



Batts Morrison
Wales & Lee

CERTIFIED PUBLIC ACCOUNTANTS

MAP International

Financial Statements

For The Years Ended September 30, 2022 and 2021



Batts Morrison
Wales & Lee

CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT AUDITOR

The Board of Directors
MAP International
Brunswick, Georgia

Opinion

We have audited the accompanying financial statements of MAP International (“the Organization”), which consist of the statements of financial position as of September 30, 2022 and 2021, and the related statements of activities, cash flows, and functional expenses 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 MAP International as of September 30, 2022 and 2021, 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 Auditor’s Responsibilities for the Audit of the Financial statements section of our report. We are required to be independent of the Organization 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 the 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 the Organization’s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error and to issue an auditor’s 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 risk 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.

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- 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 the Organization'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Batts Morrison Wales & Lee, P.A.

BATTS MORRISON WALES & LEE, P.A.

Orlando, Florida
February 23, 2023

MAP INTERNATIONAL
STATEMENTS OF FINANCIAL POSITION

ASSETS

	September 30,	
	2022	2021
ASSETS		
Cash and cash equivalents	\$ 9,195,674	\$ 6,238,590
Investments	355,367	3,229,405
Inventory	117,611,805	250,223,507
Prepaid expenses and other assets	1,454,054	847,462
Investments restricted for long-term purposes	3,775,170	3,775,170
Property and equipment, net	4,416,935	4,558,083
Total assets	\$ 136,809,005	\$ 268,872,217

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable and accrued expenses	\$ 1,048,205	\$ 1,546,809
Other liabilities	119,897	156,155
Total liabilities	1,168,102	1,702,964
NET ASSETS		
Without donor restrictions		
Undesignated	53,756,687	150,304,046
Designated for minimum state required annuity reserves	41,825	66,230
Net equity in property and equipment	4,416,935	4,558,083
Total without donor restrictions	58,215,447	154,928,359
With donor restrictions	77,425,456	112,240,894
Total net assets	135,640,903	267,169,253
Total liabilities and net assets	\$ 136,809,005	\$ 268,872,217

The Accompanying Notes are an Integral
Part of These Financial Statements

MAP INTERNATIONAL
STATEMENTS OF ACTIVITIES

	For The Year Ended September 30, 2022			For The Year Ended September 30, 2021
	Without Donor Restrictions	With Donor Restrictions	Total	
PUBLIC SUPPORT AND REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS				
Noncash contributions with donor restrictions	\$ —	\$ 432,003,916	\$ 432,003,916	\$ 227,218,626
Noncash contributions without donor restrictions	180,647,571	—	180,647,571	563,947,488
Cash contributions without donor restrictions	8,272,804	—	8,272,804	8,739,598
Cash contributions with donor restrictions	—	2,283,423	2,283,423	19,223,549
Service fees	2,738,317	—	2,738,317	2,595,981
Other revenue	26,829	—	26,829	82,521
Investment income without donor restrictions	6,245	—	6,245	5,160
Investment (loss) income with donor restrictions	—	(64,506)	(64,506)	285,849
Net assets released from time and use restrictions	469,038,271	(469,038,271)	—	—
Total public support and revenue and net assets released from restrictions	660,730,037	(34,815,438)	625,914,599	822,098,772
EXPENSES				
Program services				
Essential medicine distribution	683,214,450	—	683,214,450	563,332,259
Disaster and disease management	37,549,164	—	37,549,164	13,093,046
Community health development	30,439,410	—	30,439,410	71,738,494
Total program services	751,203,024	—	751,203,024	648,163,799
Supporting activities				
Fundraising	5,497,615	—	5,497,615	3,786,786
Management and general	742,310	—	742,310	564,923
Total supporting activities	6,239,925	—	6,239,925	4,351,709
Total expenses	757,442,949	—	757,442,949	652,515,508
Change in net assets without donor restrictions	(96,712,912)	—	(96,712,912)	107,796,714
Change in net assets with donor restrictions	—	(34,815,438)	(34,815,438)	61,786,550
CHANGE IN NET ASSETS	(96,712,912)	(34,815,438)	(131,528,350)	169,583,264
NET ASSETS - Beginning of year	154,928,359	112,240,894	267,169,253	97,585,989
NET ASSETS - End of year	\$ 58,215,447	\$ 77,425,456	\$ 135,640,903	\$ 267,169,253

