



FINANCIAL STATEMENTS
With Independent Auditors' Report

December 31, 2013 and 2012

VISIONTRUST INTERNATIONAL, INC.

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INDEPENDENT AUDITORS' REPORT

Board of Directors
VisionTrust International, Inc.
Colorado Springs, Colorado

We have audited the accompanying financial statements of VisionTrust International, Inc., which comprise the statements of financial position as of December 31, 2013 and 2012 and the related statements of activities 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.

Auditors' 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 audit to obtain reasonable assurance about whether the financial statements are free from 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.

Board of Directors
VisionTrust International, Inc.
Colorado Springs, Colorado

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of VisionTrust International, Inc., as of December 31, 2013 and 2012, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Colorado Springs, Colorado
March 3, 2014

VISIONTRUST INTERNATIONAL, INC.

Statements of Financial Position

	December 31,	
	2013	2012
ASSETS:		
Cash and cash equivalents	\$ 686,262	\$ 927,573
Investments	147,022	-
Prepaid expenses and other assets	34,563	118,727
Property and equipment–net	1,266,688	1,336,944
Total Assets	\$ 2,134,535	\$ 2,383,244
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 37,249	\$ 14,726
Note payable	1,075,913	1,075,586
	1,113,162	1,090,312
Net assets:		
Unrestricted:		
Undesignated	38,827	25,435
Board designated–Taylor fund	10,285	10,285
Equity in property and equipment	202,719	263,358
	251,831	299,078
Temporarily restricted	769,542	993,854
	1,021,373	1,292,932
Total Liabilities and Net Assets	\$ 2,134,535	\$ 2,383,244

See notes to financial statements

VISIONTRUST INTERNATIONAL, INC.

Statements of Activities

	Year Ended December 31,					
	2013			2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:						
Contributions and grants	\$ 3,092,527	\$ 2,509,289	\$ 5,601,816	\$ 1,730,842	\$ 2,944,618	\$ 4,675,460
Contributed goods and services	177,985	335,974	513,959	147,933	206,357	354,290
Rental income	104,749	-	104,749	93,311	-	93,311
Other income	25,396	-	25,396	26,462	-	26,462
Loss on disposal of property and equipment	(13,340)	-	(13,340)	(13,500)	-	(13,500)
Total Support and Revenue	3,387,317	2,845,263	6,232,580	1,985,048	3,150,975	5,136,023
NET ASSETS RELEASED:						
Purpose restrictions	2,642,786	(2,642,786)	-	2,496,343	(2,496,343)	-
Administrative assessment	426,789	(426,789)	-	441,693	(441,693)	-
	3,069,575	(3,069,575)	-	2,938,036	(2,938,036)	-
EXPENSES:						
Program services	5,607,102	-	5,607,102	4,308,893	-	4,308,893
Supporting activities:						
General and administrative	618,847	-	618,847	433,457	-	433,457
Fund-raising	278,190	-	278,190	242,509	-	242,509
	897,037	-	897,037	675,966	-	675,966
Total Expenses	6,504,139	-	6,504,139	4,984,859	-	4,984,859
Change in Net Assets	(47,247)	(224,312)	(271,559)	(61,775)	212,939	151,164
Net Assets, Beginning of Year	299,078	993,854	1,292,932	360,853	780,915	1,141,768
Net Assets, End of Year	\$ 251,831	\$ 769,542	\$ 1,021,373	\$ 299,078	\$ 993,854	\$ 1,292,932

See notes to financial statements

VISIONTRUST INTERNATIONAL, INC.

Statements of Cash Flows

	Year Ended December 31,	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (271,559)	\$ 151,164
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	111,685	107,754
Net realized and unrealized gains on investments	(4,154)	-
Loss on disposal of property and equipment	13,340	13,500
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	84,164	(116,727)
Accounts payable and accrued expenses	22,523	(5,329)
Net Cash Provided (Used) by Operating Activities	(44,001)	150,362
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(142,868)	-
Purchases of property and equipment	(54,769)	(34,617)
Net Cash Used by Investing Activities	(197,637)	(34,617)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on note payable	(11,617)	(13,922)
Capitalized loan fees related to refinance	11,944	-
Net Cash Provided (Used) by Financing Activities	327	(13,922)
Net Change in Cash and Cash Equivalents	(241,311)	101,823
Cash and Cash Equivalents, Beginning of Year	927,573	825,750
Cash and Cash Equivalents, End of Year	\$ 686,262	\$ 927,573
SUPPLEMENTAL DISCLOSURE:		
Interest paid (none capitalized)	\$ 74,372	\$ 70,656
Note payable refinanced	\$ 1,075,913	\$ -

See notes to financial statements

VISIONTRUST INTERNATIONAL, INC.

Notes to Financial Statements

December 31, 2013 and 2012

1. NATURE OF ORGANIZATION:

VisionTrust International, Inc. (VisionTrust) is a nonprofit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the Code) and is not a private foundation under Section 509(a) of the Code. VisionTrust is primarily supported by contributions from churches and individuals.

