

VENTURE

Burnsville, Minnesota

Financial Statements

As of and for the Years Ended December 31, 2022 and 2021

VENTURE

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Venture
Burnsville, Minnesota

Opinion

We have audited the accompanying financial statements of Venture (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Venture as of December 31, 2022 and 2021 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of Venture 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 Venture's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audits 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 auditor's 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 generally accepted auditing standards 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 the audits in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 Venture'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 Venture'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 audits.

Boulay PLLP

Eden Prairie, Minnesota
November 13, 2023

VENTURE

Statements of Financial Position

ASSETS	December 31	
	2022	2021
Current Assets		
Cash	\$ 1,943,811	\$ 2,098,967
Contributions receivable	112,000	-
Prepaid expenses and other current assets	11,025	25
Investments	1,643,904	2,068,035
Inventory in transit to donee	195,955	457,229
Total current assets	<u>3,906,695</u>	<u>4,624,256</u>
Investments	143,446	101,630
Prepaid expenses	33,000	-
Property and Equipment		
Vehicles	61,254	61,254
Furniture and equipment	5,865	5,865
Computers	5,398	6,024
	<u>72,517</u>	<u>73,143</u>
Less accumulated depreciation	41,606	30,272
Net property and equipment	<u>30,911</u>	<u>42,871</u>
Internally developed software, net	150,677	104,520
Intangible asset	<u>16,500</u>	<u>16,500</u>
Total assets	<u>\$ 4,281,229</u>	<u>\$ 4,889,777</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 23,699	\$ -
Accrued compensation	42,395	48,190
Promises to give	195,955	457,229
Note payable - Paycheck Protection Program	-	81,582
Total current liabilities	<u>262,049</u>	<u>587,001</u>
Commitments and Contingencies		
Net Assets		
Without donor restrictions	777,018	1,598,259
With donor restrictions	3,242,162	2,704,517
Total net assets	<u>4,019,180</u>	<u>4,302,776</u>
Total liabilities and net assets	<u>\$ 4,281,229</u>	<u>\$ 4,889,777</u>

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

VENTURE

Statement of Activities and Changes in Net Assets

Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions	\$ 999,792	\$ 2,873,568	\$ 3,873,360
Special events (net of costs of direct benefits to donors of \$14,008)	187,751	-	187,751
Gifts-in-kind	106,244	1,872,461	1,978,705
Paycheck Protection Program loan forgiveness	81,582	-	81,582
Realized and unrealized gains (losses) and investment income, net of fees	(388,512)	-	(388,512)
Net assets released from restrictions	4,208,384	(4,208,384)	-
Total revenue and support	<u>5,195,241</u>	<u>537,645</u>	<u>5,732,886</u>
Expenses			
Program services:			
Missions and missionary programs	5,073,701	-	5,073,701
Expeditions	379,233	-	379,233
Supporting services:			
General and administrative	274,566	-	274,566
Fundraising	288,982	-	288,982
Total expenses	<u>6,016,482</u>	<u>-</u>	<u>6,016,482</u>
Change in Net Assets	(821,241)	537,645	(283,596)
Net Assets - Beginning of Year	<u>1,598,259</u>	<u>2,704,517</u>	<u>4,302,776</u>
Net Assets - End of Year	<u>\$ 777,018</u>	<u>\$ 3,242,162</u>	<u>\$ 4,019,180</u>

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

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Statement of Activities and Changes in Net Assets

Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions	\$ 1,383,289	\$ 2,463,466	\$ 3,846,755
Special events (net of costs of direct benefits to donors of \$8,913)	304,693	-	304,693
Gifts-in-kind	10,440	2,170,022	2,180,462
Realized and unrealized gains (losses) and investment income, net of fees	162,396	-	162,396
Net assets released from restrictions	3,999,941	(3,999,941)	-
Total revenue and support	5,860,759	633,547	6,494,306
Expenses			
Program services:			
Missions and missionary programs	3,992,216	-	3,992,216
Expeditions	912,618	-	912,618
Supporting services:			
General and administrative	252,027	-	252,027
Fundraising	121,391	-	121,391
Total expenses	5,278,252	-	5,278,252
Change in Net Assets	582,507	633,547	1,216,054
Net Assets - Beginning of Year	1,015,752	2,070,970	3,086,722
Net Assets - End of Year	\$ 1,598,259	\$ 2,704,517	\$ 4,302,776

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

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Statement of Functional Expenses

