

**DESERET INTERNATIONAL FOUNDATION, INC.
dba CHARITY VISION INTERNATIONAL**

FINANCIAL STATEMENTS

Years Ended December 31, 2013 and 2012

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Deseret International Foundation, Inc.
dba Charity Vision International

We have audited the accompanying financial statements of Deseret International Foundation, Inc. (a California nonprofit organization), which comprise the statements of financial position as of December 31, 2013 and 2012 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 Deseret International Foundation, Inc. as of December 31, 2013 and 2012 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 & Company, PC". The signature is written in a cursive, flowing style.

Orem, Utah
August 12, 2014

DESERET INTERNATIONAL FOUNDATION, INC.
dba CHARITY VISION INTERNATIONAL
STATEMENTS OF FINANCIAL POSITION
December 31, 2013 and 2012

	2013	2012
ASSETS		
Current Assets:		
Cash	\$ 245,961	\$ 372,660
Marketable securities	3,007	-
Contributions receivable	88,166	-
Prepaid expenses	30,000	30,000
Inventory	477,405	624,725
Total current assets	<u>\$ 844,539</u>	<u>\$ 1,027,385</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 11,654	\$ 17,481
Accrued expenses	8,452	11,217
Total current liabilities	20,106	28,698
Net Assets:		
Unrestricted:		
Designated for inventory	477,405	624,725
Undesignated	343,168	367,745
Temporarily restricted	3,860	6,217
Total net assets	<u>824,433</u>	<u>998,687</u>
Total liabilities and net assets	<u>\$ 844,539</u>	<u>\$ 1,027,385</u>

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

DESERET INTERNATIONAL FOUNDATION, INC.
dba CHARITY VISION INTERNATIONAL
STATEMENTS OF ACTIVITIES

Years Ended December 31, 2013 and 2012

	2013	2012
Unrestricted Net Assets:		
Revenues and support:		
Donations	\$ 1,147,242	\$ 753,271
In-kind donations	2,611,773	2,005,336
Special events:		
Revenue	367,500	-
Direct event expenses	(159,100)	-
Net special events	<u>208,400</u>	<u>-</u>
Interest	29	110
Net assets released from restrictions	<u>6,217</u>	<u>302,283</u>
Total support and revenue	3,973,661	3,061,000
Expenses:		
Program services	4,015,012	3,313,284
Management and general	113,467	70,676
Fundraising	<u>17,079</u>	<u>21,414</u>
Total expenses	<u>4,145,558</u>	<u>3,405,374</u>
Change in unrestricted net assets	(171,897)	(344,374)
Temporarily Restricted Net Assets:		
Donations	3,860	8,500
Net assets released from restrictions	<u>(6,217)</u>	<u>(302,283)</u>
Change in temporarily restricted net assets	<u>(2,357)</u>	<u>(293,783)</u>
Change in Net Assets	(174,254)	(638,157)
Net Assets at Beginning of Year	<u>998,687</u>	<u>1,636,844</u>
Net Assets at End of Year	<u><u>824,433</u></u>	<u><u>\$ 998,687</u></u>

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

DESERET INTERNATIONAL FOUNDATION, INC.
dba CHARITY VISION INTERNATIONAL
STATEMENTS OF FUNCTIONAL EXPENSES

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Functional Expenses</u>
Year Ended December 31, 2013				
Wages and payroll taxes	\$ 92,130	\$ 46,313	\$ 13,856	\$ 152,299
In-kind grants	2,822,513	-	-	2,822,513
Grants	1,050,687	-	-	1,050,687
Shipping	43,620	-	-	43,620
Professional services	-	45,396	3,223	48,619
Administrative	-	19,684	-	19,684
Travel	-	2,074	-	2,074
Warehousing	6,062	-	-	6,062
Total	<u>\$ 4,015,012</u>	<u>\$ 113,467</u>	<u>\$ 17,079</u>	<u>\$ 4,145,558</u>