The Accompanying Notes are an Integral
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MAP INTERNATIONAL
STATEMENTS OF CASH FLOWS

	For The Years Ended September 30,	
	2022	2021
OPERATING CASH FLOWS		
Cash received from contributors	\$ 10,556,227	\$ 27,963,147
Cash received from service fees	2,738,317	2,595,981
Cash received from other sources	119,118	305,745
Cash paid for operating activities and costs	(13,015,309)	(25,144,463)
Net operating cash flows	398,353	5,720,410
INVESTING CASH FLOWS		
Net sales (purchases) of investments	2,723,488	(2,874,477)
Purchases of and improvements to property and equipment	(164,757)	(148,615)
Net investing cash flows	2,558,731	(3,023,092)
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,957,084	2,697,318
CASH AND CASH EQUIVALENTS - Beginning of year	6,238,590	3,541,272
CASH AND CASH EQUIVALENTS - End of year	\$ 9,195,674	\$ 6,238,590
RECONCILIATION OF CHANGE IN NET ASSETS TO NET OPERATING CASH FLOWS		
Change in net assets	\$ (131,528,350)	\$ 169,583,264
Adjustments to reconcile change in net assets to net operating cash flows		
Depreciation	305,905	252,881
Net loss (gain) on investments	150,550	(67,785)
Change in inventory	132,611,702	(164,576,643)
Change in prepaid expenses and other assets	(606,592)	(158,147)
Change in accounts payable and accrued expenses	(498,604)	698,112
Change in other liabilities	(36,258)	(11,272)
Net operating cash flows	\$ 398,353	\$ 5,720,410

The Accompanying Notes are an Integral
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MAP INTERNATIONAL
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended September 30, 2022

	Program services				Supporting activities			Total expenses
	Essential medicine distribution	Disaster and disease management	Community health development	Total program	Fundraising	Management and general	Total supporting	
Salaries and wages	\$ 1,574,837	\$ 104,113	\$ 152,231	\$ 1,831,181	\$ 1,172,197	\$ 248,037	\$ 1,420,234	\$ 3,251,415
Employee benefits	665,177	38,102	57,296	760,575	424,273	94,167	518,440	1,279,015
Total personnel-related expenses	2,240,014	142,215	209,527	2,591,756	1,596,470	342,204	1,938,674	4,530,430
Goods distributed	678,289,357	37,268,647	29,814,917	745,372,921	—	—	—	745,372,921
Outside services	443,318	20,922	108,821	573,061	1,772,903	216,042	1,988,945	2,562,006
Printing and publications	36,449	5,623	6,676	48,748	1,174,395	12,170	1,186,565	1,235,313
Cost of goods distributed	1,067,831	46,938	58,673	1,173,442	—	—	—	1,173,442
Postage	19,775	869	1,087	21,731	664,240	6,097	670,337	692,068
Freight	456,358	20,382	25,075	501,815	2,635	300	2,935	504,750
Depreciation	180,425	8,441	9,913	198,779	56,695	50,431	107,126	305,905
Equipment rental and repair	134,287	7,381	6,058	147,726	19,318	31,004	50,322	198,048
Grants	—	—	175,800	175,800	—	—	—	175,800
Supplies	76,180	5,026	4,200	85,406	49,283	10,140	59,423	144,829
Miscellaneous	31,326	1,721	1,378	34,425	90,848	9,311	100,159	134,584
Travel	65,172	10,099	5,281	80,552	31,778	11,912	43,690	124,242
Insurance	76,877	3,379	4,224	84,480	11,897	23,795	35,692	120,172
Telephone	37,118	2,191	2,790	42,099	14,440	10,153	24,593	66,692
Occupancy	42,238	1,856	2,321	46,415	6,258	12,517	18,775	65,190
Conferences and meetings	17,725	3,474	2,669	23,868	6,455	4,521	10,976	34,844
Bad debt	—	—	—	—	—	1,713	1,713	1,713
Total expenses	\$ 683,214,450	\$ 37,549,164	\$ 30,439,410	\$ 751,203,024	\$ 5,497,615	\$ 742,310	\$ 6,239,925	\$ 757,442,949