Year Ended December 31, 2022

	Program Services			Supporting Services			Total Expenses
	Missions and Missionary Programs	Expeditions	Total	General and Administrative	Fundraising	Total	
Personnel costs							
Salaries and related costs	\$ 426,939	\$ 91,288	\$ 518,227	\$ 140,777	\$ 82,635	\$ 223,412	\$ 741,639
Payroll taxes	27,267	-	27,267	9,089	-	9,089	36,356
Total personnel costs	454,206	91,288	545,494	149,866	82,635	232,501	777,995
Tour expenses	-	206,495	206,495	-	-	-	206,495
Grants and missionary support	2,545,693	-	2,545,693	-	-	-	2,545,693
Food gift-in-kind expense	1,928,389	-	1,928,389	-	-	-	1,928,389
Fundraising event expenses	-	-	-	-	91,991	91,991	91,991
Special events, direct benefit to donor	-	-	-	14,008	-	14,008	14,008
Professional fees	12,277	-	12,277	30,119	-	30,119	42,396
Advertising and promotion	6,144	7,735	13,879	19,265	32,802	52,067	65,946
Dues and subscription	-	-	-	1,226	2,065	3,291	3,291
Insurance expenses	58,210	-	58,210	17,889	-	17,889	76,099
Meals and entertainment	6,744	163	6,907	-	3,020	3,020	9,927
Travel expense	-	-	-	-	10,208	10,208	10,208
Printing and mailing	1,950	821	2,771	11,038	4,752	15,790	18,561
Office supplies	2,549	979	3,528	-	6,926	6,926	10,454
Bank and processing fees	-	-	-	7,197	42,056	49,253	49,253
Rent expense	18,796	-	18,796	4,661	-	4,661	23,457
Computer expenses	17,636	(69)	17,567	26,964	5,777	32,741	50,308
Telephone expense	6,268	54	6,322	-	-	-	6,322
Miscellaneous	2,999	2,060	5,059	6,341	5,327	11,668	16,727
Depreciation and amortization	11,840	69,707	81,547	-	1,423	1,423	82,970
Total expenses	5,073,701	379,233	5,452,934	288,574	288,982	577,556	6,030,490
Less special events, direct benefit to donor	-	-	-	(14,008)	-	(14,008)	(14,008)
Total Functional Expenses	\$ 5,073,701	\$ 379,233	\$ 5,452,934	\$ 274,566	\$ 288,982	\$ 563,548	\$ 6,016,482

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

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Statement of Functional Expenses

Year Ended December 31, 2021

	Program Services			Supporting Services			Total Expenses
	Missions and Missionary Programs	Expeditions	Total	General and Administrative	Fundraising	Total	
Personnel costs							
Salaries and related costs	\$ 193,720	\$ 290,588	\$ 484,308	\$ 161,433	\$ 39,500	\$ 200,933	\$ 685,241
Payroll taxes, net	(1,934)	(2,902)	(4,836)	(1,612)	-	(1,612)	(6,448)
Total personnel costs	191,786	287,686	479,472	159,821	39,500	199,321	678,793
Tour expenses	-	498,309	498,309	-	-	-	498,309
Grants and missionary support	1,596,907	-	1,596,907	-	-	-	1,596,907
Food gift-in-kind expense	2,170,022	-	2,170,022	-	-	-	2,170,022
Special events, direct benefit to donor	-	-	-	8,913	-	8,913	8,913
Professional fees	-	-	-	16,279	-	16,279	16,279
Advertising and promotion	-	-	-	11,216	14,065	25,281	25,281
Dues and subscription	-	-	-	20,192	-	20,192	20,192
Insurance expenses	27,780	41,558	69,338	19,725	-	19,725	89,063
Meals and entertainment	264	264	528	28	6,800	6,828	7,356
Travel expense	2,699	16,051	18,750	-	3,340	3,340	22,090
Printing and mailing	811	811	1,622	695	9,646	10,341	11,963
Office supplies	76	76	152	229	-	229	381
Bank and processing fees	1,687	1,687	3,374	1,089	44,236	45,325	48,699
Rent expense	-	-	-	22,343	-	22,343	22,343
Web platform and license fee expense	-	31,704	31,704	-	700	700	32,404
Telephone expense	184	330	514	-	-	-	514
Miscellaneous	-	-	-	410	2,704	3,114	3,114
Depreciation and amortization	-	34,142	34,142	-	400	400	34,542
Total expenses	3,992,216	912,618	4,904,834	260,940	121,391	382,331	5,287,165
Less special events, direct benefit to donor	-	-	-	(8,913)	-	(8,913)	(8,913)
Total Functional Expenses	\$ 3,992,216	\$ 912,618	\$ 4,904,834	\$ 252,027	\$ 121,391	\$ 373,418	\$ 5,278,252

