

CHARITYVISION INTERNATIONAL, INC.

AUDITED FINANCIAL STATEMENTS

Years Ended December 31, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
CharityVision International, Inc.

We have audited the accompanying financial statements of CharityVision International, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, 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, 2019 and 2018 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.

Squire & Company, PC

Orem, Utah
May 7, 2020

CHARITYVISION INTERNATIONAL, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2019 and 2018

	2019	2018
ASSETS		
Current Assets:		
Cash	\$ 918,087	\$ 1,169,461
Accounts receivable	408,546	107,715
Contributions receivable	641	-
Prepaid expenses and deposits	39,531	30,820
Inventory	8,426,710	8,856,489
Total current assets	9,793,515	10,164,485
Fixed Assets:		
Equipment	103,929	98,092
Accumulated depreciation	(82,635)	(72,364)
Net fixed assets	21,294	25,728
Right-of-Use Assets	285,415	364,782
Land Held for Resale	-	35,000
Total assets	<u>\$ 10,100,224</u>	<u>\$ 10,589,995</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Current portion of lease liabilities	\$ 172,501	\$ 148,947
Accounts payable	114,226	16,302
Accrued expenses	167,668	296,766
Total current liabilities	454,395	462,015
Lease Liabilities , less current portion	131,094	241,016
Total liabilities	585,489	703,031
Net Assets:		
Without donor restrictions:		
Designated for inventory	8,426,710	8,856,489
Undesignated	683,025	1,000,475
With donor restrictions	405,000	30,000
Total net assets	9,514,735	9,886,964
Total liabilities and net assets	<u>\$ 10,100,224</u>	<u>\$ 10,589,995</u>

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

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

Years Ended December 31, 2019 and 2018

	2019	2018
Net Assets Without Donor Restrictions:		
Revenues and support:		
Donations	\$ 1,981,262	\$ 2,486,022
In-kind donations	9,606,981	8,076,672
Sales of medical equipment:		
Revenue	1,488,081	1,654,609
Direct costs	<u>(402,036)</u>	<u>(350,258)</u>
Net sales of medical equipment	1,086,045	1,304,351
Special events:		
Revenue	279,273	369,539
Direct event expenses	<u>(150,493)</u>	<u>(259,350)</u>
Net special events	128,780	110,189
Net assets released from restrictions	<u>30,000</u>	<u>-</u>
Total revenues and support	12,833,068	11,977,234
Expenses:		
Program services:		
Medical services	12,611,681	12,188,235
Equipment and warehousing	636,519	810,373
Supporting services:		
Management and general	204,372	179,336
Fundraising	<u>127,725</u>	<u>73,439</u>
Total expenses	<u>13,580,297</u>	<u>13,251,383</u>
Change in net assets without donor restrictions	(747,229)	(1,274,149)
Net Assets With Donor Restrictions:		
Donations	405,000	30,000
Net assets released from restrictions	<u>(30,000)</u>	<u>-</u>
Change in net assets with donor restrictions	<u>375,000</u>	<u>30,000</u>
Change in Net Assets	(372,229)	(1,244,149)
Net Assets at Beginning of Year	<u>9,886,964</u>	<u>11,131,113</u>
Net Assets at End of Year	<u><u>\$ 9,514,735</u></u>	<u><u>\$ 9,886,964</u></u>

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

CHARITYVISION INTERNATIONAL, INC.
STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended December 31, 2019

	Program Services		Supporting Services		Total Functional Expenses
	Medical Services	Equipment and Warehousing	Management and General	Fundraising	
Wages and benefits	\$ 257,633	\$ 359,595	\$ 122,478	\$ 127,725	\$ 867,431
In-kind grants	10,197,258	-	-	-	10,197,258
Grants	2,132,312	-	-	-	2,132,312
Professional services	-	5,335	26,937	-	32,272
Office	-	13,156	21,586	-	34,742
Travel	-	20,495	4,671	-	25,166
Depreciation	-	6,034	4,235	-	10,269
Other	-	43,877	24,465	-	68,342
Occupancy	24,478	188,027	-	-	212,505
Total	\$ 12,611,681	\$ 636,519	\$ 204,372	\$ 127,725	\$ 13,580,297

Year Ended December 31, 2018

	Program Services		Supporting Services		Total Functional Expenses
	Medical Services	Equipment and Warehousing	Management and General	Fundraising	
Wages and benefits	\$ 370,755	\$ 551,763	\$ 129,860	\$ 70,172	\$ 1,122,550
In-kind grants	9,693,661	-	-	-	9,693,661
Grants	2,104,957	-	-	-	2,104,957
Professional services	-	18,801	30,442	1,050	50,293
Office	-	9,079	11,676	-	20,755
Travel	-	26,386	2,573	1,051	30,010
Depreciation	-	4,975	4,785	-	9,760
Other	-	1,265	-	1,166	2,431
Warehousing	18,862	198,104	-	-	216,966
Total	\$ 12,188,235	\$ 810,373	\$ 179,336	\$ 73,439	\$ 13,251,383

