

**CHARITYVISION INTERNATIONAL, INC.**

**FINANCIAL STATEMENTS**

Years Ended December 31, 2015 and 2014

**TABLE OF CONTENTS**

---

	Page
<b>INDEPENDENT AUDITOR'S REPORT</b>	1
<b>FINANCIAL STATEMENTS:</b>	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Notes to Financial Statements	6



## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
CharityVision International, Inc.

We have audited the accompanying financial statements of CharityVision International, Inc. (a Utah nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014 and the related statements of activities, functional expenses, 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.

### *Auditor's 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 audits to obtain reasonable assurance about whether the financial statements are free of 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.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CharityVision International, Inc. as of December 31, 2015 and 2014 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.

A handwritten signature in black ink that reads "Squire &amp; Company, PC".

Orem, Utah  
September 30, 2016

**CHARITYVISION INTERNATIONAL, INC.**  
**STATEMENTS OF FINANCIAL POSITION**

December 31, 2015 and 2014

	2015	2014
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash	\$ 1,149,860	\$ 761,290
Marketable securities	-	5,094
Accounts receivable	135,149	-
Contributions receivable	41,926	7,730
Prepaid expenses	2,090	14,160
Inventory	<u>4,650,551</u>	<u>391,192</u>
Total current assets	<u>5,979,576</u>	<u>1,179,466</u>
<b>Fixed Assets:</b>		
Equipment	73,481	53,882
Accumulated depreciation	<u>(48,160)</u>	<u>(40,796)</u>
Net fixed assets	<u>25,321</u>	<u>13,086</u>
Total assets	<u>\$ 6,004,897</u>	<u>\$ 1,192,552</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 213,369	\$ 82,326
Accrued expenses	<u>44,523</u>	<u>14,369</u>
Total current liabilities	257,892	96,695
<b>Net Assets:</b>		
Unrestricted:		
Designated for inventory	4,650,551	391,192
Undesignated	796,454	654,665
Temporarily restricted	<u>300,000</u>	<u>50,000</u>
Total net assets	<u>5,747,005</u>	<u>1,095,857</u>
Total liabilities and net assets	<u>\$ 6,004,897</u>	<u>\$ 1,192,552</u>

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

**CHARITYVISION INTERNATIONAL, INC.**  
**STATEMENTS OF ACTIVITIES**

Years Ended December 31, 2015 and 2014

	2015	2014
<b>Unrestricted Net Assets:</b>		
Revenues and support:		
Donations	\$ 1,162,784	\$ 1,273,485
In-kind donations	5,470,207	2,489,426
Other revenue	479,112	-
Special events:		
Revenue	1,098,517	1,158,465
Direct event expenses	(371,599)	(179,103)
Net special events	<u>726,918</u>	<u>979,362</u>
Interest	60	29
Net assets released from restrictions	<u>50,000</u>	<u>3,860</u>
Total support and revenue	7,889,081	4,746,162
Expenses:		
Program services	2,996,898	4,287,860
Management and general	413,579	153,259
Fundraising	<u>77,456</u>	<u>48,259</u>
Total expenses	<u>3,487,933</u>	<u>4,489,378</u>
Change in unrestricted net assets	4,401,148	256,784
<b>Temporarily Restricted Net Assets:</b>		
Donations	300,000	50,000
Net assets released from restrictions	<u>(50,000)</u>	<u>(3,860)</u>
Change in temporarily restricted net assets	<u>250,000</u>	<u>46,140</u>
<b>Change in Net Assets</b>	4,651,148	302,924
<b>Net Assets at Beginning of Year</b>	<u>1,095,857</u>	<u>792,933</u>
<b>Net Assets at End of Year</b>	<u><u>\$ 5,747,005</u></u>	<u><u>\$ 1,095,857</u></u>

