

AFRICAN VISION OF HOPE

Financial Statements
With Accountants' Compilation Report

December 31, 2019

AFRICAN VISION OF HOPE

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ACCOUNTANTS' COMPILATION REPORT

Board of Directors
African Vision of Hope
Maryville, Illinois

Management is responsible for the accompanying financial statements of African Vision of Hope (an Illinois not-for-profit organization) which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year the ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements. We are not independent with respect to African Vision of Hope.

Capin Crouse LLP

Lawrenceville, Georgia
July 20, 2020

AFRICAN VISION OF HOPE

Statement of Financial Position

December 31, 2019

ASSETS:

Cash and cash equivalents	\$ 996,684
Accounts receivable	755
Inventory	44,827
Property and equipment-net	<u>-</u>

Total Assets

\$ 1,042,266

LIABILITIES AND NET ASSETS:

Accounts payable and accrued expenses	<u>\$ 11,049</u>
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Net assets:

Without donor restrictions	969,596
With donor restrictions	<u>61,621</u>
	<u>1,031,217</u>

Total Liabilities and Net Assets

\$ 1,042,266

See accountants' compilation report

AFRICAN VISION OF HOPE

Statement of Activities

Year Ended December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE:			
Contributions, including in-kind	\$ 909,532	\$ 176,249	\$ 1,085,781
Sponsorships	347,893	-	347,893
Special events, including contributions	290,503	-	290,503
Less: direct benefits to donors	(67,803)	-	(67,803)
Miscellaneous income	5,056	-	5,056
Net assets released from purpose restrictions	130,499	(130,499)	-
Total Support and Revenue	<u>1,615,680</u>	<u>45,750</u>	<u>1,661,430</u>
EXPENSES:			
Program services	1,159,426	-	1,159,426
General and administrative	74,152	-	74,152
Fundraising	39,282	-	39,282
Total Expenses	<u>1,272,860</u>	<u>-</u>	<u>1,272,860</u>
Change in Net Assets	342,820	45,750	388,570
Net Assets, Beginning of Year	<u>626,776</u>	<u>15,871</u>	<u>642,647</u>
Net Assets, End of Year	<u>\$ 969,596</u>	<u>\$ 61,621</u>	<u>\$ 1,031,217</u>

See accountants' compilation report

AFRICAN VISION OF HOPE

Statement of Functional Expenses

Year Ended December 31, 2019

	Program Services			Total Program Services	General and Administrative	Fundraising	Total
	Education	Community Development	Social & Medical Services				
Salaries and wages	\$ 92,728	\$ 44,288	\$ 48,901	\$ 185,917	\$ 30,317	\$ 16,263	\$ 232,497
Employee benefits	1,738	1,285	912	3,935	565	304	4,804
Grants	462,744	195,158	121,164	779,066	3,566	2,694	785,326
Mission trips	30,894	28,291	24,124	83,309	2	183	83,494
Occupancy	13,513	8,349	8,910	30,772	3,059	1,869	35,700
Professional services	13,245	1,245	1,245	15,735	17,492	230	33,457
Office expenses	6,470	5,618	5,615	17,703	8,961	6,010	32,674
Communications	3,706	3,433	3,460	10,599	1,021	6,050	17,670
Payroll taxes	6,955	3,304	3,652	13,911	2,260	1,217	17,388
Other expenses	2,065	4,640	1,281	7,986	2,086	2,832	12,904
Donor development	1,037	898	507	2,442	2,647	1,138	6,227
Auto	1,444	1,001	1,475	3,920	996	124	5,040
Insurance	1,418	615	802	2,835	543	349	3,727
Volunteer expenses	505	369	422	1,296	637	19	1,952
Total Expenses	\$ 638,462	\$ 298,494	\$ 222,470	\$ 1,159,426	\$ 74,152	\$ 39,282	\$ 1,272,860

See accountants' compilation report

AFRICAN VISION OF HOPE

Statement of Cash Flows

Year Ended December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 388,570
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Changes in operating assets and liabilities:	
Accounts receivable	(755)
Inventory	(44,827)
Accounts payable and accrued expenses	5,131
Net Cash Provided by Operating Activities	<u>348,119</u>
Change in Cash and Cash Equivalents	348,119
Cash and Cash Equivalents, Beginning of Year	<u>648,565</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 996,684</u></u>

See accountants' compilation report

AFRICAN VISION OF HOPE

Notes to Financial Statements

December 31, 2019

1. NATURE OF ORGANIZATION:

African Vision of Hope (the Organization) is a not-for-profit corporation established in 2003. As a not-for-profit corporation, the Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the Code). The Organization is also classified as a publicly supported organization, which is not a private foundation as defined by Section 509(a) of the Code. The primary source of support and revenue is from donor contributions.

