



**INTERNATIONAL STUDENTS, INC.
AND AFFILIATE**

Consolidated Financial Statements
With Independent Auditors' Report

September 30, 2022 and 2021

INTERNATIONAL STUDENTS, INC. AND AFFILIATE

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
International Students, Inc. and Affiliate
Colorado Springs, Colorado

Opinion

We have audited the accompanying consolidated financial statements of International Students, Inc. and Affiliate, which comprise the consolidated statements of financial position as of September 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of International Students, Inc. and Affiliate as of September 30, 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 *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of International Students, Inc. and Affiliate 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about International Students, Inc. and Affiliate's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Board of Trustees
International Students, Inc. and Affiliate
Colorado Springs, Colorado

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated 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 consolidated 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 consolidated 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 International Students, Inc. and Affiliate'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about International Students, Inc. and Affiliate'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.

Capin Crouse LLP

Colorado Springs, Colorado
January 24, 2023

INTERNATIONAL STUDENTS, INC. AND AFFILIATE

Consolidated Statements of Financial Position

	September 30,	
	2022	2021
ASSETS:		
Cash and cash equivalents	\$ 3,552,407	\$ 3,769,381
Investments	4,419,970	3,591,573
Other assets	107,773	108,686
Property and equipment–net	2,949,096	3,042,510
Total Assets	\$ 11,029,246	\$ 10,512,150
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 93,826	\$ 75,161
Accrued expenses and other liabilities	240,932	230,792
Annuities payable	49,780	53,232
Total liabilities	384,538	359,185
Net assets:		
Without donor restrictions:		
Operating	4,451,282	3,809,869
Board designated	200,000	500,420
	4,651,282	4,310,289
With donor restrictions:		
Field ministries	5,161,438	4,922,654
Ministry projects	831,988	920,022
	5,993,426	5,842,676
Total net assets	10,644,708	10,152,965
Total Liabilities and Net Assets	\$ 11,029,246	\$ 10,512,150

See notes to consolidated financial statements

INTERNATIONAL STUDENTS, INC. AND AFFILIATE

Consolidated Statements of Activities

	Year Ended September 30,					
	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Field ministry contributions	\$ -	\$ 11,690,099	\$ 11,690,099	\$ -	\$ 11,532,494	\$ 11,532,494
General fund contributions	967,334	-	967,334	901,501	-	901,501
Other contributions	-	130,343	130,343	-	229,970	229,970
Gain on extinguishment of debt	-	-	-	1,751,200	-	1,751,200
Rental income	211,083	-	211,083	211,803	-	211,803
Other income	131,750	-	131,750	45,267	-	45,267
Investment income (loss)	(88,132)	-	(88,132)	34,826	-	34,826
Contributed services and nonfinancial assets	-	149,449	149,449	-	28,970	28,970
Total Support and Revenue	1,222,035	11,969,891	13,191,926	2,944,597	11,791,434	14,736,031
NET ASSETS RELEASED:						
Purpose and time restrictions	10,078,515	(10,078,515)	-	8,776,196	(8,776,196)	-
Administrative assessments	1,740,626	(1,740,626)	-	1,677,821	(1,677,821)	-
Total Net Assets Released	11,819,141	(11,819,141)	-	10,454,017	(10,454,017)	-

(continued)

See notes to consolidated financial statements

INTERNATIONAL STUDENTS, INC. AND AFFILIATE

Consolidated Statements of Activities (continued)

	Year Ended September 30,					
	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES:						
Program services	9,948,850	-	9,948,850	9,370,045	-	9,370,045
Supporting activities:						
Management and general	1,052,948	-	1,052,948	1,093,777	-	1,093,777
Fund-raising:						
Direct and allocated						
fund-raising	1,196,658	-	1,196,658	1,098,289	-	1,098,289
Volunteer recruitment	501,727	-	501,727	461,271	-	461,271
	2,751,333	-	2,751,333	2,653,337	-	2,653,337
Total Expenses	12,700,183	-	12,700,183	12,023,382	-	12,023,382
Change in Net Assets	340,993	150,750	491,743	1,375,232	1,337,417	2,712,649
Net Assets, Beginning of Year	4,310,289	5,842,676	10,152,965	2,935,057	4,505,259	7,440,316
Net Assets, End of Year	\$ 4,651,282	\$ 5,993,426	\$ 10,644,708	\$ 4,310,289	\$ 5,842,676	\$ 10,152,965

