



MEDICAL AMBASSADORS INTERNATIONAL

Financial Statements  
With Independent Auditors' Report

December 31, 2012 and 2011

# MEDICAL AMBASSADORS INTERNATIONAL

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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Medical Ambassadors International  
Modesto, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Medical Ambassadors International, which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities 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.

### ***Auditors' 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 audit 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 organization'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 organization'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.

Board of Directors  
Medical Ambassadors International  
Modesto, California

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Medical Ambassadors International as of December 31, 2012 and 2011, and the changes in their net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Capin Crouse LLP*

San Diego, California  
May 29, 2013

# MEDICAL AMBASSADORS INTERNATIONAL

## Statements of Financial Position

	Year Ended December 31,	
	2012	2011
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 961,739	\$ 1,820,238
Investments	794,410	-
Accounts receivable	1,090	4,692
Prepaid expenses, cash advances, and other assets	38,151	16,081
Field advances	201,079	151,277
	<u>1,996,469</u>	<u>1,992,288</u>
Property and equipment - at cost, net	<u>50,900</u>	<u>62,689</u>
Total Assets	<u>\$ 2,047,369</u>	<u>\$ 2,054,977</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 32,020	\$ 15,639
Accrued expenses	18,148	13,176
Capital lease payable - current portion	12,151	10,801
	<u>62,319</u>	<u>39,616</u>
Capital lease payable - net of current portion	<u>18,598</u>	<u>30,743</u>
Total liabilities	<u>80,917</u>	<u>70,359</u>
Net assets:		
Unrestricted	1,200,018	1,184,837
Temporarily restricted	766,434	799,781
Total net assets	<u>1,966,452</u>	<u>1,984,618</u>
Total Liabilities and Net Assets	<u>\$ 2,047,369</u>	<u>\$ 2,054,977</u>

See notes to financial statements

## MEDICAL AMBASSADORS INTERNATIONAL

### Statements of Activities

	Year Ended December 31,					
	2012			2011		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT, REVENUE, AND RECLASSIFICATIONS:</b>						
Contributions	\$ 1,139,166	\$ 1,189,230	\$ 2,328,396	\$ 1,069,638	\$ 1,418,595	\$ 2,488,233
Donated services	135,070	-	135,070	70,000	-	70,000
Investment income (loss)	(5,590)	-	(5,590)	6,108	-	6,108
Other income	434	-	434	369	-	369
Net assets released from restrictions:						
Satisfaction of ministry project restrictions	1,222,577	(1,222,577)	-	1,274,143	(1,274,143)	-
<b>Total Support, Revenue, and Reclassifications</b>	<b>2,491,657</b>	<b>(33,347)</b>	<b>2,458,310</b>	<b>2,420,258</b>	<b>144,452</b>	<b>2,564,710</b>
<b>EXPENSES:</b>						
Program services:						
Field ministry and programs	1,901,620	-	1,901,620	1,666,260	-	1,666,260
Supporting activities:						
General and administrative	275,359	-	275,359	284,058	-	284,058
Fundraising	299,497	-	299,497	195,892	-	195,892
<b>Total Expenses</b>	<b>2,476,476</b>	<b>-</b>	<b>2,476,476</b>	<b>2,146,210</b>	<b>-</b>	<b>2,146,210</b>
Change in Net Assets	15,181	(33,347)	(18,166)	274,048	144,452	418,500
Net Assets, Beginning of Year	1,184,837	799,781	1,984,618	910,789	655,329	1,566,118
Net Assets, End of Year	<b>\$ 1,200,018</b>	<b>\$ 766,434</b>	<b>\$ 1,966,452</b>	<b>\$ 1,184,837</b>	<b>\$ 799,781</b>	<b>\$ 1,984,618</b>

See notes to financial statements

# MEDICAL AMBASSADORS INTERNATIONAL

## Statements of Cash Flows

	Year Ended December 31,	
	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (18,166)	\$ 418,500
Reconciliation of change in net assets to net cash provided by (used in) operating activities:		
Depreciation	17,120	15,292
Net realized and unrealized loss (gain) on investments	19,087	(12)
Donated securities	-	(21,395)
Net change in:		
Accounts receivable	3,602	(2,884)
Prepaid expenses, cash advances, and other assets	(22,070)	(7,173)
Field advances	(49,802)	(15,900)
Accounts payable	16,381	49
Accrued expenses	4,972	1,060
Net Cash Provided by (Used In) Operating Activities	(28,876)	387,537
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Fixed asset additions	(5,331)	(26,213)
Sale of investments	-	21,407
Reinvested investment income	(13,497)	-
Purchase of investments	(800,000)	-
Net Cash Used in Investing Activities	(818,828)	(4,806)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payments on capital lease	(10,795)	(9,607)
Net Cash Used in Financing Activities	(10,795)	(9,607)
Change in Cash and Cash Equivalents	(858,499)	373,124
Cash and Cash Equivalents, Beginning of Year	1,820,238	1,447,114
Cash and Cash Equivalents, End of Year	\$ 961,739	\$ 1,820,238
<b>SUPPLEMENTAL DISCLOSURES:</b>		
Cash paid for interest (none capitalized)	\$ 4,343	\$ 5,543

See notes to financial statements

# MEDICAL AMBASSADORS INTERNATIONAL

## Notes to Financial Statements

December 31, 2012 and 2011

### 1. NATURE OF ORGANIZATION:

Medical Ambassadors International (the Organization), was incorporated in 1980 in California as a not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code). It is also exempt from state income taxes. Contributions made by donors are deductible for income tax purposes.

