



Financial Statements  
With Independent Auditors' Report

December 31, 2014 and 2013

# MEDICAL AMBASSADORS INTERNATIONAL

## Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6
Supplemental Information	
Independent Auditors' Report on Supplemental Information	11
Supplemental Statements of Functional Expenses	12

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Medical Ambassadors International  
Modesto, California

We have audited the accompanying financial statements of Medical Ambassadors International (the Organization), which comprise the statements of financial position as of December 31, 2014 and 2013, 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, 2014 and 2013, 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  
July 6, 2015

# MEDICAL AMBASSADORS INTERNATIONAL

## Statements of Financial Position

	Year Ended December 31,	
	2014	2013
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 876,140	\$ 1,333,244
Investments	512,252	253,316
Prepaid expenses, cash advances, and other assets	22,696	41,465
Field advances	148,085	211,315
	<u>1,559,173</u>	<u>1,839,340</u>
Property and equipment - net	<u>621,608</u>	<u>661,038</u>
Total Assets	<u>\$ 2,180,781</u>	<u>\$ 2,500,378</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 23,098	\$ 32,701
Accrued expenses	20,774	15,262
Capital lease payable - current portion	14,164	12,859
	<u>58,036</u>	<u>60,822</u>
Capital lease payable - net of current portion	<u>48,427</u>	<u>62,591</u>
Total liabilities	<u>106,463</u>	<u>123,413</u>
Net assets:		
Unrestricted:		
Undesignated	753,539	1,058,268
Net investment in property and equipment	559,017	585,588
	<u>1,312,556</u>	<u>1,643,856</u>
Temporarily restricted	761,762	733,109
Total net assets	<u>2,074,318</u>	<u>2,376,965</u>
Total Liabilities and Net Assets	<u>\$ 2,180,781</u>	<u>\$ 2,500,378</u>

See notes to financial statements

# MEDICAL AMBASSADORS INTERNATIONAL

## Statements of Activities

	Year Ended December 31,					
	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT, REVENUE, AND RECLASSIFICATIONS:</b>						
Contributions	\$ 983,040	\$ 1,242,612	\$ 2,225,652	\$ 1,400,838	\$ 1,717,679	\$ 3,118,517
Donated services	150,000	-	150,000	150,000	-	150,000
Investment income (loss)	8,998	-	8,998	(6,094)	-	(6,094)
Other income	4,931	-	4,931	9,440	-	9,440
Net assets released from restrictions:						
Satisfaction of ministry project restrictions	1,213,959	(1,213,959)	-	1,751,004	(1,751,004)	-
<b>Total Support, Revenue, and Reclassifications</b>	<b><u>2,360,928</u></b>	<b><u>28,653</u></b>	<b><u>2,389,581</u></b>	<b><u>3,305,188</u></b>	<b><u>(33,325)</u></b>	<b><u>3,271,863</u></b>
<b>OPERATING EXPENSES:</b>						
Program services:						
Field ministry and programs	2,081,295	-	2,081,295	2,148,056	-	2,148,056
Supporting activities:						
General and administrative	353,490	-	353,490	271,212	-	271,212
Fundraising	257,443	-	257,443	379,904	-	379,904
	<u>2,692,228</u>	<u>-</u>	<u>2,692,228</u>	<u>2,799,172</u>	<u>-</u>	<u>2,799,172</u>
Change in Net Assets from Operations	(331,300)	28,653	(302,647)	506,016	(33,325)	472,691
<b>NON-OPERATING:</b>						
Write-off of leasehold improvements	-	-	-	62,178	-	62,178
Change in Net Assets	(331,300)	28,653	(302,647)	443,838	(33,325)	410,513
Net Assets, Beginning of Year	1,643,856	733,109	2,376,965	1,200,018	766,434	1,966,452
Net Assets, End of Year	<u>\$ 1,312,556</u>	<u>\$ 761,762</u>	<u>\$ 2,074,318</u>	<u>\$ 1,643,856</u>	<u>\$ 733,109</u>	<u>\$ 2,376,965</u>