See notes to consolidated financial statements

INTERNATIONAL STUDENTS, INC. AND AFFILIATE

Consolidated Statement of Functional Expenses

Year Ended September 30, 2022

	Supporting Activities				Total
	Program Services	Management and General	Fund- Raising	Volunteer Recruitment	
Salaries and employee benefits	\$ 8,011,198	\$ 502,160	\$ 935,113	\$ 418,907	\$ 9,867,378
Ministry operations	718,127	4,972	68,298	40,439	831,836
Travel and meals	499,689	18,048	47,963	24,279	589,979
Facilities	371,299	15,420	57,436	10,285	454,440
Professional fees	179,371	199,043	41,541	3,690	423,645
Interest and bank charges	35,484	101,936	2,117	109	139,646
Other	16,910	79,517	2,449	790	99,666
Depreciation	16,810	72,691	3,913	-	93,414
Donor care	51,166	1,216	4,896	2,950	60,228
Postage	6,913	19,884	15,235	7	42,039
Literature and printing	9,309	15,859	10,214	220	35,602
Telephone	19,043	6,801	2,960	8	28,812
Office supplies	5,546	12,433	898	43	18,920
Grants to others	7,985	2,968	3,625	-	14,578
	<u>\$ 9,948,850</u>	<u>\$ 1,052,948</u>	<u>\$ 1,196,658</u>	<u>\$ 501,727</u>	<u>\$ 12,700,183</u>
Percent of total expenses *	78.3%	8.3%	9.4%	4.0%	100%

* This schedule reflects implementation of the *Not-for-Profit Entities Other Expenses* subtopic of the Financial Accounting Standards Board Accounting Standards Codification which requires that the cost of all volunteer recruitment, even of those volunteers involved in direct ministry, be classified as supporting activities expenses.

See notes to consolidated financial statements

INTERNATIONAL STUDENTS, INC. AND AFFILIATE

Consolidated Statement of Functional Expenses

Year Ended September 30, 2021

	Supporting Activities				Total
	Program Services	Management and General	Fund- Raising	Volunteer Recruitment	
Salaries and employee benefits	\$ 7,982,969	\$ 498,600	\$ 911,971	\$ 414,576	\$ 9,808,116
Ministry operations	282,054	6,911	25,354	15,254	329,573
Travel and meals	269,887	5,359	25,778	13,880	314,904
Facilities	315,337	18,041	50,545	9,247	393,170
Professional fees	195,621	285,236	30,790	3,983	515,630
Interest and bank charges	1,690	99,828	480	8	102,006
Other	45,092	44,430	15,750	1,164	106,436
Depreciation	20,064	77,982	3,546	18	101,610
Donor care	41,858	1,005	4,005	2,412	49,280
Postage	6,009	18,740	12,125	30	36,904
Literature and printing	6,351	19,307	14,207	336	40,201
Telephone	19,266	7,672	2,459	-	29,397
Office supplies	11,565	10,666	1,279	363	23,873
Grants to others	172,282	-	-	-	172,282
	\$ 9,370,045	\$ 1,093,777	\$ 1,098,289	\$ 461,271	\$ 12,023,382
Percent of total expenses *	78.0%	9.1%	9.1%	3.8%	100%

* This schedule reflects implementation of the *Not-for-Profit Entities Other Expenses* subtopic of the Financial Accounting Standards Board Accounting Standards Codification which requires that the cost of all volunteer recruitment, even of those volunteers involved in direct ministry, be classified as supporting activities expenses.

See notes to consolidated financial statements

INTERNATIONAL STUDENTS, INC. AND AFFILIATE

Consolidated Statements of Cash Flows

	Year Ended September 30,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 491,743	\$ 2,712,649
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	93,414	101,610
Stock donations	(44,162)	(450,603)
Net realized and unrealized losses on investments	182,384	27,516
Loss on disposal of equipment	-	3,671
Gain on extinguishment of debt	-	(1,751,200)
Change in value of annuities	4,729	6,117
Change in operating assets and liabilities:		
Other assets	913	(39,805)
Accounts payable	18,665	(30,368)
Accrued expenses and other liabilities	10,140	(34,556)
Net Cash Provided by Operating Activities	757,826	545,031
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	44,162	852,095
Purchases of investments	(950,741)	-
Reinvested dividends	(60,040)	(62,342)
Net Cash Provided (Used) by Investing Activities	(966,619)	789,753
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on notes payable	-	(1,379,093)
Principal payments on capital leases	-	(15,989)
Payments on annuities	(8,181)	(8,327)
Net Cash Used by Financing Activities	(8,181)	(1,403,409)
Net Change in Cash and Cash Equivalents	(216,974)	(68,625)
Cash and Cash Equivalents, Beginning of Year	3,769,381	3,838,006
Cash and Cash Equivalents, End of Year	\$ 3,552,407	\$ 3,769,381
SUPPLEMENTAL DISCLOSURE AND NON-CASH ITEMS:		
Cash paid for unrelated business income tax	\$ -	\$ 9,490
Property and equipment acquired through capital lease	\$ -	\$ 51,453
Termination of capital lease agreement and return of equipment	\$ -	\$ 16,179

