

CHRISTIAN VETERINARY MISSION
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022 AND
PERIOD OF INCEPTION THROUGH JUNE 30, 2021



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**CHRISTIAN VETERINARY MISSION
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PERIOD OF INCEPTION THROUGH JUNE 30, 2021**

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Christian Veterinary Mission
Lynnwood, Washington

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Christian Veterinary Mission (a nonprofit corporation) which comprise the statements of financial position as of June 30, 2022 and 2021 and the related statements of activities and changes in net assets, functional expenses and cash flows for the year ended June 30, 2022 and period of inception through June 30, 2021, 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 Christian Veterinary Mission as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the year ended June 30, 2022 and the period of inception through June 30, 2021, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Christian Veterinary Mission 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 Christian Veterinary Mission's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' 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 auditors' 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 Christian Veterinary Mission'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 Christian Veterinary Mission'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.



CliftonLarsonAllen LLP

Bellevue, Washington
October 19, 2022

**CHRISTIAN VETERINARY MISSION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021**

ASSETS	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 1,965,562	\$ 669,104
Accounts Receivable	200,400	-
Investments	5,833,767	-
Prepaid and Other	67,493	22,142
Property and Equipment, net	<u>287,481</u>	<u>45,810</u>
Total Assets	<u><u>\$ 8,354,703</u></u>	<u><u>\$ 737,056</u></u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 55,062	\$ 24,238
Accrued Expenses and Other Liabilities	<u>317,255</u>	<u>9,060</u>
Total Liabilities	<u>372,317</u>	<u>33,298</u>
NET ASSETS		
Without Donor Restrictions:		
Undesignated	1,290,617	595,697
With Donor Restrictions:		
With Donor Restrictions	<u>6,691,769</u>	<u>108,061</u>
Total With Donor Restrictions	<u>6,691,769</u>	<u>108,061</u>
Total Net Assets	<u>7,982,386</u>	<u>703,758</u>
Total Liabilities and Net Assets	<u><u>\$ 8,354,703</u></u>	<u><u>\$ 737,056</u></u>

See accompanying Notes to Financial Statements.

CHRISTIAN VETERINARY MISSION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions	\$ 2,583,580	\$ 10,930,179	\$ 13,513,759
Conference and Other Fees	197,830	-	197,830
Contributions of Non-Cash Assets	245,772	-	245,772
Other Income	10,000	-	10,000
Investment Losses, net	(400,712)	(221,148)	(621,860)
Net Assets Release from Restrictions	4,125,323	(4,125,323)	-
Total Revenue and Support	<u>6,761,793</u>	<u>6,583,708</u>	<u>13,345,501</u>
EXPENSES			
Program	5,318,199	-	5,318,199
Management and General	541,338	-	541,338
Fundraising	207,336	-	207,336
Total Expenses	<u>6,066,873</u>	<u>-</u>	<u>6,066,873</u>
CHANGE IN NET ASSETS	694,920	6,583,708	7,278,628
Net Assets - Beginning of Year	<u>595,697</u>	<u>108,061</u>	<u>703,758</u>
NET ASSETS - END OF YEAR	<u><u>\$ 1,290,617</u></u>	<u><u>\$ 6,691,769</u></u>	<u><u>\$ 7,982,386</u></u>

See accompanying Notes to Financial Statements.

CHRISTIAN VETERINARY MISSION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
PERIOD OF INCEPTION THROUGH JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions	\$ 741,943	\$ 108,061	\$ 850,004
Other Gains and Losses	(323)	-	(323)
Total Revenue and Support	741,620	108,061	849,681
EXPENSES			
Program	6,595	-	6,595
Management and General	113,215	-	113,215
Fundraising	26,113	-	26,113
Total Expenses	145,923	-	145,923
CHANGE IN NET ASSETS	595,697	108,061	703,758
Net Assets - Beginning of Year	-	-	-
NET ASSETS - END OF YEAR	<u>\$ 595,697</u>	<u>\$ 108,061</u>	<u>\$ 703,758</u>

See accompanying Notes to Financial Statements.

