

**Blessman International, Inc.**

**Financial Report**

**December 31, 2021 and 2020**

**Blessman International, Inc.**  
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## **Independent Auditor's Report**

To the Board of Directors  
Blessman International, Inc.  
Urbandale, Iowa

### ***Opinion***

We have audited the financial statements of Blessman International, Inc. (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2021, the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Blessman International, Inc. as of December 31, 2021, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis of Opinion***

We conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Blessman International, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Other Matter***

The 2020 financial statements were reviewed by us and our report thereon, dated July 22, 2021, stated we were not aware of any material modifications that should be made to those statements for them to be in accordance with accounting principles generally accepted in the United States of America. A review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements as a whole.

### ***2020 Financial Statements Restated***

As discussed in Note 2 to the financial statements, the 2020 financial statements have been restated to correct a misstatement relating to promises to give. Our opinion is not modified with respect to this matter.

### ***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.

***Responsibilities of Management for the Financial Statements(continued)***

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 Blessman International, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

***Auditor's Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Blessman International, Inc.'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 Blessman International, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Urbandale, Iowa  
\_\_\_\_\_, 2022

**Blessman International, Inc.**  
**Statements of Financial Position**  
**December 31, 2021 (Audited) and 2020 (Reviewed)**

	2021	2020
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 459,483	\$ 369,560
Promises to give	-	544,495
Inventory	15,000	-
Prepaid expense	23,443	14,730
Beneficial interest in community foundation	1,119,105	211,415
Total current assets	1,617,031	1,140,200
<b>Property and equipment</b>		
Equipment and software	33,432	64,753
Leasehold improvements	53,894	53,894
	87,326	118,647
Less accumulated depreciation and amortization	58,115	84,524
Total property and equipment	29,211	34,123
<b>Other assets</b>		
Restricted for permanent endowment		
Beneficial interest in community foundation	63,835	63,835
Total assets	\$ 1,710,077	\$ 1,238,158
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 18,332	\$ 2,979
Related party payable	-	11,250
Accrued expenses	27,037	27,812
Deferred revenue	14,137	4,750
Paycheck Protection Program loan, current maturities	-	31,185
Total current liabilities	59,506	77,976
<b>Other liabilities</b>		
Paycheck Protection Program loan, less current maturities	-	25,615
Total other liabilities	-	25,615
<b>Net assets</b>		
Without donor restrictions	1,384,042	427,891
With donor restrictions	266,529	706,676
Total net assets	1,650,571	1,134,567
Total liabilities and net assets	\$ 1,710,077	\$ 1,238,158

See notes to financial statements.

**Blessman International, Inc.**  
**Statements of Activities**  
**Years Ended December 31, 2021 (Audited) and 2020 (Reviewed)**

	2021		2020	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Public support and revenue				
Contributions	\$ 819,470	\$ 117,234	\$ 815,120	\$ 620,060
In-kind contributions	1,278,000	-	511,200	-
Special events	352,518	-	148,444	-
Gain on forgiveness of Paycheck Protection Program loan	123,475	-	-	-
Sales	235	-	1,897	-
Travel and administration fees, net	4,715	-	432	-
Change in value of beneficial interests in community foundation	73,500	10,208	22,866	10,599
Net assets released from restriction	567,589	(567,589)	241,611	(241,611)
Total public support and revenue	<u>3,219,502</u>	<u>(440,147)</u>	<u>1,741,570</u>	<u>389,048</u>
Expenses				
Program services	1,925,193	-	1,351,207	-
Management and general	134,774	-	184,017	-
Fundraising	182,484	-	182,826	-
Cost of direct benefit to donors	20,900	-	10,258	-
Total expenses	<u>2,263,351</u>	<u>-</u>	<u>1,728,308</u>	<u>-</u>
Change in net assets (as restated 2020)	956,151	(440,147)	13,262	389,048
Net assets				
Beginning of year (as restated 2021)	427,891	706,676	414,629	317,628
End of year	<u>\$ 1,384,042</u>	<u>\$ 266,529</u>	<u>\$ 427,891</u>	<u>\$ 706,676</u>
				<u>\$ 1,134,567</u>

See notes to financial statements

**Blessman International, Inc.**  
**Statements of Functional Expenses**  
**Years Ended December 31, 2021 (Audited) and 2020 (Reviewed)**

