

AFRICAN VISION OF HOPE

Financial Statements
With Accountants' Compilation Report

December 31, 2021 and 2020

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 nonprofit organization) which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years 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.

Capin Crouse LLP

Lawrenceville, Georgia
August 30, 2022

AFRICAN VISION OF HOPE

Statements of Financial Position

	December 31,	
	<u>2021</u>	<u>2020</u>
ASSETS:		
Cash and cash equivalents	\$ 1,827,295	\$ 1,320,819
Inventory	57,511	23,388
Property and equipment–net	<u>1,840</u>	<u>2,067</u>
Total Assets	<u>\$ 1,886,646</u>	<u>\$ 1,346,274</u>
LIABILITIES AND NET ASSETS:		
Accounts payable and accrued expenses	<u>\$ 11,368</u>	<u>37,845</u>
Net assets:		
Without donor restrictions	1,300,316	1,289,101
With donor restrictions	<u>574,962</u>	<u>19,328</u>
Total net assets	<u>1,875,278</u>	<u>1,308,429</u>
Total Liabilities and Net Assets	<u>\$ 1,886,646</u>	<u>\$ 1,346,274</u>

See independent accountants' compilation report

AFRICAN VISION OF HOPE

Statements of Activities

Year Ended December 31,

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions, including in-kind	\$ 1,613,758	\$ 495,248	\$ 2,109,006	\$ 1,229,935	\$ 109,093	\$ 1,339,028
Sponsorships	-	426,527	426,527	379,960	-	379,960
Special events, including contributions	399,158	-	399,158	271,567	-	271,567
Less direct benefits to donors	(104,459)	-	(104,459)	(72,351)	-	(72,351)
Government grant	50,265	-	50,265	46,100	-	46,100
Miscellaneous income	12,199	-	12,199	6,393	-	6,393
Total Support and Revenue	1,970,921	921,775	2,892,696	1,861,604	109,093	1,970,697
RECLASSIFICATIONS:						
Satisfaction of purpose restrictions	366,141	(366,141)	-	151,386	(151,386)	-
EXPENSES:						
Program Services:						
Education	1,019,665	-	1,019,665	878,689	-	878,689
Community development	816,203	-	816,203	466,575	-	466,575
Social & medical services	379,673	-	379,673	226,074	-	226,074
	<u>2,215,541</u>	<u>-</u>	<u>2,215,541</u>	<u>1,571,338</u>	<u>-</u>	<u>1,571,338</u>
Supporting Activities:						
General and administrative	68,172	-	68,172	75,158	-	75,158
Fundraising	42,134	-	42,134	46,989	-	46,989
	<u>110,306</u>	<u>-</u>	<u>110,306</u>	<u>122,147</u>	<u>-</u>	<u>122,147</u>
Total Expenses	2,325,847	-	2,325,847	1,693,485	-	1,693,485
Change in Net Assets	11,215	555,634	566,849	319,505	(42,293)	277,212
Net Assets, Beginning of Year	1,289,101	19,328	1,308,429	969,596	61,621	1,031,217
Net Assets, End of Year	\$ 1,300,316	\$ 574,962	\$ 1,875,278	\$ 1,289,101	\$ 19,328	\$ 1,308,429

See independent accountants' compilation report

AFRICAN VISION OF HOPE

Statement of Functional Expenses

Year Ended December 31, 2021

	Program Services			Total Program Services	General and Administrative	Fundraising	Total
	Education	Community Development	Social & Medical Services				
Salaries and wages	\$ 115,166	\$ 63,436	\$ 63,436	\$ 242,038	\$ 36,279	\$ 20,220	\$ 298,537
Employee benefits	5,215	2,893	2,893	11,001	3,911	924	15,836
Grants	784,552	700,080	268,581	1,753,213	1,167	2,152	1,756,532
Mission trips	14,954	20,016	14,218	49,188	5	-	49,193
Professional services	61,663	253	253	62,169	7,705	253	70,127
Office expenses	10,814	10,475	10,595	31,884	8,650	7,350	47,884
Occupancy	13,372	7,813	8,424	29,609	3,533	2,389	35,531
Donor development/ communications	5,014	4,916	4,916	14,846	4,096	6,650	25,592
Volunteer expenses	3,646	3,589	3,643	10,878	209	217	11,304
Other	1,991	971	1,066	4,028	813	404	5,245
Insurance	1,199	888	664	2,751	798	710	4,259
Auto	2,079	873	984	3,936	779	865	5,580
Depreciation	-	-	-	-	227	-	227
Total Expenses	\$ 1,019,665	\$ 816,203	\$ 379,673	\$ 2,215,541	\$ 68,172	\$ 42,134	\$ 2,325,847

