



MEDICAL AMBASSADORS INTERNATIONAL

Financial Statements
With Independent Auditors' Report

December 31, 2021 and 2020

MEDICAL AMBASSADORS INTERNATIONAL

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Medical Ambassadors International
Modesto, California

Opinion

We have audited the accompanying financial statements of Medical Ambassadors International, which comprise the statements of financial position as of December 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Medical Ambassadors International and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Medical Ambassadors International's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Board of Directors
Medical Ambassadors International
Modesto, California

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Medical Ambassadors International's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Medical Ambassadors International's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Capin Crouse LLP

Pleasanton, California
October 20, 2022

MEDICAL AMBASSADORS INTERNATIONAL

Statements of Financial Position

	Year Ended December 31,	
	2021	2020
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 1,016,246	\$ 811,770
Investments	712,670	653,723
Prepaid expenses and other assets	15,164	12,071
	<u>1,744,080</u>	<u>1,477,564</u>
Property and equipment—net	<u>499,514</u>	<u>535,147</u>
Total Assets	<u>\$ 2,243,594</u>	<u>\$ 2,012,711</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 61,998	\$ 56,750
Accrued expenses	40,840	42,435
Capital lease payable—current portion	16,678	16,099
	<u>119,516</u>	<u>115,284</u>
Capital lease payable—net of current portion	<u>2,837</u>	<u>19,515</u>
Total liabilities	<u>122,353</u>	<u>134,799</u>
Net assets:		
Without donor restrictions:	1,181,813	874,682
With donor restrictions	939,428	1,003,230
Total net assets	<u>2,121,241</u>	<u>1,877,912</u>
Total Liabilities and Net Assets	<u>\$ 2,243,594</u>	<u>\$ 2,012,711</u>

See notes to financial statements

MEDICAL AMBASSADORS INTERNATIONAL

Statements of Activities

	Year Ended December 31,					
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE, AND RECLASSIFICATIONS:						
Contributions	\$ 1,500,318	\$ 1,434,793	\$ 2,935,111	\$ 1,323,142	\$ 1,461,932	\$ 2,785,074
Investment income	9,517	-	9,517	32,453	-	32,453
Other income	10,022	-	10,022	2,770	-	2,770
Net assets released from restrictions:						-
Satisfaction of ministry project restrictions	1,498,595	(1,498,595)	-	1,313,217	(1,313,217)	-
Total Support, Revenue, and Reclassifications	<u>3,018,452</u>	<u>(63,802)</u>	<u>2,954,650</u>	<u>2,671,582</u>	<u>148,715</u>	<u>2,820,297</u>
OPERATING EXPENSES:						
Program services:						
Field ministry and programs	2,055,097	-	2,055,097	1,931,459	-	1,931,459
Supporting activities:						
General and administrative	322,079	-	322,079	361,245	-	361,245
Fundraising	334,145	-	334,145	237,492	-	237,492
	<u>2,711,321</u>	<u>-</u>	<u>2,711,321</u>	<u>2,530,196</u>	<u>-</u>	<u>2,530,196</u>
Change in Net Assets	307,131	(63,802)	243,329	141,386	148,715	290,101
Net Assets, Beginning of Year	<u>874,682</u>	<u>1,003,230</u>	<u>1,877,912</u>	<u>733,296</u>	<u>854,515</u>	<u>1,587,811</u>
Net Assets, End of Year	<u>\$ 1,181,813</u>	<u>\$ 939,428</u>	<u>\$ 2,121,241</u>	<u>\$ 874,682</u>	<u>\$ 1,003,230</u>	<u>\$ 1,877,912</u>

See notes to financial statements

MEDICAL AMBASSADORS INTERNATIONAL

Statements of Functional Expenses

	Year Ended December 31,							
	2021				2020			
	Field Ministry and Programs	General and Administrative	Fundraising	Total	Field Ministry and Programs	General and Administrative	Fundraising	Total
Salaries and benefits	\$ 1,253,249	\$ 141,806	\$ 136,629	\$ 1,531,684	\$ 1,267,054	\$ 180,567	\$ 105,181	\$ 1,552,802
Training	403,055	-	40,085	443,140	310,049	-	53	310,102
Outside services	66,554	207,591	85,899	360,044	44,702	124,073	77,390	246,165
Field transportation	130,533	-	-	130,533	164,189	-	-	164,189
Office expense	6,314	89,784	10,721	106,819	2,154	100,075	6,905	109,134
Other expenses	38,617	13,036	4,602	56,255	28,494	15,270	1,178	44,942
Depreciation	-	36,862	-	36,862	-	38,202	-	38,202
Travel and meetings	19,966	167	5,531	25,664	26,607	201	9,242	36,050
Utilities	-	13,529	-	13,529	-	14,988	-	14,988
Advertising and promotion	-	-	6,791	6,791	-	-	13,622	13,622
Facility allocation	136,809	(180,696)	43,887	-	88,210	(112,131)	23,921	-
	<u>\$ 2,055,097</u>	<u>\$ 322,079</u>	<u>\$ 334,145</u>	<u>\$ 2,711,321</u>	<u>\$ 1,931,459</u>	<u>\$ 361,245</u>	<u>\$ 237,492</u>	<u>\$ 2,530,196</u>