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

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Statements of Cash Flows

Years Ended December 31,	2022	2021
Cash Flows from Operating Activities		
Change in net assets	\$ (283,596)	\$ 1,216,054
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	11,840	13,238
Amortization expense	71,130	20,904
Paycheck Protection Program forgiveness income	(81,582)	-
Loss on sale of equipment	6,436	-
Unrealized loss (gain) on investments	310,286	(123,586)
Realized loss on sale of investments	121,301	13,097
Donation of vehicle	(50,316)	-
Change in assets and liabilities:		
Contributions receivable	(112,000)	-
Inventory in transit to donee	261,274	(391,910)
Accounts payable	23,699	-
Accrued compensation	(5,795)	7,298
Promises to give	(261,274)	391,910
Net cash from operating activities	<u>11,403</u>	<u>1,147,005</u>
Cash Flows from Investing Activities		
Payment for internally developed software	(117,287)	(125,424)
Purchase of property and equipment	-	-
Purchase of Investments	(722,506)	(2,076,091)
Proceeds from sale of investments	673,234	16,915
Net cash used for investing activities	<u>(166,559)</u>	<u>(2,184,600)</u>
Cash Flows from Financing Activities		
Proceeds from Paycheck Protection Program	-	81,582
Net cash from investing activities	<u>-</u>	<u>81,582</u>
Net Decrease in Cash	(155,156)	(956,013)
Cash – Beginning of Year	<u>2,098,967</u>	<u>3,054,980</u>
Cash – End of Year	<u><u>\$ 1,943,811</u></u>	<u><u>\$ 2,098,967</u></u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Donated vehicle	<u>\$ 50,316</u>	<u>\$ -</u>
Paycheck Protection Program loan forgiveness	<u>\$ 81,582</u>	<u>\$ -</u>
Prepaid expenses paid with exchange of vehicle	<u>\$ 44,000</u>	<u>\$ -</u>

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

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Notes to Financial Statements

December 31, 2022 and 2021

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.

Venture Miles (formerly known as 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, the allocation of expenses between program services and supporting services, allocation of joint costs between fundraising expenses and program services, and economic life and valuation of internally developed software. It is at least reasonably possible that these estimates could change in the near term.

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Notes to Financial Statements

December 31, 2022 and 2021

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 and Contributions Receivable

Contributions, which include unconditional promises to give (pledges or contributions receivable), are recognized as revenues in the period received or promised. Contributions receivable of cash donations that are due in one year are recorded at net realizable value, while such donations due beyond one year are discounted and stated at net present value.

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, 2022 and 2021 are reflected as a promise to give liability.

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Notes to Financial Statements

December 31, 2022 and 2021

Leases

The Organization determines if an arrangement is a lease at inception. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The right to control the use of an asset includes the right to obtain substantially all of the economic benefits of the underlying asset and the right to direct how and for what purpose the asset is used. The Organization's lease terms include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. For leases that contain both lease and non-lease components, the Organization has elected to account for the lease and non-lease components as a single lease component. The Organization has elected to not apply the requirements of Accounting Standards Update ("ASU") 842 for short-term leases. Short-term leases are defined as leases that, at the commencement date, have a lease term of twelve months or less.

Property and Equipment

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

Internally Developed Software

Internally developed software costs are expensed as incurred unless they meet generally accepted accounting principles for capitalization and subsequent amortization. Software development costs incurred prior to completion of the preliminary stage and management's authorization to commit funding to the project are expensed as incurred. Software development costs incurred during the application development stage and post implementation/operation stage are capitalized. Amortization for capitalized costs is determined based upon the straight-line method over the estimated useful life of three years. Costs incurred for upgrades, enhancements, and maintenance that do not add functionality are expensed as incurred.

Intangible Asset

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

Long-lived assets, such as property and equipment, internally developed software, 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 2022 and 2021.

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Notes to Financial Statements

December 31, 2022 and 2021

Investments

Investments in marketable securities are stated at fair value, based on quoted values. Donated investments are initially recorded at fair value on the date of donation and thereafter reported in accordance with the above provision. Realized and unrealized gains and losses on investments are recorded in the statement of activities and changes in net assets. Investment income earned, including realized and unrealized gains, is recorded as unrestricted or temporarily restricted, depending on the existence and/or nature of any donor restrictions.

Investments are exposed to certain risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities and the volatility on the capital markets, it is at least reasonably possible that changes in the value of investments could occur in the near term, and those investment values could materially differ from the amounts reported in the accompanying financial statements.

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 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, 2022 and 2021, due to the short-term nature of these items.

