



MEDICAL AMBASSADORS INTERNATIONAL

Financial Statements
With Independent Auditors' Report

December 31, 2019 and 2018

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, which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, 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.

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 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.

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, 2019 and 2018, 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.

Emphasis of Matter

Medical Ambassadors International has adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, as described in Note 2. Adoption of ASU 2014-09 has no impact on net assets previously reported in the prior year financial statements. Our opinion is not modified with respect to these matters.

Capin Crouse LLP

Pleasanton, California
July 13, 2020

MEDICAL AMBASSADORS INTERNATIONAL

Statements of Financial Position

	Year Ended December 31,	
	2019	2018
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 563,849	\$ 600,502
Investments	570,957	542,773
Prepaid expenses and other assets	25,862	34,519
	<u>1,160,668</u>	<u>1,177,794</u>
Property and equipment—net	<u>562,442</u>	<u>594,277</u>
Total Assets	<u>\$ 1,723,110</u>	<u>\$ 1,772,071</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 40,738	\$ 128,272
Accrued expenses	43,408	47,151
Capital lease payable—current portion	15,539	15,000
	<u>99,685</u>	<u>190,423</u>
Capital lease payable—net of current portion	<u>35,614</u>	<u>51,153</u>
Total liabilities	<u>135,299</u>	<u>241,576</u>
Net assets:		
Without donor restrictions:	733,296	757,603
With donor restrictions	854,515	772,892
Total net assets	<u>1,587,811</u>	<u>1,530,495</u>
Total Liabilities and Net Assets	<u>\$ 1,723,110</u>	<u>\$ 1,772,071</u>

See notes to financial statements

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Statements of Activities

	Year Ended December 31,					
	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE, AND RECLASSIFICATIONS:						
Contributions	\$ 1,188,973	\$ 1,483,934	\$ 2,672,907	\$ 1,257,185	\$ 1,306,981	\$ 2,564,166
Investment income	24,420	-	24,420	3,077	-	3,077
Other income	3,590	-	3,590	9,396	-	9,396
Net assets released from restrictions:						-
Satisfaction of ministry project restrictions	1,402,311	(1,402,311)	-	1,527,635	(1,527,635)	-
Total Support, Revenue, and Reclassifications	2,619,294	81,623	2,700,917	2,797,293	(220,654)	2,576,639
OPERATING EXPENSES:						
Program services:						
Field ministry and programs	2,039,501	-	2,039,501	2,129,051	-	2,129,051
Supporting activities:						
General and administrative	405,149	-	405,149	500,496	-	500,496
Fundraising	198,951	-	198,951	302,987	-	302,987
	2,643,601	-	2,643,601	2,932,534	-	2,932,534
Change in Net Assets	(24,307)	81,623	57,316	(135,241)	(220,654)	(355,895)
Net Assets, Beginning of Year	757,603	772,892	1,530,495	892,844	993,546	1,886,390
Net Assets, End of Year	\$ 733,296	\$ 854,515	\$ 1,587,811	\$ 757,603	\$ 772,892	\$ 1,530,495

See notes to financial statements

MEDICAL AMBASSADORS INTERNATIONAL

Statements of Functional Expenses

Year Ended December 31,

	2019				2018			
	Field Ministry and Programs	General and Administrative	Fundraising	Total	Field Ministry and Programs	General and Administrative	Fundraising	Total
Salaries and benefits	\$ 1,283,163	\$ 207,102	\$ 100,656	\$ 1,590,921	\$ 1,330,032	\$ 222,482	\$ 176,876	\$ 1,729,390
Training	299,674	-	255	299,929	317,725	-	-	317,725
Outside services	57,348	119,477	38,077	214,902	59,662	122,153	24,570	206,385
Field transportation	169,374	-	-	169,374	182,013	-	-	182,013
Office expense	4,590	127,547	7,384	139,521	5,633	192,588	11,719	209,940
Travel and meetings	121,102	627	12,219	133,948	121,810	495	21,354	143,659
Depreciation	-	39,626	-	39,626	-	39,519	-	39,519
Other expenses	9,078	12,409	4,472	25,959	34,551	11,361	14,599	60,511
Utilities	-	20,499	-	20,499	-	17,739	-	17,739
Advertising and promotion	-	-	8,922	8,922	-	-	25,653	25,653
Facility allocation	95,172	(122,138)	26,966	-	77,625	(105,841)	28,216	-
	<u>\$ 2,039,501</u>	<u>\$ 405,149</u>	<u>\$ 198,951</u>	<u>\$ 2,643,601</u>	<u>\$ 2,129,051</u>	<u>\$ 500,496</u>	<u>\$ 302,987</u>	<u>\$ 2,932,534</u>

