



Financial Statements
With Independent Auditors' Report

December 31, 2016 and 2015

MEDICAL AMBASSADORS INTERNATIONAL

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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, 2016 and 2015, 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, 2016 and 2015, 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

Pleasanton, California
July 17, 2017

MEDICAL AMBASSADORS INTERNATIONAL

Statements of Financial Position

	Year Ended December 31,	
	2016	2015
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 737,874	\$ 818,909
Investments	526,923	519,187
Prepaid expenses, cash advances, and other assets	36,294	27,167
Field advances	210,160	208,635
	<u>1,511,251</u>	<u>1,573,898</u>
Property and equipment—net	<u>572,062</u>	<u>593,759</u>
Total Assets	<u>\$ 2,083,313</u>	<u>\$ 2,167,657</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 50,140	\$ 32,943
Accrued expenses	29,422	21,275
Capital lease payable—current portion	17,183	15,601
	<u>96,745</u>	<u>69,819</u>
Capital lease payable—net of current portion	<u>15,643</u>	<u>32,826</u>
Total liabilities	<u>112,388</u>	<u>102,645</u>
Net assets:		
Unrestricted:		
Undesignated	456,996	668,410
Net investment in property and equipment	539,236	545,332
	<u>996,232</u>	<u>1,213,742</u>
Temporarily restricted	<u>974,693</u>	<u>851,270</u>
Total net assets	<u>1,970,925</u>	<u>2,065,012</u>
Total Liabilities and Net Assets	<u>\$ 2,083,313</u>	<u>\$ 2,167,657</u>

See notes to financial statements

MEDICAL AMBASSADORS INTERNATIONAL

Statements of Activities

	Year Ended December 31,					
	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT, REVENUE, AND RECLASSIFICATIONS:						
Contributions	\$ 1,206,208	\$ 1,177,520	\$ 2,383,728	\$ 1,279,388	\$ 1,186,421	\$ 2,465,809
Donated services	177,500	-	177,500	150,000	-	150,000
Investment income	7,701	-	7,701	10,297	-	10,297
Other income	1,505	-	1,505	5,088	-	5,088
Net assets released from restrictions:						
Satisfaction of ministry project restrictions	1,054,097	(1,054,097)	-	1,096,913	(1,096,913)	-
Total Support, Revenue, and Reclassifications	2,447,011	123,423	2,570,434	2,541,686	89,508	2,631,194
OPERATING EXPENSES:						
Program services:						
Field ministry and programs	2,041,688	-	2,041,688	2,036,852	-	2,036,852
Supporting activities:						
General and administrative	373,160	-	373,160	359,923	-	359,923
Fundraising	249,673	-	249,673	243,725	-	243,725
	2,664,521	-	2,664,521	2,640,500	-	2,640,500
Change in Net Assets	(217,510)	123,423	(94,087)	(98,814)	89,508	(9,306)
Net Assets, Beginning of Year	1,213,742	851,270	2,065,012	1,312,556	761,762	2,074,318
Net Assets, End of Year	\$ 996,232	\$ 974,693	\$ 1,970,925	\$ 1,213,742	\$ 851,270	\$ 2,065,012

See notes to financial statements

MEDICAL AMBASSADORS INTERNATIONAL

Statements of Cash Flows

	Year Ended December 31,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (94,087)	\$ (9,306)
Reconciliation of change in net assets to net cash used in operating activities:		
Depreciation and amortization	48,003	46,673
Net realized and unrealized loss on investments	1,671	9,561
Donated investments	(8,271)	(12,274)
(Gain) loss on disposal of fixed assets	-	(100)
Net change in:		
Prepaid expenses, cash advances, and other assets	(9,127)	(4,471)
Field advances	(1,525)	(60,550)
Accounts payable	17,197	9,845
Accrued expenses	8,147	501
Net Cash Used in Operating Activities	(37,992)	(20,121)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(26,306)	(18,824)
Proceeds from sales of equipment	-	100
Proceeds from sale of investments	8,026	15,280
Purchases of investments	(9,162)	(19,502)
Net Cash Used in Investing Activities	(27,442)	(22,946)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on capital lease	(15,601)	(14,164)
Net Cash Used in Financing Activities	(15,601)	(14,164)
Change in Cash and Cash Equivalents	(81,035)	(57,231)
Cash and Cash Equivalents, Beginning of Year	818,909	876,140
Cash and Cash Equivalents, End of Year	\$ 737,874	\$ 818,909
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest (none capitalized)	\$ 4,016	\$ 5,453

See notes to financial statements

MEDICAL AMBASSADORS INTERNATIONAL

Statements of Cash Flows

December 31, 2016 and 2015

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

Statements of Cash Flows

December 31, 2016 and 2015

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, vice president of ministries, and women's health international coordinator 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, \$60,000 for the vice president of ministries, and \$27,500 for the women's health international coordinator as reasonable compensation. Total donated services were \$177,500 and \$150,000 for the years ending December 31, 2016 and 2015, respectively. 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

