



Financial Statements
With Independent Auditors' Report

December 31, 2017 and 2016

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, 2017 and 2016, 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, 2017 and 2016, 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 31, 2018

MEDICAL AMBASSADORS INTERNATIONAL

Statements of Financial Position

	Year Ended December 31,	
	2017	2016
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 705,235	\$ 737,874
Investments	539,946	526,923
Prepaid expenses, cash advances, and other assets	37,094	36,294
Field advances	145,936	210,160
	1,428,211	1,511,251
Property and equipment—net	536,290	572,062
Total Assets	\$ 1,964,501	\$ 2,083,313
LIABILITIES AND NET ASSETS:		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 60,102	\$ 50,140
Accrued expenses	28,366	29,422
Capital lease payable—current portion	15,643	17,183
	104,111	96,745
Capital lease payable—net of current portion	-	15,463
Total liabilities	104,111	112,208
Net assets:		
Unrestricted:		
Undesignated	346,197	456,996
Net investment in property and equipment	520,647	539,236
	866,844	996,232
Temporarily restricted	993,546	974,693
Total net assets	1,860,390	2,065,012
Total Liabilities and Net Assets	\$ 1,964,501	\$ 2,177,220

See notes to financial statements

MEDICAL AMBASSADORS INTERNATIONAL

Statements of Activities

	Year Ended December 31,					
	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT, REVENUE, AND RECLASSIFICATIONS:						
Contributions	\$ 1,350,805	\$ 1,226,150	\$ 2,576,955	\$ 1,206,208	\$ 1,177,520	\$ 2,383,728
Donated services	125,000	-	125,000	177,500	-	177,500
Investment income	13,086	-	13,086	7,701	-	7,701
Other income	4,068	-	4,068	1,505	-	1,505
Net assets released from restrictions:						-
Satisfaction of ministry project restrictions	1,207,297	(1,207,297)	-	1,054,097	(1,054,097)	-
Total Support, Revenue, and Reclassifications	2,700,256	18,853	2,719,109	2,447,011	123,423	2,570,434
OPERATING EXPENSES:						
Program services:						
Field ministry and programs	2,064,361	-	2,064,361	2,041,688	-	2,041,688
Supporting activities:						
General and administrative	446,987	-	446,987	373,160	-	373,160
Fundraising	318,296	-	318,296	249,673	-	249,673
	2,829,644	-	2,829,644	2,664,521	-	2,664,521
Change in Net Assets	(129,388)	18,853	(110,535)	(217,510)	123,423	(94,087)
Net Assets, Beginning of Year	996,232	974,693	1,970,925	1,213,742	851,270	2,065,012
Net Assets, End of Year	\$ 866,844	\$ 993,546	\$ 1,860,390	\$ 996,232	\$ 974,693	\$ 1,970,925

See notes to financial statements

MEDICAL AMBASSADORS INTERNATIONAL

Statements of Cash Flows

	Year Ended December 31,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (110,535)	\$ (94,087)
Reconciliation of change in net assets to net cash used in operating activities:		
Depreciation and amortization	46,284	48,003
Net realized and unrealized loss on investments	(3,394)	1,671
Donated investments	(8,379)	(8,271)
Net change in:		
Prepaid expenses, cash advances, and other assets	(800)	(9,127)
Field advances	64,224	(1,525)
Accounts payable	9,962	17,197
Accrued expenses	(1,056)	8,147
Net Cash Used in Operating Activities	(3,694)	(37,992)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(10,512)	(26,306)
Proceeds from sale of investments	8,127	8,026
Purchases of investments	(9,377)	(9,162)
Net Cash Used in Investing Activities	(11,762)	(27,442)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on capital lease	(17,183)	(15,601)
Net Cash Used in Financing Activities	(17,183)	(15,601)
Change in Cash and Cash Equivalents	(32,639)	(81,035)
Cash and Cash Equivalents, Beginning of Year	737,874	818,909
Cash and Cash Equivalents, End of Year	\$ 705,235	\$ 737,874
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest (none capitalized)	\$ 2,434	\$ 4,016

See notes to financial statements

MEDICAL AMBASSADORS INTERNATIONAL

Statements of Cash Flows

December 31, 2017 and 2016

1. NATURE OF ORGANIZATION:

Medical Ambassadors International (the Organization), was incorporated in 1980 in California. The Organization is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state law(s). However, the Organization is subject to federal income tax on any unrelated business taxable income. In addition, the Organization is not classified as a private foundation within the meaning of Section 509(a) of the IRC.

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. At June 30, 2017 and 2016, the Organization's cash balances exceeded federally insured limits by approximately \$125,000 and \$166,000, respectively. The Organization does not believe these funds to be at substantial risk of loss due to the lack of federal insurance coverage.