	2021				2020					
	Program Services	Management and General	Fundraising	Cost of Direct Benefit to Donors	Total	Program Services	Management and General	Fundraising	Cost of Direct Benefit to Donors	Total
Contributions to affiliated organization	\$ 1,703,025	\$ -	\$ -	\$ -	\$ 1,703,025	\$ 1,170,515	\$ -	\$ -	\$ -	\$ 1,170,515
Wages and benefits	143,486	87,005	97,348	-	327,839	129,970	96,022	103,018	-	329,010
Professional fees	11,874	7,200	8,056	-	27,130	9,583	6,219	7,501	-	23,303
Promotion	10,357	6,280	7,027	-	23,664	8,020	5,205	31,007	-	44,232
Office	4,063	2,637	3,180	-	9,880	3,903	3,307	4,326	-	11,536
Postage and shipping	931	565	632	-	2,128	2,050	1,032	1,244	-	4,326
Telephone	1,512	981	1,184	-	3,677	848	718	939	-	2,505
Occupancy	22,238	13,866	16,021	-	52,125	13,764	10,779	14,563	-	39,106
Travel	18,795	11,597	12,751	-	42,943	2,181	1,327	7,446	-	10,954
Interest	854	554	669	-	2,077	267	226	296	-	789
Insurance	1,571	1,020	1,230	-	3,821	1,388	1,176	1,539	-	4,103
Dues and licenses	527	320	358	-	1,205	1,495	970	1,170	-	3,635
Education and training	193	117	131	-	441	1,628	1,056	1,274	-	3,958
Bank fees	1,957	1,187	1,328	-	4,472	1,759	1,141	1,377	-	4,277
Depreciation and amortization	3,615	1,528	1,842	-	6,985	1,909	1,618	2,116	-	5,643
Events	-	-	30,596	20,900	51,496	1,918	-	5,003	10,258	17,179
Bad debt expense	-	-	-	-	-	-	53,215	-	-	53,215
Other	195	117	131	-	443	9	6	7	-	22
<b>Total</b>	<b>\$ 1,925,193</b>	<b>\$ 134,774</b>	<b>\$ 182,484</b>	<b>\$ 20,900</b>	<b>\$ 2,263,351</b>	<b>\$ 1,351,207</b>	<b>\$ 184,017</b>	<b>\$ 182,826</b>	<b>\$ 10,258</b>	<b>\$ 1,728,308</b>

See notes to financial statements

**Blessman International, Inc.**  
**Statements of Cash Flows**  
**Years Ended December 31, 2021 (Audited) and 2020 (Reviewed)**

	2021	2020
<b>Cash Flows - Operating Activities</b>		
Change in net assets	\$ 516,004	\$ 402,310
Adjustments to reconcile change in net assets to net cash flows		
- operating activities		
Depreciation and amortization	5,724	5,643
Bad debt expense	-	53,215
Gain on forgiveness of Paycheck Protection		
Program loan, net of accrued interest	(123,475)	-
Change in value of beneficial interest in community foundation	(83,708)	(33,465)
Outside contribution to community foundation	(823,982)	(5,000)
Changes in assets and liabilities		
Promises to give	544,494	(410,411)
Inventory	(15,000)	-
Prepaid expenses	(8,713)	32,871
Accounts payable and accrued expenses	14,579	(35,424)
Related parties payable	(11,250)	11,250
Deferred revenue	9,387	(72,114)
Net cash flows - operating activities	24,060	(51,125)
<b>Cash Flows - Investing Activities</b>		
Purchase of equipment	(812)	-
Net cash flows - investing activities	(812)	-
<b>Cash Flows - Financing Activities</b>		
Proceeds from issuance of long-term debt	66,675	56,800
	66,675	56,800
Net change in cash and cash equivalents	89,923	5,675
<b>Cash and Cash Equivalents</b>		
Beginning	369,560	363,885
Ending	\$ 459,483	\$ 369,560



**Blessman International, Inc.**  
**Notes to Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Blessman International, Inc. exists to meet the physical, educational, emotional and spiritual needs of the people of southern Africa with special attention to children by providing nutritional support, housing, skills training, pastoral training, and supportive projects for the community.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Concentration of Credit Risk**

Financial instruments that potentially subject the organization to concentrations of credit risk consist principally of demand deposits located at financial institutions. These demand deposits exceeded the FDIC insurable limit of \$250,000 at times throughout the year.