See independent accountants' compilation report

AFRICAN VISION OF HOPE

Statement of Functional Expenses

Year Ended December 31, 2020

	Program Services			Total Program Services	General and Administrative	Fundraising	Total
	Education	Community Development	Social & Medical Services				
Salaries and wages	\$ 91,828	\$ 52,542	\$ 52,542	\$ 196,912	\$ 37,121	\$ 17,921	\$ 251,954
Employee benefits	9,291	6,323	6,323	21,937	3,492	2,168	27,597
Grants	664,315	343,430	121,640	1,129,385	5,129	2,704	1,137,218
Mission trips	28,506	32,842	13,867	75,215	526	1,923	77,664
Professional services	48,397	3,265	3,280	54,942	11,024	3,035	69,001
Office expenses	10,258	9,391	9,483	29,132	7,743	7,074	43,949
Occupancy	14,094	8,261	8,905	31,260	3,980	2,478	37,718
Donor development/ communications	5,891	5,479	4,997	16,367	3,226	4,627	24,220
Volunteer expenses	3,113	2,788	2,891	8,792	908	957	10,657
Other expenses	1,155	1,071	1,079	3,305	864	3,327	7,496
Insurance	1,288	725	778	2,791	564	403	3,758
Auto	553	458	289	1,300	372	372	2,044
Depreciation	-	-	-	-	209	-	209
Total Expenses	\$ 878,689	\$ 466,575	\$ 226,074	\$ 1,571,338	\$ 75,158	\$ 46,989	\$ 1,693,485

See independent accountants' compilation report

AFRICAN VISION OF HOPE

Statements of Cash Flows

	Year Ended December 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 566,849	\$ 277,212
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	227	209
Noncash contribution	(50,265)	(46,100)
Changes in operating assets and liabilities:		
Accounts receivable	-	755
Inventory	(34,123)	21,439
Accounts payable and accrued expenses	(26,477)	26,796
Net Cash Provided by Operating Activities	<u>456,211</u>	<u>280,311</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	<u>-</u>	<u>(2,276)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of note payable	<u>50,265</u>	<u>46,100</u>
Change in Cash and Cash Equivalents	506,476	324,135
Cash and Cash Equivalents, Beginning of Year	<u>1,320,819</u>	<u>996,684</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,827,295</u>	<u>\$ 1,320,819</u>
SUPPLEMENTAL INFORMATION:		
Forgiveness of Paycheck Protection Program loan	<u>\$ 50,265</u>	<u>\$ 46,100</u>

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AFRICAN VISION OF HOPE

Notes to Financial Statements

December 31, 2021 and 2020

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.

African Vision of Hope 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—A 19 acre farm in Chikumbi, Zambia is a flourishing bread basket in one of the hungriest countries in the world. It is providing food for 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.

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.

AFRICAN VISION OF HOPE

Notes to Financial Statements

December 31, 2021 and 2020

1. NATURE OF ORGANIZATION, continued:

Social & Medical Services, continued –

Feeding—One of life’s biggest struggles for a child in Zambia is finding food. Every day they have to make a difficult decision; do I work or do I go to school? If they go to school, they will not eat. The Organization’s school feeding program has lifted this burden, providing a hot meal of fortified rice packed with vitamins, minerals and protein to meet the demands of their growing bodies. This school lunch provides a dramatic improvement in a child’s health and learning while relieving the stress of how families will feed their children.

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, 2021 and 2020, the Organization’s cash balances exceeded federally insured limits by approximately \$1,027,000 and \$538,000, respectively.

INVENTORY

Inventory consists of donated items that will be sent to Africa, items to be auctioned, and artisan merchandise to be sold, as well as other products. Donated inventory is stated at its estimated fair value on the date of receipt. Purchased inventory is stated at the lower of cost (based on the first-in, first-out basis) or net realizable value. 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 years ended December 31, 2021 and 2020, management has determined that an allowance for obsolescence is not considered necessary.

AFRICAN VISION OF HOPE

Notes to Financial Statements

December 31, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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.

