



**INTERNATIONAL STUDENTS, INC.  
AND AFFILIATE**

Consolidated Financial Statements  
With Independent Auditors' Report

September 30, 2023 and 2022

# 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, 2023 and 2022, 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, 2023 and 2022, 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 23, 2024

# INTERNATIONAL STUDENTS, INC. AND AFFILIATE

## Consolidated Statements of Financial Position

	September 30,	
	2023	2022
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 3,404,383	\$ 3,552,407
Investments	4,788,907	4,419,970
Prepaid expenses and other assets	220,570	107,773
Property and equipment—net	2,870,957	2,949,096
<b>Total Assets</b>	<b>\$ 11,284,817</b>	<b>\$ 11,029,246</b>
<b>LIABILITIES AND NET ASSETS:</b>		
Liabilities:		
Accounts payable	\$ 116,891	\$ 93,826
Accrued expenses and other liabilities	269,064	240,932
Annuities payable	47,964	49,780
<b>Total liabilities</b>	<b>433,919</b>	<b>384,538</b>
Net assets:		
Without donor restrictions:		
Operating	4,629,837	4,451,282
Board designated	200,000	200,000
	<b>4,829,837</b>	<b>4,651,282</b>
With donor restrictions:		
Field ministries	5,087,458	5,161,438
Ministry projects	933,603	831,988
	<b>6,021,061</b>	<b>5,993,426</b>
<b>Total net assets</b>	<b>10,850,898</b>	<b>10,644,708</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 11,284,817</b>	<b>\$ 11,029,246</b>

See notes to consolidated financial statements

# INTERNATIONAL STUDENTS, INC. AND AFFILIATE

## Consolidated Statements of Activities

Year Ended September 30,

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE:</b>						
Field ministry contributions	\$ -	\$ 12,113,558	\$ 12,113,558	\$ -	\$ 11,690,099	\$ 11,690,099
General fund contributions	935,111	-	935,111	967,334	-	967,334
Other contributions	-	104,525	104,525	-	130,343	130,343
Rental income	224,695	-	224,695	211,083	-	211,083
Other income	141,326	-	141,326	131,750	-	131,750
Investment income (loss)	205,331	-	205,331	(88,132)	-	(88,132)
Contributed services and nonfinancial assets	-	85,257	85,257	-	149,449	149,449
<b>Total Support and Revenue</b>	<b>1,506,463</b>	<b>12,303,340</b>	<b>13,809,803</b>	<b>1,222,035</b>	<b>11,969,891</b>	<b>13,191,926</b>
<b>NET ASSETS RELEASED:</b>						
Purpose and time restrictions	10,507,767	(10,507,767)	-	10,078,515	(10,078,515)	-
Administrative assessments	1,767,938	(1,767,938)	-	1,740,626	(1,740,626)	-
<b>Total Net Assets Released</b>	<b>12,275,705</b>	<b>(12,275,705)</b>	<b>-</b>	<b>11,819,141</b>	<b>(11,819,141)</b>	<b>-</b>

(continued)

See notes to consolidated financial statements

# INTERNATIONAL STUDENTS, INC. AND AFFILIATE

## Consolidated Statements of Activities

(continued)

	Year Ended September 30,					
	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES:						
Program services	10,721,744	-	10,721,744	9,948,850	-	9,948,850
Supporting activities:						
Management and general	1,059,423	-	1,059,423	1,052,948	-	1,052,948
Fund-raising:						
Direct and allocated						
fund-raising	1,283,099	-	1,283,099	1,196,658	-	1,196,658
Volunteer recruitment	539,347	-	539,347	501,727	-	501,727
	2,881,869	-	2,881,869	2,751,333	-	2,751,333
Total Expenses	13,603,613	-	13,603,613	12,700,183	-	12,700,183
Change in Net Assets	178,555	27,635	206,190	340,993	150,750	491,743
Net Assets, Beginning of Year	4,651,282	5,993,426	10,644,708	4,310,289	5,842,676	10,152,965
Net Assets, End of Year	\$ 4,829,837	\$ 6,021,061	\$ 10,850,898	\$ 4,651,282	\$ 5,993,426	\$ 10,644,708