**Classification of Net Assets**

*Without Donor Restrictions* – assets that are available for use in general operations and not subject to donor restrictions. The organization's governing board may designate portions of its net assets without donor restrictions as board-designated for various purposes.

*With Donor Restrictions* – assets that are subject to donor restrictions. Some donor-imposed restrictions are temporary in nature such as those that will be met by the passage of time or by actions of the organization meeting the purpose of the restriction. Other donor-imposed restrictions are perpetual in nature, such as endowment type funds, where the donor stipulates those resources be maintained in perpetuity.

**Cash and Cash Equivalents**

The organization considers all highly liquid investments with a maturity of three (3) months or less to be cash equivalents. Cash equivalents include amounts invested in money market accounts and other highly liquid closed-ends funds.

**Promises to Give and Contributions**

The organization distinguishes between contributions received with donor restrictions and those without donor-imposed restrictions. Contributions with donor-imposed restrictions are reported as increases in net assets with donor restrictions unless the organization meets the donor-imposed restriction on all or a portion of the amount contributed to the same reporting period in which the contribution was received. In those cases, the contributions, to the extent the restrictions have been met, are reported as increases in net assets without donor restrictions. Receipts of unconditional promises to give with payments due in future periods are reported as restricted support unless it is clear that the donor intended the gift to be used to support activities in the current period.

**Blessman International, Inc.**  
**Notes to Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Promises to Give and Contributions (Continued)**

Unconditional promises to give due in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise was received. Amortization of the discount is included in contribution revenue.

**Expiration of Donor-Imposed Restrictions**

The organization recognizes the expiration of donor-imposed restrictions on contributions in the period in which the restriction expires. A restriction expires when the stipulated time has elapsed, when the stipulated purpose for which the resources were restricted has been fulfilled, or both. Expirations are recorded separately in the statement of activities as reclassifications.

**Property and Equipment**

Property and equipment are recorded at cost, or fair market value if contributed, and is depreciated or amortized over the estimated useful lives of 5-10 years for equipment and software and 20 years for leasehold improvements using the straight-line method.

**Inventory**

Inventories are stated at the lower of cost (specific identification) or market.

**Deferred Revenue**

The organization plans various mission trips to South Africa. Fees for these services are collected upfront by the people participating in the mission trips but are not recognized into revenue until the trip occurs.

**Paycheck Protection Program Loan**

The organization follows the Financial Accounting Standards Board's Topic 470, *Debt*, in accounting for its Paycheck Protection Program (PPP) loan. The loan is accounted for as a financial liability and interest is accrued at the specified rate of 1.00%. The proceeds from the loan remain as a liability until either (1) the loan is, in part or wholly, forgiven and the organization has been legally released or (2) the organization pays off the loan to the creditor. Once the loan is (in part or wholly) forgiven and legal release is received, the organization will reduce the liability by the amount forgiven and record a gain on extinguishment.

**Donated Property and Services**

Donated property or equipment is generally reflected as a contribution in the financial statements at its estimated fair value as of the date of receipt.

Donated services requiring special skills by accountants, architects, carpenters, doctors, attorneys, and other professionals and craftsmen are recorded at fair value if they can reasonably be estimated.

**Blessman International, Inc.**  
**Notes to Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Donated Property and Services (Continued)**

A number of individuals volunteer their time and perform a variety of tasks that assist with the organization, but no amounts have been reflected in the statements for these donated services because these services do not meet the criteria for recognition as donated services.

**Special Events**

All revenue relating to special events is recorded as special event revenue. The portion of special event revenue that is a contribution is recognized in accordance with FASB Accounting Standards Codification. The costs of all prizes, entertainment and gifts or awards to donors are reported as costs of direct benefits to donors. All other expenses of promoting and conducting events are reported as fundraising.

**Functional Expense Allocations**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. The expenses that are allocated include office, telephone, occupancy, interest, insurance, and depreciation and amortization, which are allocated based on square footage and time and effort basis. Wages and benefits, professional fees, promotion, postage and shipping, travel, dues and licenses, education and training, bank fees, and other miscellaneous expenses are allocated based on time and effort. All other expenses are direct and are not required to be allocated.