The Organization exists to recruit, train, and support national leaders among developing peoples to take responsibility to reach their own people physically and spiritually. Using the Community Health Evangelism model, the Organization trains nationals in basic preventive medical care as well as evangelism and discipleship of their neighbors. The goal is to promote healthier families, more self-reliant communities, and stronger churches. The Organization's primary source of revenue is from tax-deductible contributions from the public.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. A summary of significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

#### CASH AND CASH EQUIVALENTS

For statements of financial position and cash flow purposes, cash and cash equivalents include cash on hand, cash on deposit, money market accounts, and certificates of deposit with an original maturity date of 90 days or less. These accounts may, at times, exceed federally insured limits. The Organization has not experienced any losses in such accounts.

#### INVESTMENTS

Investments consist of cash equivalents and mutual funds that are reported at fair value based on quoted prices in active markets for identical assets on the date of the gift, which is Level 1 of the fair value hierarchy. The fair value for cash equivalents and mutual funds was \$100,005 and \$694,405 as of December 31, 2012 and 2011, respectively. Interest income and the realized and unrealized gain or loss on investments is reported as unrestricted investment income unless a donor or law temporarily or permanently restricts its use.

#### FIELD ADVANCES

The Organization sends prepaid field support to missionaries serving abroad at the end of December so that there will be money on hand to cover expenses in early January.

#### PROPERTY AND EQUIPMENT

Expenditures over \$1,000 for property and equipment are capitalized at cost. Donated items are recorded at fair market value on the date of the gift. Depreciation is computed on the straight line method over the estimated useful lives of the assets ranging from 3 to 10 years.



# MEDICAL AMBASSADORS INTERNATIONAL

## Notes to Financial Statements

December 31, 2012 and 2011

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

#### NET ASSETS

The financial statements report amounts by class of net assets:

*Unrestricted net assets* are currently available at the discretion of the board and management for use in the Organization's operations and those resources invested in property and equipment.

*Temporarily restricted net assets* are contributed with donor stipulation for specific operating purposes or capital projects.

All contributions are considered available for unrestricted use, unless specifically restricted by the donor or subject to legal restrictions. Restrictions on contributions for the acquisition of property or other long-lived assets are considered to be met when the property or other long-lived asset is placed in service.

#### DONATED SERVICES

The president and vice president of ministries of the Organization have elected to not receive a salary for services performed. Management researched compensation for a similar position and for the size of organization and has recorded \$80,000 and \$70,000 for the president and \$55,000 and \$0 for the vice president of ministries as reasonable compensation for the years ending December 31, 2012 and 2011. This amount was recorded as a contribution and expense in the statements of activities.

#### PUBLIC SUPPORT, REVENUE, AND EXPENSES

Contributions are recorded when cash or unconditional promises-to-give have been received, or ownership of donated assets is transferred to the Organization. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met. The Organization records contributions as temporarily restricted if they are received with donor stipulations that limit their use through purpose or time restrictions, or both. When donor restrictions expire, that is when the purpose restriction is fulfilled or the time restriction expires, the net assets are reclassified from temporarily restricted to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. The Organization receives non-cash gifts that are recorded as support at the estimated fair market value on the date of the gift. Goods given to the Organization that do not have an objective basis for valuation are not recorded.

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

#### USE OF ESTIMATES

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

# MEDICAL AMBASSADORS INTERNATIONAL

## Notes to Financial Statements

December 31, 2012 and 2011

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

#### FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various program services and supporting activities have been summarized on a functional basis. Accordingly, certain costs, such as depreciation and payroll, have been allocated among the program services and supporting activities. The Organization incurs joint costs relating to the expenses of furloughing missionaries. These expenses have been allocated as follows:

	December 31,	
	2012	2011
Program services	\$ -	\$ 6,112
Supporting activities:		
Fundraising	2,843	19,370
	<u>\$ 2,843</u>	<u>\$ 25,482</u>

### 3. INVESTMENT INCOME:

Investment income consists of:

	December 31,	
	2012	2011
Investment income (loss) consists of:		
Interest and dividends	\$ 13,497	\$ 6,096
Realized and unrealized gain (loss) on investments	(19,087)	12
	<u>\$ (5,590)</u>	<u>\$ 6,108</u>

### 4. PROPERTY AND EQUIPMENT:

Property and equipment consists of:

	December 31,	
	2012	2011
Furniture and equipment	\$ 219,132	\$ 213,801
Donated cemetery lots	500	500
	<u>219,632</u>	<u>214,301</u>
Less accumulated depreciation	(168,732)	(151,612)
Property and equipment, net	<u>\$ 50,900</u>	<u>\$ 62,689</u>

# MEDICAL AMBASSADORS INTERNATIONAL

## Notes to Financial Statements

December 31, 2012 and 2011

5. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets consist of:

	December 31,	
	2012	2011
Missionary support	\$ 451,361	\$ 351,675
Haiti Relief	33,199	34,522
Afghan development	8,003	6,486
Wheelchair mission fund	19,337	19,337
Field projects and other	254,534	387,761
	<u>\$ 766,434</u>	<u>\$ 799,781</u>

6. CAPITAL LEASES PAYABLE:

	December 31,	
	2012	2011
Capital lease entered into March 2010 for copiers with monthly payments of \$1,262, maturing April 2015.	\$ 35,336	\$ 50,477
Less: discount to present value	(4,587)	(8,933)
	<u>30,749</u>	<u>41,544</u>
Less: current portion	(12,151)	(10,801)
Long-term portion of capitalized leases payable	<u>\$ 18,598</u>	<u>\$ 30,743</u>

Non-cancelable capitalized leases payable will mature as follows:

<u>Year Ending December 31,</u>	
2013	\$ 12,151
2014	13,669
2015	<u>4,929</u>
	<u>\$ 30,749</u>

Lease expense was \$15,141 and \$15,144 for the years ended December 31, 2012 and 2011, respectively.

7. RETIREMENT PLAN:

The Organization has a defined contribution pension program that covers certain employees. Employees may make voluntary contributions to the plan through a salary reduction agreement. Currently, the Organization makes no employer contributions.

# MEDICAL AMBASSADORS INTERNATIONAL

## Notes to Financial Statements

December 31, 2012 and 2011

8. CONCENTRATION:

For the years ended December 31, 2012 and 2011, the top 5 donors gave 35% and 34%, respectively, of total contributions.

9. SUBSEQUENT EVENT:

In February 2013, the Organization signed an agreement to lease office space for 3 years. Monthly payments are \$3,652 through January 2015 and then increase to \$3,705 until the agreement matures in January 2016. Future commitment rent payments total \$132,103.

Subsequent to year end, the Organization began construction to renovate and expand the current office building. The board of directors has approved up to \$70,000 of renovations costs. Total payments made to the contractor subsequent to year end totaled \$60,681. All lease hold improvements will be capitalized in 2013.

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

## **SUPPLEMENTAL INFORMATION**

**INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION**

Board of Directors  
Medical Ambassadors International  
Modesto, California

We have audited the financial statements of Medical Ambassadors International as of December 31, 2012 and 2011, and our report thereon dated May 29, 2013, which expressed an unqualified opinion on those financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplemental Statement of Functional Expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Capin Crouse LLP*

San Diego, California  
May 29, 2013

# MEDICAL AMBASSADORS INTERNATIONAL

## Supplemental Statement of Functional Expenses

Year Ended December 31, 2012

	Field Ministry and Programs	General and Administrative	Fundraising	Total
Salaries and benefits	\$ 711,561	\$ 200,236	\$ 101,441	\$ 1,013,238
Ministry support	509,871	-	-	509,871
Field transportation	231,797	-	-	231,797
Office expense	49,439	29,069	15,521	94,029
Special project expense	61,545	-	67,875	129,420
Travel and meetings	95,824	130	15,431	111,385
Program expense	97,427	-	-	97,427
Outside services	78,907	101,121	16,133	196,161
Other expenses	44,599	12,826	3,230	60,655
Deputation	-	-	2,391	2,391
Depreciation	-	17,120	-	17,120
Utilities	-	12,878	104	12,982
Facility allocation	20,650	(98,021)	77,371	-
	<u>\$ 1,901,620</u>	<u>\$ 275,359</u>	<u>\$ 299,497</u>	<u>\$ 2,476,476</u>

# MEDICAL AMBASSADORS INTERNATIONAL

## Supplemental Statement of Functional Expenses

Year Ended December 31, 2011

	Field Ministry and Programs	General and Administrative	Fundraising	Total
Salaries and benefits	\$ 778,782	\$ 182,874	\$ 106,549	\$ 1,068,205
Ministry support	331,209	-	-	331,209
Field transportation	176,398	-	-	176,398
Office expense	35,033	34,803	20,351	90,187
Special project expense	39,942	-	13,294	53,236
Travel and meetings	42,655	704	31,991	75,350
Program expense	76,051	-	-	76,051
Outside services	50,994	115,004	7,678	173,676
Other expenses	60,867	12,312	286	73,465
Deputation	-	-	3,437	3,437
Depreciation	-	15,292	-	15,292
Utilities	-	9,539	165	9,704
Facility allocation	74,329	(86,470)	12,141	-
	<u>\$ 1,666,260</u>	<u>\$ 284,058</u>	<u>\$ 195,892</u>	<u>\$ 2,146,210</u>