

CHARITYVISION INTERNATIONAL, INC.

AUDITED FINANCIAL STATEMENTS

Years Ended December 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
CharityVision International, Inc.

Opinion

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, 2021, the related statement of activities, functional expenses, and cash flows 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 respects, the financial position of CharityVision International, Inc. as of December 31, 2021 and the changes in its net assets and its cash flows for the year 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CharityVision 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 CharityVision International, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's 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 GAAS 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 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 GAAS, 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 CharityVision 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 CharityVision 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 audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Squire & Company, PC

Orem, Utah
February 13, 2023

CHARITYVISION INTERNATIONAL, INC.
STATEMENTS OF FINANCIAL POSITION

December 31, 2021 and 2020

	2021	2020
ASSETS		
Current Assets:		
Cash	\$ 1,275,927	\$ 2,276,878
Accounts receivable	283,056	194,658
Prepaid expenses and deposits	102,531	53,016
Inventory	<u>5,367,682</u>	<u>9,414,324</u>
Total current assets	7,029,196	11,938,876
Fixed Assets:		
Equipment	209,275	120,179
Accumulated depreciation	<u>(110,745)</u>	<u>(93,935)</u>
Net fixed assets	98,530	26,244
Right-of-Use Assets	<u>1,078,866</u>	<u>114,651</u>
Total assets	<u>\$ 8,206,592</u>	<u>\$ 12,079,771</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Current portion of lease liabilities	\$ 195,168	\$ 92,187
Accounts payable	269,068	235,930
Accrued expenses	<u>54,013</u>	<u>290,461</u>
Total current liabilities	518,249	618,578
Long-term Liabilities:		
PPP loan	-	158,935
Lease liabilities, less current portion	<u>957,218</u>	<u>28,959</u>
Total long-term liabilities	<u>957,218</u>	<u>187,894</u>
Total liabilities	1,475,467	806,472
Net Assets:		
Without donor restrictions:		
Designated for inventory	5,367,682	9,414,324
Undesignated	1,115,943	1,758,975
With donor restrictions	<u>247,500</u>	<u>100,000</u>
Total net assets	<u>6,731,125</u>	<u>11,273,299</u>
Total liabilities and net assets	<u>\$ 8,206,592</u>	<u>\$ 12,079,771</u>

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

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

Years Ended December 31, 2021 and 2020

	2021	2020
Net Assets Without Donor Restrictions:		
Revenues and support:		
Donations	\$ 2,127,834	\$ 2,627,600
In-kind donations	5,914,946	8,219,670
PPP loan forgiveness	158,935	-
Sales of medical equipment:		
Revenue	1,509,955	2,096,911
Direct costs	<u>(308,732)</u>	<u>(364,673)</u>
Net sales of medical equipment	1,201,223	1,732,238
Special events:		
Revenue	59,522	36,520
Direct event expenses	<u>(29,439)</u>	<u>(89,234)</u>
Net special events	30,083	(52,714)
Interest	5	631
Net assets released from restrictions	<u>100,000</u>	<u>405,000</u>
Total revenues and support	9,533,026	12,932,425
Expenses:		
Program services:		
Medical services	12,903,520	9,778,463
Equipment and warehousing	978,870	780,748
Supporting services:		
Management and general	204,981	224,352
Fundraising	<u>135,329</u>	<u>85,298</u>
Total expenses	<u>14,222,700</u>	<u>10,868,861</u>
Change in net assets without donor restrictions	(4,689,674)	2,063,564
Net Assets With Donor Restrictions:		
Donations	247,500	100,000
Net assets released from restrictions	<u>(100,000)</u>	<u>(405,000)</u>
Change in net assets with donor restrictions	<u>147,500</u>	<u>(305,000)</u>
Change in Net Assets	(4,542,174)	1,758,564
Net Assets at Beginning of Year	<u>11,273,299</u>	<u>9,514,735</u>
Net Assets at End of Year	<u>\$ 6,731,125</u>	<u>\$ 11,273,299</u>

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

CHARITYVISION INTERNATIONAL, INC.
STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended December 31, 2021