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, 2017 and 2016

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 through July 2017. In 2016, the women's health international coordinator also 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. As of August 2017, the president and vice president of ministries transitioned as volunteers and the Organization recorded \$50,000 and \$40,000, respectively, prorated for the remaining months of the year. Total donated services were \$125,000 and \$177,500 for the years ending December 31, 2017 and 2016, 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.

MEDICAL AMBASSADORS INTERNATIONAL

Statements of Cash Flows

December 31, 2017 and 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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.

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.

3. INVESTMENTS:

Investments consist of:

	December 31,	
	2017	2016
Deposit accounts	\$ 116,692	\$ 76,855
Mutual funds	423,255	450,068
Total investments	<u>\$ 539,947</u>	<u>\$ 526,923</u>

Investment income consists of:

	December 31,	
	2017	2016
Interest and dividends	\$ 9,691	\$ 9,371
Realized and unrealized loss on investments	3,395	(1,670)
	<u>\$ 13,086</u>	<u>\$ 7,701</u>

MEDICAL AMBASSADORS INTERNATIONAL

Statements of Cash Flows

December 31, 2017 and 2016

4. PROPERTY AND EQUIPMENT - NET:

Property and equipment - net consists of:

	December 31,	
	2017	2016
Land	\$ 185,489	\$ 185,489
Building and building improvements	365,435	365,435
Furniture and equipment	185,342	174,830
Equipment under capital lease	77,475	77,475
Donated cemetery lots	500	500
	<u>814,241</u>	<u>803,729</u>
Less accumulated depreciation	(227,592)	(181,308)
Less accumulated amortization of equipment under capital lease	<u>(50,359)</u>	<u>(50,359)</u>
	536,290	572,062
Less obligation under capital lease	<u>(15,643)</u>	<u>(32,826)</u>
Net investment in property and equipment	<u>\$ 520,647</u>	<u>\$ 539,236</u>

5. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets consist of:

	December 31,	
	2017	2016
Missionary support	\$ 581,734	\$ 540,027
Nepal Recovery	17,623	30,018
Vine house	31,727	51,118
West Africa Ebola programs	31,500	33,900
East Africa training center	28,000	15,000
Wheelchair mission fund	19,337	19,337
Field projects and other	<u>283,625</u>	<u>285,293</u>
	<u>\$ 993,546</u>	<u>\$ 974,693</u>

MEDICAL AMBASSADORS INTERNATIONAL

Statements of Cash Flows

December 31, 2017 and 2016

6. CAPITAL LEASES PAYABLE:

	December 31,	
	2017	2016
Capital lease entered into October 2013 for copiers with monthly payments of \$2,053, maturing October	\$ 15,643	\$ 35,964
Less: discount to present value	-	(3,138)
	15,643	32,826
Less: current portion	(15,643)	(17,183)
Long-term portion of capitalized leases payable	\$ -	\$ 15,643

Lease expense was approximately \$16,000 for both the years ended December 31, 2017 and 2016. Accumulated amortization was approximately \$66,000 and \$50,000 for the years ended December 31, 2017 and 2016, 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, 2017 and 2016, the top five donors gave 33% and 36%, respectively, of total revenue. Three of the five donors were in the concentration for both years. Management recognizes the impact of the concentration.

9. SUBSEQUENT EVENT:

Subsequent events were evaluated through July 31, 2018, which is 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, 2017 and 2016, and our report thereon dated July 31, 2018, 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 31, 2018

MEDICAL AMBASSADORS INTERNATIONAL

Supplemental Statement of Functional Expenses

Year Ended December 31, 2017

	<u>Field Ministry and Programs</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 807,733	\$ 243,594	\$ 200,779	\$ 1,252,106
Ministry support	499,336	-	-	499,336
Field transportation	194,357	-	-	194,357
Office expense	-	106,260	11,369	117,629
Special project expense	54,899	-	32,462	87,361
Travel and meetings	152,044	342	12,944	165,330
Program expense	205,151	-	-	205,151
Outside services	59,845	101,501	18,420	179,766
Other expenses	13,371	36,672	14,106	64,149
Depreciation and amortization	-	46,284	-	46,284
Utilities	-	18,175	-	18,175
Facility allocation	77,625	(105,841)	28,216	-
	<u>\$ 2,064,361</u>	<u>\$ 446,987</u>	<u>\$ 318,296</u>	<u>\$ 2,829,644</u>

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	\$ 753,379	\$ 223,788	\$ 155,088	\$ 1,132,255
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	-	30,218	104,660
Travel and meetings	123,608	323	3,912	127,843
Program expense	181,024	-	-	181,024
Outside services	64,601	69,800	14,640	149,041
Other expenses	26,031	15,663	4,017	45,711
Depreciation and amortization	-	48,003	-	48,003
Utilities	-	17,507	-	17,507
Facility allocation	77,625	(105,841)	28,216	-
	<u>\$ 2,037,169</u>	<u>\$ 374,724</u>	<u>\$ 246,070</u>	<u>\$ 2,657,963</u>