**CHRISTIAN VETERINARY MISSION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022**

	Program	Management and General	Fundraising	Total
Salaries	\$ 1,652,146	\$ 107,114	\$ 110,232	\$ 1,869,492
Benefits and Payroll Taxes	718,777	25,244	26,381	770,402
Subtotal Personnel Costs	<u>2,370,923</u>	<u>132,358</u>	<u>136,613</u>	<u>2,639,894</u>
Advertising and Promotion	376	-	-	376
Conferences, Conventions, and Meetings	1,174	2,592	-	3,766
Credit Card and Other Service Charges	12,630	1,461	4,017	18,108
Depreciation	3,952	18,371	-	22,323
Direct Project and Mission Costs	2,762,264	-	-	2,762,264
Dues and Subscriptions	250	2,950	-	3,200
Insurance	-	26,926	-	26,926
Occupancy	21,042	34,964	-	56,006
Office Supplies	3,551	12,967	10,038	26,556
Postage and Delivery	737	2,906	10,373	14,016
Printing and Publications	1,845	-	-	1,845
Processing Fees	79,617	1,330	25,975	106,922
Professional Service Fees	11,007	281,555	17,915	310,477
Taxes	2,245	-	-	2,245
Telecommunication	-	11,475	-	11,475
Travel Expenses	<u>46,586</u>	<u>11,483</u>	<u>2,405</u>	<u>60,474</u>
Total Expenses by Function	<u><u>\$ 5,318,199</u></u>	<u><u>\$ 541,338</u></u>	<u><u>\$ 207,336</u></u>	<u><u>\$ 6,066,873</u></u>

See accompanying Notes to Financial Statements.

**CHRISTIAN VETERINARY MISSION
STATEMENT OF FUNCTIONAL EXPENSES
PERIOD OF INCEPTION THROUGH JUNE 30, 2021**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 2,174	\$ 7,333	\$ 4,224	\$ 13,731
Benefits and Payroll Taxes	166	699	372	1,237
Subtotal Personnel Costs	<u>2,340</u>	<u>8,032</u>	<u>4,596</u>	<u>14,968</u>
Bank Charges	-	940	-	940
Conferences/Training	3,775	-	-	3,775
Information Technology	-	2,352	-	2,352
Legal Fees	-	9,153	-	9,153
Licenses and Registrations	-	1,262	-	1,262
Startup Costs	-	74,866	19,906	94,772
Supplies	56	16,610	1,611	18,277
Utilities	424	-	-	424
Total Expenses by Function	<u><u>\$ 6,595</u></u>	<u><u>\$ 113,215</u></u>	<u><u>\$ 26,113</u></u>	<u><u>\$ 145,923</u></u>

See accompanying Notes to Financial Statements.

**CHRISTIAN VETERINARY MISSION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 7,278,628	\$ 703,758
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities		
Depreciation Expense	22,323	-
Investment Losses, net	621,860	-
Contributions for Endowment	(1,750,926)	-
Contribution of Long-Term Asset	(245,772)	-
Changes in Assets and Liabilities:		
(Increase) Decrease in Assets:		
Accounts Receivable	(200,400)	-
Prepaid and Other	(45,351)	(22,142)
Increase (Decrease) in Liabilities:		
Accounts Payable	30,824	24,238
Accrued Expenses and Other Liabilities	308,195	9,060
Net Cash Provided by Operating Activities	<u>6,019,381</u>	<u>714,914</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(6,485,546)	-
Sales of Investments	29,918	-
Purchases of Property and Equipment	<u>(18,221)</u>	<u>(45,810)</u>
Net Cash Used by Investing Activities	<u>(6,473,849)</u>	<u>(45,810)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions for Endowment	<u>1,750,926</u>	<u>-</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,296,458	669,104
Cash and Cash Equivalents - Beginning of Year	<u>669,104</u>	<u>-</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 1,965,562</u></u>	<u><u>\$ 669,104</u></u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES		
Contribution of Property	\$ 245,772	\$ -

See accompanying Notes to Financial Statements.

**CHRISTIAN VETERINARY MISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND PERIOD OF INCEPTION
THROUGH JUNE 30, 2021**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Organization and Activities

Christian Veterinary Mission (CVM) serves to challenge, empower, and facilitate veterinary professionals to serve others living out their Christian faith. CVM began in 1976, as our founder, Dr. Leroy Dorminy began to mobilize veterinary professionals to this mission. In 1978, CVM became a ministry division of World Concern-CRISTA Ministries based in Seattle, WA. The current ministry programs of CVM were developed through this partnership and include long-term missions, short-term missions, professional ministry, student ministry, affiliate ministry and training programs. In 2020 and 2021, CVM sought to incorporate, register, and implement the development and launch a new organization under the same name. The new organization was formed and completed during fiscal year June 30, 2021.

Basis of Accounting

CVM prepares its financial statements on the accrual basis of accounting. Therefore, revenue and related assets are recognized when earned and expenses and related liabilities are recognized as the obligation is incurred.

Financial Statement Presentation

Financial statement presentation follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) *Topic Not-for-Profit Entities*. In accordance with topic ASU NO. 2016-14, net assets, revenue, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of CVM and changes therein, are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

**CHRISTIAN VETERINARY MISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND PERIOD OF INCEPTION
THROUGH JUNE 30, 2021**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the statement of cash flows, CVM considers all cash and savings accounts that are interest bearing to be cash equivalents. Cash and cash equivalents in certain accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. At times, the accounts may exceed this limit; however, CVM believes it is not exposed to any significant credit risk on cash or cash equivalents.

