



MEDICAL AMBASSADORS INTERNATIONAL

Financial Statements
With Independent Auditors' Report

December 31, 2020 and 2019

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, 2020 and 2019, 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, 2020 and 2019, 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 28, 2021

MEDICAL AMBASSADORS INTERNATIONAL

Statements of Financial Position

	Year Ended December 31,	
	2020	2019
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 811,770	\$ 563,849
Investments	653,723	570,957
Prepaid expenses and other assets	12,071	25,862
	<u>1,477,564</u>	<u>1,160,668</u>
Property and equipment—net	<u>535,147</u>	<u>562,442</u>
Total Assets	<u>\$ 2,012,711</u>	<u>\$ 1,723,110</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 56,750	\$ 40,738
Accrued expenses	42,435	43,408
Capital lease payable—current portion	16,099	15,539
	<u>115,284</u>	<u>99,685</u>
Capital lease payable—net of current portion	<u>19,515</u>	<u>35,614</u>
Total liabilities	<u>134,799</u>	<u>135,299</u>
Net assets:		
Without donor restrictions:	874,682	733,296
With donor restrictions	1,003,230	854,515
Total net assets	<u>1,877,912</u>	<u>1,587,811</u>
Total Liabilities and Net Assets	<u>\$ 2,012,711</u>	<u>\$ 1,723,110</u>

See notes to financial statements

MEDICAL AMBASSADORS INTERNATIONAL

Statements of Activities

	Year Ended December 31,					
	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE, AND RECLASSIFICATIONS:						
Contributions	\$ 1,323,142	\$ 1,461,932	\$ 2,785,074	\$ 1,188,973	\$ 1,483,934	\$ 2,672,907
Investment income	32,453	-	32,453	24,420	-	24,420
Other income	2,770	-	2,770	3,590	-	3,590
Net assets released from restrictions:						-
Satisfaction of ministry project restrictions	1,313,217	(1,313,217)	-	1,402,311	(1,402,311)	-
Total Support, Revenue, and Reclassifications	2,671,582	148,715	2,820,297	2,619,294	81,623	2,700,917
OPERATING EXPENSES:						
Program services:						
Field ministry and programs	1,931,459	-	1,931,459	2,039,501	-	2,039,501
Supporting activities:						
General and administrative	361,245	-	361,245	405,149	-	405,149
Fundraising	237,492	-	237,492	198,951	-	198,951
	2,530,196	-	2,530,196	2,643,601	-	2,643,601
Change in Net Assets	141,386	148,715	290,101	(24,307)	81,623	57,316
Net Assets, Beginning of Year	733,296	854,515	1,587,811	757,603	772,892	1,530,495
Net Assets, End of Year	\$ 874,682	\$ 1,003,230	\$ 1,877,912	\$ 733,296	\$ 854,515	\$ 1,587,811

See notes to financial statements

MEDICAL AMBASSADORS INTERNATIONAL

Statements of Functional Expenses

Year Ended December 31,

	2020				2019			
	Field Ministry and Programs	General and Administrative	Fundraising	Total	Field Ministry and Programs	General and Administrative	Fundraising	Total
Salaries and benefits	\$ 1,267,054	\$ 180,567	\$ 105,181	\$ 1,552,802	\$ 1,283,163	\$ 207,102	\$ 100,656	\$ 1,590,921
Training	310,049	-	53	310,102	299,674	-	255	299,929
Outside services	44,702	124,073	77,390	246,165	57,348	119,477	38,077	214,902
Field transportation	164,189	-	-	164,189	169,374	-	-	169,374
Office expense	2,154	100,075	6,905	109,134	4,590	127,547	7,384	139,521
Other expenses	28,494	15,270	1,178	44,942	9,078	12,409	4,472	25,959
Depreciation	-	38,202	-	38,202	-	39,626	-	39,626
Travel and meetings	26,607	201	9,242	36,050	121,102	627	12,219	133,948
Utilities	-	14,988	-	14,988	-	20,499	-	20,499
Advertising and promotion	-	-	13,622	13,622	-	-	8,922	8,922
Facility allocation	88,210	(112,131)	23,921	-	95,172	(122,138)	26,966	-
	<u>\$ 1,931,459</u>	<u>\$ 361,245</u>	<u>\$ 237,492</u>	<u>\$ 2,530,196</u>	<u>\$ 2,039,501</u>	<u>\$ 405,149</u>	<u>\$ 198,951</u>	<u>\$ 2,643,601</u>

