

VENTURE

Burnsville, Minnesota

Financial Statements

December 31, 2020 and 2019

VENTURE

CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities and Changes in Net Assets	3 - 4
Statements of Functional Expenses	5 - 6
Statements of Cash Flows	7
Notes to Financial Statements	8 – 15



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Venture
Burnsville, Minnesota

We have audited the accompanying financial statements of Venture (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Venture as of December 31, 2020 and 2019 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Boulay PLLP

Minneapolis, Minnesota
November 12, 2021



VENTURE

Statements of Financial Position

ASSETS	December 31	
	2020	2019
Current Assets		
Cash	\$ 3,054,980	\$ 2,701,138
Other current assets	25	12,909
Inventory in transit to donee	65,319	261,274
Total current assets	3,120,324	2,975,321
Property and Equipment		
Vehicles	61,254	20,201
Furniture and equipment	5,865	5,865
Computers	6,024	1,748
Totals	73,143	27,814
Less accumulated depreciation	17,034	17,685
Net property and equipment	56,109	10,129
Intangible asset	16,500	16,500
Total assets	<u>\$ 3,192,933</u>	<u>\$ 3,001,950</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accrued compensation	\$ 40,892	\$ 25,171
Promises to give	65,319	319,574
Total current liabilities	106,211	344,745
Commitments and Contingencies		
Net Assets		
Without donor restrictions	1,015,752	1,260,068
With donor restrictions	2,070,970	1,397,137
Total net assets	3,086,722	2,657,205
Total liabilities and net assets	<u>\$ 3,192,933</u>	<u>\$ 3,001,950</u>

Notes to Financial Statements are an integral part of this Statement.

VENTURE

Statements of Activities and Changes in Net Assets

Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions	\$ 1,035,802	\$ 1,834,368	\$ 2,870,170
Special events (net of costs of direct benefits to donors of \$12,131)	119,057	-	119,057
Gifts-in-kind	208,934	914,458	1,123,392
Loss on sale of equipment	(3,872)	-	(3,872)
Investment income	2,344	-	2,344
Paycheck Protection Program loan forgiveness income	64,300	-	64,300
Net assets released from restrictions	<u>2,074,993</u>	<u>(2,074,993)</u>	<u>-</u>
Total revenue and support	3,501,558	673,833	4,175,391
Expenses			
Program services:			
Missions and missionary programs	2,527,983	-	2,527,983
Expeditions	886,162	-	886,162
Supporting services:			
General and administrative	249,064	-	249,064
Fundraising	<u>82,665</u>	<u>-</u>	<u>82,665</u>
Total expenses	<u>3,745,874</u>	<u>-</u>	<u>3,745,874</u>
Change in Net Assets	(244,316)	673,833	429,517
Net Assets - Beginning of Year	<u>1,260,068</u>	<u>1,397,137</u>	<u>2,657,205</u>
Net Assets - End of Year	<u>\$ 1,015,752</u>	<u>\$ 2,070,970</u>	<u>\$ 3,086,722</u>

Notes to Financial Statements are an integral part of this Statement.

VENTURE

Statements of Activities and Changes in Net Assets

Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions	\$ 1,683,985	\$ 1,738,670	\$ 3,422,655
Special events (net of costs of direct benefits to donors of \$75,547)	91,061	-	91,061
Gifts-in-kind	191,082	1,638,103	1,829,185
Loss on sale of equipment	2,050	-	2,050
Net assets released from restrictions	3,120,396	(3,120,396)	-
Total revenue and support	5,088,574	256,377	5,344,951
Expenses			
Program services:			
Missions and missionary programs	3,083,444	-	3,083,444
Expeditions	1,026,201	-	1,026,201
Supporting services:			
General and administrative	251,943	-	251,943
Fundraising	115,003	-	115,003
Total expenses	4,476,591	-	4,476,591
Change in Net Assets	611,983	256,377	868,360
Net Assets - Beginning of Year	648,085	1,140,760	1,788,845
Net Assets - End of Year	\$ 1,260,068	\$ 1,397,137	\$ 2,657,205

Notes to Financial Statements are an integral part of this Statement.