Investments

CVM carries investments at their fair values in the statements of financial position. Realized and unrealized gains and losses are included in the change in net assets in the statements of activities.

Contributions Receivable

Contributions receivable are stated at the amount management expects to collect from balances outstanding at year-end. Annually, management determines if an allowance for doubtful accounts is necessary based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Accounts deemed uncollectible are charged off based on specific circumstances of the parties involved. Management believes that all remaining receivables are fully collectible and no provision for allowance for doubtful accounts is deemed necessary.

Contribution Revenue Recognition

CVM recognizes contributions when cash, securities or other assets, an unconditional promise to give, or 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 substantially met. Contributions received with donor stipulations are recorded as contributions with donor restrictions based on the donor's intent. Unless otherwise stated by the donor, individual donations are recorded as contributions without donor restrictions. CVM also reports expirations of donor restrictions when the donated long-lived assets are acquired or placed in service. Donated assets are reflected as in-kind donations in the accompanying financial statements at their estimated fair value at the date of receipt.

Conference and Other Fees

Conference and Other Fees are reported at the amount that reflects the consideration to which the CVM expects to be entitled in exchange for providing services to the participants. These amounts are due from individuals for conferences, classes and training. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the program services provided. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. CVM believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Revenue is recognized as the service is rendered.

**CHRISTIAN VETERINARY MISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND PERIOD OF INCEPTION
THROUGH JUNE 30, 2021**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standard

During the year ended June 30, 2022, CVM adopted FASB Accounting Standards Update (ASU) No. 2020-07, *Presentation and Disclosures by Not-Profit-Entities for Contributed Nonfinancial Assets*, which requires CVM to present contributed nonfinancial assets on a separate line item in the statement of activities and provide additional disclosures about contributions of nonfinancial assets. There was no material impact on CVM's financial position and results of its activities upon adoption of the new standard.

Gifts In-Kind

CVM received an in-kind donation of land and building during the year-ended June 30, 2022. CVM recorded the donation in accordance with ASU 2020-07, at its appraised fair value of \$245,772. This donation disclosed separately in the statement of activities as contributions of non-cash assets. The donated property did not carry donor restrictions.

Property and Equipment

Property and equipment are stated at cost, if purchased, or at fair market value, if donated. Fixed Asset expenditures of greater than \$2,500 are capitalized. Depreciation is recorded over the estimated useful lives of the assets, ranging from 3 to 39 years.

Donated property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Property, plant, and equipment restricted to a specific purpose, without a donor's stipulation as to how long the donated asset must be maintained, are released from restriction over time each year for the amount of depreciation expense related to that donated asset. Assets with a donor-imposed restriction are released based on that donor restriction.

Functional Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries and related costs are allocated on estimated time and effort expended on the program or supporting function.

Use of Estimates

The preparation of financial statements in accordance 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**CHRISTIAN VETERINARY MISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND PERIOD OF INCEPTION
THROUGH JUNE 30, 2021**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

CVM is a 501(c) (3) organization exempt from federal income tax under Section 501(a) of the Internal Revenue Code (IRC) and is not a private foundation. Under the provisions of the IRC, CVM is, however, subject to tax on business income unrelated to its exempt purpose. As of June 30, 2022 and 2021, CVM had no liability for tax on unrelated business income. CVM files information returns and other tax returns as required. CVM's information returns are subject to examination by the Internal Revenue Service for a period of three years from the date they were filed, except under certain circumstances.

Subsequent Events

We have evaluated subsequent events through October 19, 2022, the date the financial statements were available to be issued.

NOTE 2 PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	2022	2021
Buildings	\$ 197,610	\$ -
Land	48,112	-
Equipment and Technology	64,082	45,810
Less: Accumulated Depreciation	(22,323)	-
Total Property and Equipment	<u>\$ 287,481</u>	<u>\$ 45,810</u>

Depreciation and expense totaled \$22,323 and \$-0- for the year ended June 30, 2022 and the period of inception through June 30, 2021, respectively.

NOTE 3 FAIR VALUE MEASUREMENTS

CVM reports certain assets and liabilities at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that CVM can access at the measurement date.