	Program Services		Supporting Services		Total Functional Expenses
	Medical Services	Equipment and Warehousing	Management and General	Fundraising	
Wages and benefits	\$ 380,557	\$ 478,478	\$ 124,388	\$ 44,955	\$ 1,028,378
In-kind grants	10,201,944	-	-	-	10,201,944
Grants	2,296,874	-	-	-	2,296,874
Professional services	-	44,184	18,779	90,374	153,337
Office	-	17,098	28,490	-	45,588
Travel	-	4,591	-	-	4,591
Depreciation	-	13,933	2,877	-	16,810
Other	-	44,714	30,447	-	75,161
Occupancy	24,145	375,872	-	-	400,017
Total	\$ 12,903,520	\$ 978,870	\$ 204,981	\$ 135,329	\$ 14,222,700

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
Warehousing	23,665	199,883	-	-	223,548
Total	\$ 9,778,463	\$ 780,748	\$ 224,352	\$ 85,298	\$ 10,868,861

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

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

Years Ended December 31, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities:		
Change in net assets	\$ (4,542,174)	\$ 1,758,564
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Net in-kind grants	4,046,642	(987,614)
Depreciation	16,810	11,300
PPP loan forgiveness	(158,935)	-
Changes in operating assets and liabilities:		
Accounts receivable	(88,398)	213,888
Contributions receivable	-	641
Prepaid expenses and deposits	(49,515)	(13,485)
Right-of-use assets	(964,215)	170,764
Accounts payable	33,138	121,704
Accrued expenses	(236,448)	122,793
Lease liabilities	1,031,240	(182,449)
Total adjustments	<u>3,630,319</u>	<u>(542,458)</u>
Net cash provided (used) by operating activities	(911,855)	1,216,106
Cash Flows from Investing Activities:		
Purchases of fixed assets	(89,096)	(16,250)
Cash Flows from Financing Activities:		
Proceeds from PPP loan	<u>-</u>	<u>158,935</u>
Net Change in Cash	(1,000,951)	1,358,791
Cash at Beginning of Year	<u>2,276,878</u>	<u>918,087</u>
Cash at End of Year	<u>\$ 1,275,927</u>	<u>\$ 2,276,878</u>

Supplementary Data:

The Organization paid no interest or income taxes during the years ended December 31, 2021 and 2020.

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 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, 2021, the carrying amount of the Organization’s cash deposits was \$1,275,927 and the bank balance was \$1,070,834, of which \$500,579 was covered by federal depository 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, 2021 and 2020. 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

Subsequent Events

The Organization has evaluated subsequent events through February 13, 2023, 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 \$5,914,946 and \$8,219,670 for the years ended December 31, 2021 and 2020, 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 in the form of donated medical supplies and equipment. These donations accounted for 61 percent of total revenue and support for both of the years ended December 31, 2021 and 2020.

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>2021</u>	<u>2020</u>
Financial assets at year end:		
Cash	\$ 1,275,927	\$ 2,276,878
Accounts receivable	283,056	194,658
Total financial assets	1,558,983	2,471,536
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>(247,500)</u>	<u>(100,000)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,311,483</u>	<u>\$ 2,371,536</u>

The Organization's goal is generally to maintain financial assets to meet three months of operating expenses (approximately \$1,000,000). The Organization considers operating expenses to be total expenses less in-kind grants and depreciation.

CHARITYVISION INTERNATIONAL, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 – RELATED PARTY

The Organization owed a board member \$30,896 at December 31, 2021, which is included in accounts payable on the statement of financial position.

NOTE 5 – LEASES

The Organization acquired the right to use equipment and office and warehouse space under operating lease agreements. The cost of these leases was \$252,062 and \$179,841 for the year ended December 31, 2021 and 2020, respectively.

Future minimum payments under these leases, together with their present values as of December 31, 2021, is summarized as follows:

<u>Year Ending December 31,</u>	
2022	\$ 237,737
2023	226,352
2024	226,934
2025	233,697
2026	239,702
2027	<u>122,244</u>
Total undiscounted cash flows	1,286,666
Amount representing interest	<u>(134,280)</u>
Total lease liabilities	1,152,386
Current portion	<u>(195,168)</u>
Long-term portion	<u>\$ 957,218</u>

The remaining weighted-average of the lease terms for the leases is 3.69 year at December 31, 2021. The weighted-average discount rate for the leases is 5.4 percent at December 31, 2021.

NOTE 6 – NET ASSETS

Net assets with donor restrictions represent amounts contributed during the year to fund programs in the next calendar year and totaled \$247,500 and \$100,000 at December 31, 2021 and 2020, respectively.

Net assets released from net assets with donor restrictions totaled \$100,000 and \$405,000 during the years ended December 31, 2021 and 2020, respectively.