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Notes to Financial Statements

December 31, 2022 and 2021

Recently Adopted Accounting Pronouncement

Effective January 1, 2022, the Organization adopted the Financial Accounting Standards Board (“FASB”) ASU No. 2016-02, *Leases (Topic 842)*, which requires the lessees to recognize right-of-use assets and lease liabilities measured at the present value of future lease payments at the lease commencement date. The Organization adopted the new leases standard utilizing the effective date transition method, under which amounts in prior periods presented were not restated. Upon adoption of ASC 842 on January 1, 2022, the Organization recorded no operating lease right-of-use (ROU) assets of approximately or lease. The adoption of ASC 842 had no impact on the statement of activities and change in net assets, statement of functional expenses, and statement of cash flows for the year ended December 31, 2022. There was no cumulative effect adjustment to net assets as of the adoption date as a result of adopting the standard.

The Organization elected the package of practical expedients permitted under the transition guideline within the new standard which allowed the Organization to carry forward the historical lease classification.

Effective January 1, 2022, the Organization concurrently adopted FASB ASU No. 2023-01, *Leases (Topic 842), Common Control Arrangements*. This ASU provides a practical expedient for private companies to use the written terms and conditions of a common control arrangement to determine whether a lease exists and, if so, the classification of and accounting for that lease. In addition, the amendment requires leasehold improvements associated with common control leases be amortized by the lessee over the useful life of the leasehold improvement to the common control group regardless of the lease term as long as the lessee controls the use of the underlying asset through the lease. The leasehold improvement would be accounted for as a transfer between entities under common control through an adjustment to equity if and when the lessee no longer controls the use of the underlying asset. The Organization has no leasehold improvements at December 31, 2022.

Subsequent Events

The Organization has evaluated subsequent events through November 13, 2023, the date which the financial statements were available to be issued.

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Notes to Financial Statements

December 31, 2022 and 2021

2. VENTURE MILES PROGRAM AND CLOUD COMPUTING APPLICATION DEVELOPMENT/INTERNALLY DEVELOPED SOFTWARE

The Organization developed its own application which supports its Venture Miles program and the Organization's vision of the application that enables participants to have a measurable social impact for every mile they bike, hike, or run. Application development costs of approximately \$117,000 and \$125,000 for the year ended December 31, 2022 and 2021, respectively, have been capitalized and included in internally developed software on the statement of financial position at December 31, 2022 and 2021, respectively.

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 during 2022 and 2021, \$3,000 and \$9,000, respectively, relates to the fund-raising element of the application. This estimate of expense allocation is a significant management estimate.

Internally developed software consists of the following at December 31:

	<u>2022</u>	<u>2021</u>
Software	\$ 242,711	\$ 125,424
Accumulated amortization	<u>(92,034)</u>	<u>(20,904)</u>
Totals	<u>\$ 150,677</u>	<u>\$ 104,520</u>

Amortization expense for the year ended December 31, 2022 and 2021 was approximately \$71,000 and \$21,000, respectively.

3. CONTRIBUTIONS RECEIVABLE

At December 31, 2022, the Organization has a contribution receivable of \$112,000. This contribution receivable was paid in full during January 2023 and was owed by a related party of the Organization.

4. INVESTMENTS

Investments consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Cash	\$ 2,300	\$ 2,230
Government money market fund	58,871	45,876
Common stock	268,154	603,398
Equity funds:		
US large-cap	335,219	171,714
US mid-cap	122,765	201,131
US small-cap	114,665	102,327
International	62,204	169,632
Emerging markets	26,896	54,000
Commodities	45,535	
Fixed income	607,295	642,318
REITS	-	75,409
Total equity funds	<u>1,314,579</u>	<u>1,416,531</u>
Fixed income	143,446	101,630
Total	<u>\$ 1,787,350</u>	<u>\$ 2,169,665</u>

In the accompanying statement of activities and changes in net assets, investment income represents interest and dividend income and is net of investment fees. Investment fees associated with these investments totaled approximately \$18,000 and \$16,000 for the year ended December 31, 2022 and 2021, respectively.