VENTURE

Statements of Functional Expenses Year Ended December 31, 2020

	Program Services			Supporting Services			Total Expenses
	Missions and Missionary Programs	Expeditions	Total	General and Administrative	Fundraising	Total	
Personnel costs							
Salaries and related costs	\$ 188,274	\$ 282,411	\$ 470,685	\$ 156,895	\$ 29,500	\$ 186,395	\$ 657,080
Payroll taxes	8,901	13,352	22,253	7,418	-	7,418	29,671
Total personnel costs	197,175	295,763	492,938	164,313	29,500	193,813	686,751
Tour expenses	-	255,671	255,671	-	-	-	255,671
Grants and missionary support	1,374,771	-	1,374,771	-	-	-	1,374,771
Food gift-in-kind expenses	914,458	-	914,458	-	-	-	914,458
Special events, direct benefit to donor	-	-	-	12,131	-	12,131	12,131
Professional fees	-	-	-	18,387	-	18,387	18,387
Advertising and promotion	-	-	-	8,275	5,074	13,349	13,349
Dues and subscription	-	-	-	13,828	-	13,828	13,828
Insurance expenses	26,122	39,182	65,304	19,409	-	19,409	84,713
Meals and entertainment	399	399	798	41	3,913	3,954	4,752
Travel expense	12,441	12,441	24,882	-	3,020	3,020	27,902
Printing and mailing	1,124	1,124	2,248	962	3,276	4,238	6,486
Office supplies	196	196	392	589	-	589	981
Conferences and board meetings	-	-	-	68	159	227	227
Bank and processing fees	1,272	1,272	2,544	847	26,968	27,815	30,359
Rent expense	-	-	-	19,438	-	19,438	19,438
Web platform and license fee expense	-	134,544	134,544	-	6,000	6,000	140,544
Web platform gift-in-kind expense	-	140,000	140,000	-	2,800	2,800	142,800
Telephone expense	25	38	63	-	-	-	63
Miscellaneous	-	-	-	2,907	1,955	4,862	4,862
Depreciation	-	5,532	5,532	-	-	-	5,532
Total expenses	2,527,983	886,162	3,414,145	261,195	82,665	343,860	3,758,005
Less special events, direct benefit to donor	-	-	-	(12,131)	-	(12,131)	(12,131)
Total Functional Expenses	\$ 2,527,983	\$ 886,162	\$ 3,414,145	\$ 249,064	\$ 82,665	\$ 331,729	\$ 3,745,874

Notes to Financial Statements are an integral part of this Statement.

VENTURE

Statements of Functional Expenses

Year Ended December 31, 2019

	Program Services			Supporting Services			Total Expenses
	Missions and Missionary Programs	Expeditions	Total	General and Administrative	Fundraising	Total	
Personnel costs							
Salaries and related costs	\$ 137,918	\$ 206,877	\$ 344,795	\$ 113,371	\$ 24,500	\$ 137,871	\$ 482,666
Payroll taxes	7,793	11,689	19,482	6,494	-	6,494	25,976
Total personnel costs	145,711	218,566	364,277	119,865	24,500	144,365	508,642
Tour expenses	-	284,329	284,329	-	-	-	284,329
Grants and missionary support	1,300,437	-	1,300,437	-	-	-	1,300,437
Food gift-in-kind expenses	1,616,103	-	1,616,103	-	-	-	1,616,103
Special events, direct benefit to donor	-	-	-	75,547	-	75,547	75,547
Professional fees	-	-	-	59,599	-	59,599	59,599
Advertising and promotion	-	-	-	21,724	26,588	48,312	48,312
Dues and subscription	-	-	-	16,365	-	16,365	16,365
Insurance expenses	13,108	19,662	32,770	8,592	-	8,592	41,362
Meals and entertainment	669	669	1,338	69	5,409	5,478	6,816
Travel expense	5,254	5,253	10,507	-	16,500	16,500	27,007
Printing and mailing	476	476	952	408	2,452	2,860	3,812
Office supplies	379	403	782	1,135	-	1,135	1,917
Conferences and board meetings	-	-	-	303	706	1,009	1,009
Bank and processing fees	1,193	1,193	2,386	795	23,193	23,988	26,374
Rent expense	-	-	-	22,000	-	22,000	22,000
Web platform and license fee expense	-	353,340	353,340	-	6,000	6,000	359,340
Web platform gift-in-kind expense	-	137,200	137,200	-	2,800	2,800	140,000
Telephone expense	114	172	286	-	-	-	286
Miscellaneous	-	-	-	1,088	6,855	7,943	7,943
Depreciation	-	4,938	4,938	-	-	-	4,938
Total expenses	3,083,444	1,026,201	4,109,645	327,490	115,003	442,493	4,552,138
Less special events, direct benefit to donor	-	-	-	(75,547)	-	(75,547)	(75,547)
Total Functional Expenses	\$ 3,083,444	\$ 1,026,201	\$ 4,109,645	\$ 251,943	\$ 115,003	\$ 366,946	\$ 4,476,591

