



FINANCIAL STATEMENTS
With Independent Auditors' Report

December 31, 2015 and 2014

VISIONTRUST INTERNATIONAL, INC.

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of VisionTrust International, Inc., which comprise the statements of financial position as of December 31, 2015 and 2014 and the related statements of activities 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.

Auditors' Responsibility

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 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.

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

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, 2015 and 2014, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Colorado Springs, Colorado
March 18, 2016

VISIONTRUST INTERNATIONAL, INC.

Statements of Financial Position

	December 31,	
	2015	2014
ASSETS:		
Cash and cash equivalents	\$ 621,459	\$ 804,237
Investments	138,794	205,168
Prepaid expenses and other assets	75,673	79,412
Property held for sale	100,000	-
Property and equipment–net	1,708,907	1,487,946
Total Assets	\$ 2,644,833	\$ 2,576,763
 LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 62,210	\$ 65,165
Notes payable	1,029,868	1,074,227
	1,092,078	1,139,392
 Net assets:		
Unrestricted:		
Undesignated	58,489	139,263
Board designated–Taylor fund	10,285	10,285
Equity in property held for sale	100,000	-
Equity in property and equipment	689,153	425,099
	857,927	574,647
Temporarily restricted	694,828	862,724
	1,552,755	1,437,371
Total Liabilities and Net Assets	\$ 2,644,833	\$ 2,576,763

See notes to financial statements

VISIONTRUST INTERNATIONAL, INC.

Statements of Activities

	Year Ended December 31,					
	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:						
Contributions and grants	\$ 3,944,652	\$ 2,751,570	\$ 6,696,222	\$ 4,025,161	\$ 2,856,247	\$ 6,881,408
Contributed goods and services	526,511	-	526,511	186,420	105,281	291,701
Rental income	88,539	-	88,539	103,708	-	103,708
Other income (loss)	(1,468)	-	(1,468)	18,919	-	18,919
Loss on disposal of property and equipment	(3,957)	-	(3,957)	-	-	-
Total Support and Revenue	4,554,277	2,751,570	7,305,847	4,334,208	2,961,528	7,295,736
NET ASSETS RELEASED:						
Purpose restrictions	2,919,466	(2,919,466)	-	2,868,346	(2,868,346)	-
EXPENSES:						
Program services	6,164,345	-	6,164,345	5,971,386	-	5,971,386
Supporting activities:						
General and administrative	630,957	-	630,957	635,651	-	635,651
Fund-raising	395,161	-	395,161	272,701	-	272,701
	1,026,118	-	1,026,118	908,352	-	908,352
Total Expenses	7,190,463	-	7,190,463	6,879,738	-	6,879,738
Change in Net Assets	283,280	(167,896)	115,384	322,816	93,182	415,998
Net Assets, Beginning of Year	574,647	862,724	1,437,371	251,831	769,542	1,021,373
Net Assets, End of Year	\$ 857,927	\$ 694,828	\$ 1,552,755	\$ 574,647	\$ 862,724	\$ 1,437,371

See notes to financial statements

VISIONTRUST INTERNATIONAL, INC.

Statements of Cash Flows

	Year Ended December 31,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 115,384	\$ 415,998
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	135,336	116,741
Net realized and unrealized gains (losses) on investments	13,591	(6,699)
Loss on disposal of property and equipment	3,957	-
Donated property held for sale	(100,000)	-
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	3,739	(44,849)
Accounts payable and accrued expenses	(2,955)	27,916
Net Cash Provided by Operating Activities	169,052	509,107
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(17,512)	(72,159)
Proceeds from sale of investments	70,295	20,712
Purchases of property and equipment	(360,254)	(337,999)
Net Cash Used by Investing Activities	(307,471)	(389,446)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on note payable	(44,359)	(39,151)
Capitalized loan fees related to refinance	-	37,465
Net Cash Used by Financing Activities	(44,359)	(1,686)
Net Change in Cash and Cash Equivalents	(182,778)	117,975
Cash and Cash Equivalents, Beginning of Year	804,237	686,262
Cash and Cash Equivalents, End of Year	\$ 621,459	\$ 804,237
SUPPLEMENTAL DISCLOSURE:		
Interest paid (none capitalized)	\$ 49,174	\$ 50,090

See notes to financial statements

VISIONTRUST INTERNATIONAL, INC.