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Notes to Financial Statements

December 31, 2022 and 2021

5. FAIR VALUE

The following tables present information about the Organization's financial assets and liabilities that are measured at fair value on a recurring basis as of December 31:

	2022			
	Fair Value Carrying Amount in the Statement of Financial Position	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Assets (Included in Investments)				
Government money market fund	\$ 58,871	\$ 58,871	\$ -	\$ -
Equity securities	1,582,733	1,582,733	-	-
Fixed income	143,446	-	143,446	-
Total assets in fair value hierarchy	\$ 1,785,050	\$ 1,641,604	\$ 143,446	\$ -
Cash	2,300			
Total investments	\$ 1,787,350			

	2021			
	Fair Value Carrying Amount in the Statement of Financial Position	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Assets (Included in Investments)				
Government money market fund	\$ 45,876	\$ 45,876	\$ -	\$ -
Equity securities	2,019,929	2,019,929	-	-
Fixed income	101,630	-	101,630	-
Total assets in fair value hierarchy	\$ 2,167,435	\$ 2,065,805	\$ 101,630	\$ -
Cash	2,230			
Total investments	\$ 2,169,665			

The Organization determines the fair value of all level 1 financial assets based on quoted market prices in an active market. Certain fixed income investments are valued based on yields currently available on comparable securities.

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Notes to Financial Statements

December 31, 2022 and 2021

6. NET ASSETS

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

	<u>2022</u>	<u>2021</u>
Venture Miles	\$ 1,762,138	\$ 1,064,680
Missions and Missionary programs	1,368,024	1,639,837
Contributions receivable	112,000	-
Totals	<u>\$ 3,242,162</u>	<u>\$ 2,704,517</u>

Net assets with donor restrictions were released from donor restrictions as follows for 2022 and 2021 as a result of incurring the expenses satisfying their restricted purpose:

	<u>2022</u>	<u>2021</u>
Venture Miles	\$ 230,252	\$ 469,561
Missions and Missionary programs	3,978,132	3,530,380
Totals	<u>\$ 4,208,384</u>	<u>\$ 3,999,941</u>

7. 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 8) to be \$4,500 for the year ended December 31, 2021. In addition, the Organization has estimated the approximate fair value of professional legal services provided at no charge by unrelated parties to be approximately \$6,000 for the year ended December 31, 2021. The approximate fair value of professional fees from unrelated parties is included in gifts-in-kind contributions and expenses in the statements of activities and changes in net assets and functional expenses. The donated legal services and related party professional fees 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 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 \$1,872,000 and \$2,170,000 for 2022 and 2021, respectively. The approximate fair value of food donations is included in gifts-in-kind contributions and 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.

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Notes to Financial Statements

December 31, 2022 and 2021

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 \$196,000 and \$457,000 at December 31, 2022 and 2021, 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 2021, the Organization received gifts-in-kind from a related party of approximately \$56,000. This donation includes airfare of approximately \$35,000 and miscellaneous other items. The approximate fair value of these items is included in gifts-in-kind contributions and expenses in the statements of activities and changes in net assets and functional expenses. The donated items are recorded in missions and mission programs.

During 2022, the Organization received a vehicle donation with an estimated value of approximately \$50,000. This vehicle was used to prepay for future services during 2022 in approximately the same amount.

8. 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 \$483,000 and \$56,000 from these corporations and related individuals during 2022 and 2021, respectively.

The Organization has paid the three corporations approximately \$193,000 and \$260,000 for the years ended December 31, 2022 and 2021, respectively. The amounts paid primarily relate to salaries.

The Organization also pays a rent for office space under an annual lease agreement with one of the related corporations at a fair value rate of approximately \$1,900 per month. Rent expense was approximately \$23,000 for each of the years ended December 31, 2022 and 2021.

9. CONCENTRATIONS

The Organization has received food gifts-in-kind from an unrelated party that comprised approximately 31% and 33% of the Organization's revenue and support in 2022 and 2021, respectively.

10. 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 \$19,000 and \$14,000 were made for 2022 and 2021, respectively.

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Notes to Financial Statements

December 31, 2022 and 2021

11. 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>2022</u>	<u>2021</u>
Financial Assets at Year End:		
Cash	\$ 1,943,811	\$ 2,098,967
Investments	1,787,350	2,169,665
Contributions receivable	112,000	-
Less: With Donor Restrictions:		
Contributions receivable – time restriction	(112,000)	-
Restricted for Venture Miles	(1,762,138)	(1,064,680)
Restricted for Missions and Missionary programs	(1,368,024)	(1,639,837)
Total Donor Restrictions	<u>(3,242,162)</u>	<u>(2,704,517)</u>
Net financial assets after donor restrictions to meet general expenditures within one year	<u>\$ 600,999</u>	<u>\$ 1,564,115</u>

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.

12. PAYCHECK PROTECTION PROGRAM LOAN AND FORGIVENESS

In February 2021, the Organization received a loan from a lending institution for approximately \$82,000, 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. The loan was forgiven in its entirety during June 2022, and the Organization recognized forgiveness income of approximately \$82,000 for the year ended December 31, 2022, which was included in revenue and support in the statement of activities for the year ended December 31, 2022.