

VILLA INTERNATIONAL ATLANTA, INC.  
FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
With Independent Auditor's Report Thereon

VILLA INTERNATIONAL ATLANTA, INC.  
DECEMBER 31, 2021 AND 2020

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Villa International Atlanta, Inc.

### **Opinion**

We have audited the accompanying financial statements of Villa International Atlanta, Inc., (a nonprofit organization) ("Villa International"), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, 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 Villa International Atlanta, Inc. as of December 31, 2021 and 2020, 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 Audit of the Financial Statements section of our report. We are required to be independent of Villa International 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 Villa International'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 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 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, including omissions, 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 generally accepted auditing standards, 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 Villa International'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 Villa International'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.

*Julian A Koszko LLC*

Morrow, Georgia  
June 9, 2022

VILLA INTERNATIONAL ATLANTA, INC.  
STATEMENTS OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2021 AND 2020

ASSETS			
	2021		2020
<b>CURRENT ASSETS</b>			
Cash	\$ 249,085		\$ 158,701
Investments	299,155		275,258
Accounts receivable	720		1,614
Prepaid expenses	<u>1,225</u>		<u>1,861</u>
<b>TOTAL CURRENT ASSETS</b>	<b>550,185</b>		<b>437,434</b>
<b>PROPERTY AND EQUIPMENT, NET</b>	<u><b>1,523,299</b></u>		<u><b>1,622,045</b></u>
<b>TOTAL ASSETS</b>	<u><b>\$ 2,073,484</b></u>		<u><b>\$ 2,059,479</b></u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 432		\$ 7,898
Accrued expenses	3,991		2,886
Deferred revenue	<u>6,175</u>		<u>1,667</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u><b>10,598</b></u>		<u><b>12,451</b></u>
<b>TOTAL LIABILITIES</b>	<u><b>10,598</b></u>		<u><b>12,451</b></u>
<b>NET ASSETS</b>			
Without donor restrictions	1,992,989		1,980,335
With donor restrictions	<u>69,897</u>		<u>66,693</u>
<b>TOTAL NET ASSETS</b>	<u><b>2,062,886</b></u>		<u><b>2,047,028</b></u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><b>\$ 2,073,484</b></u>		<u><b>\$ 2,059,479</b></u>

*The accompanying notes are an integral part of these financial statements.*

VILLA INTERNATIONAL ATLANTA, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUES:			
Rental fees	\$ 307,058	\$ -	\$ 307,058
Contributions	78,567	250	78,817
Government grants	51,474	-	51,474
Special event revenue, net	<u>44,061</u>	<u>-</u>	<u>44,061</u>
Total support and revenues	481,160	250	481,410
NET ASSETS RELEASED	<u>650</u>	<u>(650)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUES	481,810	(400)	481,410
EXPENSES:			
Program activities	405,777	-	405,777
Supporting services:			
Management & general	72,458	-	72,458
Fundraising	<u>11,709</u>	<u>-</u>	<u>11,709</u>
Total supporting services	84,167	-	84,167
TOTAL EXPENSES	<u>489,944</u>	<u>-</u>	<u>489,944</u>
OPERATING LOSS	(8,134)	(400)	(8,534)
NONOPERATING CHANGES			
Investment revenue	20,293	3,604	23,897
Other revenue	<u>495</u>	<u>-</u>	<u>495</u>
CHANGE IN NET ASSETS	12,654	3,204	15,858
NET ASSETS:			
AT BEGINNING OF YEAR	<u>1,980,335</u>	<u>66,693</u>	<u>2,047,028</u>
AT END OF YEAR	<u>\$ 1,992,989</u>	<u>\$ 69,897</u>	<u>\$ 2,062,886</u>