Notes to Financial Statements

December 31, 2015 and 2014

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, Togo, Haiti, Malawi, Sierra Leone, Liberia, and Nepal. VisionTrust receives timely reporting from each of these fields related to the use of funds received from VisionTrust.

VisionTrust maintains its accounts and prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The preparation of 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, disclosures of any contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from the estimates. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist 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 and cash equivalents.

INVESTMENTS

Investments consist of equity securities and mutual funds, which are readily marketable and highly liquid. The equity securities and mutual funds are reported at fair value. Realized and unrealized gains and losses are included as unrestricted revenue in the statements of activities. Donated investments are recorded at the fair value on the date of donation and thereafter carried in accordance with the above provisions.

VISIONTRUST INTERNATIONAL, INC.

Notes to Financial Statements

December 31, 2015 and 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

PROPERTY HELD FOR SALE

Property held for sale consists of property donated to VisionTrust during the year ended December 31, 2015 and is held at fair market value less estimated selling costs. Management, based on a real estate professional's expertise, determined that the estimated net proceeds from the sale of the property would equal its fair market value. During the year ended December 31, 2015, management entered into a contract to sell this property. The property was sold subsequent to December 31, 2015 for \$100,000.

PROPERTY AND EQUIPMENT

Property and equipment 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.

CLASSES OF NET ASSETS

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

Unrestricted net assets represent those net assets whose use is not restricted by the donors; however, their use may be limited by board designation. Included in unrestricted net assets are resources that are used to support current operations, including property held for sale and property and equipment. Board designated amounts are not available to management for operations.

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 statement of activities. As of December 31, 2015, VisionTrust had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

VisionTrust is generally no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2012.

VISIONTRUST INTERNATIONAL, INC.

Notes to Financial Statements

December 31, 2015 and 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE, AND EXPENSES

Contributions are recorded when made, which may be when cash and other assets are received or unconditionally promised. Those contributions postmarked by December 31, 2015, are recorded as contributions and cash rather than promises to give. Gifts of cash and other assets that are restricted by the donor for a specific purpose are recorded as support in the temporarily restricted class of net assets until a stipulated time restriction ends or the funds have been expended and incurred by VisionTrust for the purpose restriction 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. 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 \$178,598 and \$186,420 for the years ended December 31, 2015 and 2014, respectively. Contributed goods and services also include clothing, medical supplies, and other items donated to VisionTrust and were valued at \$347,922 and \$105,281, for the years ended December 31, 2015 and 2014, respectively. These items are recorded as expense when transferred to the fields.

Expenses are reported when costs are incurred.

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.

VISIONTRUST INTERNATIONAL, INC.

Notes to Financial Statements

December 31, 2015 and 2014

3. INVESTMENTS:

Investments consist of:

	December 31,	
	2015	2014
Equity securities:		
Domestic common stock	\$ 65,508	\$ 71,636
Domestic preferred stock	11,886	12,965
	<u>77,394</u>	<u>84,601</u>
Mutual funds:		
Fixed income funds	36,580	41,566
Large cap funds	16,703	28,008
International funds	8,117	26,070
Money market funds	-	20,017
Mid cap funds	-	4,906
	<u>61,400</u>	<u>120,567</u>
	<u>\$ 138,794</u>	<u>\$ 205,168</u>

Investment income in other income consists of:

	Year Ended December 31,	
	2015	2014
Interest and dividends	\$ 3,365	\$ 5,607
Realized and unrealized gains (losses)	<u>(13,591)</u>	<u>6,699</u>
	<u>\$ (10,226)</u>	<u>\$ 12,306</u>

4. FAIR VALUE MEASUREMENTS:

VisionTrust uses appropriate valuation techniques to determine fair value based on inputs available. When available, VisionTrust measures fair value using quoted prices in active markets (Level 1 inputs) because they generally provide the most reliable evidence of fair value. As of December 31, 2015 and 2014, all investments are valued on fair values of assets measured on a recurring basis for quoted prices in active markets (Level 1).

VISIONTRUST INTERNATIONAL, INC.