Statements of Cash Flows

December 31, 2016 and 2015

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 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, 2016 and 2015, 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,	
	2016	2015
Deposit accounts	\$ 76,855	\$ 119,795
Mutual funds	450,068	399,392
Total investments	<u>\$ 526,923</u>	<u>\$ 519,187</u>

Investment income consists of:

	December 31,	
	2016	2015
Interest and dividends	\$ 9,371	\$ 19,858
Realized and unrealized loss on investments	(1,670)	(9,561)
	<u>\$ 7,701</u>	<u>\$ 10,297</u>

MEDICAL AMBASSADORS INTERNATIONAL

Statements of Cash Flows

December 31, 2016 and 2015

4. PROPERTY AND EQUIPMENT - NET:

Property and equipment - net consists of:

	December 31,	
	2016	2015
Land	\$ 185,489	\$ 185,489
Building and building improvements	365,435	365,435
Furniture and equipment	174,830	148,524
Equipment under capital lease	77,475	77,475
Donated cemetery lots	500	500
	<u>803,729</u>	<u>777,423</u>
Less accumulated depreciation	(181,308)	(148,800)
Less accumulated amortization of equipment under capital lease	<u>(50,359)</u>	<u>(34,864)</u>
	572,062	593,759
Less obligation under capital lease	<u>(32,826)</u>	<u>(48,427)</u>
Net investment in property and equipment	<u>\$ 539,236</u>	<u>\$ 545,332</u>

5. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets consist of:

	December 31,	
	2016	2015
Missionary support	\$ 540,027	\$ 431,043
Nepal Recovery	30,018	29,481
Vine house	51,118	49,948
West Africa Ebola programs	33,900	33,900
East Africa training center	15,000	32,000
Wheelchair mission fund	19,337	19,337
Field projects and other	285,293	255,561
	<u>\$ 974,693</u>	<u>\$ 851,270</u>

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Statements of Cash Flows

December 31, 2016 and 2015

6. CAPITAL LEASES PAYABLE:

	December 31,	
	2016	2015
Capital lease entered into October 2013 for copiers with monthly payments of \$2,053, maturing October	\$ 35,964	\$ 55,581
Less: discount to present value	(3,138)	(7,154)
	32,826	48,427
Less: current portion	(17,183)	(15,601)
	\$ 15,643	\$ 32,826

Non-cancelable capitalized leases payable will mature as follows:

<u>Year Ending December 31,</u>	
2017	17,183
2018	15,643
	<u>\$ 32,826</u>

Lease expense was approximately \$16,000 and \$14,000 for the years ended December 31, 2016 and 2015, respectively. Accumulated amortization was approximately \$50,000 and \$35,000 for the years ended December 31, 2016 and 2015, 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, 2016 and 2015, the top five donors gave 36% and 32%, respectively, of total revenue. 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, 2016 and 2015, and our report thereon dated July 14, 2017, 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.

Capin Crouse LLP

Pleasanton, California
July 17, 2017

MEDICAL AMBASSADORS INTERNATIONAL

Supplemental Statement of Functional Expenses

Year Ended December 31, 2016

	<u>Field Ministry and Programs</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 759,398	\$ 223,788	\$ 157,221	\$ 1,140,407
Ministry support	532,252	-	-	532,252
Field transportation	204,207	-	-	204,207
Office expense	-	105,481	9,979	115,460
Special project expense	74,442	-	30,697	105,139
Travel and meetings	114,109	618	6,259	120,986
Program expense	187,582	-	-	187,582
Outside services	64,561	69,795	14,746	149,102
Other expenses	27,512	13,809	2,555	43,876
Depreciation and amortization	-	48,003	-	48,003
Utilities	-	17,507	-	17,507
Facility allocation	77,625	(105,841)	28,216	-
	<u>\$ 2,041,688</u>	<u>\$ 373,160</u>	<u>\$ 249,673</u>	<u>\$ 2,664,521</u>

MEDICAL AMBASSADORS INTERNATIONAL

Supplemental Statement of Functional Expenses

Year Ended December 31, 2015

	<u>Field Ministry and Programs</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 780,699	\$ 207,648	\$ 138,162	\$ 1,126,509
Ministry support	503,534	-	-	503,534
Field transportation	202,658	-	-	202,658
Office expense	-	91,641	13,655	105,296
Special project expense	59,691	-	33,681	93,372
Travel and meetings	112,617	288	3,898	116,803
Program expense	172,496	-	-	172,496
Outside services	78,921	77,060	18,353	174,334
Other expenses	51,430	19,646	11,042	82,118
Depreciation and amortization	-	46,673	-	46,673
Utilities	-	16,707	-	16,707
Facility allocation	74,806	(99,740)	24,934	-
	<u>\$ 2,036,852</u>	<u>\$ 359,923</u>	<u>\$ 243,725</u>	<u>\$ 2,640,500</u>