See notes to financial statements

# MEDICAL AMBASSADORS INTERNATIONAL

## Statements of Cash Flows

	Year Ended December 31,	
	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (302,647)	\$ 410,513
Reconciliation of change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	45,760	21,405
Net realized and unrealized loss on investments	1,264	23,162
Donated investments	(13,990)	(9,406)
Gain on disposal of capital lease	-	(4,683)
Loss on disposal of fixed assets	287	-
Net change in:		
Prepaid expenses, cash advances, and other assets	18,769	(2,224)
Field advances	63,230	(10,236)
Accounts payable	(9,603)	681
Accrued expenses	5,512	(2,886)
Net Cash Provided by (Used In) Operating Activities	(191,418)	426,326
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(6,617)	(571,153)
Proceeds from sale of investments	10,213	544,373
Investments income reinvested	(10,023)	(17,035)
Purchase of investments	(246,400)	-
Net Cash Used in Investing Activities	(252,827)	(43,815)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payments on capital lease	(12,859)	(11,006)
Net Cash Used in Financing Activities	(12,859)	(11,006)
Change in Cash and Cash Equivalents	(457,104)	371,505
Cash and Cash Equivalents, Beginning of Year	1,333,244	961,739
Cash and Cash Equivalents, End of Year	\$ 876,140	\$ 1,333,244
<b>SUPPLEMENTAL DISCLOSURES:</b>		
Cash paid for interest (none capitalized)	\$ 6,757	\$ 3,625
Equipment financed with capital lease obligation	\$ -	\$ 77,475
Write-off of fully depreciated equipment	\$ 56,684	\$ -

See notes to financial statements

# MEDICAL AMBASSADORS INTERNATIONAL

## Notes to Financial Statements

December 31, 2014 and 2013

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 deposit accounts and mutual funds that are reported at fair value based on quoted prices in active markets for identical assets, which is Level 1 of the fair value hierarchy. Interest income and the realized and unrealized gains or losses on investments are reported as unrestricted investment income unless a donor or law temporarily restricts its use.

### FIELD ADVANCES

The Organization advances field support to missionaries serving abroad in December in order for there to be funds on hand to cover expenses in 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 30 years.



# MEDICAL AMBASSADORS INTERNATIONAL

## Notes to Financial Statements

December 31, 2014 and 2013

### 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 \$90,000 for the president and \$60,000 for the vice president of ministries as reasonable compensation for each of the years ending December 31, 2014 and 2013. 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 noncash 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, 2014 and 2013

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

#### ADVERTISING

Advertising is used to promote the operations of the Organization. Advertising costs are expensed as incurred. For the years ended December 31, 2014 and 2013, advertising costs were immaterial to the financial statements.

#### FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs, such as depreciation and payroll, have been allocated among the program services and supporting activities. Currently, there are no joint costs that have been allocated among program, general and administrative, and fundraising functions.

#### UNCERTAIN TAX POSITIONS

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the statements of activities. As of December 31, 2014 and 2013, the Organization had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

The Organization files information tax returns in the U.S. and California. The Organization is subject to income tax examinations for the current year and certain prior years based on the applicable laws and regulations.

#### RECLASSIFICATIONS

Certain prior year amounts on the statements of cash flows and supplemental statement of functional expenses have been reclassified in order to conform to the current year presentation.

### 3. INVESTMENTS:

Investments consist of:

	December 31,	
	2014	2013
Deposit accounts	\$ 8,143	\$ 4,154
Mutual funds	504,109	249,162
Total investments	<u>\$ 512,252</u>	<u>\$ 253,316</u>

Investment income consists of:

	December 31,	
	2014	2013
Interest and dividends	\$ 10,262	\$ 17,068
Realized and unrealized gain (loss) on investments	(1,264)	(23,162)
	<u>\$ 8,998</u>	<u>\$ (6,094)</u>

# MEDICAL AMBASSADORS INTERNATIONAL

## Notes to Financial Statements

December 31, 2014 and 2013

4. PROPERTY AND EQUIPMENT - NET:

Property and equipment - net consists of:

	December 31,	
	2014	2013
Land	\$ 185,489	\$ 185,489
Building	349,511	349,511
Furniture and equipment	147,693	198,335
Equipment under capital lease	77,475	77,475
Donated cemetery lots	500	500
	<u>760,668</u>	<u>811,310</u>
Less accumulated depreciation and amortization	<u>(139,060)</u>	<u>(150,272)</u>
	621,608	661,038
Less obligation under capital lease	<u>(62,591)</u>	<u>(75,450)</u>
	<u>\$ 559,017</u>	<u>\$ 585,588</u>

5. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets consist of:

	December 31,	
	2014	2013
Missionary support	\$ 447,801	\$ 470,987
Haiti relief and development	-	13,935
Afghan development	-	8,483
Philippines development	-	12,272
West Africa Ebola programs	33,900	-
East Africa training center	32,000	-
Wheelchair mission fund	19,337	19,337
Field projects and other	228,724	208,095
	<u>\$ 761,762</u>	<u>\$ 733,109</u>

# MEDICAL AMBASSADORS INTERNATIONAL

## Notes to Financial Statements

December 31, 2014 and 2013

6. CAPITAL LEASES PAYABLE:

	December 31,	
	2014	2013
Capital lease entered into October 2013 for copiers with monthly payments of \$2,053, maturing October 2018.	\$ 75,197	\$ 94,814
Less: discount to present value	(12,606)	(19,364)
	62,591	75,450
Less: current portion	(14,164)	(12,859)
Long-term portion of capitalized leases payable	<u>\$ 48,427</u>	<u>\$ 62,591</u>

Non-cancelable capitalized leases payable will mature as follows:

<u>Year Ending December 31,</u>	
2015	\$ 14,164
2016	15,601
2017	17,183
2018	15,643
	<u>\$ 62,591</u>

Lease expense was \$12,859 and \$15,409 for the years ended December 31, 2014 and 2013, respectively. Accumulated amortization was \$19,369 and \$3,874 for the years ended December 31, 2014 and 2013, 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.

8. CONCENTRATION:

For the years ended December 31, 2014 and 2013, the top five donors gave 28% and 53%, respectively, of total contributions. Also, three donors were in the top five for both years.

9. SUBSEQUENT EVENT:

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, 2014 and 2013, and our report thereon dated July 6, 2015, which expressed an unmodified 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 Statements 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.



San Diego, California  
July 6, 2015

# MEDICAL AMBASSADORS INTERNATIONAL

## Supplemental Statement of Functional Expenses

Year Ended December 31, 2014

	Field Ministry and Programs	General and Administrative	Fundraising	Total
Salaries and benefits	\$ 793,677	\$ 198,088	\$ 141,593	\$ 1,133,358
Ministry support	546,705	-	-	546,705
Field transportation	257,436	-	13,286	270,722
Office expense	2,792	105,512	9,693	117,997
Special project expense	55,813	-	32,221	88,034
Travel and meetings	94,431	792	14,306	109,529
Program expense	158,878	-	-	158,878
Outside services	67,218	71,963	13,891	153,072
Other expenses	23,347	22,416	4,550	50,313
Deputation	-	-	1,064	1,064
Depreciation and amortization	-	45,760	-	45,760
Utilities	834	15,338	624	16,796
Facility allocation	80,164	(106,379)	26,215	-
	<u>\$ 2,081,295</u>	<u>\$ 353,490</u>	<u>\$ 257,443</u>	<u>\$ 2,692,228</u>

# MEDICAL AMBASSADORS INTERNATIONAL

## Supplemental Statement of Functional Expenses

Year Ended December 31, 2013

	Field Ministry and Programs	General and Administrative	Fundraising	Total
Salaries and benefits	\$ 768,519	\$ 195,644	\$ 110,537	\$ 1,074,700
Ministry support	541,889	-	-	541,889
Field transportation	259,791	-	5,582	265,373
Office expense	99,108	41,193	12,522	152,823
Special project expense	58,163	-	100,179	158,342
Travel and meetings	117,008	281	17,465	134,754
Program expense	172,092	-	-	172,092
Outside services	62,765	113,789	28,052	204,606
Other expenses	30,731	13,936	12,003	56,670
Deputation	-	-	1,620	1,620
Depreciation and amortization	-	21,405	-	21,405
Utilities	1,435	12,839	624	14,898
Facility allocation	36,555	(127,875)	91,320	-
	<u>\$ 2,148,056</u>	<u>\$ 271,212</u>	<u>\$ 379,904</u>	<u>\$ 2,799,172</u>