*The accompanying notes are an integral part of these financial statements.*

VILLA INTERNATIONAL ATLANTA, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUES:			
Rental fees	\$ 223,005	\$ -	\$ 223,005
Contributions	64,321	250	64,571
Government grants	44,613	-	44,613
Special event revenue, net	<u>67,958</u>	<u>-</u>	<u>67,958</u>
Total support and revenues	399,897	250	400,147
NET ASSETS RELEASED	<u>129,960</u>	<u>(129,960)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUES	529,857	(129,710)	400,147
EXPENSES:			
Program activities	420,988	-	420,988
Supporting services:			
Management & general	67,734	-	67,734
Fundraising	<u>22,899</u>	<u>-</u>	<u>22,899</u>
Total supporting services	90,633	-	90,633
TOTAL EXPENSES	<u>511,621</u>	<u>-</u>	<u>511,621</u>
OPERATING EXCESS (LOSS)	18,236	(129,710)	(111,474)
NONOPERATING CHANGES			
Investment revenue	30,680	4,778	35,458
Other revenue	<u>181</u>	<u>-</u>	<u>181</u>
CHANGE IN NET ASSETS	49,097	(124,932)	(75,835)
NET ASSETS:			
AT BEGINNING OF YEAR	<u>1,931,238</u>	<u>191,625</u>	<u>2,122,863</u>
AT END OF YEAR	<u>\$ 1,980,335</u>	<u>\$ 66,693</u>	<u>\$ 2,047,028</u>

*The accompanying notes are an integral part of these financial statements.*

VILLA INTERNATIONAL ATLANTA, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program activities	Management and general	Fundraising	Total
Personnel	\$ 138,474	\$ 49,055	\$ 9,965	\$ 197,494
Occupancy	119,937	6,312	-	126,249
Depreciation	93,809	4,937	-	98,746
Insurance	25,005	1,597	127	26,729
Professional fees	10,269	571	570	11,410
Supplies	10,113	147	146	10,406
Bank fees	-	9,385	-	9,385
Office expense	6,910	384	831	8,125
Other	1,260	70	70	1,400
 TOTAL EXPENSES	 \$ 405,777	 \$ 72,458	 \$ 11,709	 \$ 489,944

*The accompanying notes are an integral part of these financial statements.*



VILLA INTERNATIONAL ATLANTA, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program activities	Management and general	Fundraising	Total
Personnel	\$ 142,184	\$ 47,035	\$ 20,335	\$ 209,554
Occupancy	125,504	6,605	-	132,109
Depreciation	94,608	4,979	-	99,587
Insurance	25,394	1,795	276	27,465
Professional fees	9,828	546	546	10,920
Supplies	13,644	244	244	14,132
Bank fees	-	5,983	-	5,983
Office expense	8,836	492	1,443	10,771
Other	990	55	55	1,100
 TOTAL EXPENSES	 \$ 420,988	 \$ 67,734	 \$ 22,899	 \$ 511,621

*The accompanying notes are an integral part of these financial statements.*

VILLA INTERNATIONAL ATLANTA, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 15,858	\$ (75,835)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	98,746	99,587
Unrealized gain on investments	(15,295)	(6,895)
Contribution of securities	-	(15,102)
PPP loan forgiveness	(51,474)	(44,613)
Decrease in operating assets		
Accounts receivable	894	2,371
Prepaid expenses	636	2,443
(Decrease) Increase in operating liabilities		
Accounts payable	(7,466)	1,797
Accrued expenses	1,105	2,006
Deferred revenue	<u>4,508</u>	<u>(4,952)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	47,512	(39,193)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment and furniture	-	(13,099)
Purchases of investments	(8,602)	(28,227)
Proceeds from investments	<u>-</u>	<u>19,935</u>
NET CASH USED IN INVESTING ACTIVITIES	(8,602)	(21,391)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of PPP loan	<u>51,474</u>	<u>44,613</u>
NET CASH FLOW PROVIDED BY FINANCING ACTIVITIES	<u>51,474</u>	<u>44,613</u>
NET CHANGE IN CASH	90,384	(15,971)
CASH AT THE BEGINNING OF THE YEAR	<u>158,701</u>	<u>174,672</u>
CASH AT THE END OF THE YEAR	<u>\$ 249,085</u>	<u>\$ 158,701</u>
SUPPLEMENTAL DISCLOSURE FOR NON-CASH FINANCING:		
PPP Loan Forgiveness	<u>\$ 51,474</u>	<u>\$ 44,613</u>

*The accompanying notes are an integral part of these financial statements.*

VILLA INTERNATIONAL ATLANTA, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

**1. ORGANIZATION**

Villa International Atlanta, Inc. ("Villa International") is a Christian ministry offering safe and affordable short-term residence to persons of all faiths and from all parts of the world. Villa International was incorporated in Georgia in 1969, and was originally founded to host international medical guests of the Centers for Disease Control and Prevention.

