

VisionTrust International, Inc.
(a nonprofit Colorado corporation)
Colorado Springs, Colorado

Financial Statements

June 30, 2021 and 2020



VisionTrust International, Inc.

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Independent Auditors' Report

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

Opinion

We have audited the accompanying financial statements of VisionTrust International, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flow for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of VisionTrust International, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section in our report. We are required to be independent of VisionTrust International, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about VisionTrust International, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Independent Auditors' Report (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 VisionTrust International, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about VisionTrust International, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control related matters that we identified during the audits.

Altruic Advisors, CPAs

Certified Public Accountants

Colorado Springs, Colorado
October 21, 2021

VisionTrust International, Inc.

Statements of Financial Position

June 30	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 714,454	\$ 532,470
Other receivables	22,873	25,212
Investments	88,467	69,502
Prepaid expenses and other current assets	17,486	4,788
Total current assets	<u>843,280</u>	<u>631,972</u>
Property and Equipment, net	<u>943,186</u>	<u>1,053,669</u>
Total assets	<u>\$ 1,786,466</u>	<u>\$ 1,685,641</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and deposits	\$ 35,070	\$ 2,214
Accrued compensation and benefits	48,452	15,729
Deferred revenue	-	1,084
Capital lease obligations, current portion	-	2,147
Notes payable, current portion	60,658	123,312
Total current liabilities	<u>144,180</u>	<u>144,486</u>
Long-Term Liabilities		
Notes payable, net of current portion	<u>925,327</u>	<u>899,558</u>
Total long-term liabilities	<u>925,327</u>	<u>899,558</u>
Total liabilities	<u>1,069,507</u>	<u>1,044,044</u>
Net Assets		
Net assets without donor restrictions		
Undesignated	332,509	323,667
Board-designated	20,710	20,710
Total net assets without donor restrictions	<u>353,219</u>	<u>344,377</u>
Net assets with donor restrictions	<u>363,740</u>	<u>297,220</u>
Total net assets	<u>716,959</u>	<u>641,597</u>
Total liabilities and net assets	<u>\$ 1,786,466</u>	<u>\$ 1,685,641</u>

The accompanying Notes are an integral part of these financial statements

VisionTrust International, Inc.

Statement of Activities

Year ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Support and Revenue			
Operating Support			
Contributions and grants	\$ 2,268,647	\$ 909,460	\$ 3,178,107
Contributed goods and services	87,280	-	87,280
Net assets released from restrictions			
Satisfaction of purpose restrictions	842,940	(842,940)	-
Total operating support	<u>3,198,867</u>	<u>66,520</u>	<u>3,265,387</u>
Operating Revenue			
Other income	<u>7,668</u>	<u>-</u>	<u>7,668</u>
Total operating support and revenue	<u>3,206,535</u>	<u>66,520</u>	<u>3,273,055</u>
Operating Expenses			
Program services	2,557,297	-	2,557,297
Supporting services			
General and administrative	877,433	-	877,433
Fundraising	<u>94,429</u>	<u>-</u>	<u>94,429</u>
Total operating expenses	<u>3,529,159</u>	<u>-</u>	<u>3,529,159</u>
Total operating support and revenue in excess (deficit) of operating expenses	<u>(322,624)</u>	<u>66,520</u>	<u>(256,104)</u>
Other Changes			
Gain on debt forgiveness	179,600	-	179,600
Rental income	123,877	-	123,877
Net investment earnings	<u>27,989</u>	<u>-</u>	<u>27,989</u>
Total other changes	<u>331,466</u>	<u>-</u>	<u>331,466</u>
Change in Net Assets	<u>8,842</u>	<u>66,520</u>	<u>75,362</u>
Net Assets, Beginning of Year	<u>344,377</u>	<u>297,220</u>	<u>641,597</u>
Net Assets, End of Year	<u>\$ 353,219</u>	<u>\$ 363,740</u>	<u>\$ 716,959</u>

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part of these financial statements

VisionTrust International, Inc.