The mission of VisionTrust is to develop orphaned and neglected children into mature Christians equipped to live in their own culture. They do this by enabling Christian nationals to meet the physical, educational, emotional, and spiritual needs of these children through orphanages and schools. VisionTrust has a sponsorship program that allows individuals to contribute money on a monthly basis to provide the resources that the Christian nationals require to meet the needs of children. VisionTrust also sends teams of individuals to various locations to do things such as teach children Bible lessons or build and repair buildings.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of VisionTrust included amounts received from, and disbursed to, field activities in the Dominican Republic, Myanmar, India, Central African Republic, Thailand, Peru, Brazil, Guatemala, Tanzania, Cambodia, Zimbabwe, Togo, Haiti, Malawi, Sierra Leone, and Liberia. VisionTrust receives timely reporting from each of these fields related to the use of funds received from VisionTrust.

VisionTrust maintains its accounts and prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of any contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from the estimates. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of balances in checking and money market accounts. These accounts may, at times, exceed federally insured limits. VisionTrust has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

INVESTMENTS

Investments consist of equity securities and fixed income funds, which are readily marketable and highly liquid. The equity securities and fixed income funds are reported at fair value. Realized and unrealized gains and losses are included as unrestricted revenue in the statements of activities. Donated investments are recorded at the fair value on the date of donation and thereafter carried in accordance with the above provisions.

PROPERTY AND EQUIPMENT

Property and equipment is stated at cost, or if donated, at the fair market value on the date of the gift. VisionTrust capitalizes all fixed assets greater than \$1,000. Depreciation is computed on the straight-line basis over estimated useful lives of three years for computer equipment, five years for furniture and vehicles, and thirty years for buildings.

VISIONTRUST INTERNATIONAL, INC.

Notes to Financial Statements

December 31, 2013 and 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CLASSES OF NET ASSETS

The financial statements report amounts separately by classes of net assets as follows:

Unrestricted net assets represent those net assets whose use is not restricted by the donors; however, their use may be limited by board designation. Included in unrestricted net assets are resources that are used to support current operations, including property and equipment. Board designated amounts are not available to management for operations.

Temporarily restricted net assets are comprised of donor-restricted contributions for the support of various projects.

UNCERTAIN TAX POSITIONS

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the statement of activities. As of December 31, 2013, VisionTrust had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

VisionTrust's federal Exempt Organization Business Income Tax Return Form 990 and Exempt Organization Business Income Tax Return Form 990T for the years ended December 31, 2012, 2011, and 2010 are subject to examination by the IRS, generally for three years after they were filed.

SUPPORT, REVENUE, AND EXPENSES

Contributions are recorded when made, which may be when cash and other assets are received or unconditionally promised. Those contributions postmarked by December 31, 2013, are recorded as contributions and cash rather than promises to give. Gifts of cash and other assets that are restricted by the donor for a specific purpose are recorded as support in the temporarily restricted class of net assets until a stipulated time restriction ends or the funds have been expended and incurred by VisionTrust for the purpose restriction specified. Upon satisfaction of the restriction, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from purpose restrictions. Donations that are restricted for programs, except child sponsorship, are assessed an administrative charge of 15%. Donated assets are recorded at their fair market value on the date of donation.

Foundational grants are received by VisionTrust and recorded as contributions. These grants are recorded as temporarily restricted or unrestricted based on any stated purpose by the foundation.

VISIONTRUST INTERNATIONAL, INC.

Notes to Financial Statements

December 31, 2013 and 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE, AND EXPENSES, continued:

VisionTrust recognizes contributed services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. These services provided to VisionTrust include time donated by medical, dental, and technology professionals and have been recorded at fair value and were valued at \$177,985 and \$147,933 for the years ended December 31, 2013 and 2012, respectively. Contributed goods and services also include clothing, medical supplies, and other items donated to VisionTrust and were valued at \$355,974 and \$206,357, for the years ended December 31, 2013 and 2012, respectively. These items are recorded as expense when transferred to the fields.

Expenses are reported when costs are incurred.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and supporting activities of the organization have been summarized on a functional basis in the statements of activities. Accordingly, certain costs such as depreciation and payroll have been allocated among the program services and supporting activities benefited.

RECLASSIFICATIONS

Certain prior period amounts have been reclassified to conform with current year presentation.

3. INVESTMENTS:

Investments consist of:

	December 31,	
	2013	2012
Equity securities:		
Large cap	\$ 7,520	\$ -
International equity	25,926	-
Domestic common stock	45,550	-
Domestic preferred stock	11,810	-
Long-term equity	15,691	-
	<u>106,497</u>	<u>-</u>
Fixed income funds:		
High yield bond fund	33,100	-
Non-traditional bond fund	7,425	-
	<u>40,525</u>	<u>-</u>
	<u>\$ 147,022</u>	<u>\$ -</u>

VISIONTRUST INTERNATIONAL, INC.

