

FINANCIAL STATEMENTS



DZI FOUNDATION

**FOR THE YEARS ENDED
JUNE 30, 2021 AND 2020**

dZi FOUNDATION

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
dZi Foundation
Ridgway, Colorado

We have audited the accompanying financial statements of the dZi Foundation (dZi), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of dZi as of June 30, 2021 and 2020, and the changes in its net assets, functional expenses and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Gelman Rosenberg & Friedman

January 25, 2022

dZi FOUNDATION
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2021 AND 2020

ASSETS		<u>2021</u>	<u>2020</u>
CURRENT ASSETS			
Cash and cash equivalents	\$	1,416,107	\$ 1,617,681
Contributions and grants receivable, net of allowance of \$6,000 in 2021 and \$25,000 in 2020		44,500	115,618
Prepaid expenses and other assets		<u>6,994</u>	<u>1,060</u>
Total current assets		<u>1,467,601</u>	<u>1,734,359</u>
FIXED ASSETS			
Equipment		8,012	14,771
Vehicles		<u>61,135</u>	<u>61,135</u>
		69,147	75,906
Less: Accumulated depreciation and amortization		<u>(69,147)</u>	<u>(75,013)</u>
Net fixed assets		<u>-</u>	<u>893</u>
NONCURRENT ASSETS			
Contributions and grants receivable, net of current portion and net present value discount of \$409 in 2021 and \$5,006 in 2020		<u>12,591</u>	<u>62,444</u>
TOTAL ASSETS	\$	<u>1,480,192</u>	\$ <u>1,797,696</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Loans payable	\$	64,113	\$ 68,500
Accounts payable and accrued liabilities		<u>80,269</u>	<u>90,021</u>
Total current liabilities		<u>144,382</u>	<u>158,521</u>
NET ASSETS			
Without donor restrictions:			
Undesignated		921,741	862,430
Board designated - funds in reserve		<u>-</u>	<u>162,000</u>
Total without donor restrictions		921,741	1,024,430
With donor restrictions		<u>414,069</u>	<u>614,745</u>
Total net assets		<u>1,335,810</u>	<u>1,639,175</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>1,480,192</u>	\$ <u>1,797,696</u>

See accompanying notes to financial statements.

dZi FOUNDATION

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions and grants	\$ 579,602	\$ 719,703	\$ 1,299,305
Investment income	484	-	484
In-kind contributions	60,508	-	60,508
Net assets released from donor restrictions	<u>920,379</u>	<u>(920,379)</u>	<u>-</u>
Total support and revenue	<u>1,560,973</u>	<u>(200,676)</u>	<u>1,360,297</u>
EXPENSES			
Program Services	<u>1,259,690</u>	<u>-</u>	<u>1,259,690</u>
Supporting Services:			
Management and General	171,376	-	171,376
Fundraising	<u>232,596</u>	<u>-</u>	<u>232,596</u>
Total supporting services	<u>403,972</u>	<u>-</u>	<u>403,972</u>
Total expenses	<u>1,663,662</u>	<u>-</u>	<u>1,663,662</u>
Changes in net assets	(102,689)	(200,676)	(303,365)
Net assets at beginning of year	<u>1,024,430</u>	<u>614,745</u>	<u>1,639,175</u>
NET ASSETS AT END OF YEAR	<u>\$ 921,741</u>	<u>\$ 414,069</u>	<u>\$ 1,335,810</u>

2020		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 580,153	\$ 744,112	\$ 1,324,265
13,728	-	13,728
97,611	-	97,611
<u>749,901</u>	<u>(749,901)</u>	<u>-</u>
<u>1,441,393</u>	<u>(5,789)</u>	<u>1,435,604</u>
<u>1,225,562</u>	<u>-</u>	<u>1,225,562</u>
122,852	-	122,852
<u>233,409</u>	<u>-</u>	<u>233,409</u>
<u>356,261</u>	<u>-</u>	<u>356,261</u>
<u>1,581,823</u>	<u>-</u>	<u>1,581,823</u>
(140,430)	(5,789)	(146,219)
<u>1,164,860</u>	<u>620,534</u>	<u>1,785,394</u>
<u>\$ 1,024,430</u>	<u>\$ 614,745</u>	<u>\$ 1,639,175</u>