See notes to consolidated financial statements

INTERNATIONAL STUDENTS, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

1. NATURE OF ORGANIZATIONS:

International Students, Inc. exists to share Christ's love with international students and to equip them for effective service in cooperation with the local church and others. The ministry directly relates to sharing the Gospel with non-believing international students and equipping Christian international students to be effective witnesses, as well as befriending the students while they are "strangers in our midst." International Students, Inc.'s vision is to see every international student befriended, led to a personal relationship with Christ, and disciplined for His service to impact every nation with the Gospel of Jesus Christ.

There are now close to 1.5 million international students and scholars studying at American colleges and universities. They represent the best and brightest of 220 countries around the world. Approximately 71% come from countries in the "10/40 Window," and many come from countries that restrict access to the Gospel. They are often open to developing friendships with Americans, and many are curious about American culture, Christianity, or the Bible.

Their time in America will give them many impressions they will carry for their entire lives. When they return home they will take up positions of influence. What if they could return home as strong, committed Christians, well-prepared to make an impact for Christ in their homeland? International Students, Inc.'s strategy to reach these future leaders is straightforward: develop teams of committed, trained workers (International Students, Inc. staff, volunteers, local churches, and workers in other international student ministries) on the campuses where international students are enrolled, graciously and unconditionally reach out to them with the love and Good News of Jesus Christ, and then train, equip, and support those who desire to be disciples of Jesus Christ. This approach incapsulates the single program of International Students, Inc.

International Students, Inc. formed International Students International to conduct ministry in countries outside the United States.

International Students, Inc. is a nonprofit corporation, incorporated under the laws of the District of Columbia in 1953, and International Students International is a nonprofit corporation, incorporated under the laws of Colorado in 2004. Both organizations are exempt from federal income tax under Section 501(c)(3) and comparable state laws. However, both organizations are subject to federal income tax on any unrelated business taxable income. International Students, Inc. is classified as a church under Section 170(b)(1)(A)(i) of the Internal Revenue Code (IRC) of 1986, as amended. International Student International is classified as a publicly supported organization under Section 170(b)(1)(A)(vi) of the Code. Both organizations are not classified as private foundations under Section 509(a) of the Code.

REPORTING ENTITY

These consolidated financial statements include the international and U.S. operations, which are conducted under the joint ministries agreement, and all contributions remitted to or from International Student Ministries Canada (ISMC) for specific projects and missionary support accounts. These consolidated statements do not include the assets, liabilities, net assets, revenues, and expenses of ISMC not held by or remitted to International Students, Inc. under the joint ministries agreement because ISMC is not controlled by International Students, Inc.

INTERNATIONAL STUDENTS, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

1. NATURE OF ORGANIZATIONS, continued:

REPORTING ENTITY, continued

ISMC is incorporated under the laws of Canada as a nonprofit organization. It qualifies as a registered charity under the provisions of the Income Tax Act. International Students, Inc. and ISMC conduct their activities under a joint ministries agreement executed on August 25, 1997.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the consolidated financial resources and activities of International Students, Inc. and International Students International (collectively referred to as ISI). All material transactions and balances between these entities have been eliminated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

ISI maintains its accounts and prepares its consolidated financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

CASH AND CASH EQUIVALENTS

For purposes of the consolidated statements of cash flows, cash and cash equivalents are defined as actual currency, demand deposits, and highly liquid investments with original maturities of three months or less. As of September 30, 2022 and 2021, amounts in excess of the federally insured limit were approximately \$2,945,000 and \$3,450,000, respectively. ISI has not experienced any losses in such accounts, and it believes it is not exposed to any significant credit risk on cash and cash equivalents.

INVESTMENTS

Investments in equity securities with readily determinable market values and all debt securities are reported at fair market value with gains and losses (including unrealized) included in the consolidated statements of activities unless otherwise noted. Investments received by gift are recorded at quoted market price upon donation and thereafter reported in accordance with the above provisions. Certificates of deposit that have a secondary market are held at fair value, and other certificates of deposit are carried at cost, plus any accrued interest.

INTERNATIONAL STUDENTS, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost or, if donated, estimated fair value at the date of receipt. Items, or groups of items, in excess of \$2,500 are capitalized, with lesser amounts expensed in the year purchased. Depreciation is provided on the straight-line method over an estimated useful life of three to forty years.