Notes to Financial Statements are an integral part of this Statement.

VENTURE

Statements of Cash Flows

Years Ended December 31,	2020	2019
Cash Flows from Operating Activities		
Change in net assets	\$ 429,517	\$ 868,360
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	5,532	4,938
Paycheck Protection Program forgiveness income	(64,300)	-
Loss (gain) on sale of equipment	3,872	(2,050)
Donation of vehicle	(51,153)	-
Change in assets and liabilities		
Other current assets	12,884	(6,568)
Inventory in transit to donee	195,955	(81,648)
Accounts payable	-	-
Accrued compensation	15,721	9,153
Promises to give	(254,255)	78,948
Net cash from operating activities	<u>293,773</u>	<u>871,133</u>
Cash Flows from Investing Activities		
Purchase of property and equipment	(4,231)	-
Proceeds from sale of equipment	-	2,201
Net cash from (used for) investing activities	<u>(4,231)</u>	<u>2,201</u>
Cash Flows from Financing Activities		
Proceeds from long-term debt - Paycheck Protection Program	64,300	-
Net cash from investing activities	<u>64,300</u>	<u>-</u>
Net Increase in Cash	353,842	873,334
Cash – Beginning of Year	<u>2,701,138</u>	<u>1,827,804</u>
Cash – End of Year	<u>\$ 3,054,980</u>	<u>\$ 2,701,138</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Donated vehicle	<u>\$ 51,153</u>	<u>\$ -</u>
Paycheck Protection Program loan forgiveness	<u>\$ 64,300</u>	<u>\$ -</u>

Notes to Financial Statements are an integral part of this Statement.

VENTURE

Notes to Financial Statements

December 31, 2020 and 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization and Activities

Venture (the “Organization”) is a nonprofit corporation organized in 1992 under the laws of the State of Minnesota. The Organization seeks to use its greatest energies to respond to the world’s greatest needs. The Organization identifies some of the gravest injustices and greatest needs, like human trafficking in Nepal, forced child labor in Vietnam, the cycle of war and violence in eastern and central Africa and its dire impact on the children there, or the genocide and the resulting refugee situation in Thailand and Burma. We then partner with leaders, organizations, and communities in these areas to develop strategies to address these injustices and offer hope. With these needs and strategies, the Organization then engages individuals, campuses, churches, and groups to actively respond through self-sacrifice to raise awareness and funds through biking, hiking, and running, inviting individuals, churches, schools, and organizations to sacrificially participate in bringing hope in a way that inspires their communities. This process changes everyone involved. Above all, the Organization responds in obedience to Christ, who first saved us. In responding to dire needs around the world, the Organization became a picture of His love and hope. In responding, the Organization opens doors to share the saving Gospel of Jesus wherever it goes.

The Organization accomplishes its mission through the following programs:

Missions and missionary programs – the Organization sends and supports well prepared missionaries to focus areas, providing opportunities for people to give financial support to missionaries, nationals, and projects, which includes providing food aid to international locations.

Expeditions – the Organization fosters a community of people who actively respond to the Gospel through physical sacrifice.