Statement of Activities

Year ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Support and Revenue			
Operating Support			
Contributions and grants	\$ 2,308,582	\$ 1,385,200	\$ 3,693,782
Contributed goods and services	155,815	-	155,815
Net assets released from restrictions			
Satisfaction of purpose restrictions	1,743,777	(1,743,777)	-
Total operating support	<u>4,208,174</u>	<u>(358,577)</u>	<u>3,849,597</u>
Operating Revenue			
Other income	<u>4,371</u>	<u>-</u>	<u>4,371</u>
Total operating support and revenue	<u>4,212,545</u>	<u>(358,577)</u>	<u>3,853,968</u>
Operating Expenses			
Program services	3,036,486	-	3,036,486
Supporting services			
General and administrative	813,602	-	813,602
Fundraising	119,265	-	119,265
Total operating expenses	<u>3,969,353</u>	<u>-</u>	<u>3,969,353</u>
Total operating support and revenue in excess (deficit) of operating expenses	<u>243,192</u>	<u>(358,577)</u>	<u>(115,385)</u>
Other Changes			
Rental income	107,801	-	107,801
Net investment earnings	1,942	-	1,942
Total other changes	<u>109,743</u>	<u>-</u>	<u>109,743</u>
Change in Net Assets	352,935	(358,577)	(5,642)
Net Assets (Deficit), Beginning of Year	<u>(8,558)</u>	<u>655,797</u>	<u>647,239</u>
Net Assets, End of Year	<u>\$ 344,377</u>	<u>\$ 297,220</u>	<u>\$ 641,597</u>

The accompanying Notes are an integral
part of these financial statements

VisionTrust International, Inc.

Statement of Functional Expenses

Year ended June 30, 2021

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
Salaries and wages	\$ 498,242	\$ 332,161	\$ 43,705	\$ 874,108
Employee benefits	46,603	44,738	1,864	93,205
Payroll taxes	36,257	20,209	2,972	59,438
Total personnel costs	581,102	397,108	48,541	1,026,751
Program ministries	1,768,414	-	-	1,768,414
Professional fees	-	275,127	-	275,127
Depreciation	98,353	29,359	19,083	146,795
Dues, subscriptions and fees	17,070	46,152	-	63,222
Bank and credit card fees	33,461	13,013	-	46,474
Supplies and maintenance	5,283	38,316	440	44,039
Interest	-	32,925	4,920	37,845
Telecommunications	14,855	4,952	2,701	22,508
Postage	2,706	3,673	12,950	19,329
Marketing and printing	10,840	5,153	1,777	17,770
Insurance	-	17,076	-	17,076
Utilities	5,820	8,337	1,573	15,730
Travel	11,959	390	650	12,999
Equipment rent	5,988	4,766	1,466	12,220
Miscellaneous expenses	875	515	172	1,562
Computer and software	571	571	156	1,298
Total expenses	\$ 2,557,297	\$ 877,433	\$ 94,429	\$ 3,529,159

The accompanying Notes are an integral part of these financial statements

VisionTrust International, Inc.

Statement of Functional Expenses

Year ended June 30, 2020

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
Salaries and wages	\$ 538,777	\$ 359,185	\$ 47,261	\$ 945,223
Employee benefits	59,038	56,676	2,362	118,076
Payroll taxes	38,337	21,368	3,142	62,847
Total personnel costs	636,152	437,229	52,765	1,126,146
Program ministries	2,047,993	-	-	2,047,993
Depreciation	122,960	36,705	23,858	183,523
Professional fees	-	158,910	-	158,910
Travel	97,706	3,186	5,310	106,202
Bank and credit card fees	35,751	13,903	-	49,654
Computer and software	19,566	19,565	5,336	44,467
Interest	-	37,304	5,574	42,878
Supplies and maintenance	4,797	34,778	400	39,975
Marketing and printing	21,597	10,268	3,541	35,406
Dues, subscriptions and fees	5,805	15,694	-	21,499
Equipment rent	10,223	8,137	2,504	20,864
Telecommunications	13,393	4,464	2,435	20,292
Postage	2,623	3,560	12,552	18,735
Miscellaneous expenses	9,745	5,743	1,914	17,402
Utilities	6,270	8,981	1,695	16,946
Insurance	-	14,535	-	14,535
Consulting and other contracted services	1,905	445	826	3,176
Advertising	-	195	555	750
Total expenses	<u>\$ 3,036,486</u>	<u>\$ 813,602</u>	<u>\$ 119,265</u>	<u>\$3,969,353</u>