The Accompanying Notes are an Integral
Part of These Financial Statements

MAP INTERNATIONAL
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended September 30, 2021

	Program services				Supporting activities			Total expenses
	Essential medicine distribution	Disaster and disease management	Community health development	Total program	Fundraising	Management and general	Total supporting	
Salaries and wages	\$ 1,270,142	\$ 102,566	\$ 200,609	\$ 1,573,317	\$ 1,138,642	\$ 194,239	\$ 1,332,881	\$ 2,906,198
Employee benefits	512,649	31,734	81,527	625,910	398,182	63,636	461,818	1,087,728
Total personnel-related expenses	1,782,791	134,300	282,136	2,199,227	1,536,824	257,875	1,794,699	3,993,926
Goods distributed	544,956,849	12,527,744	68,902,590	626,387,183	—	—	—	626,387,183
Cost of goods distributed	13,851,926	333,535	1,751,393	15,936,854	—	—	—	15,936,854
Freight	1,685,991	61,135	213,183	1,960,309	830	150	980	1,961,289
Outside services	292,642	7,996	179,619	480,257	1,177,029	131,846	1,308,875	1,789,132
Printing and publications	41,304	7,285	5,225	53,814	578,061	12,040	590,101	643,915
Equipment rental and repair	283,167	6,509	35,802	325,478	61,181	30,405	91,586	417,064
Grants	—	—	312,182	312,182	—	—	—	312,182
Postage	13,842	317	1,750	15,909	257,540	4,436	261,976	277,885
Depreciation	145,333	3,851	18,374	167,558	37,923	47,400	85,323	252,881
Supplies	66,652	1,784	8,714	77,150	30,307	3,179	33,486	110,636
Insurance	59,374	1,365	7,507	68,246	9,592	19,184	28,776	97,022
Miscellaneous	21,092	484	2,668	24,244	56,835	6,722	63,557	87,801
Telephone	41,251	1,907	5,817	48,975	15,595	12,236	27,831	76,806
Occupancy	43,502	1,000	5,500	50,002	5,674	11,351	17,025	67,027
Travel	29,345	2,640	3,709	35,694	10,254	6,210	16,464	52,158
Conferences and meetings	17,198	1,194	2,325	20,717	9,141	7,581	16,722	37,439
Bad debt	—	—	—	—	—	14,308	14,308	14,308
Total expenses	<u>\$ 563,332,259</u>	<u>\$ 13,093,046</u>	<u>\$ 71,738,494</u>	<u>\$ 648,163,799</u>	<u>\$ 3,786,786</u>	<u>\$ 564,923</u>	<u>\$ 4,351,709</u>	<u>\$ 652,515,508</u>

The Accompanying Notes are an Integral
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MAP INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS

NOTE A – NATURE OF ACTIVITIES

MAP International (“the Organization”) was established in 1965 as an Illinois not-for-profit corporation. The Organization’s purpose is to promote the total health of people living in the world’s impoverished communities. The Organization provided access to health services and essential medicines in 86 and 79 countries worldwide during the years ended September 30, 2022 and 2021, respectively. In fulfilling its purpose, the Organization distributes gifts in-kind, including donated medicines, equipment, and supplies which are primarily donated by pharmaceutical companies. The Organization also receives cash contributions from individuals, churches, and other organizations.