Notes to Financial Statements

December 31, 2013 and 2012

3. INVESTMENTS, continued:

Investment income in other income consists of:

	Year Ended December 31,	
	2013	2012
Interest and dividends	\$ 2,301	\$ 3,381
Realized and unrealized gains	4,154	-
	\$ 6,455	\$ 3,381

4. FAIR VALUE MEASUREMENTS:

VisionTrust uses appropriate valuation techniques to determine fair value based on inputs available. When available, VisionTrust measures fair value using quoted prices in active markets (Level 1 inputs) because they generally provide the most reliable evidence of fair value. At December 31, 2013, all investments are valued on fair values of assets measured on a recurring basis for quoted prices in active markets (Level 1).

5. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net consists of:

	December 31,	
	2013	2012
Land	\$ 174,865	\$ 174,865
Building	1,457,530	1,430,798
Vehicles	17,909	17,909
Furniture and equipment	289,911	298,629
	1,940,215	1,922,201
Accumulated depreciation	(673,527)	(585,257)
	\$ 1,266,688	\$ 1,336,944

Equity in property and equipment consists of the following:

Property and equipment—net	\$ 1,266,688	\$ 1,336,944
Capitalized loan fees	11,944	2,000
	1,278,632	1,338,944
Less related debt	(1,075,913)	(1,075,586)
	\$ 202,719	\$ 263,358

VISIONTRUST INTERNATIONAL, INC.

Notes to Financial Statements

December 31, 2013 and 2012

6. NOTE PAYABLE:

Note payable consisted of a mortgage payable, secured by underlying property and equipment, with monthly payments of \$7,049, including interest at a fixed rate of 6.5%, with a balloon payment due at maturity in December 2014. The note payable was refinanced with a different financial institution on December 27, 2013, secured by property and equipment, with monthly payments of \$7,366. The note payable has a variable interest rate, which is based on the Wall Street Journal Index, plus a margin of 1.34%. Currently the interest rate is 4.59%. The note payable matures December 27, 2023. Future minimum payments are as follows:

<u>Year Ending December 31,</u>	
2014	\$ 39,841
2015	41,709
2016	43,536
2017	45,705
2018	47,848
Thereafter	<u>857,274</u>
	<u>\$ 1,075,913</u>

VisionTrust was in compliance with, or had received waivers for, all financial and reporting covenants as of December 31, 2013 and 2012.

VISIONTRUST INTERNATIONAL, INC.

Notes to Financial Statements

December 31, 2013 and 2012

7. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets consist of:

	December 31,	
	2013	2012
VisionTrust projects	\$ 213,698	\$ 256,064
Liberia	128,295	231,641
Dominican Republic	117,713	87,066
India	108,627	149,215
Zimbabwe	58,875	56,412
Guatemala	44,557	63,865
Myanmar	30,499	7,498
Tanzania	22,791	31,554
Central African Republic	19,278	11,383
Peru	19,134	5,858
Togo	4,118	2,355
Brazil	1,085	6,024
Malawi	872	2,702
Teams	-	74,541
Sierra Leone	-	4,353
Haiti	-	1,861
Thailand	-	769
Cambodia	-	693
	\$ 769,542	\$ 993,854

8. JOINT COSTS:

VisionTrust incurs joint costs for informational materials and activities that include fund-raising appeals. These costs have been allocated as follows:

	Year Ended December 31,	
	2013	2012
Program services	\$ 85,665	\$ 55,521
Supporting activities:		
General and administrative	7,543	8,895
Fund-raising	27,323	30,101
	\$ 120,531	\$ 94,517

VISIONTRUST INTERNATIONAL, INC.

Notes to Financial Statements

December 31, 2013 and 2012

9. RELATED PARTY TRANSACTIONS:

VisionTrust leases office space to a company that is owned by a board member. VisionTrust received rental income of \$54,000 during both years ended December 31, 2013 and 2012.

10. OPERATING LEASES:

VisionTrust leases office equipment and incurs software hosting service expenses under operating leases. Total lease expense under these agreements paid for the years ended December 31, 2013 and 2012, was \$37,864 and \$44,185, respectively. Future minimum payments for the year ending December 31, 2014 are \$2,044.

In addition, VisionTrust leases a portion of its building. Rental income for the years ended December 31, 2013 and 2012, was \$89,689 and \$93,311, respectively. A portion of this income was from non-exempt organizations. Income from debt financed property is considered to be unrelated business taxable income (UBTI). It has been determined that VisionTrust does not have a material liability associated with UBTI. Tenant leases are for varying terms. Future rental income under operating leases is as follows:

<u>Year Ending December 31,</u>	
2014	\$ 25,620
2015	20,080
2016	<u>2,250</u>
	<u>\$ 47,950</u>

11. RETIREMENT PLAN:

On July 1, 2012, VisionTrust began sponsoring a 403(b) defined contribution plan for all employees. VisionTrust provides a direct match up to 3% of eligible salary for all employees over age 21 with one year of service and 1,000 hours worked. Total employer contributions for the year ended December 31, 2013 and 2012 were \$29,003 and \$8,530, respectively.

12. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.