The Organization is supported primarily through donor contributions and certain gifts-in-kind from partners.

Accounting Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported support, revenues, and expenses. Actual results could differ from those estimates.

Significant management estimates include the estimate of the fair value of gifts in kind, including inventory in transit to donee and the related promise to give and the allocation of expenses between program services and supporting services. It is at least reasonably possible that these estimates could change in the near term.

Risks and Uncertainties

In March 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic. COVID-19 had an adverse effect on the Organization’s change in net assets due to a reduction in contributions, including a significant reduction in partner contributions as a result of lessened ability to produce and give food, a drop-in volunteer activity, and disruptions to contact donors or recipients due to travel restrictions. At this time, it is difficult to predict the future effect and ultimate impact related to the COVID-19 pandemic, as the situation is evolving.

Recently Adopted Accounting Pronouncements

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820)*. This ASU improves the effectiveness of the notes to financial statements through changes in disclosure requirements for fair value measurement. The ASU is effective for annual periods beginning January 1, 2020. The adoption of this guidance did not have a material impact on the Organization’s financial statements.

VENTURE

Notes to Financial Statements

December 31, 2020 and 2019

In May 2014, and subsequently amended, the FASB issued ASU No. 2014-09, which amended *Revenue from Contracts with Customers (Topic 606)* of the Accounting Standards Codification. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. The Organization adopted this standard January 1, 2020 using the modified retrospective approach. The adoption of this guidance did not have a material impact on the Organization's financial statements.

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new guidance was issued to clarify and improve current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. The amendments clarify how an entity determines whether a resource provider is participating in an exchange transaction by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred. The new standard is to be applied on a modified prospective basis, although retrospective application is permitted. For transactions of non-public entities in which the entity serves as the resource recipient, the amendments are effective for annual periods beginning after December 15, 2018 and interim periods within annual periods beginning after December 15, 2019 (not applicable to the Organization). For transactions of non-public entities in which the entity serves as the resource provider, the amendments are effective for annual periods beginning after December 15, 2020 and interim periods within annual periods beginning after December 15, 2021. Early adoption of the amendment is permitted. The Organization adopted this standard on January 1, 2020, and the adoption of this guidance did not have a material impact on the Organization's financial statements.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, which provides guidance for accounting for leases. The new guidance requires entities to recognize the assets and liabilities for the rights and obligations created by leased assets, initially measured at the present value of the lease payments. The accounting guidance for lessors is largely unchanged. The ASU is effective for annual periods beginning after December 15, 2021, with early adoption permitted. The Organization is currently evaluating the impact that the adoption of this guidance will have on its financial statements.

In August 2018, the FASB issued ASU No. 2018-15, *Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract* of the Accounting Standards Codification. This ASU was issued to provide additional guidance on the accounting for costs of implementation activities performed in a cloud computing arrangement that is a service contract. The amendments align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop internal-use software. The accounting for the service element of a hosting arrangement that is a service contract is not affected by the amendments in this ASU. The ASU is effective for annual periods beginning after December 15, 2020, with early adoption permitted. The Organization is currently evaluating the impact that the adoption of this guidance will have on the Organization's financial statements.

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance does not change the current recognition and measurement requirements; however, the new guidance requires non-profit organizations to report contributed non-financial assets (gifts-in-kind) as a separate line item in the statement of activities. The accounting guidance also requires certain disclosures for gifts-in-kind. The ASU is effective for annual periods beginning after June 15, 2021, with early adoption permitted. The ASU is to be adopted using the retrospective approach. The Organization is currently evaluating the impact that the adoption of this guidance will have on its financial statements.

VENTURE

Notes to Financial Statements

December 31, 2020 and 2019

Basis of Presentation

The Organization presents its financial statements on the accrual basis of accounting. The Organization reports its financial position and activities according to two classes of net assets, based on the existence or absence of donor-imposed restrictions, as follows:

- Net assets without donor restrictions – net assets that are not subject to donor-imposed stipulations.
- Net assets with donor restrictions – net assets subject to donor-imposed restrictions. Some donor restrictions are temporary in nature, such as those that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Contributions

All contributions are considered to be available for unrestricted support use unless specifically restricted by the donor. Contributions received that are restricted by the donor for future periods or specific purposes are reported as increases in net assets with donor restrictions.