Notes to Financial Statements

December 31, 2015 and 2014

5. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net consist of:

	December 31,	
	2015	2014
Land	\$ 174,865	\$ 174,865
Building	1,525,031	1,511,531
Vehicles	75,737	75,737
Furniture and equipment	61,020	54,362
Computer equipment and systems	405,541	224,967
	2,242,194	2,041,462
Accumulated depreciation	(743,459)	(790,269)
	1,498,735	1,251,193
Construction in progress	210,172	236,753
	\$ 1,708,907	\$ 1,487,946

Equity in property and equipment consists of the following:

	December 31,	
	2015	2014
Property and equipment–net	\$ 1,708,907	\$ 1,487,946
Capitalized loan fees	10,114	11,380
	1,719,021	1,499,326
Less related debt	(1,029,868)	(1,074,227)
	\$ 689,153	\$ 425,099

VISIONTRUST INTERNATIONAL, INC.

Notes to Financial Statements

December 31, 2015 and 2014

6. NOTES PAYABLE:

Notes payable consist of:

	December 31,	
	2015	2014
Note payable to a financial institution, due in monthly principal and interest payments of \$7,366. The note has a variable interest rate, which is based on the Wall Street Journal Index, plus a margin of 1.34% (effectively 4.65% as of December 31, 2015). The note matures December 2023 and is secured by property and equipment.	\$ 995,867	\$ 1,036,762
Note payable to a financial institution, due in monthly principal and interest payments of \$429. The note has a variable interest rate, which is based on the Wall Street Journal Index, plus a margin of 1.34% (effectively 4.65% as of December 31, 2015). The note matures November 2023 and is secured by property and equipment.	34,001	37,465
	\$ 1,029,868	\$ 1,074,227

Future minimum payments are as follows:

<u>Year Ending December 31,</u>		
2016	\$	46,626
2017		48,845
2018		51,165
2019		53,596
2020		56,140
Thereafter		773,496
	\$	1,029,868

VisionTrust was in compliance with, or had received waivers for, all financial and reporting covenants as of December 31, 2015 and 2014.

VISIONTRUST INTERNATIONAL, INC.

Notes to Financial Statements

December 31, 2015 and 2014

7. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets consist of:

	December 31,	
	2015	2014
Guatemala	\$ 133,687	\$ 76,947
Nepal	107,847	-
VisionTrust projects	103,988	309,844
Liberia	100,011	90,520
Dominican Republic	59,616	102,542
Zimbabwe	42,207	28,713
Myanmar	36,491	38,992
Tanzania	31,103	20,989
Central African Republic	25,342	27,340
India	19,115	127,979
Peru	13,947	20,745
Malawi	11,788	5,933
Brazil	5,178	-
Sierra Leone	2,105	2,795
Haiti	1,925	4,508
Togo	478	1,286
Thailand	-	3,591
	\$ 694,828	\$ 862,724

8. 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,	
	2015	2014
Program services	\$ 62,664	\$ 76,091
Supporting activities:		
General and administrative	5,956	8,288
Fund-raising	3,999	4,744
	\$ 72,619	\$ 89,123

VISIONTRUST INTERNATIONAL, INC.

Notes to Financial Statements

December 31, 2015 and 2014

9. 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 both years ended December 31, 2015 and 2014.

10. OPERATING LEASES:

VisionTrust leases office equipment and incurs software hosting service expenses under operating leases. Total lease expense under these agreements paid for the years ended December 31, 2015 and 2014, was \$47,018 and \$43,402 respectively. Future minimum payments under operating leases is as follows:

<u>Year Ending December 31,</u>	
2016	\$ 66,936
2017	46,635
2018	5,604
2019	5,604
2020	934
	<hr/>
	\$ 125,713
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In addition, VisionTrust leases a portion of its building. Rental income for the years ended December 31, 2015 and 2014, was \$88,539 and \$94,600, 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>	
2016	\$ 3,000
2017	3,000
2018	2,000
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	\$ 8,000
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11. RETIREMENT PLAN:

On July 1, 2012, VisionTrust began sponsoring a 403(b) defined contribution plan for all employees. VisionTrust provides a direct match up to 3% of eligible salary for all employees over age 21 with one year of service and 1,000 hours worked. Total employer contributions for the year ended December 31, 2015 and 2014 were \$34,222 and \$27,778, respectively.

12. 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.