primarily supported by contributions from churches and individuals.

The mission of VisionTrust is to develop orphaned and neglected children into mature Christians equipped to live in their own culture. They do this by enabling Christian nationals to meet the physical, educational, emotional and spiritual needs of these children through orphanages and schools. VisionTrust has a sponsorship program that allows individuals to contribute money on a monthly basis to provide the resources that the Christian nationals require to meet the needs of children. VisionTrust also sends teams of individuals to various locations to do things such as teach children Bible lessons or build and repair buildings.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of VisionTrust included amounts received from, and disbursed to, field activities in the Dominican Republic, Myanmar, India, Central African Republic, Thailand, Peru, Brazil, Guatemala, Tanzania, Cambodia, Zimbabwe, and Liberia. VisionTrust receives timely reporting from each of these fields related to the use of funds received from VisionTrust.

VisionTrust uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of any contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

#### CASH

Cash consists of balances in checking and money market accounts. These accounts may, at times, exceed federally insured limits. VisionTrust has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

#### PROPERTY AND EQUIPMENT—NET

Property and equipment—net is stated at cost, or if donated, at the fair market value on the date of the gift. VisionTrust capitalizes all fixed assets greater than \$1,000. Depreciation is computed on the straight-line basis over estimated useful lives of three years for computer equipment, five years for furniture and vehicles, and thirty years for buildings.

# VISIONTRUST INTERNATIONAL, INC.

## Notes to Financial Statements

December 31, 2010 and 2009

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### CLASSES OF NET ASSETS

The financial statements report amounts separately by classes of net assets as follows:

*Unrestricted net assets* include resources that are used to support VisionTrust's current operations and provide for the long-term needs of VisionTrust.

*Temporarily restricted net assets* are comprised of donor-restricted contributions for the support of various projects.

#### UNCERTAIN TAX POSITIONS

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the statements of activities. As of December 31, 2010 and 2009, VTI had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

#### SUPPORT, REVENUE, AND EXPENSES

Contributions are recorded when made, which may be when cash is received, or when unconditional promises to give are made. Those contributions postmarked by December 31, 2010, are recorded as contributions and cash rather than promises to give. Contributions restricted by the donor for a specific purpose are recorded as support in the temporarily restricted class of net assets until funds have been expended by VisionTrust for the purposes specified. Upon satisfaction of the restriction, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from purpose restrictions. Donations that are restricted for programs, except child sponsorship, are assessed an administrative charge of 15%. Donated assets are recorded at their fair market value on the date of donation.

Foundational grants are received by VisionTrust and recorded as contributions. These grants are recorded as temporarily restricted or unrestricted based on any stated purpose by the foundation.

VisionTrust recognizes contributed services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. These services provided to VisionTrust include time donated by medical, dental, and technology professionals and have been recorded at fair value and were valued at \$78,187 and \$54,825 for the years ended December 31, 2010 and 2009. Contributed goods and services also include clothing, medical supplies, and other items donated to VisionTrust and were valued at \$586,765 and \$251,903 for the years ended December 31, 2010 and 2009, respectively. These items are recorded as expense when transferred to the fields.

Expenses are reported when costs are incurred.

# VISIONTRUST INTERNATIONAL, INC.

## Notes to Financial Statements

December 31, 2010 and 2009

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and supporting activities of the organization have been summarized on a functional basis in the statements of activities. Accordingly, certain costs such as depreciation and payroll have been allocated among the program services and supporting activities benefited.