Year Ended December 31, 2012

Wages and payroll taxes	\$ 32,313	\$ 29,308	\$ 7,615	\$ 69,236
In-kind grants	2,590,796	-	-	2,590,796
Grants	660,309	-	-	660,309
Shipping	19,032	-	-	19,032
Professional services	-	28,511	13,799	42,310
Administrative	-	6,607	-	6,607
Travel	-	6,250	-	6,250
Warehousing	10,834	-	-	10,834
Total	<u>\$ 3,313,284</u>	<u>\$ 70,676</u>	<u>\$ 21,414</u>	<u>\$ 3,405,374</u>

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

DESERET INTERNATIONAL FOUNDATION, INC.
dba CHARITY VISION INTERNATIONAL
STATEMENTS OF CASH FLOWS

Years Ended December 31, 2013 and 2012

	2013	2012
Cash Flows from Operating Activities:		
Change in net assets	\$ (174,254)	\$ (638,157)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Net in-kind grants	147,320	454,075
Donations of marketable securities	(3,604)	(2,013)
Changes in operating assets and liabilities:		
Contributions receivable	(88,166)	-
Prepaid expenses	-	(30,000)
Accounts payable	(5,827)	(36,475)
Accrued expenses	(2,765)	11,217
Total adjustments	<u>46,958</u>	<u>396,804</u>
Net cash used by operating activities	(127,296)	(241,353)
Cash Flows from Investing Activities:		
Proceeds from sales of marketable securities	<u>597</u>	<u>2,013</u>
Net Change in Cash	(126,699)	(239,340)
Cash at Beginning of Year	<u>372,660</u>	<u>612,000</u>
Cash at End of Year	<u>\$ 245,961</u>	<u>\$ 372,660</u>

Supplementary Data:

The Foundation paid no interest or income taxes during the years ended December 31, 2013 and 2012.

The Foundation received marketable securities valued at \$3,604 and \$2,013 during the years ended December 31, 2013 and 2012, respectively.

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

DESERET INTERNATIONAL FOUNDATION, INC.
dba CHARITY VISION INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The financial statements of Deseret International Foundation, Inc. (the Foundation), dba Charity Vision International, 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 Foundation was organized for the purpose of cultivating partnerships with local doctors in developing countries in an effort to establish permanent and sustainable healthcare. The Foundation 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.

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.

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 donations.

Contributions Receivable – Contributions receivable consist of unrestricted donations made by donors before December 31st, but that the Foundation had not yet received.

Income Taxes – The Foundation 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 Foundation is not subject to state income taxes. The Foundation 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. The Foundation's federal and state returns are open for audit by the Internal Revenue Service and California Franchise Tax Board for three years after they are filed.

Cash – At December 31, 2013, the carrying amount of the Foundation's cash deposits was \$245,961 and the bank balance was \$193,982, all of which is covered by federal depository or security investor insurance.

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 Foundation believes it would be required to pay to purchase such items.

DESERET INTERNATIONAL FOUNDATION, INC.
dba CHARITY VISION INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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 Foundation 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.

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

The Foundation 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.

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 Foundation evaluated subsequent events through August 12, 2014, the date the financial statements were available to be issued.

Note 2. Donated Supplies, Equipment, and Services

The Foundation 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 Foundation estimates the value of donated medical equipment based on retail prices for used medical equipment or from the donor's appraised values. The Foundation estimates the value of medical supplies based on the value the Foundation 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 \$2,611,773 and \$2,005,336 for the years ended December 31, 2013 and 2012, 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.

DESERET INTERNATIONAL FOUNDATION, INC.
dba CHARITY VISION INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS

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

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 Foundation.

Note 3. Fair Value Measurements

A description of valuation techniques applied to the Foundation'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, 2013 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>\$ 3,007</u>	<u>\$ 3,007</u>	<u>\$ -</u>	<u>\$ -</u>

Fair values of assets, by level within the fair value hierarchy, measured at December 31, 2012 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>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>