See notes to financial statements

MEDICAL AMBASSADORS INTERNATIONAL

Statements of Cash Flows

	Year Ended December 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 243,329	\$ 290,101
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	36,862	38,202
Reinvested dividends	(11,354)	(17,226)
Net realized and unrealized (gain) loss on investments	2,862	(15,798)
Donated investments	(50,455)	(49,742)
Net change in:		
Prepaid expenses and other assets	(3,093)	13,791
Accounts payable	5,248	16,012
Accrued expenses	(1,595)	(973)
Net Cash Provided by Operating Activities	<u>221,804</u>	<u>274,367</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	<u>(1,229)</u>	<u>(10,907)</u>
Net Cash Used in Investing Activities	<u>(1,229)</u>	<u>(10,907)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on capital lease	<u>(16,099)</u>	<u>(15,539)</u>
Net Cash Used in Financing Activities	<u>(16,099)</u>	<u>(15,539)</u>
Change in Cash and Cash Equivalents	204,476	247,921
Cash and Cash Equivalents, Beginning of Year	<u>811,770</u>	<u>563,849</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,016,246</u>	<u>\$ 811,770</u>

See notes to financial statements

MEDICAL AMBASSADORS INTERNATIONAL

Notes to Financial Statements

December 31, 2021 and 2020

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

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, 2021 and 2020, the Organization's cash balances exceeded federally insured limits by approximately \$448,000 and \$250,000, 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.

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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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.

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 barriers on which they depend are overcome. 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.

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.

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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. Missionary support is considered available for general expenditure within the year. The Organization maintains liquidity sufficient to meet general obligations.

	December 31,	
	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 1,016,246	\$ 811,770
Investments	712,670	653,723
	<u>1,728,916</u>	<u>1,465,493</u>
Less:		
Donor-imposed restrictions unavailable for general expenditure	<u>(348,982)</u>	<u>(415,406)</u>
	<u>\$ 1,379,934</u>	<u>\$ 1,050,087</u>

4. INVESTMENTS:

Investments consist of:

	December 31,	
	2021	2020
Cash and cash equivalents	\$ 116,808	\$ 134,816
Equity investments	67,619	21,327
Mutual funds	<u>528,243</u>	<u>497,580</u>
	<u>\$ 712,670</u>	<u>\$ 653,723</u>

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Notes to Financial Statements

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5. PROPERTY AND EQUIPMENT:

Property and equipment consists of:

	December 31,	
	2021	2020
Land	\$ 185,489	\$ 185,489
Building and building improvements	381,141	381,141
Furniture and equipment	191,854	190,625
Equipment under capital lease	78,254	78,254
Donated cemetery lots	500	500
	<u>837,238</u>	<u>836,009</u>
Less accumulated depreciation	(277,729)	(256,518)
Less accumulated amortization of equipment under capital lease	<u>(59,995)</u>	<u>(44,344)</u>
	<u><u>\$ 499,514</u></u>	<u><u>\$ 535,147</u></u>

6. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of:

	December 31,	
	2021	2020
Missionary support	\$ 590,446	\$ 587,824
Field projects and other	286,767	365,088
Vine house	49,728	35,831
Wheelchair mission fund	11,287	13,287
East Africa training center	<u>1,200</u>	<u>1,200</u>
	<u><u>\$ 939,428</u></u>	<u><u>\$ 1,003,230</u></u>

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7. CAPITAL LEASE PAYABLE:

A capital lease was entered into February 15, 2018 for copiers with monthly payments of \$1,922, maturing February 2023. Lease expense was approximately \$16,000, for the both of the years ended December 31, 2021 and 2020. Accumulated amortization was approximately \$60,000 and \$44,000, for the years ended December 31, 2021 and 2020, respectively.

Minimum payments required under capital lease obligations are as follows:

<u>Year Ending December 31,</u>	
2022	\$ 17,100
2023	2,850
Less: Interest	<u>(435)</u>
	<u><u>\$ 19,515</u></u>

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, 2021 and 2020, the top five donors gave 38% and 37%, of total revenue, respectively. Two of the five donors were in the concentration for both years. Management recognizes the impact of the concentration.

10. RISKS AND UNCERTAINTIES:

In March 2020, the World Health Organization declared the outbreak of the Coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. COVID-19 has caused a severe negative impact on the world economy through significant declines and volatility in financial markets and increases in unemployment.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remain unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Organization for future periods. Management is carefully monitoring the situation and evaluating its options as circumstances change.

11. SUBSEQUENT EVENTS:

Subsequent events were evaluated through October 20, 2022, which is the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.