VESSELS OF MERCY INTERNATIONAL, INC.

(a Virginia Non-Profit Organization)

Financial Statements

For the Year Ended

December 31, 2020

Daniel Selby PLLC
IT AUDITORS & CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS
# Vessels of Mercy International, Inc.

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INDEPENDENT ACCOUNTANT’S REVIEW REPORT

To the Board of Directors
Vessels of Mercy International, Inc.
Henrico, Virginia

We have reviewed the accompanying financial statements of Vessels of Mercy (a non-profit organization), which comprised the statement of financial position as of December 31, 2020 and the related statements of activities, functional expenses and cash flows for the year then ended and related notes to the financial statements. A review includes primarily applying analytical procedures to the management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant’s Responsibility

Our responsibility is to conduct the review engagement in accordance with statements on standards for accounting at review services promulgated by the accounting and review services committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant’s Conclusion

Based on our review, we are not aware of any material modifications that should be made to their company financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

[Signature]

Midlothian, Virginia
April 8, 2021
LISTING OF OFFICERS AND DIRECTORS

Beverly A. Gibson, Founder and CEO
Barbara Fatt, Secretary/Treasurer
Brenda B. Raney, Vice President and Chairman of the Board
Cerena Griffith, Finance Director
Kim Alford, Director
Betty Coggsdale, Director
Debra Gibson-Davenport, Director
Donna Jarrell, Director
Joan Sties, Director
VESSELS OF MERCY INTERNATIONAL, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020 and 2019

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
<td>$390,073</td>
<td>$352,174</td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>760</td>
<td>2,902</td>
</tr>
<tr>
<td>Donations Receivable</td>
<td>0</td>
<td>3,002</td>
</tr>
<tr>
<td>Lease Security Deposit</td>
<td>854</td>
<td>854</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT ASSETS</strong></td>
<td>391,687</td>
<td>358,932</td>
</tr>
<tr>
<td>Property, Plant, and Equipment (Net of Accumulated Depreciation of $6,350 and $5,766)</td>
<td>0</td>
<td>584</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$391,687</td>
<td>$359,516</td>
</tr>
</tbody>
</table>

| **LIABILITIES**         |          |          |
| Accounts Payable        | $5,426   | $8,927   |
| Credit Cards Payable    | 0        | 596      |
| Rent Payable            | 0        | 224      |
| **TOTAL CURRENT LIABILITIES** | 5,426 | 9,747 |

| **NET ASSETS**          |          |          |
| Net Assets Without Donor Restrictions | $386,261 | $349,769 |
| **TOTAL LIABILITIES AND NET ASSETS** | $391,687 | $359,516 |

SEE THE ACCOMPANYING FOOTNOTES TO THE FINANCIAL STATEMENTS
VESSELS OF MERCY INTERNATIONAL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

REVENUES AND GAINS

Donations $ 193,458

Fundraising Revenue
Golf Tournament (net of $5,196 expenses) 25,159
Fall Event 14,105
Gift Catalog 5,690
Mission Trip 0
Other 557

Fundraising Total 45,511

TOTAL REVENUES AND GAINS WITHOUT DONOR RESTRICTIONS 238,969

EXPENSES

Programs 148,883
General & Administrative 37,147
Fundraising 16,447

TOTAL EXPENSES 202,477

Increase (Decrease) in Net Assets Without Donor Restrictions 36,492

Net Assets at Beginning of the Year 349,769

Net Assets at End of Year $ 386,261

SEE THE ACCOMPANYING FOOTNOTES TO THE FINANCIAL STATEMENTS
VESSELS OF MERCY INTERNATIONAL, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020 and 2019

OPERATING ACTIVITIES

Increase (Decrease) in Net Assets $36,492 $ (24,242)

Adjustments to reconcile Increase (Decrease) in Net Assets to Net Cash Provided by Operations:

<table>
<thead>
<tr>
<th>Item</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donations Receivable</td>
<td>3,001</td>
<td>(2,802)</td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>2,143</td>
<td>(2,449)</td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>(4,321)</td>
<td>6,519</td>
</tr>
<tr>
<td>Depreciation Expense</td>
<td>584</td>
<td>583</td>
</tr>
<tr>
<td>Total Adjustments</td>
<td>1,407</td>
<td>1,851</td>
</tr>
</tbody>
</table>

Net cash provided by operating activities $37,899 $(22,391)

Net Increase (Decrease) for the period $37,899 $(22,391)

Cash at beginning of period $352,174 $374,565

Cash at end of period $390,073 $352,174

SEE THE ACCOMPANYING FOOTNOTES TO THE FINANCIAL STATEMENTS
## VESSELS OF MERCY

### STATEMENT OF FUNCTIONAL EXPENSES

#### FOR THE YEAR ENDED DECEMBER 31, 2020

<table>
<thead>
<tr>
<th>Program</th>
<th>General &amp; Administrative</th>
<th>Fundraising</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation</td>
<td>$43,638</td>
<td>$15,585</td>
<td>$3,117</td>
</tr>
<tr>
<td>Medicine, Food, Clothing</td>
<td>53,616</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Occupancy</td>
<td>32,877</td>
<td>13,005</td>
<td>664</td>
</tr>
<tr>
<td>Travel</td>
<td>9,818</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Office Expenses</td>
<td>2,155</td>
<td>826</td>
<td>1,890</td>
</tr>
<tr>
<td>Information Technology</td>
<td>2,050</td>
<td>596</td>
<td>1,240</td>
</tr>
<tr>
<td>Fundraising</td>
<td>-</td>
<td>233</td>
<td>9,323</td>
</tr>
<tr>
<td>Telephone and Internet</td>
<td>2,746</td>
<td>542</td>
<td>108</td>
</tr>
<tr>
<td>Conferences &amp; Conventions</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Utilities</td>
<td>1,466</td>
<td>523</td>
<td>105</td>
</tr>
<tr>
<td>Accounting</td>
<td>-</td>
<td>3,083</td>
<td>-</td>
</tr>
<tr>
<td>Insurance</td>
<td>517</td>
<td>2,170</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation &amp; Amortization</td>
<td>-</td>
<td>584</td>
<td>-</td>
</tr>
<tr>
<td>Legal Fees</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Functional Expenses</strong></td>
<td><strong>$148,883</strong></td>
<td><strong>$37,147</strong></td>
<td><strong>$16,447</strong></td>
</tr>
</tbody>
</table>

SEE THE ACCOMPANYING FOOTNOTES TO THE FINANCIAL STATEMENTS
NOTE A NATURE OF ACTIVITIES

Nature of Activities

Vessels of Mercy International, Inc. is a non-profit organization exempt from income taxes under 501(c)3 of the Internal Revenue Code effective December 2002. This faith-based charitable relief and development organization provides outreach services to inner city youth, disaster relief, and medical and development relief to areas located around the world including Peru, Honduras, Romania, Kenya, Liberia, Malawi, Rwanda, Nicaragua, Cambodia, Haiti, Guatemala, Mozambique, Lebanon, Uganda, India, and the U.S. All support comes from fundraising activities and charitable donations.

Use of Estimates

The preparation of financial statements in conformity with the 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 combined financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Current rental lease is 6.5 years, expiring July 31, 2021, with monthly lease rental payments of $2,955.

Prepays expenses of $760 consist of $340 disbursed in advance for an event location deposit. The remaining amounts were used to pay for printing costs in advance.

Fixed asset purchases made for less than $5,000 starting in 2020 are expensed at the time of purchase.

The organization does not have any lessor or lessee relationship other than its rental office space.

The organization does not conduct non-exempt activities that generate revenues or sales taxes.
NOTE A NATURE OF ACTIVITIES - CONTINUED

Accounts Payables accrued in the amount of $5,426 consist of purchases on credit of $1,924 and $3,502 of mission trip cancellations.

The organization relies on donations and fundraising activities. Therefore, no allowance for doubtful accounts is recorded.