dZi FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Services	Supporting Services		Total Expenses
		Management and General	Fundraising	
Salaries and payroll taxes	\$ 45,970	\$ 108,470	\$ 135,977	\$ 290,417
Benefits	8,406	8,037	10,075	26,518
Office supplies and operating costs	13,254	2,461	2,461	18,176
Occupancy costs	14,459	4,085	4,084	22,628
Travel	5,901	-	2,808	8,709
Meetings	8,769	513	513	9,795
Technical support	1,170	1,364	455	2,989
Professional fees	34,860	25,032	-	59,892
Fundraising consultant	-	-	52,200	52,200
Board meetings	1,598	1,551	1,551	4,700
Office equipment and software	10,556	5,571	5,575	21,702
Professional development	5,249	3,406	3,406	12,061
Insurance	8,217	2,014	2,014	12,245
Depreciation and amortization	-	893	-	893
Bank and credit card fees	2,957	2,584	2,584	8,125
Media production	32,161	2,227	8,661	43,049
Dues and subscriptions	766	168	168	1,102
Donated skilled labor and materials	60,508	-	-	60,508
Local salaries and related benefits	244,088	-	-	244,088
Community projects	760,785	-	-	760,785
Events and marketing	16	-	64	80
Bad debt expense	-	3,000	-	3,000
TOTAL	\$ 1,259,690	\$ 171,376	\$ 232,596	\$ 1,663,662
	76%	10%	14%	100%

dZi FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Program Services	Supporting Services		Total Expenses
		Management and General	Fundraising	
Salaries and payroll taxes	\$ 132,812	\$ 35,243	\$ 175,200	\$ 343,255
Benefits	25,253	2,721	13,525	41,499
Office supplies and operating costs	11,152	2,645	2,645	16,442
Occupancy costs	14,889	4,493	4,493	23,875
Travel	29,700	-	7,290	36,990
Meetings	11,950	514	514	12,978
Technical support	50,224	1,722	6,668	58,614
Professional fees	1,099	23,514	-	24,613
Board meetings	1,303	1,265	1,265	3,833
Office equipment and software	8,356	2,982	2,982	14,320
Professional development	6,749	5,520	5,520	17,789
Insurance	10,400	1,813	1,813	14,026
Depreciation and amortization	-	893	-	893
Bank and credit card fees	1,850	1,565	1,565	4,980
Postage and delivery	776	388	388	1,552
Media production	42,805	1,880	8,381	53,066
Dues and subscriptions	490	26	26	542
Promotion and support	5,000	-	-	5,000
Donated skilled labor and materials	97,611	-	-	97,611
Local salaries and related benefits	221,591	-	-	221,591
Community projects	536,692	-	-	536,692
Events and marketing	283	-	1,134	1,417
Homes for at-risk girls	14,577	-	-	14,577
Bad debt expense	-	35,600	-	35,600
Other	-	68	-	68
TOTAL	\$ 1,225,562	\$ 122,852	\$ 233,409	\$ 1,581,823
	77%	8%	15%	100%

dZi FOUNDATION

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (303,365)	\$ (146,219)
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Depreciation and amortization	893	893
Realized and unrealized losses on investments	-	8,073
Receipt of contributed securities	(243,433)	-
Proceeds from sale of contributed securities	243,639	-
Gain on sale of contributed securities	(206)	-
Bad debt expense	3,000	35,600
Change in allowance for uncollectible pledges	(22,000)	-
Change in discount on long term receivables	(4,597)	680
Forgiveness of debt	(64,500)	-
Decrease (increase) in:		
Contributions and grants receivable	144,568	66,250
Prepaid expenses and other assets	(5,934)	8,033
(Decrease) increase in:		
Accounts payable and accrued liabilities	<u>(9,752)</u>	<u>25,761</u>
Net cash used by operating activities	<u>(261,687)</u>	<u>(929)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	-	(3,700)
Proceeds from sale of investments	<u>-</u>	<u>1,168,667</u>
Net cash provided by investing activities	<u>-</u>	<u>1,164,967</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from PPP loan	64,113	64,500
Proceeds from EIDL loan	-	4,000
Repayment of EIDL loan	<u>(4,000)</u>	<u>-</u>
Net cash provided by financing activities	<u>60,113</u>	<u>68,500</u>
Net (decrease) increase in cash and cash equivalents	(201,574)	1,232,538
Cash and cash equivalents at beginning of year	<u>1,617,681</u>	<u>385,143</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,416,107</u>	<u>\$ 1,617,681</u>
SCHEDULE OF NONCASH INVESTING AND FINANCING TRANSACTIONS		
Forgiveness of Debt	<u>\$ 64,500</u>	<u>\$ -</u>

See accompanying notes to financial statements.