The Organization works with its partners to accomplish the following primary program services:

Essential medicine distribution – The Organization provides critical life-saving medications that are always in short supply in impoverished countries with limited health care. Medicines and medical supplies are provided to hospitals, clinics, refugee centers, and physicians in other countries as they are needed. In addition, the Organization’s specially designed travel packs are used by Christian health personnel and mission groups on short-term missions and include an assortment of some of the most critically needed medicines and supplies. The Organization also provides medicines and supplies for rapid response to humanitarian emergencies around the world and, at times, in the United States.

Disaster and disease management – The Organization’s programs provide vital medicines, educational materials, and training to aid in the treatment and prevention of diseases. The Organization provides a variety of disease prevention and eradication programs, including education and prevention programs that benefit communities in Latin America and Africa.

Community health development – Total health training workshops teach medical, cultural, and biblical principles of health in remote, rural areas from the Amazon to Kenya. The MAP International Fellowship provides opportunities for medical students to serve short-term missions in Christian hospitals around the world.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

The Organization recognizes cash contributions as revenue when the contributions are received by the Organization. Contributions received are recorded as without or with donor restrictions depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as “net assets released from time and use restrictions.” Contributions of noncash assets are recorded at estimated fair value on the date of the gift.

Cash and cash equivalents

The Organization considers investment instruments purchased or donated with original maturities of three months or less to be cash and cash equivalents.

Inventory

Inventory consists of humanitarian relief goods which were not yet distributed to beneficiaries. Inventory is recorded at estimated fair value on the date of the gift.

Investments restricted for long-term purposes

Investments restricted for long-term purposes consist of mutual funds which are restricted pursuant to endowment agreements.

MAP INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and equipment

Property and equipment are stated at cost, if purchased, or estimated fair value on the date of donation, if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets.

Net assets

Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes. From time to time, the Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion. The Board has designated a portion of net assets without donor restrictions for minimum state required annuity reserves. Net assets with donor restrictions consist primarily of amounts held by the Organization for use toward specific projects or for distribution in specific geographic areas.

Noncash contributions

The Organization receives donations of pharmaceuticals and medical supplies for use in relieving suffering for those in need throughout the world through its various program activities. Certain noncash contributions are donor-restricted for specific geographic regions. Noncash contributions are recognized as revenue at estimated fair value on the date the gifts are received and are recognized as expenses when they are shipped from the Organization's warehouse or the date upon which the Organization no longer exercises practical control over those items. The Organization's policy is to distribute donated pharmaceuticals and medical supplies and not monetize noncash contributions.

The Organization only records the value of noncash contributions over which it exercises variance power. In general, management estimates the fair value of donated pharmaceuticals using "wholesale acquisition cost," listed in reference materials including First Databank and IBM Micromedex RED BOOK ("RED BOOK"), which are widely-used drug and pricing reference guides for the pharmaceutical industry in the United States. Management may apply discounts to the prices in First Databank and RED BOOK depending on the gift's condition or other factors. For gifts in-kind of pharmaceuticals and medical supplies that are sold in the United States market, the Organization has determined that the U.S. is the principal or most advantageous market for purposes of estimating fair value. If prices for a particular item are not available in First Databank or RED BOOK, MAP estimates fair value using other online pricing sources. The Organization considers the valuation practices used for noncash contributions to be consistent with industry standards.

Functional allocation of expenses

The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. Indirect costs that benefit multiple functional areas are allocated among the various functional areas based primarily on employee time and space utilization.

Income taxes

The Organization is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code and from state income tax pursuant to state law. The Organization is further classified as a public charity and not a private foundation for federal tax purposes. The Organization has not incurred unrelated business income taxes. As a result, no income tax provision or liability has been provided for in the accompanying financial statements.

Use of estimates

Management uses estimates and assumptions in preparing the accompanying financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these financial statements include those used in determining the useful lives of property and equipment and the estimated fair value of noncash contributions. Actual results could differ from the estimates.