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

**CHARITYVISION INTERNATIONAL, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**

	Program Services	Management and General	Fundraising	Total Functional Expenses
<b>Year Ended December 31, 2015</b>				
Wages and payroll taxes	\$ 225,502	\$ 115,621	\$ 60,729	\$ 401,852
In-kind grants	1,833,199	-	-	1,833,199
Grants	797,359	-	-	797,359
Shipping	93,465	-	-	93,465
Professional services	-	98,293	16,727	115,020
Administrative	-	142,758	-	142,758
Travel	-	18,891	-	18,891
Depreciation	-	7,590	-	7,590
Other	-	30,426	-	30,426
Warehousing	47,373	-	-	47,373
Total	<u>\$ 2,996,898</u>	<u>\$ 413,579</u>	<u>\$ 77,456</u>	<u>\$ 3,487,933</u>

**Year Ended December 31, 2014**

Wages and payroll taxes	\$ 78,801	\$ 55,923	\$ 40,779	\$ 175,503
In-kind grants	2,894,757	-	-	2,894,757
Grants	1,195,195	-	-	1,195,195
Shipping	99,963	-	-	99,963
Professional services	-	37,867	7,480	45,347
Administrative	-	44,446	-	44,446
Travel	-	4,215	-	4,215
Depreciation	-	9,296	-	9,296
Other	-	1,512	-	1,512
Warehousing	19,144	-	-	19,144
Total	<u>\$ 4,287,860</u>	<u>\$ 153,259</u>	<u>\$ 48,259</u>	<u>\$ 4,489,378</u>

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

**CHARITYVISION INTERNATIONAL, INC.**  
**STATEMENTS OF CASH FLOWS**

Years Ended December 31, 2015 and 2014

	2015	2014
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ 4,651,148	\$ 302,924
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net in-kind grants	(4,259,359)	41,213
Donations of marketable securities	-	(5,147)
Depreciation	7,590	9,296
Changes in operating assets and liabilities:		
Accounts receivable	(135,149)	-
Contributions receivable	(34,196)	80,436
Prepaid expenses	12,070	15,840
Accounts payable	131,043	70,672
Accrued expenses	30,154	5,917
Total adjustments	<u>(4,247,847)</u>	<u>218,227</u>
Net cash provided by operating activities	403,301	521,151
<b>Cash Flows from Investing Activities:</b>		
Purchases of fixed assets	(19,825)	(8,882)
Proceeds from sales of marketable securities	<u>5,094</u>	<u>3,060</u>
Net cash used by investing activities	<u>(14,731)</u>	<u>(5,822)</u>
<b>Net Change in Cash</b>	388,570	515,329
<b>Cash at Beginning of Year</b>	<u>761,290</u>	<u>245,961</u>
<b>Cash at End of Year</b>	<u>\$ 1,149,860</u>	<u>\$ 761,290</u>

**Supplementary Data:**

The Organization paid no interest or income taxes during the years ended December 31, 2015 and 2014.

The Organization received marketable securities valued at \$0 and \$5,147 during the years ended December 31, 2015 and 2014, respectively.

## CHARITYVISION INTERNATIONAL, INC. NOTES TO FINANCIAL STATEMENTS

---

### Note 1. Summary of Significant Accounting Policies

The financial statements of CharityVision International, Inc. (the Organization) have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Organization – The Organization was organized in the State of California under the name Deseret International Foundation, Inc. for the purpose of cultivating partnerships with local doctors in developing countries in an effort to establish permanent and sustainable healthcare.

During 2014, the Organization formally changed its name from Deseret International Foundation, Inc. to CharityVision International, Inc. The Organization provides medical supplies and equipment to these local doctors at no cost. In exchange, the local doctors agree to provide healthcare at no cost to needy individuals.

The Organization also refurbishes damaged or recycled medical equipment for resale.

Revenue Recognition – All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets.

When a donor's restriction is satisfied the expiration of the restriction is reported in the financial statements by reclassifying the net assets from temporarily restricted to unrestricted net assets.

Cash – At December 31, 2015, the carrying amount of the Organization's cash deposits was \$1,149,860 and the bank balance was \$924,019, of which \$300,000 is covered by federal depository or security investor insurance.