**Income Taxes**

The organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no provision for taxes has been provided in the accounts. The organization has filed for and received income tax exemptions in the various jurisdictions where it is required to do so.

**Recently Issued Accounting Pronouncements**

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The new guidance will require all leases to be recorded as assets and liabilities on the balance sheet. This update would require capitalization of "right to use" an asset and recognition of an obligation for future lease payments for most leases currently classified as operating leases. Other leases currently classified as capital leases will be referred to as financing leases and will continue to be recorded as assets and liabilities in a similar manner. In June of 2020, the FASB issued ASU No. 2020-05 which defers the effective date making it effective for annual reporting periods beginning after December 15, 2021, with early adoption permitted. The provisions of this ASU are to be applied using either the retrospective approach or modified retrospective approach. The organization is currently evaluating the impact this standard will have on its financial statements. The organization is currently evaluating the impact this standard will have on its financial statements.

**Blessman International, Inc.**  
**Notes to Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Recently Issued Accounting Pronouncements (Continued)**

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*, which is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The amendments in this ASU should be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021. Early adoption is permitted. The organization is currently evaluating the impact this standard will have on its financial statements.

**Subsequent Events**

Management has evaluated subsequent events through \_\_\_\_\_, 2022, the date which the financial statements were available for issue.

**NOTE 2 – PRIOR PERIOD ADJUSTMENT**

During the year ended December 31, 2021 the organization determined it had not recorded a promise to give for the year ended December 31, 2020 related to a contribution received in 2021. This was corrected by the organization and resulted in an increase to previously reported promises to give and net assets with donor restrictions of \$544,495 as follows:

	12/31/2020 Balances as Originally Stated	Adjustments	12/31/2020 Balances as Restated
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Promises to give	\$ -	\$ 544,495	\$ 544,495
Net assets	<u>\$ 590,072</u>	<u>\$ 544,495</u>	<u>\$ 1,134,567</u>
Change in net assets with donor restrictions	<u>\$ (155,447)</u>	<u>\$ 544,495</u>	<u>\$ 389,048</u>

**Blessman International, Inc.**  
**Notes to Financial Statements**

**NOTE 3 – LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are comprised of the following:

	2021	2020
Cash and cash equivalents	\$ 459,483	\$ 369,560
Promises to give	-	544,495
Beneficial interest in community foundation	1,119,105	211,415
	\$ 1,578,588	\$ 1,125,470

As part of the liquidity management plan, the organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**NOTE 4 – FAIR VALUE MEASUREMENTS**

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy prioritizes the inputs into three broad levels as follows:

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: Inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument.
- Level 3: Inputs are unobservable inputs based on the organization's own assumptions used to measure assets and liabilities at fair value. The fair value of the beneficial interests is valued by the Community Foundation trustees using Level 1 and Level 2 inputs.

**Blessman International, Inc.**  
**Notes to Financial Statements**

**NOTE 4 – FAIR VALUE MEASUREMENTS (CONTINUED)**

The organization's investments are stated on the statement of financial position at fair value at December 31, 2021 and 2020, and were composed of the following:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>December 31, 2021</u>				
Beneficial interests in community foundation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,182,940</u>	<u>\$ 1,182,940</u>
<u>December 31, 2020</u>				
Beneficial interests in community foundation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 275,250</u>	<u>\$ 275,250</u>

The following table provides further details of the Level 3 fair value measurements:

	<u>2021</u>	<u>2020</u>
Beginning balance	\$ 275,250	\$ 236,785
Contributions	823,982	5,000
Interest and dividends	19,336	5,385
Total gains or losses (realized and unrealized)		
included in changes in net assets	68,605	29,270
Less administrative fees	(4,233)	(1,190)
Ending balance	<u>\$ 1,182,940</u>	<u>\$ 275,250</u>

**NOTE 5 – BENEFICIAL INTERESTS IN COMMUNITY FOUNDATION FUND**

The organization entered into an agreement with the Community Foundation of Greater Des Moines (CFGDM) in 2017. Pursuant to this agreement, the organization may receive distributions from the fund up to 100% of the balance. Although CFGDM has the power to modify restrictions or conditions on the distributions under certain conditions, the organization does not consider this to effectively constitute variance power, due to the unlikelihood of such conditions occurring. The balance is being accounted for as a beneficial interest and is valued at the fair value of the underlying assets. The balance of the beneficial interest at December 31, 2021 and 2020 were \$1,086,321 and \$188,840.