See notes to financial statements

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Statements of Cash Flows

	Year Ended December 31,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 290,101	\$ 57,316
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	38,202	39,626
Reinvested dividends	(17,226)	(13,782)
Net realized and unrealized gain on investments	(15,798)	(9,925)
Donated investments	(49,742)	(4,477)
Net change in:		
Prepaid expenses and other assets	13,791	8,657
Accounts payable	16,012	(87,534)
Accrued expenses	(973)	(3,743)
Net Cash Provided (Used) by Operating Activities	274,367	(13,862)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(10,907)	(7,791)
Net Cash Used in Investing Activities	(10,907)	(7,791)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on capital lease	(15,539)	(15,000)
Net Cash Used in Financing Activities	(15,539)	(15,000)
Change in Cash and Cash Equivalents	247,921	(36,653)
Cash and Cash Equivalents, Beginning of Year	563,849	600,502
Cash and Cash Equivalents, End of Year	\$ 811,770	\$ 563,849

See notes to financial statements

MEDICAL AMBASSADORS INTERNATIONAL

Notes to Financial Statements

December 31, 2020 and 2019

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, 2020 and 2019, the Organization's cash balances exceeded federally insured limits by approximately \$250,000 and \$45,000, 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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Notes to Financial Statements

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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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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

RECENTLY ADOPTED ACCOUNTING STANDARDS

In 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The Organization adopted the provisions of this new standard during the year ended December 31, 2020. This new standard provides guidance on determining whether a transaction should be accounted for as an exchange transaction or a contribution and whether a contribution should be recorded as conditional or unconditional. Adoption of this standard had no effect on change in net assets or net assets in total.

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,	
	2020	2019
Financial assets:		
Cash and cash equivalents	\$ 811,770	\$ 563,849
Investments	653,723	570,957
	<u>1,465,493</u>	<u>1,134,806</u>
Less:		
Donor-imposed restrictions unavailable for general expenditure	<u>(415,406)</u>	<u>(303,250)</u>
	<u>\$ 1,050,087</u>	<u>\$ 831,556</u>

4. INVESTMENTS:

Investments consist of:

	December 31,	
	2020	2019
Cash and cash equivalents	\$ 134,816	\$ 105,241
Equity investments	21,327	4,477
Mutual funds	497,580	461,239
	<u>\$ 653,723</u>	<u>\$ 570,957</u>

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5. PROPERTY AND EQUIPMENT:

Property and equipment consists of:

	December 31,	
	2020	2019
Land	\$ 185,489	\$ 185,489
Building and building improvements	381,141	365,435
Furniture and equipment	190,625	195,425
Equipment under capital lease	78,254	78,254
Donated cemetery lots	500	500
	<u>836,009</u>	<u>825,103</u>
Less accumulated depreciation	(256,518)	(233,968)
Less accumulated amortization of equipment under capital lease	<u>(44,344)</u>	<u>(28,693)</u>
	<u>\$ 535,147</u>	<u>\$ 562,442</u>

6. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of:

	December 31,	
	2020	2019
Missionary support	\$ 587,824	\$ 551,265
Field projects and other	365,088	242,124
Vine house	35,831	22,578
Wheelchair mission fund	13,287	15,287
East Africa training center	1,200	1,200
West Africa Ebola programs	-	22,061
	<u>\$ 1,003,230</u>	<u>\$ 854,515</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 and \$15,000, for the years ended December 31, 2020 and 2019, respectively. Accumulated amortization was approximately \$44,000 and \$29,000, for the years ended December 31, 2020 and 2019, respectively.

Minimum payments required under capital lease obligations are as follows:

<u>Year Ending December 31,</u>	
2021	\$ 17,100
2022	17,100
2023	2,850
Less: Interest	<u>(1,436)</u>
	<u>\$ 35,614</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, 2020 and 2019, the top five donors gave 37% and 36%, of total revenue, respectively. Four 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 July 28, 2021, which is the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.