The accompanying Notes are an integral
part of these financial statements

VisionTrust International, Inc.

Statements of Cash Flows

Increase (Decrease) in Cash and Cash Equivalents

Years ended June 30	2021	2020
Cash Flows From Operating Activities		
Change in net assets	\$ 75,362	\$ (5,642)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	146,795	183,523
Gain on debt forgiveness	(179,600)	-
Net realized and unrealized gain on investments	(16,769)	(2,048)
Decrease from changes in assets and liabilities		
Other receivables	2,339	-
Prepaid expenses and other current assets	(12,698)	(6,482)
Accounts payable	32,856	-
Accrued compensation and benefits	32,723	-
Other accrued expenses and deposits	-	(75,067)
Deferred revenue	(1,084)	-
Net cash provided by operating activities	79,924	94,284
Cash Flows From Investing Activities		
Net sales (purchases) of investments	(2,196)	102,186
Purchases of property and equipment	(36,312)	-
Net cash provided (used) by investing activities	(38,508)	102,186
Cash Flows From Financing Activities		
Principal payments on capital lease	(2,147)	(2,270)
Proceeds from note payable	173,550	179,600
Principal payments on notes payable	(30,835)	(20,813)
Net cash provided by financing activities	140,568	156,517
Net Increase in Cash and Cash Equivalents	181,984	352,987
Cash and Cash Equivalents, Beginning of Year	532,470	179,483
Cash and Cash Equivalents, End of Year	\$ 714,454	\$ 532,470
Supplemental Information		
Cash paid for interest	\$ 37,845	\$ 39,079

The accompanying Notes are an integral
part of these financial statements

VisionTrust International, Inc.

Notes to Financial Statements

June 30, 2021 and 2020

Note 1 – Nature of Organization and Significant Accounting Policies

Nature of Organization. VisionTrust International, Inc. ("the Organization") is a Colorado non-profit corporation established in 1997 whose mission and principal activities are to develop orphaned and neglected children into mature Christians equipped to live in their own culture. The mission is achieved by enabling Christian nationals to meet the physical, educational, emotional, and spiritual needs of these children through orphanages and schools. The Organization's support is derived principally from charitable contributions from churches and individuals.

Basis of Accounting. The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Use of Estimates. 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents and Concentration. Cash consists of checking and savings accounts held at a financial institution. For purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments with maturities of three months or less to be cash equivalents. At certain times of the year, the Organization maintains cash in excess of federally insured limits.

Investments. The Organization's investments are stated at fair value. 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 Organization's management determines the valuation policies utilizing information provided by the investment advisors and custodians. See *Fair Value Measurements*.

Unrealized gains and losses are included in the investment income in the accompanying statements of activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Fair Value Measurements. The Organization reports using fair value measurements, which requires enhanced disclosures about investments that are measured and reported at fair value and establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

VisionTrust International, Inc.

Notes to Financial Statements

June 30, 2021 and 2020

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Fair Value Measurements (continued)

- Level 2 Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurements. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodology used for assets measured at fair value on a recurring basis:

Equity Securities and Mutual Funds. The Organization values equity securities and mutual funds with readily determinable market values at fair value as determined by quoted market prices on national securities exchanges valued at the closing price on the last business day of the fiscal year. Securities traded on the over-the-counter market are valued at the last reported bid price.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no changes in the methodologies used at June 30, 2021 and 2020.