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 records 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. 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 statements of activities as reclassifications. Support with donor restrictions received and used by the Organization within the same year are shown as support without donor restrictions.

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.

AFRICAN VISION OF HOPE

Notes to Financial Statements

December 31, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUE, RECLASSIFICATIONS, AND EXPENSES, continued

Donated inventory is recorded as inventory and contribution support at its estimated fair value at the date of donation, taking into consideration inventory condition and utility for use. All donated inventory is received from private individuals or organizations and is considered to be support without donor restrictions unless the inventory explicitly contains donor restrictions. The Organization only records the value of donated inventory in which they were either the original recipient of the gift, were involved in partnership with another organization for distribution, or used in the Organization's programs.

When the Organization receives donated inventories with specific geographic or purpose restrictions, they are recognized as support with donor restrictions. Donor restrictions are satisfied, and donated inventory is released from restriction and reclassified as without donor restriction, when the donated product has been shipped.

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 \$49,411 and \$32,966 for the years ended December 31, 2021 and 2020, respectively.

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 has 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.

Expenses, including advertising expenses of \$25,592 and \$24,218 incurred in the years ended December 31, 2021 and 2020, respectively, 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 incurred. 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.

AFRICAN VISION OF HOPE

Notes to Financial Statements

December 31, 2021 and 2020

3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects the Organization's financial assets as of December 31, 2021 and 2020, 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.

	December 31,	
	<u>2021</u>	<u>2020</u>
Financial assets, at year-end and available to meet cash needs for general expenditures within one year:		
Cash and cash equivalents	<u>\$ 1,827,295</u>	<u>\$ 1,320,819</u>

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, 2021, the Organization has \$574,962 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:

	December 31,	
	<u>2021</u>	<u>2020</u>
Equipment	\$ 2,976	\$ 2,976
Less accumulated depreciation and amortization	<u>(1,136)</u>	<u>(909)</u>
	<u>\$ 1,840</u>	<u>\$ 2,067</u>

AFRICAN VISION OF HOPE

Notes to Financial Statements

December 31, 2021 and 2020

5. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of the following:

	December 31,	
	2021	2020
Subject to expenditure for specified purpose:		
Mission trip donations	\$ 9,379	\$ 9,785
Seminary	17,468	5,221
Higher education	7,481	4,322
College medical supplies	4,615	-
STEM education	165,598	-
Child sponsorship	370,421	-
	<u>\$ 574,962</u>	<u>\$ 19,328</u>

6. DONOR CONCENTRATION:

For the year ended December 31, 2021, two donors contributed approximately 27% of total support and revenue, while one donor contributed 10% of total support and revenue for the year ended December 31, 2020. The Organization's operations and program activities could be impacted if these donor relationships were to be terminated and could not be replaced by new donors with comparable donations.

7. RISKS AND UNCERTAINTIES:

In March of 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. COVID-19 has caused a severe negative impact on the world economy and has contributed to significant declines and volatility in financial markets. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Organization for future periods. Management is carefully monitoring the situation and evaluating its options as circumstances evolve.

As part of the response to the impact of COVID-19, the Organization applied for a Paycheck Protection Program (PPP) Loan, administered by the Small Business Administration (SBA), under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was signed into law in March 2020. The Organization was approved for a loan in the amount of \$46,100. For the year ended December 31, 2020, in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605, the Organization recognized a government grant without donor restrictions in the accompanying statements of activities. Based on the provisions included in the CARES Act, the loan agreement provides for loan forgiveness up to the full amount of the loan provided the Organization overcomes (meets) certain loan stipulations. Effective November 20, 2020, the Organization received notification of forgiveness from the SBA for the full PPP loan amount.

AFRICAN VISION OF HOPE

Notes to Financial Statements

December 31, 2021 and 2020

7. RISKS AND UNCERTAINTIES, continued:

Effective March 26, 2021, the Organization was approved for a second draw PPP loan in the amount of \$50,265. For the year ended December 31, 2021, in accordance with FASB ASC 958-605, the Organization recognized a government grant without donor restrictions in the accompanying statements of activities. Based on the provisions included in the CARES Act, the loan agreement provides for loan forgiveness up to the full amount of the loan provided the Organization overcomes (meets) certain loan stipulations. Effective July 17, 2021, the Organization received notification of forgiveness from the SBA for the full second draw PPP loan amount.

8. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through August 30, 2022, which is the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.