### 3. PROPERTY AND EQUIPMENT-NET:

Property and equipment-net consists of:

	December 31,	
	2010	2009
Land	\$ 174,865	\$ 174,865
Building	1,416,326	1,414,820
Vehicles	35,499	35,499
Furniture and equipment	261,501	55,633
	<u>1,888,191</u>	<u>1,680,817</u>
Accumulated depreciation	(408,121)	(313,555)
	<u>1,480,070</u>	<u>1,367,262</u>
Work-in-process	-	165,606
	<u>\$ 1,480,070</u>	<u>\$ 1,532,868</u>

Equity in property and equipment consists of the following:

Property and equipment-net	\$ 1,480,070	\$ 1,532,868
Capitalized loan costs	4,086	5,129
	<u>1,484,156</u>	<u>1,537,997</u>
Less related debt	(1,102,937)	(1,114,800)
	<u>\$ 381,219</u>	<u>\$ 423,197</u>

# VISIONTRUST INTERNATIONAL, INC.

## Notes to Financial Statements

December 31, 2010 and 2009

4. NOTE PAYABLE:

Note payable consists of a mortgage payable, secured by underlying land and building, monthly payments of \$7,049, including interest at a fixed rate of 6.5%, with a balloon payment due at maturity in December 2014. The balance of the note payable was \$1,102,937 and \$1,114,800 at December 31, 2010 and 2009, respectively. Future minimum payments are as follows:

<u>Year Ending December 31,</u>	
2011	\$ 13,424
2012	14,323
2013	15,282
2014	<u>1,059,908</u>
	<u>\$ 1,102,937</u>

5. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets consist of:

	<u>December 31,</u>	
	<u>2010</u>	<u>2009</u>
India	\$ 266,770	\$ 305,675
Teams	110,056	27,442
Liberia	80,379	32,512
VisionTrust projects	72,383	37,128
Dominican Republic	65,541	47,958
Myanmar	49,694	55,970
Other projects	20,077	14,820
Guatemala	18,496	27,390
Zimbabwe	16,936	-
Tanzania	15,020	20,621
Central Africa	14,237	28,072
Development and growth	7,975	-
Brazil	3,698	4,086
Haiti	1,659	-
Thailand	1,584	11,375
Peru	490	1,149
Cambodia	17	-
Contributions receivable	<u>-</u>	<u>700</u>
	<u>\$ 745,012</u>	<u>\$ 614,898</u>

# VISIONTRUST INTERNATIONAL, INC.

## Notes to Financial Statements

December 31, 2010 and 2009

### 6. JOINT COSTS:

VisionTrust incurs joint costs for informational materials and activities that include fund-raising appeals. These costs have been allocated as follows:

	Year Ended December 31,	
	2010	2009
Program services	\$ 46,871	\$ 37,008
Supporting activities:		
General and administrative	8,041	5,897
Fund-raising	26,004	22,163
	<u>\$ 80,916</u>	<u>\$ 65,068</u>

### 7. RELATED PARTY TRANSACTIONS:

VisionTrust leases office space to a company that is owned by a board member. VisionTrust received rental income of \$54,000 during the years ended December 31, 2010 and 2009, respectively.

### 8. OPERATING LEASES:

In 2009, VisionTrust replaced its former operating lease for a copier with a new operating lease for a copier. The new lease expires in May 2013. Rent expense paid on copier leases for the years ended December 31, 2010 and 2009, was \$6,132 and \$4,951, respectively. Future minimum payments are as follows:

<u>Year Ending December 31,</u>	
2011	\$ 6,132
2012	6,132
2013	2,044
	<u>\$ 14,308</u>

In addition, VisionTrust leases a portion of its building. Rental income for the years ended December 31, 2010 and 2009, was \$91,708 and \$93,795, respectively. A portion of this income was from non-exempt organizations. Income from debt financed property is considered to be unrelated business taxable income (UBTI). It has been determined that VisionTrust does not have a material liability associated with UBTI. Tenant leases are for varying terms. Future rental income under operating leases is as follows:

<u>Year Ending December 31,</u>	
2011	\$ 18,210
2012	8,500
	<u>\$ 26,710</u>

# VISIONTRUST INTERNATIONAL, INC.

## Notes to Financial Statements

December 31, 2010 and 2009

9. FINANCIAL CONDITION:

At December 31, 2010 and 2009, the balance in the unrestricted operating net assets was a deficit of \$40,429 and \$97,868, respectively. Management has a plan to reduce or eliminate this deficit within the next two years through planned budget cuts, debt reduction plan, and efforts of its development department.

10. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.