In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statements of financial position.

VisionTrust International, Inc.

Notes to Financial Statements

June 30, 2021 and 2020

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Property and Equipment. It is the Organization's policy to capitalize property and equipment at cost for purchases over \$5,000, while repair and maintenance items are charged to expense. Donations of property and equipment are capitalized at their estimated fair value at the date of gift. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Property and equipment is depreciated using the straight-line method over the estimated useful lives of the assets, which is generally five to thirty years for building and improvements, three to five years for computer equipment and systems, and three to five years for furniture and equipment.

Impairment of Long-Lived Assets. In the event that facts and circumstances indicate that equipment, or other assets, may be impaired, an evaluation of recoverability would be performed. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset are compared to the asset's carrying amount to determine if a write-down to market value would be necessary. No impairment losses were recorded during the years ended June 30, 2021 and 2020.

Basis of Net Asset Presentation. The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions. Net assets resulting from revenues generated by receiving contributions that have no donor stipulations, providing services, rental income, and receiving interest and other income, less expenses incurred in providing program related services, raising contributions, and performing administrative functions.

Net Assets With Donor Restrictions. Net assets resulting from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished.

Revenue Recognition. Revenues are recorded as the services are rendered. Prepaid amounts are recorded as a deferred revenue liability when payments are received. As the services are rendered, revenue is then recorded.

Contributions and Grants. Contributions and grants are recognized when the amounts are received. Donor-restricted contributions and grants are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions and grants that are restricted by the donor or grantor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the amounts are recognized.

In-kind Contributions. Donated goods and equipment are recorded at estimated fair values as revenue and expense, or capitalized assets, depending on the nature of the donation. In-kind contributions are used to support the mission of the Organization. During the year ended June 30, 2020, the Organization received in-kind contributions of \$3,643.

VisionTrust International, Inc.

Notes to Financial Statements

June 30, 2021 and 2020

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Contributed Services. Contributed services are recognized if services received (a) create or enhance non-financial assets or (b) require specialized skills and are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributed services totaled \$87,280 and \$152,172 for the years ended June 30, 2021 and 2020 respectively. Certain other volunteer services are not recorded in these financial statements as they do not meet the criteria for recognition.

Income Taxes. The Organization is a nonprofit corporation exempt from income taxes as described in Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision for income taxes has been made.

The Organization is subject to unrelated business income tax on its rental income. As of June 30, 2021 and 2020, the Organization has incurred a net operating loss carryforward of approximately \$12,800 and \$12,480 respectively. A deferred tax benefit has not been recorded in the accompanying financial statements as it is not determinable if the Organization will obtain a future benefit from this net operating loss carryforward.

Advertising. The Organization expenses advertising costs, including donated advertising, as incurred. Advertising expense for the year ended June 30, 2020 was \$750.

Reclassifications. Certain amounts from the prior year financial statements have been reclassified to conform to the current year presentation without affecting net assets as of June 30, 2020.

Functional Allocation of Expenses. The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, direct expenses have been allocated to the applicable program for which the expenses were incurred. Indirect expenses have been allocated between program and supporting services based on an analysis of personnel time and space utilized for the related activities.

Subsequent Events. The Organization evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through October 21, 2021, the date at which the financial statements were available for release.

VisionTrust International, Inc.