MAP INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New accounting pronouncement

The Financial Accounting Standards Board issued Accounting Standards Update ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, to improve transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. The ASU is effective for the Organization’s financial statements for the year ended September 30, 2022. The ASU requires that contributed nonfinancial assets be presented separately in the statement of activities. New disclosures are also required to disaggregate contributed nonfinancial assets by category type and other qualitative information about utilization, policies, and valuation techniques. The provisions of the ASU have been retrospectively applied to the Organization’s financial statements for the year ended September 30, 2021, as required by applicable guidance.

Subsequent events

The Organization has evaluated for possible financial reporting and disclosure subsequent events through February 23, 2023, the date as of which the accompanying financial statements were available to be issued.

NOTE C – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure within one year of the date of the statements of financial position are as follows:

	<u>September 30,</u>	
	<u>2022</u>	<u>2021</u>
Financial assets available:		
Cash and cash equivalents	\$ 9,195,674	\$ 6,238,590
Investments (including “investments restricted for long-term purposes”)	4,130,537	7,004,575
Accounts receivable (included in “prepaid expenses and other assets”)	<u>406,226</u>	<u>213,445</u>
Total financial assets available within one year	13,732,437	13,456,610
Less amounts unavailable for general expenditure within one year due to:		
Endowments	(3,775,170)	(3,775,170)
Designated for minimum state required annuity reserves	<u>(41,825)</u>	<u>(66,230)</u>
Net financial assets available within one year	<u>\$ 9,915,442</u>	<u>\$ 9,615,210</u>

The Organization is primarily supported by contributions. As part of the Organization’s liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Certain net assets with donor restrictions are available for general expenditure within one year of September 30, 2022 and 2021, because the restrictions on net assets are expected to be met by conducting the normal activities of the Organization in the coming year. The state of Georgia requires issuers of annuities to maintain \$300,000 in available liquid assets. Management believes the Organization has sufficient financial assets available for general operations that may be drawn upon in the event of unanticipated financial distress or immediate liquidity need. As of September 30, 2022, the Organization also had a revolving line of credit in an amount up to \$3,000,000 as an additional source of liquidity (further described in Note J).

MAP INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS

NOTE D – CONCENTRATIONS

The Organization maintains its cash and cash equivalents in deposit accounts which may not be federally insured, may exceed federally insured limits, or may be insured by an entity other than an agency of the federal government. The Organization has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk related to cash and cash equivalents.

During the years ended September 30, 2022 and 2021, approximately 34% and 40%, respectively, of total noncash contribution revenue was sourced from the Organization’s three largest donors.

NOTE E – FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States (“GAAP”) define fair value for an investment generally as the price an organization would receive upon selling the investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. The information available to measure fair value varies depending on the nature of each investment and its market or markets. Accordingly, GAAP recognizes a hierarchy of “inputs” an organization may use in determining or estimating fair value. The inputs are categorized into “levels” that relate to the extent to which an input is objectively observable and the extent to which markets exist for identical or comparable investments. In determining or estimating fair value, an organization is required to maximize the use of observable market data (to the extent available) and minimize the use of unobservable inputs. The hierarchy assigns the highest priority to unadjusted quoted prices in active markets for identical items (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs). A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Following is a description of each of the three levels of input within the fair value hierarchy:

Level 1 – unadjusted quoted market prices in active markets for identical items

Level 2 – other significant observable inputs (such as quoted prices for similar items)

Level 3 – significant unobservable inputs

The estimated fair value of certain assets measured on a recurring basis at September 30, 2022, are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 4,106,838	\$ 4,106,838	\$ —	\$ —
U.S. Treasury notes	<u>23,699</u>	<u>23,699</u>	<u>—</u>	<u>—</u>
Total	<u>\$ 4,130,537</u>	<u>\$ 4,130,537</u>	<u>\$ —</u>	<u>\$ —</u>