Villa International Atlanta, Inc. receives support primarily from individual, foundation and corporate contributions. Villa International also has several special events that they have throughout the year to generate revenue.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

**Basis of accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Villa International's net assets and its revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of Villa International and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of the organization. These net assets may be used at the discretion of Villa International's management and the board of directors.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met by actions of Villa International and/or passage of time. Some donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

VILLA INTERNATIONAL ATLANTA, INC.  
NOTES TO FINANCIAL STATEMENTS – Continued

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenue recognition**

Villa International records unconditional promises to give and contributions received as support without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. Conditional promises to give are recognized as contributions or grants without donor restrictions once the conditions of the promise or grant have been substantially met.

Villa International reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Villa International has chosen to report donor-restricted support whose restrictions are met in the same reporting period as support without donor restrictions.

Villa International recognizes rental fees when control of the promised service is transferred to residents, in an amount that reflects the consideration Villa International expects to be entitled to in exchange for the service. Revenue is recognized as service is provided, at a point in time. Villa International's rental fees are quoted to residents on a per bed or room stay. Rental fees are due at least monthly or upon exit.

**Deferred revenue**

Deferred revenue represents income which have been received, but for which the prescribed services have not yet been performed as estimated by management. This revenue will be recognized as income when the related services are provided.

**Cash and cash equivalents**

For financial statement purposes, highly liquid investments with original maturities of three months or less when purchased are reported as cash and cash equivalents. For the years ended December 31, 2021 and 2020, Villa International had no cash equivalents.

**Financial instruments**

The financial instruments shown as assets and liabilities in the statement of financial position are traditional in nature. The carrying value of cash and cash equivalents and all other financial instruments, including receivables and payables, approximate their fair value.

VILLA INTERNATIONAL ATLANTA, INC.  
NOTES TO FINANCIAL STATEMENTS – Continued

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Property and equipment**

Expenditures of \$2,500 or more for repairs, maintenance, renewals and betterments which prolong an asset's useful life beyond 2 years are capitalized. The fair value of donated items is similarly capitalized. The basis of property and equipment are depreciated using the straight-line method over the useful lives of the respective assets. The cost of assets retired or sold and their associated accumulated depreciation are removed from the accounts upon disposition, with any related gain or loss included in income.

The fair value of contributed items is reported as support without donor restrictions unless the donor has restricted the asset to a specific purpose. Assets donated with restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as net assets with donor restriction. Absent donor stipulations regarding how long those donated assets must be maintained, Villa International reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Villa International reclassifies net assets with donor restriction to without donor restriction at that time.

**Investments**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Investment earnings, including interest and dividend income and realized and unrealized gains and losses, are recorded in net assets without donor restriction unless their use is restricted by explicit donor stipulation. Investment revenue/loss is presented in the statements of activities net of investment expense.

**Costs allocated to programs**

Villa International applies allocation formulas to certain groups of expenses to allocate them to programs and administration. The allocation formulas are derived from cost of labor based upon personnel assignments and upon the space and resources assigned to the personnel involved in an activity. In addition, there are analyses of time expended for certain activities. Allocation formulas are reevaluated annually or as material changes warrant.

**Estimates**

Management of Villa International makes estimates and assumptions related to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare the financial statements in conformity with GAAP. Actual results could differ from these estimates.

VILLA INTERNATIONAL ATLANTA, INC.  
NOTES TO FINANCIAL STATEMENTS – Continued

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Income taxes**

Villa International is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the “IRC”) whereby only unrelated business income, as defined by Section 512(a)(1) of the IRC is subject to federal income tax. Villa International had no income from unrelated activities and has no income taxes due as of December 31, 2021 and 2020.

Villa International’s application of ASC 740 regarding uncertain tax positions had no effect on its financial position as management believes Villa International have no material unrecognized income tax benefits, including any potential risk of loss of its not-for-profit tax status. Villa International would account for any potential interest or penalties related to possible future liabilities for unrecognized income tax benefits as income tax expense. Villa International is no longer subject to examination by federal, state or local tax authorities for periods before 2018.