ANNUITY AGREEMENTS

ISI has established a gift annuity plan whereby donors may contribute assets to ISI in exchange for the right to receive a fixed dollar annual return during their lifetimes. This transaction provides for a portion of the transfer to be considered a charitable contribution for income tax purposes. The difference between the amount of the annuity and the liability for future payments, determined on an actuarial basis, is recognized as contribution income at the date of the gift. Upon the death of the annuitant (or the last joint annuitant), income distributions cease. The actuarial liability for annuities payable is evaluated annually and any surplus or deficiency is recognized as change in value of annuities in other income on the consolidated statements of activities.

CLASSES OF NET ASSETS

Net assets without donor restrictions include resources that are used to support current operations, including amounts invested in property and equipment. Included in this amount is \$200,000 of funds designated by the board as a reserve for building expenses.

Net assets with donor restrictions include donor-restricted contributions for specified exempt purposes. Support from donors for significant programs like field ministry staff and related ministry projects are included in net assets with donor restrictions.

SUPPORT AND REVENUE

Field ministry, general fund, and other contributions are recorded when made, which may be when cash or other assets are received or unconditionally promised. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated amounts. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. An assessment of approximately 15% is applied against restricted gifts for general overhead purposes. Bequests are recorded as income at the time ISI has an established right to the bequest and the proceeds are measurable. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

INTERNATIONAL STUDENTS, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUE, continued

During the year ended September 30, 2021, ISI received notice that the Small Business Administration had forgiven its Paycheck Protection Program (PPP) loan in its entirety. The entire balance of \$1,751,200 is recognized as gain on extinguishment of debt in the consolidated statements of activities for the year ended September 30, 2021.

ISI rents office space to various tenants. Rental income is recognized monthly as it is earned.

Other income consists of various amounts including registration fees for conferences and training. These amounts are recorded when earned and recognized at the point in time that the performance obligation is satisfied, which is when the event occurred.

Contributed services and nonfinancial assets of \$149,449 and \$28,970 relate to volunteers who work with ISI's various Teaching English as a Second Language (TESL) programs and household goods donated to ISI to be distributed to international students for the years ended September 30, 2022 and 2021, respectively, as described in Note 8.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing various program services and supporting activities have been summarized on a functional basis in the consolidated statements of activities and consolidated statements of functional expenses. Accordingly, certain costs, such as salaries and employee benefits, facilities, supplies, printing, postage, and depreciation, have been allocated among the program services and supporting activities benefited. Salaries and employee benefits have been allocated based on time and effort expended. Facilities are allocated based on square footage of space utilized. All other expenses are allocated based on the underlying nature of the expense.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENT

In 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ISI adopted the provisions of this new standard during the year ended September 30, 2022. This new standard enhances the presentation and disclosures related to contributed nonfinancial assets, including information about the measurement of contributed nonfinancial assets and how organizations use those contributed nonfinancial assets. Adoption of this standard had no effect on change in net assets or net assets in total.

INTERNATIONAL STUDENTS, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

3. FAIR VALUE MEASUREMENTS:

ISI uses appropriate valuation techniques to determine fair value based on inputs available. When available, ISI measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available. ISI has some certificates of deposit that have a secondary market and are held at fair value (Level 2). Other certificates of deposit are held at contract value. The following table displays the fair values of assets measured on a recurring basis at September 30, 2022:

	September 30, 2022	<u>Fair Value Measurements Using:</u>	
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>
Investments and assets held at fair value:			
Certificates of deposit	\$ 2,281,067	\$ -	\$ 2,281,067
Equity mutual funds	62,721	62,721	-
Fixed income mutual funds	38,564	38,564	-
	<u>2,382,352</u>	<u>\$ 101,285</u>	<u>\$ 2,281,067</u>
Investments and assets held at other than fair value:			
Certificates of deposit	1,907,062		
Money market accounts	130,556		
	<u>2,037,618</u>		
Total investments	<u>\$ 4,419,970</u>		

INTERNATIONAL STUDENTS, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

3. FAIR VALUE MEASUREMENTS, continued:

The following table displays the fair values of assets measured on a recurring basis at September 30, 2021:

		Fair Value Measurements Using:	
	September 30, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments and assets held at fair value:			
Certificates of deposit	\$ 2,524,840	\$ -	\$ 2,524,840
Equity mutual funds	84,322	84,322	-
Fixed income mutual funds	39,748	39,748	-
	2,648,910	\$ 124,070	\$ 2,524,840
Investments and assets held at other than fair value:			
Certificates of deposit	761,455		
Money market accounts	181,208		
	942,663		
Total investments	\$ 3,591,573		