**CHRISTIAN VETERINARY MISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND PERIOD OF INCEPTION
THROUGH JUNE 30, 2021**

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, CVM develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

A significant portion of our investment assets are classified within Level 1 because they comprise open-end mutual funds with readily determinable fair values based on daily redemption values. The following table presents assets measured at fair value on a recurring basis:

	Level 1	Level 2	Level 3	Total
Equity Mutual Funds:				
US Large Cap	\$ 2,231,759	\$ -	\$ -	\$ 2,231,759
US Mid Cap	82,334	-	-	82,334
EAFE Equity	355,515	-	-	355,515
European Large Cap	119,320	-	-	119,320
Japanese Large Cap	126,422	-	-	126,422
Asia Ex-Japan Equity	72,928	-	-	72,928
Emerging Market	345,240	-	-	345,240
Global Equity	35,290	-	-	35,290
Total Equity Funds	3,368,808	-	-	3,368,808
Fixed Income Mutual Funds	971,258	-	-	971,258
Total Assets Measured at Fair Value	<u>\$ 4,340,066</u>	<u>\$ -</u>	<u>\$ -</u>	4,340,066
Assets Held in Investments Measured at Cost				
Cash				<u>1,493,701</u>
Total Investments				<u>\$ 5,833,767</u>

**CHRISTIAN VETERINARY MISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND PERIOD OF INCEPTION
THROUGH JUNE 30, 2021**

NOTE 4 LEASES

CVM leases administrative office space under an operating lease expiring October 31, 2024. The lease is a triple net lease that calls for minimum monthly payments of \$2,499 plus a pro-rata share of the leased premises' operating expenses. The current triple net lease payments are \$1,214 per month.

Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 30,888
2024	31,812
2025	10,924
Total Minimum Lease Payments	<u>\$ 73,624</u>

Rent expense for the year ended June 30, 2022, totaled \$51,764.

NOTE 5 ENDOWMENT

CVM's endowment (the Endowment) consists of funds established by donors to provide annual funding for specific activities and general operations.

CVM's board of trustees has interpreted the Washington State Prudent Management of Institutional Funds Act (PMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2022, there were no such donor stipulations. As a result of this interpretation, CVM retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts including promises to give at fair value) donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by CVM in a manner consistent with the standard of prudence prescribed by PMIFA. CVM considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

**CHRISTIAN VETERINARY MISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND PERIOD OF INCEPTION
THROUGH JUNE 30, 2021**

NOTE 5 ENDOWMENT (CONTINUED)

As of June 30, CVM had the following endowment net asset composition:

	2022	2021
Endowment Corpus	\$ 1,750,926	\$ -
Appropriation of Endowment for Expenditure	(65,192)	\$ -
Accumulated Unappropriated Endowment		
Losses	(221,148)	-
Total	<u>\$ 1,464,586</u>	<u>\$ -</u>

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). CVM has interpreted PMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2022, endowment funds were underwater by \$221,148.

Investment and Spending Policies

CVM has adopted investment and spending policies for the Endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment assets, to provide the necessary capital to fund the spending policy, and to cover the costs of managing the Endowment investments. Actual returns in any given year may vary from this amount. To satisfy this long-term rate-of-return objective, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). A significant portion of the funds are invested to seek growth of principal over time.

The CVM Board of Trustees (BOT) maintains policies that manage the CVM Endowment Fund (EF). The EF is jointly managed by the CEO and CVM BOT Finance Committee. Per CVM policy, up to 90% of the annual fund income (as of June 30, the end of the fiscal year) may be available to be disbursed annually to CVM projects. Accessing the principal to fund projects requires approval of the entire Board. In establishing this policy, CVM considered the long-term expected return on the EF and set the rate with the objective of maintaining the purchasing power of the EF over time.

**CHRISTIAN VETERINARY MISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND PERIOD OF INCEPTION
THROUGH JUNE 30, 2021**

NOTE 5 ENDOWMENT (CONTINUED)

Changes in Endowment net assets for the year ended June 30, 2022 and the period of inception through June 30, 2021 is as follows:

	2022	2021
Endowment, Beginning of Year	\$ -	\$ -
Endowment Contributions	1,750,926	-
Appropriation of Endowment for Expenditure	(65,192)	-
Endowment Gains (Losses), Net	(221,148)	-
Endowment, End of Year	<u>\$ 1,464,586</u>	<u>\$ -</u>

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30:

	2022	2021
Net Assets with Donor Restrictions:		
Purpose and Donor-Restricted	\$ 5,227,183	\$ 108,061
Unappropriated Endowment Earnings	(221,148)	-
Appropriation of Endowment for Expenditure	(65,192)	-
Endowment Corpus	1,750,926	-
Total Net Assets with Donor Restrictions	<u>\$ 6,691,769</u>	<u>\$ 108,061</u>

Net assets released from restrictions for program purposes totaled \$4,125,323 for the year ended June 30, 2022.

NOTE 7 LIQUIDITY AND AVAILABILITY

CVM regularly monitors liquidity required to meet its operating needs and other contractual commitments, CVM has various sources of liquidity at its disposal including cash and cash equivalents, accounts receivable and investments.

The following table represents financial assets available to meet cash needs for general expenditures within one year at June 30, 2022.

Cash and Cash Equivalents	\$ 1,965,562
Accounts Receivable	200,400
Investments	5,833,767
Less: Restricted Net Assets	<u>(6,691,769)</u>
Total Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	<u>\$ 1,307,960</u>