When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Cash

The Organization maintains its accounts primarily at one financial institution. The Organization's cash balances exceed amounts insured by the Federal Deposit Insurance Corporation. Management believes the Organization is not exposed to any significant credit risk related to cash.

Inventory in Transit to Donee and Promises to Give

Inventory in transit to donee represents shipments of in-kind food donations that were in transit at each year end to an international donee location where the food will be distributed and for which the Organization retains title and risk of loss until such shipment is received by the donee. The inventory in transit is valued at its estimated initial donated fair value. A related promise to give liability in a like amount at each year end is recorded to reflect the promised commitment of such goods to the international donee.

The Organization has also entered into several agreements to give specified amounts that are payable within one year of the date of the financial statements. These commitments are considered unconditional promises to give and the remaining amounts that have not been paid as of December 31, 2020 and 2019 are reflected as a promise to give liability.

Long-Lived Assets

Property and equipment are stated at cost if purchased and fair value if donated. Maintenance and repairs are expensed as incurred. Major improvements and betterments are capitalized. Depreciation is provided over estimated useful lives by use of the straight-line method. Estimated useful lives for property and equipment are as follows:

	<u>Estimated Useful Life</u>
Computers	5 - 10 years
Furniture and equipment	10 years
Vehicles	5 years

VENTURE

Notes to Financial Statements

December 31, 2020 and 2019

The intangible asset consists of costs of a domain name. Due to this asset having an indeterminate life, no amortization is reflected.

Long-lived assets, such as property and equipment and purchased intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset be tested for possible impairment, the Organization first compares undiscounted cash flows expected to be generated by an asset to the carrying value of the asset. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including, but not limited to, discounted cash flow models, quoted market values and third-party independent appraisals. There were no impairment losses recognized in 2020 and 2019.

Income Taxes

The Organization is a nonprofit entity and therefore is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state statutes. Due to its exempt status, the Organization does not have any significant tax uncertainties that would require disclosure.

Basis of Allocating Functional Expenses

Expenses charged to programs and supporting services, if not directly identifiable, are allocated on a reasonable basis that is consistently applied. Allocated costs include those for administration and general, personnel related expenses and costs for operational support. These costs are allocated based on the various factors including time spent on programs or based upon program revenues. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Fair Value

The Organization's accounting for fair value measurements of assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring or nonrecurring basis adheres to the Financial Accounting Standards Board (FASB) fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability
- Level 3 inputs are unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The carrying value of accrued compensation, promises to give, and other financial working capital items approximate fair value at December 31, 2020 and 2019, due to the short-term nature of these items.

VENTURE

Notes to Financial Statements

December 31, 2020 and 2019

Subsequent Events

The Organization has evaluated subsequent events through November 12, 2021, the date which the financial statements were available to be issued.

2. EXPEDITION PROGRAM AND CLOUD COMPUTING APPLICATION DEVELOPMENT

During 2015, the Organization entered into a contract and began incurring costs related to the development of a cloud-based computing application for the management and support of its expeditions program and the Organization's vision of an application that enables participants to have a measurable social impact for every mile they bike, hike, or run. During 2020 and 2019, the Organization incurred approximately \$183,000 and \$399,000 of costs, respectively, related to this development, which includes approximately \$50,000 in each year of costs that were donated by the developer of the application. The application was launched in 2018 and is available for public use. The Organization also incurs related platform license fees of \$100,000 per year in 2020 and 2019, of which \$90,000 of these platform license fees in each year were also donated by the developer as further described in Note 4.

The cloud computing application development costs incurred during 2020 and 2019 of \$183,000 and \$399,000, respectively, have been included in expenses rather than at least a portion of the costs being capitalized, as the arrangement was determined to be a service contract.