dZi FOUNDATION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The dZi Foundation (dZi) is a Colorado non-profit corporation formed to help increase the prosperity of underserved communities and individuals in remote regions of Nepal through implementing a variety of integrated community development projects. The projects target a cluster of extremely remote communities in Eastern Nepal and employ a long-term approach that emphasizes community participation and skill development; these projects are mainly generated by the communities themselves and cross many sectors including education, civic infrastructure, water and sanitation, and agricultural improvements.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions; during the year ended June 30, 2021, dZi Foundation reclassified all Board designated net assets.
- **Net Assets With Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities and Changes in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

Cash and cash equivalents -

dZi considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. At times, dZi maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

dZi had \$124,485 and \$93,662 of cash and cash equivalents on hand and in financial institutions (in Nepal) as of June 30, 2021 and 2020, respectively; funds held in Nepal are uninsured.

dZi FOUNDATION

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Contributions and grants receivable -

Contributions and grants receivable represent uncollected amounts due from donors, in accordance with commitments made to dZi as of the Statement of Financial Position date. Contributions and grants receivable approximate fair value. The allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and the historical experience with the donor.

Fixed assets -

Fixed assets in excess of \$2,000 are capitalized and stated at cost. Fixed assets are depreciated and amortized on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. The cost of maintenance and repairs is recorded as expenses are incurred.

Income taxes -

dZi is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. dZi is not a private foundation.

Uncertain tax positions -

During the years ended June 30, 2021 and 2020, dZi has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the accompanying financial statements.

Contributions and grants -

The majority of dZi's revenue is received through contributions and grants from foundations, organizations and other entities. Contributions and grants are recognized in the appropriate category of net assets in the period received. dZi performs an analysis of the individual contribution and grant to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal.

For awards qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional awards are not recognized until the conditions on which they depend are substantially met. Awards qualifying as contributions that are unconditional that have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

Awards qualifying as conditional contributions contain a "barrier" and a right of return or right of release from obligation (and the entity has limited discretion over how funds transferred should be spent).

dZi FOUNDATION

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Contributions and grants (continued) -

Conditional awards are not recognized until the conditions on which they depend are substantially met; revenue is recognized when the condition or conditions are satisfied. During the years ended June 30, 2021 and 2020, dZi did not receive assistance from donors under conditional awards.

Use of estimates -

The preparation of the 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 of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of dZi are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

New accounting pronouncement (not yet adopted) -

ASU 2019-01, *Leases* (Topic 842) changes the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosure of key information about leasing arrangements. During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non public entities with fiscal years beginning after December 15, 2021. Early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, improves generally accepted accounting principles (GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this ASU address certain stakeholders' concerns about the lack of transparency relating to the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in a NFP's programs and other activities. The ASU should be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The amendment will not change the recognition and measurement requirements for those contributed nonfinancial assets.

dZi plans to adopt the new ASUs at the required implementation dates, and management is currently in the process of evaluating the adoption methods and the impact of the new standards on its accompanying financial statements.

dZi FOUNDATION

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Economic uncertainties -

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact dZi's operations. The overall potential impact is unknown at this time.

2. CONTRIBUTIONS AND GRANTS RECEIVABLE

Contributions and grants receivable reflect commitments made to dZi by individuals and other donors; as of June 30, 2021 and 2020, dZi had received commitments for support from donors in which \$63,500 and \$208,068, respectively, had not been received. Payments expected to be collected more than one year from the Statement of Financial Position date are recorded at their net present value of the estimated cash flows, using a discount rate of 3.25%.

Following is a summary of contributions and grants receivable as of June 30, 2021 and 2020:

	2021	2020
Less than one year	\$ 50,500	\$ 140,618
One to five years	13,000	67,450
	63,500	208,068
Less: Allowance for doubtful amounts (current)	(6,000)	(25,000)
Less: Current portion	(44,500)	(115,618)
Less: Present value discount (3.25%)	(409)	(5,006)
TOTAL NONCURRENT PORTION, NET	\$ 12,591	\$ 62,444

3. LOANS PAYABLE

On January 28, 2021, dZi received loan proceeds in the amount of \$64,113 under the Paycheck Protection Program (PPP). The promissory note required monthly principal and interest payments amortized over the 5-year term of the promissory note, with a deferral of payments for the first year. Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the promissory note may be forgiven by the Small Business Administration (SBA) in whole or in part. On September 24, 2021, the loan was forgiven in full, and accordingly, the liability has been classified as a current liability in the accompanying Statement of Financial Position.