**Blessman International, Inc.**  
**Notes to Financial Statements**

**NOTE 5 – BENEFICIAL INTERESTS IN COMMUNITY FOUNDATION FUND  
(CONTINUED)**

The organization is also the beneficiary of an additional account held at the CFGDM under the Endow Iowa provisions of the Iowa Code. Pursuant to this agreement, the organization may receive distributions from the fund not exceeding 5% of the balance of the previous year end. The balance is being accounted for as a beneficial interest and is valued at the fair value of the underlying assets. The balance of the beneficial interest at December 31, 2021 and 2020 were \$96,619 and \$86,410, respectively.

Adjustments to the amount reported as an asset are based on an annual review using the same basis as used to initially measure the asset and are recorded in the statement of activities under the caption "change in value of beneficial interests in community foundation."

**NOTE 6 – PAYCHECK PROTECTION PROGRAM LOAN**

Long term debt of the organization consists of the following at December 31, 2021 and 2020:

	2021	2020
Paycheck Protection Program (PPP) loan that calls for monthly installments of \$6,417 including interest at 1.00%, beginning August 2021 through April 2022. The loan was forgiven in March 2021 (A)	\$ -	\$ 56,800
Less current maturities	-	(31,185)
	\$ -	\$ 25,615

(A) In April 2020, the organization applied for and obtained the loan, administered by the U.S. Small Business Administration, established under the Coronavirus Aid, Relief, and Economic Securities (CARES) Act. Under the terms of the loan, which is unsecured, the organization could apply for and be granted forgiveness for a portion or all of the loan. Forgiveness was determined, if during a specified period after the loan origin, the organization maintained certain employee levels and used the proceeds on eligible expenses including payroll, benefits, rent, and utilities. In March 2021, the organization's PPP loan was forgiven by the SBA. The organization must retain all records relating to the loan for six years from the date of forgiveness and must permit authorized representatives of the SBA, including representatives of its Office of Inspector General, to access such files upon request.

**Blessman International, Inc.**  
**Notes to Financial Statements**

**NOTE 7 – ENDOWMENT FUNDS**

The organization's endowment includes donor restricted funds established to support operating activities. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

The organization has interpreted the State of Iowa State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the organization classifies as net assets with donor restrictions that are perpetual in nature (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions that are perpetual in nature is classified as net assets with donor restrictions that are purpose restricted until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, Blessman International, Inc. considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) duration and preservation of the various funds, (2) the purpose of the donor restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and appreciation of investments, (6) the organization's Spending Policy for Endowment Funds, and (7) the organization's Investment Policies.

**Investment Policies**

The organization has adopted an Endowment Fund Investment Policy approved by the Board of Directors for endowment assets. The purpose of the investment policy is to outline the asset allocation guidelines, the investment planning horizon, investment return objectives, the selection criteria applicable to investment managers and consultants, and monitoring and control procedures applicable to the endowment funds. The Board of Directors shall review, at least annually, the asset allocation, considering all relevant factors and information such as historical return data, current market information and the current and future needs of the organization. The target asset allocation should be 20 to 80 percent equity securities (with a target allocation being 70 percent), 20 to 80 percent fixed income securities (with a target allocation being 30 percent). Within the asset allocation for equity securities, the endowment should be invested using investment styles (value, growth, active, passive, etc.) and asset classes as determined from time to time. On average, it is expected that the endowment funds will earn a rate of return of approximately 4 to 5 percent net of fees. The actual returns will deviate from the expected norm. Investment results will be measured on a total return basis, which includes income, capital gains (losses) and changes in market value, net of fees and expenses.



**Blessman International, Inc.**  
**Notes to Financial Statements**

**NOTE 7 – ENDOWMENT FUNDS (CONTINUED)**

**Spending Policies**

The organization's current spending policy is to appropriate an annual distribution amount established at the discretion of the Board of Directors. The distribution amount for the donor restricted endowment fund shall not exceed 5 percent of the average of the fair market values of the total assets of the funds as of the last day of the prior fiscal year. The amount determined under this formula shall be available to support Blessman International, Inc.