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

CHARITYVISION INTERNATIONAL, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities:		
Change in net assets	\$ (372,229)	\$ (1,244,149)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Net in-kind grants	429,779	1,238,337
Depreciation	10,269	9,760
Loss on sale of land held for resale	8,382	-
Changes in operating assets and liabilities:		
Accounts receivable	(300,831)	246,870
Contributions receivable	(641)	43,193
Prepaid expenses and deposits	(8,711)	(1,629)
Right-of-use assets	79,367	151,056
Accounts payable	97,924	(462,425)
Accrued expenses	(129,098)	254,039
Lease liabilities	(86,368)	(155,229)
Total adjustments	<u>100,072</u>	<u>1,323,972</u>
Net cash provided (used) by operating activities	(272,157)	79,823
Cash Flows from Investing Activities:		
Proceeds from sale of land held for resale	26,618	-
Purchases of fixed assets	<u>(5,835)</u>	<u>(7,574)</u>
Net cash provided (used) by investing activities	<u>20,783</u>	<u>(7,574)</u>
Net Change in Cash	(251,374)	72,249
Cash at Beginning of Year	<u>1,169,461</u>	<u>1,097,212</u>
Cash at End of Year	<u>\$ 918,087</u>	<u>\$ 1,169,461</u>

Supplementary Data:

The Organization paid no interest or income taxes during the years ended December 31, 2019 and 2018.

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

CHARITYVISION INTERNATIONAL, INC.
NOTES TO THE 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. During 2015, the Organization dissolved the California nonprofit corporation and transferred all operations to a nonprofit corporation organized in the State of Utah of the same name.

The Organization provides medical supplies and equipment to local doctors in developing countries at no cost. In exchange, the local doctors agree to provide healthcare at a subsidized or no cost to needy individuals. The Organization also refurbishes damaged or recycled medical equipment for resale.

Revenue Recognition

The Organization recognizes revenue when cash, an unconditional promise to give, or grant award has been received.

Financial Statement Presentation

Organization reports information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of Organization’s management and board of directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as contributions without donor restrictions.

Cash

At December 31, 2019, the carrying amount of the Organization’s cash deposits was \$918,087 and the bank balance was \$903,949, of which \$500,579 was covered by federal depository or security investor insurance.

CHARITYVISION INTERNATIONAL, INC.
NOTES TO THE FINANCIAL STATEMENTS

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, 2019 and 2018. The Organization believes all amounts are fully collectible.

Contributions Receivable

Contributions receivable consist of donations without donor restrictions made before year end that the Organization had not yet received.

Inventory

Inventory consists of donated and purchased medical supplies and equipment held for distribution to developing countries or for resale. 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.

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.

Land Held for Resale

Land held for resale is stated at its appraised market value at the time of its donation.

Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Certain costs are allocated to one or more program or supporting functions based on time and effort. Such allocations are determined by management on an equitable basis.

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.

CHARITYVISION INTERNATIONAL, INC.

NOTES 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.

New Accounting Pronouncements

As of January 1, 2019, the Organization adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). Under the ASU, revenue is recognized based on a five-step model. The core principle of the model is that revenue will be recognized when the transfer of promised goods or services to customers is made in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Organization has elected to use the modified retrospective method which requires that the Organization not adjust historical reported revenue amounts. The Organization determined that the adoption of the ASU had no impact on its recognition of revenue.

Subsequent Events

The Organization evaluated subsequent events through May 7, 2020, 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 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 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 donated medical supplies and equipment was \$9,606,981 and \$8,076,672 for the years ended December 31, 2019 and 2018, 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.

The majority of the Organization's revenue and support comes from the federal government as medical supplies and equipment. These donations accounted for 72% and 64% of total revenue and support for the years ended December 31, 2019 and 2018, respectively.

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.

CHARITYVISION INTERNATIONAL, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 – AVAILABILITY AND LIQUIDITY

The following represents the Organization’s financial assets at December 31:

	<u>2019</u>	<u>2018</u>
Financial assets at year end:		
Cash	\$ 918,087	\$ 1,169,461
Accounts receivable	408,546	107,715
Contributions receivable	641	-
	<u>1,327,274</u>	<u>1,277,176</u>
Total financial assets		
Less amounts not available to be used within one year:		
Net assets with donor restrictions	405,000	30,000
Less net assets with donor restrictions to be met in less than a year	<u>(405,000)</u>	<u>(30,000)</u>
	<u>-</u>	<u>-</u>
Amounts not available to be used within one year		
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,327,274</u>	<u>\$ 1,277,176</u>

The Organization’s goal is generally to maintain financial assets to meet three months of operating expenses (approximately \$310,000). The Organization considers operating expenses to be total expenses less grants and depreciation.

NOTE 4 –LEASES

The Organization acquired the right to use equipment and office and warehouse space under operating lease agreements. The cost of these leases was \$173,873 and \$170,048 for the years ended December 31, 2019 and 2018, respectively.

Future minimum payments under these operating leases together with their present values as of December 31, 2019 is summarized as follows:

<u>Year Ending December 31,</u>	
2020	\$ 191,285
2021	94,528
2022	23,756
2023	<u>5,983</u>
Total undiscounted cash flows	315,552
Amount representing interest	<u>(11,957)</u>
Total lease liabilities	303,595
Current portion	<u>(172,501)</u>
Long-term portion	<u>\$ 131,094</u>

The remaining weighted-average of the lease terms for the operating leases is 2 years as of December 31, 2019. The weighted-average discount rate for the operating leases is 4% as of December 31, 2019.

CHARITYVISION INTERNATIONAL, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 – NET ASSETS

Net assets with donor restrictions represent amounts contributed during the year to fund programs in the next calendar year and totaled \$405,000 and \$30,000 at December 31, 2019 and 2018, respectively.

Net assets released from net assets with donor restrictions totaled \$30,000 and \$0 during the years ended December 31, 2019 and 2018, respectively.