See notes to consolidated financial statements

# INTERNATIONAL STUDENTS, INC. AND AFFILIATE

## Consolidated Statement of Functional Expenses

Year Ended September 30, 2023

	Supporting Activities:				Total
	Program Services	Management and General	Fundraising	Volunteer Recruitment	
Salaries and employee benefits	\$ 8,214,882	\$ 571,357	\$ 966,514	\$ 427,674	\$ 10,180,427
Travel and meals	886,039	12,964	85,047	44,678	1,028,728
Ministry operations	860,031	3,720	76,107	45,193	985,051
Facilities	387,127	728	63,287	10,778	461,920
Professional fees	159,318	182,790	29,021	5,364	376,493
Interest and bank charges	34,835	103,189	1,692	162	139,878
Other	55,341	58,053	14,051	1,738	129,183
Depreciation and amortization	18,341	74,822	5,295	-	98,458
Donor care	62,054	-	5,941	3,579	71,574
Postage	6,250	19,421	14,700	10	40,381
Literature and printing	6,074	14,878	11,804	157	32,913
Telephone	17,878	6,937	3,294	9	28,118
Grants to others	10,154	4,096	6,099	-	20,349
Office supplies	3,420	6,468	247	5	10,140
	<u>\$ 10,721,744</u>	<u>\$ 1,059,423</u>	<u>\$ 1,283,099</u>	<u>\$ 539,347</u>	<u>\$ 13,603,613</u>
Percent of total expenses *	78.8%	7.8%	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, 2022

	Supporting Activities:				Total
	Program Services	Management and General	Fundraising	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 and amortization	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
	\$ 9,948,850	\$ 1,052,948	\$ 1,196,658	\$ 501,727	\$ 12,700,183
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 Statements of Cash Flows

	Year Ended September 30,	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 206,190	\$ 491,743
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	98,458	93,414
Stock donations	(20,526)	(44,162)
Reinvested dividends	(76,359)	(60,040)
Net realized and unrealized (gains) losses on investments	(28,106)	182,384
Change in value of annuities	6,022	4,729
Non-cash effect of change in accounting principle	(867)	-
Change in operating assets and liabilities:		
Other assets	(73,505)	913
Accounts payable	23,065	18,665
Accrued expenses and other liabilities	38,106	10,140
Net Cash Provided by Operating Activities	172,478	697,786
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of investments	20,526	44,162
Purchases of investments	(264,472)	(950,741)
Purchases of property and equipment	(50,627)	-
Net Cash Used by Investing Activities	(294,573)	(906,579)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal payments on financing leases	(18,091)	-
Payments on annuities	(7,838)	(8,181)
Net Cash Used by Financing Activities	(25,929)	(8,181)
Net Change in Cash and Cash Equivalents	(148,024)	(216,974)
Cash and Cash Equivalents, Beginning of Year	3,552,407	3,769,381
Cash and Cash Equivalents, End of Year	\$ 3,404,383	\$ 3,552,407
<b>SUPPLEMENTAL DISCLOSURE AND NON-CASH ITEMS:</b>		
Cash paid for interest	\$ 531	\$ -
Property and equipment transferred to financing lease–right-of-use asset	\$ 48,387	\$ -

See notes to consolidated financial statements

# INTERNATIONAL STUDENTS, INC. AND AFFILIATE

## Notes to Consolidated Financial Statements

September 30, 2023 and 2022

### 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 encapsulates 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.

# INTERNATIONAL STUDENTS, INC. AND AFFILIATE

## Notes to Consolidated Financial Statements

September 30, 2023 and 2022

### 1. NATURE OF ORGANIZATIONS, continued:

#### 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.

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, 2023 and 2022, amounts in excess of the federally insured limit were approximately \$857,000 and \$2,945,000, 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.

# INTERNATIONAL STUDENTS, INC. AND AFFILIATE

## Notes to Consolidated Financial Statements

September 30, 2023 and 2022

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### 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.

#### 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.

# INTERNATIONAL STUDENTS, INC. AND AFFILIATE

## Notes to Consolidated Financial Statements

September 30, 2023 and 2022

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### 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.

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 \$85,257 and \$149,449 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, 2023 and 2022, respectively, as described in Note 8.

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

# INTERNATIONAL STUDENTS, INC. AND AFFILIATE

## Notes to Consolidated Financial Statements

September 30, 2023 and 2022

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### 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 STANDARD

In 2016, FASB issued ASU No. 2016-02, *Leases* (Topic 842 of the ASC). The amendments in this update require organizations that lease assets to recognize on the consolidated statements of financial position the assets and liabilities for the rights and obligations created by the leases. A lessee is required to recognize assets and liabilities for leases with terms of more than 12 months. The amendments are effective for fiscal years beginning after December 15, 2021. ISI adopted this update for the year ended September 30, 2023. Some of ISI's contracts contain the right to control the use of property or assets and are therefore considered leases. ISI elected to adopt the transition relief provisions from ASU 2018-11, *Leases* (Topic 842): *Targeted Improvements* and recorded the impact of adoption as of October 1, 2022, without restating any prior-year amounts. ISI also elected the practical expedient to not separate lease and non-lease components. Financing lease-right-of-use assets and liabilities of \$39,292 and \$39,833 are included with prepaid expenses and other assets and accrued expenses and other liabilities on the consolidated statements of financial position.