**Endowment Net Asset Composition**

Endowment net asset composition as of December 31, 2021 and 2020 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
December 31, 2021			
Donor restricted endowment funds	\$ -	\$ 96,619	\$ 96,619
December 31, 2020			
Donor restricted endowment funds	\$ -	\$ 86,411	\$ 86,411

Changes in endowment net assets as of December 31, 2021 and 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions		Total Net Endowment Assets
	Restrictions	Endowment Earnings	Perpetual Restrictions	Assets
December 31, 2021				
Endowment net assets, beginning of year	\$ -	\$ 22,576	\$ 63,835	\$ 86,411
Contributions	-	-	-	-
Change in beneficial interest	-	10,208	-	10,208
	<u>\$ -</u>	<u>\$ 32,784</u>	<u>\$ 63,835</u>	<u>\$ 96,619</u>
December 31, 2020				
Endowment net assets, beginning of year	\$ -	\$ 11,977	\$ 58,835	\$ 70,812
Contributions	-	-	5,000	5,000
Change in beneficial interest	-	10,599	-	10,599
	<u>\$ -</u>	<u>\$ 22,576</u>	<u>\$ 63,835</u>	<u>\$ 86,411</u>

**Blessman International, Inc.**  
**Notes to Financial Statements**

**NOTE 8 – NET ASSETS**

Net assets without donor restrictions at December 31, 2021 and 2020 are included the following balances:

	<u>2021</u>	<u>2020</u>
Board designated operating reserve	\$ 126,000	\$ 126,000
Undesignated	1,258,042	301,891
	<u>\$ 1,384,042</u>	<u>\$ 427,891</u>

Net assets with donor restrictions at December 31, 2021 and 2020 included the following balances:

	<u>2021</u>	<u>2020</u>
Restricted due to time	\$ -	\$ 544,495
Restricted due to purpose		
Endowment earnings - unappropriated	32,784	22,575
Restricted for specific purpose - various missionaries and activities in South Africa	169,910	75,771
	<u>202,694</u>	<u>98,346</u>
Perpetual in nature - donor restricted endowment	63,835	63,835
	<u>\$ 266,529</u>	<u>\$ 706,676</u>

**NOTE 9 – OPERATING LEASES**

The organization leases office space from a third party on a month-to-month basis. The organization also leases office equipment from third parties under non-cancellable operating leases. Rental expense for the years ended December 31, 2021 and 2020 was \$26,313 and \$26,196, respectively.

Future minimum rental payments required under operating leases at December 31, 2021 are as follows:

<u>Year Ending December 31,</u>	
2022	\$ 4,096
2023	4,096
2024	3,939
2025	3,468
Total	<u>\$ 15,599</u>

**Blessman International, Inc.**  
**Notes to Financial Statements**

**NOTE 10 – RETIREMENT PLAN**

The organization maintains a 403(b) plan and all employees are eligible as of their hire date. Retirement plan expense was \$3,668 and \$305 for the years ended December 31, 2021 and 2020, respectively.

**NOTE 11 – RELATED PARTY**

The organization's board president and founder is also the founder and a member of the board of directors of Blessman International South Africa ("Blessman International SA"). Blessman International SA is a not-for-profit organization located in South Africa and helps Blessman International, Inc. to perform its exempt purpose activities. The organization made contributions to Blessman International SA of \$1,703,025 and \$1,170,515 during the years ended December 31, 2021 and 2020, respectively. The balance of amounts due to Blessman International SA as of December 31, 2021 and 2020 are \$-0- and \$11,250, respectively.

The organization recorded contributions of \$25,000 and \$644,495 from its board president during the years ended December 31, 2021 and 2020, including a promise to give of \$544,495 as of December 31, 2020.

**NOTE 12 – CONCENTRATION**

The income generated by the organization is derived from contributions from various corporations, organizations, and individuals. A significant reduction in the level of this support, if this were to occur, may have an effect on the organization's programs and activities. For the years ended December 31, 2021 and 2020, the organization received a substantial amount of its support from one and two organization and individual, respectively. The organization received 10.07% and 43.65% of its support from these donors on December 31, 2021 and 2020, respectively.