Notes to Financial Statements

June 30, 2021 and 2020

Note 2 – Fair Value Measurements

The following table summarizes the Organization's fair value of assets measured on a recurring basis by fair value hierarchy as of June 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity securities	\$ 39,195	\$ -	\$ -	\$ 39,195
Mutual funds				
Corporate Credit Fund	17,907	-	-	17,907
Foreign large blend	12,724	-	-	12,724
Large blend	4,408	-	-	4,408
Intermediate Core-Plus Bond	5,271	-	-	5,271
Small blend	2,363	-	-	2,363
Pref/fix rate cap securities	6,599	-	-	6,599
	<u>\$ 88,467</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,467</u>

The following table summarizes the Organization's fair value of assets measured on a recurring basis by fair value hierarchy as of June 30, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity securities	\$ 31,748	\$ -	\$ -	\$ 31,748
Mutual funds				
Corporate Credit Fund	11,617	-	-	11,617
Foreign large blend	11,362	-	-	11,362
Large blend	3,173	-	-	3,173
Intermediate Core-Plus Bond	5,248	-	-	5,248
Pref/fix rate cap securities	6,354	-	-	6,354
	<u>\$ 69,502</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,502</u>

Changes in Fair Value Levels. The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

The Organization evaluated the significance of transfers between levels based upon the nature of the financial instruments and size of the transfer relative to total net assets available for benefits. For the years ended June 30, 2021 and 2020, there were no significant transfers in or out of fair value levels.

VisionTrust International, Inc.

Notes to Financial Statements

June 30, 2021 and 2020

Note 2 – Fair Value Measurements (continued)

Net investment earnings consisted of the following for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 11,220	\$ 3,990
Net realized and unrealized gain (loss) on investments	16,926	(1,283)
	<u>28,146</u>	<u>2,707</u>
Investment fees	(157)	(765)
	<u>\$ 27,989</u>	<u>\$ 1,942</u>

Note 3 – Property and Equipment

Property and equipment consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Land	\$ 174,865	\$ 174,865
Building and improvements	1,555,643	1,555,643
Computer equipment and systems	699,514	662,067
Furniture and equipment	77,796	77,796
	<u>2,507,818</u>	<u>2,470,371</u>
Less accumulated depreciation	(1,564,632)	(1,416,702)
Net property and equipment	<u>\$ 943,186</u>	<u>\$ 1,053,669</u>

Depreciation expense totaled \$146,795 and \$183,523 for the years ended June 30, 2021 and 2020 respectively. Amortization of software and leased equipment is included in depreciation expense.

Note 4 – Notes Payable

Long-term debt obligations consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Note payable to Independent Bank, interest at the Wall Street Journal Prime Rate plus 1.25% (combined rate of 4.5% at June 30, 2021), monthly principal and interest payments of \$5,526 through August 2029, collateralized by the building and improvements and assignment of rents.	\$ 808,628	\$ 837,546
Note payable ("the PPP Loan") to Independent Bank, originated through the U.S. Small Business Administration ("SBA") under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), interest at 1%, monthly principal and interest payments of \$10,107 commencing November 2020 and payable through March 2022. There is no collateral for this note. The Organization was granted forgiveness of the PPP Loan on January 12, 2021. The total amount of forgiven was \$179,600 and is shown as a gain on debt forgiveness in the statement of activities for the year ended June 30, 2021.	-	<u>179,600</u>
Balance carried forward to next page	<u>808,628</u>	1,017,146

VisionTrust International, Inc.

Notes to Financial Statements

June 30, 2021 and 2020

Note 4 – Notes Payable (continued)

Balance carried forward from prior page	808,628	1,017,146
Note payable ("the 2nd PPP Loan") to Independent Bank, originated through the SBA under the Economic Aid to Hard-Hit Small Businesses, Nonprofits and Venues Act ("the Economic Aid Act"), interest at 1%, monthly principal and interest payments of \$4,099 commencing December 2021 and payable through July 2025. There is no collateral for this note.	<u>173,550</u>	<u>-</u>
Note payable to Landmark Financial, interest at 14.37%, monthly principal and interest payments of \$395 through October 2021, collateralized by equipment.	<u>3,807</u>	<u>5,724</u>
	985,985	1,022,870
Less current portion	<u>(60,658)</u>	<u>(123,312)</u>
	<u>\$ 925,327</u>	<u>\$ 899,558</u>