**Upcoming accounting pronouncements**

*ASU No. 2016-02 Leases (Topic 842)*

FASB issued ASU 2016-02, Leases (Topic 842), which will require organizations to recognize assets and liabilities on the balance sheet for the rights and obligations created by the leases. A lessee will be required to recognize assets and liabilities for leases with terms that exceed twelve months. The standard will also require disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. The disclosures include qualitative and quantitative requirements, providing additional information about the amounts recorded in the financial statements. ASU No. 2020-05 delayed the application of the new leases standard for one year. As a result, the leases standard is effective for Villa International’s fiscal year ending December 31, 2022. Early application is permitted.

*ASU No. 2020-07 Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*

The ASU requires that an NFP present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets, and disclose the following: (1) A disaggregation of the amount of contributed nonfinancial assets recognized within the statement of activities by category that depicts the type of contributed nonfinancial assets. (2) For each category of contributed nonfinancial assets recognized, qualitative information about whether nonfinancial assets were monetized or utilized; the NFP’s policy (if any) about monetizing rather than utilizing contributed nonfinancial assets; donor-imposed restrictions associated with contributed nonfinancial assets; and valuation techniques, inputs, and the principal market used for determining fair value. This ASU is

VILLA INTERNATIONAL ATLANTA, INC.  
NOTES TO FINANCIAL STATEMENTS – Continued

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

effective for Villa International’s fiscal year ending December 31, 2022. Retrospective basis is used for implementation.

Villa International is currently evaluating the impact of the adoption of both standards on the financial statements.

**Subsequent events**

Subsequent events have been evaluated through June 9, 2022, which is the date the financial statements were available to be issued.

**3. FAIR VALUE MEASUREMENTS**

Villa International follows the provisions of Statement of Financial Accounting Standards Board (FASB) Accounting Standards Codification 820 (“ASC 820”), Fair Value Measurements and Disclosure, for financial assets and liabilities. Under ASC 820, fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, ASC 820 establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels. These levels, in order of highest priority to lowest priority, are described as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Unobservable prices that are based on inputs not quoted on active markets, but corroborated by market data.

Level 3: Inputs are unobservable inputs for the asset that are supported by little or no market activity and that are significant to the fair value of the underlying asset.

Following is a description of the valuation methodologies used for assets measured at fair value:

*Mutual funds:* Mutual funds are registered investments with various investment managers. The fair value of these investments are determined by reference to the fund’s underlying assets, which are principally marketable equities and fixed income securities. Shares held in mutual funds traded on national securities exchanges are valued at their net asset value.

As of December 31, 2021 and 2020, all investments held by Villa International were Mutual Fund – Fixed Income, Level 1 investments.

VILLA INTERNATIONAL ATLANTA, INC.  
NOTES TO FINANCIAL STATEMENTS – Continued

**4. AVAILABILITY AND LIQUIDITY**

The following represents Villa International’s financial assets at December 31, 2021, reduced by amounts not available for expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

Financial assets:	
Cash	\$ 249,085
Investments	299,155
Accounts receivable	<u>720</u>
Financial assets at year-end	548,960
Less amounts unavailable to be used within one year:	
Investments in endowments	(56,250)
Net assets with time or purpose restrictions	<u>(13,647)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>479,063</u>

Villa International’s goal is generally to maintain financial assets to meet 90 days of operating expenses.

**5. LEASES**

In July 2021, Villa International entered into a mail machine lease with a monthly payment of \$50 required through September 2025. The future minimum lease payments required under this lease are as follows:

Year ended December 31,	
2022	\$ 601
2023	601
2024	601
2025	<u>451</u>
Total obligation under lease	\$ <u>2,254</u>



VILLA INTERNATIONAL ATLANTA, INC.  
NOTES TO FINANCIAL STATEMENTS – Continued

**6. PROPERTY AND EQUIPMENT**

Property and equipment at December 31, 2021 and 2020 consisted of the following:

	2021	2020
Land and building	\$ 3,068,043	\$ 3,068,043
Office furniture and equipment	592,267	592,267
Program vehicles	24,970	24,970
Less accumulated depreciation	<u>(2,161,981)</u>	<u>(2,063,235)</u>
Net fixed assets	<u>\$ 1,523,299</u>	<u>\$ 1,622,045</u>

**7. NET ASSETS**

Net assets with donor restrictions were as follows for the years ended December 31, 2021 and 2020:

	2021	2020
<i>Subject to expenditures for specific purpose:</i>		
CLC Scholarship Fund	\$ 13,147	\$ 10,193
Petersen Fund	<u>500</u>	<u>250</u>
	13,647	10,443
<i>Subject to restriction in perpetuity:</i>		
CLC Scholarship Fund	31,250	31,250
Graham Fund	20,000	20,000
Petersen Fund	<u>5,000</u>	<u>5,000</u>
	<u>56,250</u>	<u>56,250</u>
Total net assets with donor restrictions	<u>\$ 69,897</u>	<u>\$ 66,693</u>

Net assets with donor restrictions released from restrictions were as follows for the years ended December 31, 2021 and 2020:

	2021	2020
CLC Scholarship Fund	\$ 650	\$ 4,780
Memorial Fund	<u>-</u>	<u>125,180</u>
Total released from restrictions	<u>\$ 650</u>	<u>\$ 129,960</u>

VILLA INTERNATIONAL ATLANTA, INC.  
NOTES TO FINANCIAL STATEMENTS – Continued

**8. RETIREMENT PLAN**

Villa International contributes to a 403(b) retirement plan through Fidelity, as a client of the Presbyterian Board of Pensions. During the years ended December 31, 2021 and 2020, Villa International contributed a total \$17,251 and \$11,683 to participants' accounts, respectively.

**9. PAYCHECK PROTECTION PROGRAM LOAN**

In March 2020, the President of the United States signed into law the Coronavirus Aid, Relief and Economic Security (CARES) Act, which provides Payroll Protection Program (PPP) loans to small businesses facing an unprecedented economic disruption due to the Coronavirus (COVID-19) outbreak. Paycheck Protection Program loans provide a direct incentive for nonprofits to keep their workers on the payroll and to maintain their operations.

On May 7, 2020, Villa International was granted a loan of \$44,613 from the U.S. Government's Payroll Protection Program (PPP). The loan is uncollateralized and is fully guaranteed by the Federal government. Villa International initially recorded the loan as a refundable advance and subsequently recognized grant revenue in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. Villa International recognized \$44,613 as government grant revenue for the year ended December 31, 2020. Villa International received full forgiveness of the loan on July 29, 2021.

On February 9, 2021, Villa International was granted a second loan of \$51,474 from the U.S. Government's Payroll Protection Program (PPP). The loan is uncollateralized and is fully guaranteed by the Federal government. Villa International recognized \$51,474 as government grant revenue for the year ended December 31, 2021. Villa International received full forgiveness of the loan on November 22, 2021. The government grant revenue is included in the statement of activities.

**10. ENDOWMENT FUNDS**

Villa International has donor endowment funds that have been setup with donor-imposed restrictions and the funds are considered to be restricted in perpetuity.

**Return Objectives and Risk Parameters**

Villa International has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by the endowment while seeking to maintain the purchasing power of the endowment assets.

VILLA INTERNATIONAL ATLANTA, INC.  
NOTES TO FINANCIAL STATEMENTS – Continued

**10. ENDOWMENT FUNDS (Continued)**

**Interpretation of Relevant Law**

Villa International has interpreted the 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, Villa International classifies as donor restricted net assets in perpetuity (a) the original value of gift(s) donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time that accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in restricted net assets in perpetuity is classified as restricted net assets by time until those amounts are appropriated for expenditure by Villa International in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, Villa International considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of Villa International and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of Villa International
- (7) The investment policies of Villa International

**Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives and ensure the corpus of these endowments are preserved, Villa International relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The endowment assets are currently invested in treasury and equity mutual funds.

The following is a reconciliation of the endowment funds for years ended December 31, 2021 and 2020:

Balance as of December 31, 2019	\$	56,250
2020 Contributions/adjustments		-
Balance as of December 31, 2020		56,250
2021 Contributions/adjustments		-
Balance as of December 31, 2021	\$	56,250