The estimated fair value of certain assets measured on a recurring basis at September 30, 2021, are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 6,964,666	\$ 6,964,666	\$ —	\$ —
U.S. Treasury notes	<u>39,909</u>	<u>39,909</u>	<u>—</u>	<u>—</u>
Total	<u>\$ 7,004,575</u>	<u>\$ 7,004,575</u>	<u>\$ —</u>	<u>\$ —</u>

MAP INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS

NOTE F – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

Category	September 30,	
	2022	2021
Land and land improvements	\$ 702,036	\$ 702,036
Buildings and improvements	5,650,098	5,650,098
Furniture and equipment	3,096,256	2,944,529
Total property and equipment	9,448,390	9,296,663
Less: Accumulated depreciation	(5,031,455)	(4,738,580)
Net property and equipment	\$ 4,416,935	\$ 4,558,083

Depreciation expense amounted to \$305,905 and \$252,881 during the years ended September 30, 2022 and 2021, respectively.

NOTE G – RESTRICTIONS ON NET ASSETS

Net assets were restricted by donors for the following purposes during the year ended September 30, 2022:

	Balance October 1	Contributions and investment income	Releases	Balance September 30
Pharmaceuticals and other gifts in-kind restricted for certain geographic regions	\$ 106,652,607	\$ 432,003,916	\$ (466,641,787)	\$ 72,014,736
Endowment appreciation	639,138	(64,506)	—	574,632
Special projects	749,105	750,121	(934,609)	564,617
Disaster relief	424,874	1,533,302	(1,461,875)	496,301
Subtotal	108,465,724	434,222,833	(469,038,271)	73,650,286
Endowments:				
Program activities endowment	2,561,443	—	—	2,561,443
International fellowship endowment	1,213,727	—	—	1,213,727
Subtotal	3,775,170	—	—	3,775,170
Total	\$ 112,240,894	\$ 434,222,833	\$ (469,038,271)	\$ 77,425,456

MAP INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS

NOTE G – RESTRICTIONS ON NET ASSETS (Continued)

Net assets were restricted by donors for the following purposes during the year ended September 30, 2021:

	<u>Balance October 1</u>	<u>Contributions and investment income</u>	<u>Releases</u>	<u>Balance September 30</u>
Pharmaceuticals and other gifts in-kind restricted for certain geographic regions	\$ 45,512,646	\$ 227,218,626	\$ (166,078,665)	\$ 106,652,607
Special projects	600,984	18,446,233	(18,298,112)	749,105
Endowment appreciation	353,289	285,849	—	639,138
Disaster relief	<u>212,255</u>	<u>777,316</u>	<u>(564,697)</u>	<u>424,874</u>
Subtotal	<u>46,679,174</u>	<u>246,728,024</u>	<u>(184,941,474)</u>	<u>108,465,724</u>
Endowments:				
Program activities endowment	2,561,443	—	—	2,561,443
International fellowship endowment	<u>1,213,727</u>	<u>—</u>	<u>—</u>	<u>1,213,727</u>
Subtotal	<u>3,775,170</u>	<u>—</u>	<u>—</u>	<u>3,775,170</u>
Total	<u>\$ 50,454,344</u>	<u>\$ 246,728,024</u>	<u>\$ (184,941,474)</u>	<u>\$ 112,240,894</u>

Distributions from the program activities endowment are available to support the general operations of the Organization. Distributions from the international fellowship endowment are available for medical scholarships. The Organization preserves the estimated fair value of all original endowment gifts as of the gift date, which management deems is in compliance with state law. Accordingly, the Organization classifies as “endowment corpus” (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowments.

The Organization has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to supported programs while seeking to maintain the purchasing power of the endowment assets and to preserve the invested capital. The stated investment goal is an absolute rate of return of four percent per annum over a five to ten year period. The Organization emphasizes spending on current or near-term programs.

The spending policy provides flexibility, and the Organization seeks the advice of investment counsel, as well as management and certain committees of the Board, when determining amounts to be spent on supported programs. The Organization considers all endowment earnings to be restricted until such time that the earnings are appropriated for expenditure.