See notes to financial statements

MEDICAL AMBASSADORS INTERNATIONAL

Statements of Cash Flows

	Year Ended December 31,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 57,316	\$ (355,895)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	39,626	39,519
Gain on disposal of property and equipment	-	(6,604)
Net realized and unrealized (gain) loss on investments	(9,925)	8,478
Donated investments	(4,477)	(4,215)
Net change in:		
Prepaid expenses and other assets	8,657	148,511
Accounts payable	(87,534)	68,170
Accrued expenses	(3,743)	18,785
Net Cash Used in Operating Activities	(80)	(83,251)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(7,791)	(4,873)
Proceeds from sale of property and equipment	-	18,225
Proceeds from sale of investments	-	3,690
Purchases of investments	(13,782)	(10,780)
Net Cash Provided by (Used in) Investing Activities	(21,573)	6,262
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on capital lease	(15,000)	(27,744)
Net Cash Used in Financing Activities	(15,000)	(27,744)
Change in Cash and Cash Equivalents	(36,653)	(104,733)
Cash and Cash Equivalents, Beginning of Year	600,502	705,235
Cash and Cash Equivalents, End of Year	\$ 563,849	\$ 600,502
SUPPLEMENTAL DISCLOSURES:		
Non-cash:		
Equipment financed with capital lease obligation	\$ -	\$ 78,254

See notes to financial statements

MEDICAL AMBASSADORS INTERNATIONAL

Notes to Financial Statements

December 31, 2019 and 2018

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 laws. 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 December 31, 2019 and 2018, the Organization's cash balances exceeded federally insured limits by approximately \$45,000 and \$80,000, respectively.

INVESTMENTS

Investments consist of deposit accounts, equity investments, 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 investment income without donor restriction unless a donor restricts its use.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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.

NET ASSETS

The financial statements report amounts by class of net assets:

Net assets without donor restrictions 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.

Net assets with donor restrictions are contributed with donor stipulation for specific operating purposes or capital projects.

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 net assets with donor restrictions 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 net assets with donor restrictions to net assets without donor restrictions 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.

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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.

RECENTLY ADOPTED ACCOUNTING STANDARDS

During the year ended December 31, 2019, the Organization adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (topic 606 of the FASB Accounting Standards Codification). ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. This ASU had no impact to revenue or net assets for the Organization.

3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. The Organization maintains liquidity sufficient to meet general obligations.

	December 31,	
	2019	2018
Financial assets:		
Cash and cash equivalents	\$ 563,849	\$ 600,502
Investments	570,957	542,773
Accounts receivable	-	12
	<u>1,134,806</u>	<u>1,143,287</u>
Less:		
Donor-imposed restrictions unavailable for general expenditure	<u>(303,250)</u>	<u>(247,819)</u>
	<u>\$ 831,556</u>	<u>\$ 895,468</u>

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4. INVESTMENTS:

Investments consist of:

	December 31,	
	2019	2018
Cash and cash equivalents	\$ 105,241	\$ 112,359
Equity investments	4,477	1,315
Mutual funds	461,239	429,099
	<u>\$ 570,957</u>	<u>\$ 542,773</u>

5. PROPERTY AND EQUIPMENT:

Property and equipment consists of:

	December 31,	
	2019	2018
Land	\$ 185,489	\$ 185,489
Building and building improvements	365,435	365,435
Furniture and equipment	195,425	187,633
Equipment under capital lease	78,254	78,254
Donated cemetery lots	500	500
	<u>825,103</u>	<u>817,311</u>
Less accumulated depreciation	(233,968)	(209,992)
Less accumulated amortization of equipment under capital lease	(28,693)	(13,042)
	<u>\$ 562,442</u>	<u>\$ 594,277</u>

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6. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of:

	December 31,	
	2019	2018
Missionary support	\$ 551,265	\$ 525,073
Field projects and other	242,124	168,352
Vine house	22,578	32,687
West Africa Ebola programs	22,061	22,061
Wheelchair mission fund	15,287	15,287
East Africa training center	1,200	1,200
Nepal Recovery	-	8,232
	\$ 854,515	\$ 772,892

7. CAPITAL LEASE PAYABLE:

	December 31,	
	2019	2018
Capital lease entered into February 15, 2018 for copiers with monthly payments of \$1,922, maturing February 2023.	\$ 51,153	\$ 66,153

Lease expense was approximately \$15,000 and \$12,000 for the years ended December 31, 2019 and 2018, respectively. Accumulated amortization was approximately \$29,000 and \$13,000, for the years ended December 31, 2019 and 2018, respectively.

Minimum payments required under capital lease obligations are as follows:

<u>Year Ending December 31,</u>	
2020	\$ 17,100
2021	17,082
2022	17,022
2023	2,837
Less: Interest	(2,888)
	\$ 51,153

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8. 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.

9. CONCENTRATION:

For the years ended December 31, 2019 and 2018, the top five donors gave 36% and 33% of total revenue, respectively. Four of the five donors were in the concentration for both years. Management recognizes the impact of the concentration.

10. SUBSEQUENT EVENTS:

Subsequent to year-end, the World Health Organization (WHO) classified COVID-19 as a global pandemic. State and local officials ordered a shelter-in-place for all California residents on March 24, 2020, including the requirement that all non-essential businesses cease operations or require employees to work from home. The financial impact cannot be estimated at this time.

Subsequent events were evaluated through July 13, 2020, which is the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.