

**CHARITYVISION INTERNATIONAL, INC.**

**AUDITED FINANCIAL STATEMENTS**

Years Ended December 31, 2020 and 2019

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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, 2020 and 2019, 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, 2020 and 2019 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  
November 5, 2021

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

December 31, 2020 and 2019

	2020	2019
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash	\$ 2,276,878	\$ 918,087
Accounts receivable	194,658	408,546
Contributions receivable	-	641
Prepaid expenses and deposits	53,016	39,531
Inventory	9,414,324	8,426,710
Total current assets	11,938,876	9,793,515
<b>Fixed Assets:</b>		
Equipment	120,179	103,929
Accumulated depreciation	(93,935)	(82,635)
Net fixed assets	26,244	21,294
<b>Right-of-Use Assets</b>	114,651	285,415
Total assets	<u>\$ 12,079,771</u>	<u>\$ 10,100,224</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities:</b>		
Current portion of lease liabilities	\$ 92,187	\$ 148,947
Accounts payable	235,930	114,226
Accrued expenses	290,461	167,668
Total current liabilities	618,578	430,841
<b>Long-term Liabilities:</b>		
PPP loan	158,935	-
Lease liabilities, less current portion	28,959	154,648
Total long-term liabilities	187,894	154,648
Total liabilities	806,472	585,489
<b>Net Assets:</b>		
Without donor restrictions:		
Designated for inventory	9,414,324	8,426,710
Undesignated	1,758,975	683,025
With donor restrictions	100,000	405,000
Total net assets	11,273,299	9,514,735
Total liabilities and net assets	<u>\$ 12,079,771</u>	<u>\$ 10,100,224</u>

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

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

Years Ended December 31, 2020 and 2019

	2020	2019
<b>Net Assets Without Donor Restrictions:</b>		
Revenues and support:		
Donations	\$ 2,627,600	\$ 1,981,262
In-kind donations	8,219,670	9,606,981
Sales of medical equipment:		
Revenue	2,097,542	1,488,081
Direct costs	<u>(364,673)</u>	<u>(402,036)</u>
Net sales of medical equipment	1,732,869	1,086,045
Special events:		
Revenue	36,520	279,273
Direct event expenses	<u>(89,234)</u>	<u>(150,493)</u>
Net special events	(52,714)	128,780
Net assets released from restrictions	<u>405,000</u>	<u>30,000</u>
Total revenues and support	12,932,425	12,833,068
Expenses:		
Program services:		
Medical services	9,778,463	12,611,681
Equipment and warehousing	780,748	636,519
Supporting services:		
Management and general	224,352	204,372
Fundraising	<u>85,298</u>	<u>127,725</u>
Total expenses	<u>10,868,861</u>	<u>13,580,297</u>
Change in net assets without donor restrictions	2,063,564	(747,229)
<b>Net Assets With Donor Restrictions:</b>		
Donations	100,000	405,000
Net assets released from restrictions	<u>(405,000)</u>	<u>(30,000)</u>
Change in net assets with donor restrictions	<u>(305,000)</u>	<u>375,000</u>
<b>Change in Net Assets</b>	1,758,564	(372,229)
<b>Net Assets at Beginning of Year</b>	<u>9,514,735</u>	<u>9,886,964</u>
<b>Net Assets at End of Year</b>	<u><u>\$ 11,273,299</u></u>	<u><u>\$ 9,514,735</u></u>

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

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

**Year Ended December 31, 2020**

	Program Services		Supporting Services		Total Functional Expenses
	Medical Services	Equipment and Warehousing	Management and General	Fundraising	
Wages and benefits	\$ 408,307	\$ 531,104	\$ 146,954	\$ 85,298	\$ 1,171,663
In-kind grants	7,279,225	-	-	-	7,279,225
Grants	2,067,266	-	-	-	2,067,266
Professional services	-	4,143	25,050	-	29,193
Office	-	6,811	21,532	-	28,343
Travel	-	8,765	974	-	9,739
Depreciation	-	7,005	4,295	-	11,300
Other	-	23,037	25,547	-	48,584
Occupancy	23,665	199,883	-	-	223,548
<b>Total</b>	<b>\$ 9,778,463</b>	<b>\$ 780,748</b>	<b>\$ 224,352</b>	<b>\$ 85,298</b>	<b>\$ 10,868,861</b>