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NOTE G – RESTRICTIONS ON NET ASSETS (Continued)

The Organization’s endowment activity for the years ended September 30, 2022 and 2021, is as follows:

	<u>With Donor Restrictions</u>		<u>Total</u>
	<u>Time/Purpose</u>	<u>Perpetual</u>	
Endowment net assets, October 1, 2020	\$ 353,289	\$ 3,775,170	\$ 4,128,459
Investment income, net	285,849	—	285,849
Appropriated for expenditure	—	—	—
Endowment net assets, September 30, 2021	639,138	3,775,170	4,414,308
Investment loss, net	(64,506)	—	(64,506)
Appropriated for expenditure	—	—	—
Endowment net assets, September 30, 2022	<u>\$ 574,632</u>	<u>\$ 3,775,170</u>	<u>\$ 4,349,802</u>

NOTE H – NONCASH CONTRIBUTIONS

Noncash contributions recognized in the statements of activities included:

<u>Category</u>	<u>September 30,</u>	
	<u>2022</u>	<u>2021</u>
Prescription drugs	\$ 550,331,487	\$ 723,162,474
Medical supplies and equipment	32,914,387	40,606,288
Over-the-counter medicines	<u>29,405,613</u>	<u>27,397,352</u>
Total noncash contributions	<u>\$ 612,651,487</u>	<u>\$ 791,166,114</u>

Noncash contributions are reported in the statements of activities as follows:

<u>Category</u>	<u>September 30,</u>	
	<u>2022</u>	<u>2021</u>
Noncash contributions with donor restrictions	\$ 432,003,916	\$ 227,218,626
Noncash contributions without donor restrictions	<u>180,647,571</u>	<u>563,947,488</u>
Total noncash contributions	<u>\$ 612,651,487</u>	<u>\$ 791,166,114</u>

The Organization distributed gifts in-kind to its partners totaling \$745,372,921 and \$626,387,183 during the years ended September 30, 2022 and 2021, respectively. Of these amounts, approximately \$8,812,000 and \$15,448,000, respectively, was shipped directly from the donor to the Organization’s partners.

NOTE I – RETIREMENT PLAN

The Organization offers a defined contribution retirement plan which covers substantially all employees. The Organization contributed approximately \$197,000 and \$169,000 to the retirement plan during the years ended September 30, 2022 and 2021, respectively.

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NOTE J – COMMITMENTS

The Organization has a revolving line of credit with a bank with an available balance of up to \$3,000,000. Interest on any outstanding balance is payable monthly at the prime rate less 0.25% per annum (6.00% and 3.00% as of September 30, 2022 and 2021, respectively). The revolving line of credit is secured by a negative pledge agreement regarding certain property and matures in November 2023. No draws were made on the line of credit during the years ended September 30, 2022 and 2021, and no balance was outstanding on the line of credit as of September 30, 2022 and 2021, respectively.

During the year ended September 30, 2022, the Organization entered into a memorandum of understanding (“the MOU”) with Golden Isles Development Authority (“the Authority”), an unrelated third party, pursuant to which the Organization will contribute certain land to the Authority on which a warehouse will be constructed. As detailed in the MOU, the Organization will pay for the engineering and architectural costs of the warehouse design. The Authority intends to obtain long-term financing for the construction of the warehouse based on the terms specified in the MOU. The Authority and the Organization also intend to enter into a long-term lease agreement, the terms of which will be based on the terms of the financing arrangement. The Organization is expected to be granted an option to purchase the warehouse at any point during the term of the lease for the terms described in the MOU. Furthermore, the Organization is expected to have the ability to exit the lease agreement at specified periods and based on specified terms as described in the MOU. The total cost of the project is expected to be approximately \$8,125,000. As of the date of the accompanying report of independent auditor, the Organization had executed engineering, architectural, and construction contracts which total approximately \$6,900,000, the cost of which will be paid for and/or made a part of the long-term financing described above. The Organization will recognize the impact of these transactions in future financial statements.