The functionality within the application is designed to not only support the Organization's various expeditions but to also include the ability for the donors to contribute to the expeditions. Management estimates that of the total costs incurred of approximately \$283,000 in 2020 and \$499,000 in 2019 (including the platform license fee of \$100,000 in both 2020 and 2019), \$274,000 and \$490,000 relates to the expedition program, respectively, and \$9,000 relates to the fund-raising element of the application in both 2020 and 2019. This estimate of expense allocation is a significant management estimate.

3. NET ASSETS

Net assets with donor restrictions are restricted for the following purposes at December 31:

	<u>2020</u>	<u>2019</u>
Expeditions	\$ 491,705	\$ 515,340
Missions and Missionary programs	<u>1,579,265</u>	<u>881,797</u>
Totals	<u>\$ 2,070,970</u>	<u>\$ 1,397,137</u>

Net assets with donor restrictions were released from donor restrictions as follows for 2020 and 2019 as a result of incurring the expenses satisfying their restricted purpose:

	<u>2020</u>	<u>2019</u>
Expeditions	\$ 859,958	\$ 69,561
Missions and Missionary programs	<u>1,215,035</u>	<u>3,050,835</u>
Totals	<u>\$ 2,074,993</u>	<u>\$ 3,120,396</u>

VENTURE

Notes to Financial Statements

December 31, 2020 and 2019

4. GIFTS-IN-KIND

Donated goods and services are recorded at their estimated fair value.

Donated services are recognized as contributions if the services create or enhance a nonfinancial asset or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization has estimated the approximate fair value of professional services provided at no charge by related parties (Note 5) to be \$3,000 per year in 2020 and 2019. In addition, the Organization has estimated the approximate fair value of professional services provided at no charge by unrelated parties to be approximately \$65,000 and \$76,000 for the years ended December 31, 2020 and 2019, respectively. These professional services related to cloud application software of approximately \$50,000 per year for both 2020 and 2019 and legal services of approximately \$15,000 and \$26,000 which were provided for the Organization during the years ended December 31, 2020 and 2019, respectively. The Organization also received a donation of related platform license fees for the cloud application of \$90,000 per year in 2020 and 2019. The approximate fair value of professional services and license fees is included in gifts-in-kind contributions and expenses in the statements of activities and functional expenses. The related expense is included in expeditions and fundraising for the cloud application software implementation and related license fees. The donated legal services are recorded in general and administrative expense.

The Organization receives a significant amount of donated services from unpaid volunteers who assist in various activities and which do not meet the criteria above. No amounts have been recognized in the statement of activities because these services do not qualify for recognition under accounting principles generally accepted in the United States of America.

The Organization was also provided rent-free space from a related party (Note 5) during 2019. Fair value of rent for the space was estimated to be approximately \$1,800 per month in 2019 and was provided rent free for twelve months during the year ended December 31, 2019. The approximate fair value of \$22,000 is included in gift-in-kind contributions and rent expense in the statement of activities for the year ended December 31, 2019. The Organization was not provided rent-free space during the year ended December 31, 2020 and incurred rent expense of approximately \$19,000 that was paid for by the Organization.

The Organization also receives food donations for its missions programs. The Organization has estimated the fair value of these donations, based on information provided by the donor, to be approximately \$914,000 and \$1,638,000 for 2020 and 2019, respectively. The approximate fair value of food donations is included in gifts-in-kind contributions and mission program expenses in the statements of activities and functional expenses. Gift-in-kind expense is recorded when the goods are approved for distribution for program use. The Organization does not sell donated gifts-in-kind and only distributes the goods for program use.

At each year end, the Organization had certain shipments of the contributed food inventory that were in transit to an international donee location where the food will be distributed. The Organization retains title to such goods and bears risk of loss until the goods reach the donee location. Therefore, the Organization has recorded inventory in transit to donee of approximately \$65,000 and \$261,000 at December 31, 2020 and 2019, respectively, based on the estimated donated fair value of the food shipment. The Organization has also recorded a related promise to give liability in a like amount at each year end to reflect the promised commitment of such goods to the international donee.

During 2020, the Organization received a vehicle donation with an estimated value of approximately \$51,000.