Income Tax Status

For purposes of U.S. tax law, Section 501(c)(3) organizations are generally exempt from federal, state, local income, and property taxes. “Exempt” means they do not have to pay these taxes. Organizations, however, are responsible for employer amounts due regarding payroll taxes. For sales and use tax exemption in Virginia, the Organization must be exempt from federal income taxation under Sections 501(c)(3), 501(c)(4) or 501(c)(19). If the organization has annual gross receipts less than $5,000 and is organized for one of the purposes set forth in Internal Revenue Code 501(c)(3) or 501(c)(4), it must submit a mission statement to the Commonwealth. Proof that the organization is in compliance with Virginia's law relating to organizations that solicit contributions in Virginia. The annual administrative costs of the organization, including salaries and fundraising, must not exceed 40% of its annual gross revenue. An organization with gross annual revenue of at least $750,000 in the previous year must provide a financial review performed by an independent Certified Public Accountant (CPA). Virginia Tax may require an organization with gross annual revenue of at least $1 million in the previous year to provide a financial audit performed by an independent CPA in lieu of a financial review. The organization must provide an estimate of the total amount of tangible personal property purchased in Virginia for the preceding year and the current year. Do not include purchases of any tangible personal property that will be furnished to a contractor performing construction, installation, repair or any other service with respect to real property. If the organization is required to file a federal Form 990, 990EZ, 990PF, or 990N with the IRS, a copy must be provided to Virginia Tax. If the organization is not required to file, the names and address of two members of the organization's Board of Directors must be provided along with the location of the financial records.
NOTE B RESTRICTIONS ON NET ASSETS

Net assets and revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets without donor restrictions – Net assets not subject to donor-imposed restrictions.

Net assets with donor restriction – Net assets subject to donor-imposed stipulations that may or will be met by the actions taken by Vessels of Mercy International, Inc. and/or the passage of time.

Vessels of Merch International, Inc. currently does not restrict assets. This is consistent with the Organization’s objectives. The organization inform donors at the time of donation that they maintain discretion over the use of donated funds. Thus, donors can comment on the use of funds in certain regions, but the Organization exercises complete control over how donated funds are used.

NOTE C LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization’s financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 1 Financial Assets, as of December 31, 2021</td>
<td>390,073</td>
</tr>
<tr>
<td>Less donor-restricted investments</td>
<td>0</td>
</tr>
<tr>
<td>Financial assets available to meet cash needs for general expenditure within one year</td>
<td>390,073</td>
</tr>
</tbody>
</table>

NOTE D RELATED PARTIES

Director, Debra Gibson-Davenport, is the sister of the Founder and CEO, Beverly A. Gibson. There are no transactions regarding these two individuals. Therefore, there are no transactional amounts due from or to these two individuals as it pertains to the entity as of the date of the statement of financial position.
NOTE E EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through April 8, 2021, the date which the financial statements were available to be issued.

NOTE F POSSIBLE EFFECTS OF COVID-19

“In February of 2020, our world and our organization faced the global pandemic COVID-19. As a relief and development organization, we were strategically positioned to respond to the worldwide pandemic at a local and international level. We also quickly adapted to the new opportunities this pandemic presented.

Travel restrictions issued by the Federal Government did not allow us to put teams on the international fields. However, we quickly adapted our programs and alignments with our field partners. We have developed and maintained strong partnerships internationally for over twenty-five years. Therefore, we were able to respond to the needs presented to us by our fifteen international partners. We were also a part of the local government planning response team and relief efforts in Henrico and Richmond. Through this, we began new partnerships that would allow us to serve locally on a greater level.

We are happy to say we did not suffer a loss of income; in fact, God blessed us with the finances and goods-in-kind donations to serve at a greater capacity along with volunteers to carry it out. Our relief efforts made critical services possible this year for thousands of men, women, and children. In the middle of a pandemic, we, along with our volunteers, had the opportunity to serve more people and build several new partnerships. Vessels of Mercy International never closed its doors, and God used this season to do more ministry than ever before.

We were reminded daily of the scripture in Ezekiel 34:26 “I will send down showers in season; there will be showers of blessings.” There were days it was more like a deluge, and we rejoiced!”