The Organization is a Christian organization committed to bringing immediate and lasting solutions to children and families living in extreme poverty, by confronting the root causes of poverty by providing opportunities to be educated, grow up healthy, develop leadership and economic skills, and learn about God's love. The Organization accomplishes this mission and vision primarily through program services described below:

Education—Education reduces poverty, boosts economic growth, increases a person's chance of leading a healthy life, reduces maternal deaths, diminishes child marriage, combats diseases like HIV/AIDS, and increases income potential. Education is one of the most important investments a country can make in its people and its future.

Community Development—

Farming—The Organization's 15 acre farm in Chikumbi, Zambia is a flourishing bread basket in one of the hungriest countries in the world. It is providing food for the Organization schools and training small scale farmers on how to improve yields. This conservation farm is also an evangelistic tool for preaching the gospel, strengthening and planting churches, and extending the kingdom of God with an emphasis on sustainable agriculture as a model for life transformation.

Clean Water and Sanitation—Unsafe drinking water and lack of basic sanitation leads to the deaths of 2,000 children under the age of five every day. Water is life. It's also time. Some children walk miles every day to fill their buckets with water to bring home. This is time that can be spent learning in the classroom. The Organization recognizes that clean water, basic sanitation facilities, and hygiene education are foundational to community development. The Organization is building the foundation for communities. Each school and community served has a clean water well, pit latrines, and hand washing stations. They have also been trained in hygiene to prevent spreadable diseases. We focus on promoting lasting behavior change. Community leaders are trained in helping build and maintain these facilities. Together they fight poverty, hunger, child deaths, and provide dignity for those we serve.

AFRICAN VISION OF HOPE

Notes to Financial Statements

December 31, 2019

1. NATURE OF ORGANIZATION, continued:

Social & Medical Services –

Medical—Every child deserves access to medical care, the best chance for a successful future. Today nearly 18,000 children under age 5 will die of mostly preventable causes, such as diarrhea, malaria, and pneumonia. The Organization focuses on promoting health and nutrition practices and preventing major causes of disease through education and medical intervention.

Empowerment—Poverty is a complex issue. There is not a quick solution or easy answer. We are committed to helping families and communities living in extreme poverty break the cycle. The Organization has five schools full of children that need school uniforms and there are village women who desire jobs to provide for their needs. Women enter into our Empowerment Program where they are trained to make school uniforms and other items they are able to sell at the market. The children each receive a uniform and the women graduate through the program proficient at sewing and capable of continuing seamstress work to provide for their families.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Organization 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. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand, checking, savings, and all highly liquid debt instruments with maturities of three months or less. The amounts held at the bank may, at times, exceed federally insured deposit levels. The Organization has not experienced any losses in such accounts, and management believes it is not exposed to any significant credit risk on cash and cash equivalents. At December 31, 2019, the Organization's cash balances exceeded federally insured limits by approximately \$330,000.

AFRICAN VISION OF HOPE

Notes to Financial Statements

December 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

ACCOUNTS RECEIVABLE

Accounts receivable are stated at net realizable amounts from grant contracts. The allowance for doubtful accounts receivable is maintained at a level that, in management's judgment, is adequate to absorb probable losses. The amount is based upon an analysis of overall accounts receivable by management. Management's evaluation of the allowance for doubtful accounts includes, but is not limited to, the historical experience of payment patterns, financial condition, other known facts and circumstances, and general economic conditions. This process is based on estimates, and ultimate loss may vary from current estimates. The Organization does not assess finance charges against accounts receivable that are past due. As of December 31, 2019, no allowance for doubtful accounts receivable has been recorded as management has determined it is probable that substantially all the accounts receivable will be collected.

INVENTORY

Inventory is stated at the lower of cost (based on the FIFO basis) or net realizable value and consists of various items donated that will be sent to Africa, items to be auctioned, and artisan merchandise to be sold, as well as other products. Management determines the allowance for obsolescence by reviewing product sales history and current market performance. Special consideration is given to products that are new or deemed by management to be long-lived. For the year ended December 31, 2019, management has determined that an allowance for obsolescence is not considered necessary.

PROPERTY AND EQUIPMENT-NET

Items capitalized as property and equipment are stated at cost or, if donated, at market value on the date of donation. The Organization capitalizes all property and equipment expenditures greater than \$2,000. Expenditures for repairs and maintenance are charged to expense as incurred, and additions and improvements that significantly extend the lives of assets are capitalized at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 7 years.