Marketable Securities – Marketable securities are carried at fair value and consist of donated shares of common stock. Donated marketable securities are recorded as contributions at their fair values at the date of donation.

Accounts Receivable – Accounts receivable represent amounts owed from the sale of refurbished medical equipment. The Organization has not established an allowance for doubtful accounts at December 31, 2015 and 2014. The Organization believes all amounts are fully collectible.

Contributions Receivable – Contributions receivable consist of unrestricted donations made by donors before December 31<sup>st</sup> that the Organization had not yet received.

Inventory – Inventory consists of donated and purchased medical supplies and equipment held for distribution to developing countries. The value of donated medical supplies and equipment is estimated (see Note 2) at the value the Organization believes it would be required to pay to purchase such items.

Much of the donated medical supplies and equipment typically cannot be used in the United States because it is obsolete, has a relatively short remaining shelf life, or cannot be reused.



**CHARITYVISION INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

---

**Note 1. Summary of Significant Accounting Policies (Continued)**

These supplies and equipment can be used by doctors in developing countries where such items are not as strictly regulated, not readily available, or are too costly. The Organization believes that all items held in inventory can be used outside of the United States and plans to distribute these items as they are requested by partnering doctors throughout the world.

Fixed Assets – All fixed assets are recorded at cost (or, if donated, at the estimated fair value at the date of donation). Fixed assets valued at \$500 or more are capitalized and depreciated, using the straight-line depreciation method, over the useful lives of 3 to 15 years.

Net Assets – Net assets can be used to further the purposes of the Organization. Donations specifically restricted by the donor are recorded as temporarily restricted net assets.

The Organization has designated a portion of net assets to indicate that such assets (inventory) are not available for appropriation. All revenues and net gains are reported as increases in unrestricted net assets in the statement of activities unless the use of the related resources is subject to donor restrictions. All expenses and net losses are reported as decreases in unrestricted net assets.

Allocation of Costs – Direct costs are charged specifically to programs and indirect costs are allocated to programs based on personnel costs.

Income Taxes – The Organization is exempt from federal income tax under Section 501(a) of the Internal Revenue Code (except for net income derived from unrelated business activities) and is classified as a Section 501(c)(3) public charity. Also, the Organization is not subject to state income taxes. The Organization believes it has appropriate support for any tax positions taken and as such does not have any uncertain tax positions that are significant to the financial statements.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and support and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events – The Organization evaluated subsequent events through September 30, 2016, the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

**Note 2. Donated Supplies, Equipment, and Services**

The Organization receives donated medical supplies and equipment and books from various individuals, organizations, and manufacturers either at no cost or at a discounted cost. Donated items are reflected as in-kind donations in the accompanying financial statements at their estimated values when received. The Organization estimates the value of donated medical equipment based on retail prices for used medical equipment or from the donor's

**CHARITYVISION INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

---

**Note 2. Donated Supplies, Equipment, and Services (Continued)**

appraised values. The Organization estimates the value of medical supplies based on the value the Organization believes it would be required to pay to purchase such items. Since most donated medical supplies cannot be used within the United States, the value of these items is recorded at amounts which are less than retail prices.

The total value of in-kind donated items was \$5,470,207 and \$2,489,426 for the years ended December 31, 2015 and 2014, respectively. The value of donated medical supplies and equipment is recognized as support when received and as an expense when these medical supplies and equipment are sent to developing countries.

No amounts have been reflected in the statements for contributed services inasmuch as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time to the Organization.

**Note 3. Fair Value Measurements**

A description of valuation techniques applied to the Organization’s major categories of assets and liabilities measured at fair value on a recurring basis is as follows:

*Common stock:* valued at the closing price negotiated on the active market in which the individual securities are traded.

Fair values of assets, by level within the fair value hierarchy, measured at December 31, 2014 are as follows:

	<u>Fair Value Measurements at Reporting Date Using</u>			
		Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Common stock	<u>\$ 5,094</u>	<u>\$ 5,094</u>	<u>\$ -</u>	<u>\$ -</u>