# INTERNATIONAL STUDENTS, INC. AND AFFILIATE

## Notes to Consolidated Financial Statements

September 30, 2023 and 2022

### 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, 2023:

	September 30, 2023	Fair Value Measurements Using:	
		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	\$ 2,798,615	\$ -	\$ 2,798,615
Equity mutual funds	13,221	13,221	-
Fixed income mutual funds	97,377	97,377	-
	2,909,213	\$ 110,598	\$ 2,798,615
Investments and assets held at other than fair value:			
Certificates of deposit	1,339,326		
Money market accounts	540,368		
	1,879,694		
Total investments	\$ 4,788,907		



# INTERNATIONAL STUDENTS, INC. AND AFFILIATE

## Notes to Consolidated Financial Statements

September 30, 2023 and 2022

3. FAIR VALUE MEASUREMENTS, continued:

The following table displays the fair values of assets measured on a recurring basis at September 30, 2022:

	September 30, 2022	Fair Value Measurements Using:	
		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	\$ 2,281,067	\$ -	\$ 2,281,067
Equity mutual funds	62,721	62,721	-
Fixed income mutual funds	38,564	38,564	-
	2,382,352	\$ 101,285	\$ 2,281,067
Investments and assets held at other than fair value:			
Certificates of deposit	1,907,062		
Money market accounts	130,556		
	2,037,618		
Total investments	\$ 4,419,970		

# INTERNATIONAL STUDENTS, INC. AND AFFILIATE

## Notes to Consolidated Financial Statements

September 30, 2023 and 2022

4. INVESTMENTS:

Investments consist of:

	September 30,	
	2023	2022
Annuity investments:		
Equity mutual funds	\$ 13,221	\$ 62,721
Fixed income bond funds	97,377	38,564
Money market funds	2,918	2,440
	113,516	103,725
Operating investments:		
Certificates of deposit	4,137,941	4,188,129
Money market funds	537,450	128,116
	4,675,391	4,316,245
	\$ 4,788,907	\$ 4,419,970

Operating investment income (loss) is as follows:

	Year Ended September 30,	
	2023	2022
Interest and dividends	\$ 177,226	\$ 94,252
Net realized and unrealized gains and losses	28,105	(182,384)
	\$ 205,331	\$ (88,132)

# INTERNATIONAL STUDENTS, INC. AND AFFILIATE

## Notes to Consolidated Financial Statements

September 30, 2023 and 2022

5. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects ISI's financial assets as of September 30, 2023 and 2022 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,	
	2023	2022
Financial assets:		
Cash and cash equivalents	\$ 3,404,383	\$ 3,552,407
Investments	4,788,907	4,419,970
Financial assets, at year-end	8,193,290	7,972,377
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	(1,595,175)	(3,287,035)
Financial assets available to meet cash needs for general expenditures within one year	\$ 6,398,115	\$ 4,485,342

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,	
	2023	2022
Land	\$ 832,327	\$ 832,327
Building and building improvements	2,415,700	2,372,842
Equipment	42,713	121,357
Furniture and fixtures	124,383	124,383
	3,415,123	3,450,909
Accumulated depreciation	(544,166)	(501,813)
	\$ 2,870,957	\$ 2,949,096

# INTERNATIONAL STUDENTS, INC. AND AFFILIATE

## Notes to Consolidated Financial Statements

September 30, 2023 and 2022

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 2024. There were no draws on the line of credit during the years ended September 30, 2023 and 2022.

8. CONTRIBUTED SERVICES AND NONFINANCIAL ASSETS:

During the years ended September 30, 2023 and 2022, ISI recognized contributed services and nonfinancial assets as follows:

	September 30,	
	2023	2022
Contributed services	\$ 76,462	\$ 120,598
Household goods and other items	8,795	28,851
	<u>\$ 85,257</u>	<u>\$ 149,449</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

September 30, 2023 and 2022

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>	
2024	\$ 128,719
2025	118,422
2026	<u>39,838</u>
	<u>\$ 286,979</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 5% 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, 2023 and 2022 were \$219,120 and \$211,766, respectively.

11. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through January 23, 2024, which is the date the consolidated financial statements were available to be issued.