CLASSES OF NET ASSETS

The financial statements report amounts separately by class of net assets:

Net assets without donor restrictions are currently available at the discretion of the board for use in operations, designated by the board for other specific projects determined by the board, or invested in property and equipment net of accumulated depreciation.

Net assets with donor restrictions are stipulated by donors for specific operating purposes, with time restrictions, or not currently available for use until commitments regarding their use have been fulfilled.

AFRICAN VISION OF HOPE

Notes to Financial Statements

December 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUE, RECLASSIFICATIONS, AND EXPENSES

Revenue is recognized when earned and contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give—that is, those with a measurable performance or other barrier and a right of return—are not recognized until the conditions on which they depend have been met.

The Organization record special events revenue equal to the fair value of direct benefits to donors, and contribution support for the excess received when the event takes place.

The Organization reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated amounts. Gifts are reported as support without donor restrictions if they are spent in the same period. When a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as reclassifications.

The Organization reports gifts of property and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service.

Donated services are reported as contributions if the services (a) create or enhance non-financial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Donated services meeting the criteria for recognition in the financial statements totaled \$11,922 for the year ended December 31, 2019.

Numerous volunteers donate significant amounts of time and perform a variety of tasks, assisting the Organization in its charitable programs. No amounts have been reflected in the financial statements because the criteria for recognition of such efforts under generally accepted accounting principles have not been satisfied.

Donated goods (consisting of items subsequently auctioned at special events and/or supplies sent to Africa) are recorded at its estimated fair value at the date of donation.

AFRICAN VISION OF HOPE

Notes to Financial Statements

December 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUE, RECLASSIFICATIONS, AND EXPENSES, continued

Expenses, including advertising expenses of \$4,262 incurred in the year ended December 31, 2019, are reported when costs are incurred. The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses which directly benefit programs, management and general, or fundraising are charged to the respective functional area on the basis of actual costs. Other expenses are charged and allocated to program, management and general, and fundraising based on an appropriate allocation method that would include expenses in the following categories: overhead expense, salaries, benefits, payroll taxes, and expenses that are associated with employees and are allocated on estimates of time and effort. Certain occupancy related expenses such as utilities and repairs and maintenance are allocated based on square footage or usage.

RECENTLY ISSUED ACCOUNTING STANDARD

In 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*. The Organization adopted the provisions of this new standard during the year ended December 31, 2019. The new standard applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. Adoption of this standard had no effect on change in net assets or net assets in total.

3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects the Organization's financial assets as of December 31, 2019, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. The Organization considers general expenditures to be all expenditures related to its ongoing activities of achieving its mission and vision as well as the conduct of services undertaken to support those activities to be general expenditures.

Financial assets, at year-end:	
Cash and cash equivalents	\$ 996,684
Accounts receivable	755
	<hr/>
Financial assets available to meet cash needs for general expenditures within one year	\$ 997,439
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AFRICAN VISION OF HOPE

Notes to Financial Statements

December 31, 2019

3. LIQUIDITY AND FUNDS AVAILABLE, continued:

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. At December 31, 2019, the Organization has \$61,621 in net assets with donor restrictions for project support. These funds are considered available to meet needs for general expenditures as funds are used for their donor restricted purpose.

4. PROPERTY AND EQUIPMENT-NET:

Property and equipment-net consist of the following:

Equipment	\$ 700
Less accumulated depreciation and amortization	<u>(700)</u>
	<u>\$ -</u>

5. NET ASSETS:

Net assets consist of the following:

Without donor restrictions:

Undesignated	<u>\$ 969,596</u>
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With donor restrictions:

Subject to expenditure for specified purpose:

Mission trip donations	39,078
Kasama	19,239
Shoes that Grow	1,909
Higher education	<u>1,395</u>
	<u>61,621</u>

\$ 1,031,217

6. DONOR CONCENTRATION:

For the year ended December 31, 2019, one donor contributed 10% of total support and revenue. The Organization's operations and program activities could be impacted if this donor relationship were to be terminated and could not be replaced by new donors with comparable donations.

AFRICAN VISION OF HOPE

Notes to Financial Statements

December 31, 2019

7. SUBSEQUENT EVENTS:

Subsequent to year-end, physical and economic conditions worldwide have been impacted by the COVID-19. In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a “Public Health Emergency of International Concern.” The COVID-19 outbreak is disrupting revenue and operations across a range of industries. The extent of the impact of COVID-19 on the operational and financial performance of the Organization will depend on certain developments, including the duration and spread of the outbreak and impact on donors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact financial condition or results of operations of the Organization is uncertain.

Subsequent events have been evaluated through July 20, 2020, which is the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.