On April 8, 2020, dZi received a PPP loan totaling \$64,500. The promissory note required monthly principal and interest payments amortized over the 24-month term of the promissory note with a deferral of payments for the first six months. dZi used the loan proceeds for purposes consistent with the PPP, and on November 28, 2020, the total due under the PPP loan was forgiven. The full value of the forgiven loan has been included in "Contributions and Grants" in the accompanying Statements of Activities and Changes in Net Assets.

On April 24, 2020, dZi received an advance in the amount of \$4,000 under the COVID-19 Economic Injury Disaster Loan (EIDL) program.

dZi FOUNDATION

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

3. LOANS PAYABLE (Continued)

The agreement required repayments of principal and interest over a 30-year term, with a deferral of payments for the first year. On November 30, 2020, dZi repaid the entire amount.

4. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Statements of Financial Position date comprise the following:

	2021	2020
Cash and cash equivalents	\$ 1,416,107	\$ 1,617,681
Contributions and grants receivable	44,500	115,618
Subtotal financial assets available within one year	1,460,607	1,733,299
Less: Amounts unavailable for general expenditures within one year due to donor's restriction	(357,979)	(441,183)
Less: Board designated funds	-	(162,000)
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	\$ 1,102,628	\$ 1,130,116

dZi is substantially supported by restricted contributions; as a donor's restriction requires resources to be used in a particular manner or in a future period, dZi must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As of June 30, 2021 and 2020, dZi has financial assets equal to approximately 8 months of operating expenses.

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30, 2021:

	2021	2020
Nepal projects	\$ 352,979	\$ 433,683
Girls Homes	5,000	7,500
Time restricted	56,090	173,562
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	\$ 414,069	\$ 614,745

The following net assets were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

	2021	2020
Nepal projects	\$ 757,139	\$ 575,111
Girls Homes	12,500	15,000
Passage of time	150,740	159,790
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	\$ 920,379	\$ 749,901

dZi FOUNDATION

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

6. IN-KIND CONTRIBUTIONS

In-kind contributions are recorded at fair value as of the date of the gift. During the years ended June 30, 2021 and 2020, dZi was the beneficiary of donated goods and services which allowed dZi to provide greater resources toward its various programs. Nepal community project work, also referred to as "Local contribution," is defined as the total monetary value of all volunteered labor and materials that community members directly invest in dZi projects. The value of a day's labor, as well as that of all local materials, is valued by community members at current going rates in that community at the time of the project. dZi field staff quantify, track and verify these values for each individual project. dZi also receives contributions from other sources for which the value cannot reasonably be determined. Accordingly, the value of those contributions has not been recorded in the accompanying financial statements.

The following donations have been included in contributions revenue and expense during the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Nepal Community Project Work	\$ <u>60,508</u>	\$ <u>97,611</u>

7. LEASE COMMITMENTS

dZi rents its principal office space in Ridgway, Colorado under an operating lease agreement which is currently set to expire on April 30, 2024. Base rent is currently set at \$973 per month, with 6% annual increases. Also, dZi leases office space in Nepal under a lease currently requiring a monthly payment of NR 90,000 (approximately \$826), with 5% annual increases through the lease expiration date of December 31, 2023.

Following is a schedule of future minimum lease payments required under the operating lease agreements:

<u>Year Ending June 30,</u>	
2022	\$ 23,703
2023	25,013
2024	<u>17,614</u>
	\$ <u>66,330</u>

Occupancy expense (for all office spaces) during the years ended June 30, 2021 and 2020 totaled \$22,628 and \$23,875, respectively.

8. RETIREMENT PLANS

dZi contributes up to 3% of each employee's gross pay as a match to employee contributions in dZi's established IRA fund or a qualifying fund of their choosing. This policy applies to all U.S.-based, salaried employees who meet the IRS minimum compensation requirements. The continuation of this benefit is reviewed annually at the calendar year-end Board meeting, generally held in December. The Board's intent is for this policy to be in force indefinitely. However, the Board maintains the discretion to modify it (including eliminating it) at any time if and when deemed necessary.

dZi FOUNDATION

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

8. RETIREMENT PLANS (Continued)

Employees who are classified as full time, permanent Nepal employees are covered by a government-sponsored retirement plan. Mandatory employee contributions are automatically deducted at the rate of 10% of their salary and placed into a trust established by the Nepal government. The government requires dZi to match the employees' contribution and place them in the aforementioned trust. Contributions to the Plan during the years ended June 30, 2021 and 2020 totaled \$12,980 and \$13,867, respectively.

9. SUBSEQUENT EVENTS

In preparing these financial statements, dZi has evaluated events and transactions for potential recognition or disclosure through January 25, 2022, the date the financial statements were issued.