**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
Warehousing	24,478	188,027	-	-	212,505
<b>Total</b>	<b>\$ 12,611,681</b>	<b>\$ 636,519</b>	<b>\$ 204,372</b>	<b>\$ 127,725</b>	<b>\$ 13,580,297</b>

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

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

Years Ended December 31, 2020 and 2019

	2020	2019
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ 1,758,564	\$ (372,229)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Net in-kind grants	(987,614)	429,779
Depreciation	11,300	10,269
Loss on sale of land held for resale	-	8,382
Changes in operating assets and liabilities:		
Accounts receivable	213,888	(300,831)
Contributions receivable	641	(641)
Prepaid expenses and deposits	(13,485)	(8,711)
Right-of-use assets	170,764	79,367
Accounts payable	121,704	97,924
Accrued expenses	122,793	(129,098)
Lease liabilities	(182,449)	(86,368)
Total adjustments	<u>(542,458)</u>	<u>100,072</u>
Net cash provided (used) by operating activities	1,216,106	(272,157)
<b>Cash Flows from Investing Activities:</b>		
Proceeds from sale of land held for resale	-	26,618
Purchases of fixed assets	<u>(16,250)</u>	<u>(5,835)</u>
Net cash provided (used) by investing activities	(16,250)	20,783
<b>Cash Flows from Financing Activities:</b>		
Proceed from PPP loan	<u>158,935</u>	<u>-</u>
<b>Net Change in Cash</b>	1,358,791	(251,374)
<b>Cash at Beginning of Year</b>	<u>918,087</u>	<u>1,169,461</u>
<b>Cash at End of Year</b>	<u>\$ 2,276,878</u>	<u>\$ 918,087</u>

**Supplementary Data:**

The Organization paid no interest or income taxes during the years ended December 31, 2020 and 2019.

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

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

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### **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 with 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**

The 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, 2020, the carrying amount of the Organization’s cash deposits was \$2,276,878 and the bank balance was \$1,943,150, of which \$506,417 was covered by federal depository or security investor insurance.



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

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**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, 2020 and 2019. 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.

**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.

**Tax Status**

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.

**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.

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

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**Subsequent Events**

The Organization has evaluated subsequent events through November 5, 2021, 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 \$8,219,670 and \$9,606,981 for the years ended December 31, 2020 and 2019, 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 61 and 72 percent of total revenue and support for the years ended December 31, 2020 and 2019, 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.

**NOTE 3 – AVAILABILITY AND LIQUIDITY**

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

	<u>2020</u>	<u>2019</u>
Financial assets at year end:		
Cash	\$ 2,276,878	\$ 918,087
Accounts receivable	194,658	408,546
Contributions receivable	-	641
Total financial assets	<u>2,471,536</u>	<u>1,327,274</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>100,000</u>	<u>405,000</u>
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 2,371,536</u></u>	<u><u>\$ 922,274</u></u>

The Organization’s goal is generally to maintain financial assets to meet three months of operating expenses (approximately \$380,000). The Organization considers operating expenses to be total expenses less grants and depreciation.

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

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**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 \$179,841 and \$173,873 for the years ended December 31, 2020 and 2019, respectively.

Future minimum payments under these leases, together with their present values as of December 31, 2020, is summarized as follows:

<u>Year Ending</u> <u>December 31,</u>	
2021	\$ 94,528
2022	23,756
2023	<u>5,983</u>
Total undiscounted cash flows	124,267
Amount representing interest	<u>(3,121)</u>
Total lease liabilities	121,146
Current portion	<u>(92,187)</u>
Long-term portion	<u><u>\$ 28,959</u></u>

The remaining weighted-average of the lease terms for the leases is 1 year as of December 31, 2020. The weighted-average discount rate for the leases is 4 percent as of December 31, 2020.

**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 \$100,000 and \$405,000 at December 31, 2020 and 2019, respectively.

Net assets released from net assets with donor restrictions totaled \$405,000 and \$30,000 during the years ended December 31, 2020 and 2019, respectively.