VENTURE

Notes to Financial Statements

December 31, 2020 and 2019

5. TRANSACTIONS WITH RELATED PARTIES

The Organization is related to three other corporations under common management control. The existence of that control could result in financial position and changes in net assets of the Organization that are significantly different from those that would have been obtained if the entities were autonomous.

The Organization received contributions (exclusive of gifts-in-kind) totaling approximately \$198,000 and \$1,393,000 from these corporations and related individuals during 2020 and 2019, respectively.

The Organization has paid the three corporations approximately \$148,000 and \$27,000 for the years ended December 31, 2020 and 2019, respectively. The amounts paid primarily relate to salaries, airfare, and travel services.

Beginning in January 2019, the Organization moved to a new office space under a verbal agreement with one of the related corporations at a fair value rate of approximately \$1,800 per month. Rent expense, including the gift-in-kind of the use of this office space rent-free (in 2019), was approximately \$19,000 and \$22,000 for the years ended December 31, 2020 and 2019, respectively.

6. CONCENTRATIONS

The Organization has received contributions and gifts-in-kind from corporations under common control with the Organization and related individuals of the Organization that comprised approximately 5% and 26% of the Organization's revenue and support in 2020 and 2019, respectively, as discussed in Notes 4 and 5.

The Organization has received food gifts-in-kind from an unrelated party that comprised approximately 23% and 30% of the Organization's revenue and support in 2020 and 2019, respectively.

7. PROFIT SHARING PLAN

The Organization participates in a discretionary 401(k) profit sharing plan sponsored by a related party for substantially all employees who have attained a certain age and met service requirements. The Organization makes a safe harbor matching contribution of 100% of the employee's elective deferral not to exceed 4% of eligible compensation. Contributions to the plan are subject to certain limits under the Internal Revenue Code. Contributions of approximately \$7,000 and \$9,000 were made for 2020 and 2019, respectively.

8. LIQUIDITY AND AVAILABILITY

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts that have donor-imposed restrictions:

	<u>2020</u>	<u>2019</u>
Financial Assets at Year End:		
Cash	\$ 3,054,980	\$ 2,701,138
Less: Donor-Imposed Restrictions:		
Restricted for Expeditions	(491,705)	(515,340)
Restricted for Missions and Missionary programs	(1,579,265)	(881,797)
Total Donor-Imposed Restrictions	<u>(2,070,970)</u>	<u>(1,397,137)</u>
Net financial assets after donor-imposed restrictions to meet general expenditures within one year	<u>\$ 984,010</u>	<u>\$ 1,304,001</u>

VENTURE

Notes to Financial Statements

December 31, 2020 and 2019

The donor-imposed restrictions represent contributions received from donors with stipulations that the amounts are to be expended for specific program purposes but for which the restricted purposes have not yet been fulfilled at year end. It is anticipated the majority of such donor restrictions will be fulfilled within the next year as the related program expenditures are made. The Organization maintains sufficient resources to meet those requirements. The Organization maintains its cash or other financial assets to be available for expenditures, liabilities, and other obligations, and the Organization's working capital and cash flow needs vary throughout the year. Management monitors its liquidity needs on a regular basis and maintains the majority of its resources in bank deposit accounts.

9. PAYCHECK PROTECTION PROGRAM LOAN AND FORGIVENESS

In April 2020, the Organization received a loan from a lending institution for \$64,300 pursuant to the Paycheck Protection Program ("PPP") created by the Federal government. The PPP loan program is part of the Federal Coronavirus, Aid, Relief, and Economic Security Act ("CARES Act") to provide forgivable loans to entities to assist these organizations with employee and rent expenses during the COVID-19 crisis. Under the regulations of this loan, the loan will be forgiven if at least 60% of the funds used are for payroll purposes. Under U.S. generally accepted accounting principles, loan forgiveness income is recognized when an entity is legally released from the obligation. On November 16, 2020, the loan was forgiven in its entirety, and the Organization recognized forgiveness income of \$64,300 for the year ended December 31, 2020, which is included in revenue and support in the statement of activities.