The 2nd PPP loan may be prepaid by the Organization at any time prior to maturity with no prepayment penalties. Funds from the 2nd PPP Loan may only be used for mortgage payments, rent, utilities, and interest on other debt obligations, PPE costs, payments for any business software or cloud computing service that facilitates operations, product or service delivery, payroll expenses, human resources, sales and billing functions, or accounting of supplies and inventory, covered property damage, and covered supplier costs incurred before August 20, 2021. The Organization used the entire amount of the 2nd PPP Loan for qualifying expenses. Under the terms of the 2nd PPP Loan, certain amounts may be forgiven if they are used for qualifying expenses as described in the Economic Aid Act.

Scheduled maturities of the long-term notes payable are as follows at June 30, 2021:

Year ended	Total
June 30	
2022	\$ 60,658
2023	79,901
2024	81,851
2025	83,873
2026	38,579
Thereafter	641,123
	<u><u>\$ 985,985</u></u>

The Organization was in compliance with, or received waivers for, all financial and reporting covenants as of June 30, 2021.

VisionTrust International, Inc.

Notes to Financial Statements

June 30, 2021 and 2020

Note 5 – Lease Commitments

Capital Lease. The Organization leases equipment under a noncancelable capital lease. The lease expired June 2021. The leased equipment had a cost of \$10,700 and accumulated depreciation of \$10,700 and \$8,738 at June 30, 2021 and 2020, respectively.

Operating Lease. The Organization leases equipment under a noncancelable operating lease, which expires in December 2023. Rent expense, excluding supplies and maintenance, under the lease totaled \$6,145 and \$5,520 for the years ended June 30, 2021 and 2020, respectively.

Future annual minimum lease payments required under the noncancelable operating lease are as follows at June 30, 2021:

Year ended June 30	Total
2022	\$ 9,269
2023	9,269
2024	6,509
2025	3,749
2026	3,749
Thereafter	936
	<u>\$ 33,481</u>

The Organization leases out office units to multiple third parties under month-to-month operating leases. The leases require monthly minimum payments of \$10,604. Rental income under the short-term leasing arrangements, totaled \$123,877 and \$107,801 for the year ended June 30, 2021 and 2020 respectively.

Note 6 – Board-designated Net Assets

The Board of Directors has designated \$20,710 for the Taylor Fund at June 30, 2021 and 2020. These funds are internally imposed designations and are recorded as net assets without donor restriction.

VisionTrust International, Inc.

Notes to Financial Statements

June 30, 2021 and 2020

Note 7 – Net Assets with Donor Restrictions

Net assets with donor restrictions consist of funds restricted to the following purposes for the year ended June 30, 2021:

	July 1, 2020	Additions	Releases	June 30, 2021
Brazil	\$ 1,600	\$ 1,963	\$ (4,656)	\$ (1,093)
Central African Republic	3,200	15,687	(14,508)	4,379
Dominican Republic	60,592	92,586	(59,792)	93,386
Guatemala	12,515	94,533	(100,947)	6,101
India	34,133	21,582	(41,879)	13,836
Liberia	84,715	87,467	(114,001)	58,181
Malawi	5,943	10,375	(12,992)	3,326
Myanmar	2,384	14,199	(12,181)	4,402
Peru	2,860	281,869	(200,519)	84,210
Tanzania	1,920	20,660	(8,590)	13,990
Togo	22,652	1,765	(1,193)	23,224
VisionTrust projects	32,306	127,359	(85,629)	74,036
Zimbabwe	32,400	139,415	(186,053)	(14,238)
	<u>\$ 297,220</u>	<u>\$ 909,460</u>	<u>\$ (842,940)</u>	<u>\$ 363,740</u>

Net assets with donor restrictions consist of funds restricted to the following purposes for the year ended June 30, 2020:

	July 1, 2019	Additions	Releases	June 30, 2020
Brazil	\$ 3,894	\$ 30,152	\$ (32,446)	\$ 1,600
Central African Republic	15,720	85,759	(98,279)	3,200
Dominican Republic	9,999	456,554	(405,961)	60,592
Guatemala	4,260	286,932	(278,677)	12,515
India	76,318	60,476	(102,661)	34,133
Liberia	254,071	127,231	(296,587)	84,715
Malawi	11,895	17,776	(23,728)	5,943
Myanmar	37,447	4,709	(39,772)	2,384
Nepal	33,355	3,506	(36,861)	-
Peru	1,822	79,114	(78,076)	2,860
Tanzania	17,898	9,499	(25,477)	1,920
Thailand	5,329	30,141	(35,470)	-
Togo	49,295	23,110	(49,753)	22,652
VisionTrust projects	42,170	18,329	(28,193)	32,306
Zimbabwe	92,324	151,912	(211,836)	32,400
	<u>\$ 655,797</u>	<u>\$ 1,385,200</u>	<u>\$ (1,743,777)</u>	<u>\$ 297,220</u>

VisionTrust International, Inc.

Notes to Financial Statements

June 30, 2021 and 2020

Note 8 – Contributed Goods and Services

Contributed goods and services are as follows for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Medical and management services	\$ 87,280	\$ 152,172
Medical, school and other supplies	-	3,643
	<u>\$ 87,280</u>	<u>\$ 155,815</u>

Note 9 – Retirement Plan

The Organization provides for a deferred compensation plan under Internal Revenue Code Section 403(b). The Organization provides a discretionary matching contribution to the plan of up to 3% of the employee's eligible annual compensation for all employees over the age of 21 with one year of service and 1,000 hours worked. The Organization did not contribute to the plan for the years ended June 30, 2021 and 2020.

Note 10 – Liquidity and Availability of Resources

The Organization receives significant contributions and promises to give that are restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability; maintaining adequate liquid assets to fund near-term operating needs; and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization has a liquidity policy to maintain current financial assets less current liabilities at a minimum of one month budgeted operating expenses. To achieve this target, the Organization forecasts its future cash flows and monitors its liquidity quarterly, and monitors its reserves annually. During the years ended June 30, 2021 and 2020, the level of liquidity and reserves was managed within the policy requirements.

The Organization's financial assets available for general expenditures within one year are as follows at June 30:

Financial assets at year end:	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 714,454	\$ 532,470
Other receivables	22,873	25,212
Investments	88,467	69,502
	<u>827,815</u>	<u>627,184</u>
Less amounts not available to be used within one year:		
Assets designated by the board for memorial fund	<u>20,710</u>	<u>20,710</u>
Financial assets available for general expenditures within one year	<u>\$ 807,105</u>	<u>\$ 606,474</u>

VisionTrust International, Inc.

Notes to Financial Statements

June 30, 2021 and 2020

Note 11 – State Unemployment Self Insurance Plan

The Organization participates in a state unemployment self insurance plan. The claim exposure varies based on the number of state approved claims. Under the plan, the Organization accrues the estimated expense of state unemployment costs based on approved claims received from its insurance company. There were no accruals as of June 30, 2021 and 2020. Claim payments based on actual claims ultimately filed could differ materially from these estimates.

Note 12 – Uncertainty Related to a Virus Pandemic

In December 2019, an outbreak of a novel strain of coronavirus ("COVID-19") originated in Wuhan, China and has since spread to a number of other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic.

Potential impacts to the Organization include disruptions or restrictions on the Organization's ability to work which may include restrictions on its ability to provide services, raise funds, and perform necessary administrative tasks. The potential impacts of COVID-19 on the Organization's funders that may affect the funders' ability to continue supporting the Organization's operations are unknown.

COVID-19 may also adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could adversely impact the Organization's operating results. Although management continues to monitor and assess the effects of the COVID-19 pandemic on its operations, the ultimate impact of the COVID-19 outbreak or a similar health epidemic is highly uncertain and subject to change.