INTERNATIONAL STUDENTS, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

4. INVESTMENTS:

Investments consist of:

	September 30,	
	2022	2021
Annuity investments:		
Equity mutual funds	\$ 62,721	\$ 84,322
Fixed income bond funds	38,564	39,748
Money market funds	2,440	2,526
	<u>103,725</u>	<u>126,596</u>
Operating investments:		
Certificates of deposit	4,188,129	3,286,295
Money market funds	128,116	178,682
	<u>4,316,245</u>	<u>3,464,977</u>
	<u>\$ 4,419,970</u>	<u>\$ 3,591,573</u>

Operating investment income is as follows:

	Year Ended September 30,	
	2022	2021
Interest and dividends	\$ 94,252	\$ 62,342
Net realized and unrealized gains and losses	(182,384)	(27,516)
	<u>\$ (88,132)</u>	<u>\$ 34,826</u>

INTERNATIONAL STUDENTS, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

5. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects ISI's financial assets as of September 30, 2022 and 2021 reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, designated by the board, or restricted by donors for a non-general use that is not expected to be fulfilled within one year.

	September 30,	
	2022	2021
Financial assets:		
Cash and cash equivalents	\$ 3,552,407	\$ 3,769,381
Investments	4,419,970	3,591,573
Financial assets, at year-end	7,972,377	7,360,954
Less those unavailable for general expenditure within one year, due to:		
Board designated net assets unavailable for use within one year	(200,000)	(200,000)
Certificates of deposit with maturity beyond one year	(3,287,035)	(2,835,702)
	\$ 4,485,342	\$ 4,325,252

ISI has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Management monitors cash flows through board meetings and detailed financial analysis. ISI also has a \$400,000 line of credit that it can draw upon in the event of an anticipated liquidity need. See Note 7 for further information regarding ISI's line of credit.

6. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net consists of:

	September 30,	
	2022	2021
Land	\$ 832,327	\$ 832,327
Building and building improvements	2,372,842	2,372,842
Equipment	121,357	256,121
Furniture and fixtures	124,383	132,337
	3,450,909	3,593,627
Accumulated depreciation	(501,813)	(551,117)
	\$ 2,949,096	\$ 3,042,510

INTERNATIONAL STUDENTS, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

7. LINE OF CREDIT:

ISI has an unsecured line of credit in the amount of \$400,000 with a financial institution. The interest rate is a floating rate equal to the greater of the Prime Rate plus 0.5% or the Floor Rate of 5.0%, with the term of commitment ending in May 2023. There were no draws on the line of credit during the years ended September 30, 2022 and 2021.

8. CONTRIBUTED SERVICES AND NONFINANCIAL ASSETS:

During the years ended September 30, 2022 and 2021, ISI recognized contributed services and nonfinancial assets as follows:

	September 30,	
	2022	2021
Contributed services	\$ 120,598	\$ 28,970
Household goods and other items	28,851	-
	<u>\$ 149,449</u>	<u>\$ 28,970</u>

Contributed services represent volunteers who work with ISI's various Teaching English as a Second Language (TESL) programs. ISI calculates the value of these contributed services using an estimated hourly rate based on an average of published TESL teacher rates in the United States. These amounts are reflected as contributed services revenue and program services expenses on the consolidated statements of activities, and the services are restricted for use in field ministries. ISI has additional volunteers who contribute a significant number of ministry hours each year. The services these volunteers contribute do not meet the criteria for recognition according to current technical standards and are therefore not included in these consolidated financial statements.

Household goods and other items are received with donor restrictions to be used in field ministries. The items are received by ISI and then given to international students to use. ISI estimates the fair value of the donated goods based on the value that would be received for selling similar products in the United States.

INTERNATIONAL STUDENTS, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

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9. COMMITMENTS:

ISI has entered into various operating lease agreements with other organizations for leasing of ISI's office space. The expected monthly lease payments range from \$2,500 to \$6,000 and are based on current agreements. Any renewals will increase the projected numbers based on the new agreements. The future minimum rental income expected is:

<u>Year Ending September 30,</u>	
2023	\$ 147,657
2024	153,026
2025	143,542
2026	<u>65,771</u>
	<u>\$ 509,996</u>

10. RETIREMENT PLAN:

ISI contributes a percentage of salary to a Section 403(b) salary reduction, tax-sheltered annuity plan for eligible, participating employees. ISI matches 3% of headquarter staff's eligible salaries, and up to 5% of field staff's eligible salaries. Total employer contributions for the years ended September 30, 2022 and 2021 were \$211,766 and \$195,185, respectively.

11. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through January 24, 2023, which is the date the consolidated financial statements were available to be issued.