



Batts Morrison
Wales & Lee

CERTIFIED PUBLIC ACCOUNTANTS

MAP International

Financial Statements

For The Years Ended September 30, 2023 and 2022



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, 2023 and 2022, 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, 2023 and 2022, 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 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 22, 2024

MAP INTERNATIONAL
STATEMENTS OF FINANCIAL POSITION

ASSETS

	September 30,	
	2023	2022
ASSETS		
Cash and cash equivalents	\$ 2,255,771	\$ 9,195,674
Investments	3,810,307	355,367
Inventory	297,220,961	117,611,805
Prepaid expenses and other assets	931,314	1,454,054
Investments restricted for long-term purposes	3,775,170	3,775,170
Property and equipment, net	10,489,883	4,416,935
Total assets	\$ 318,483,406	\$ 136,809,005

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable and accrued expenses	\$ 790,055	\$ 1,048,205
Other liabilities	104,263	119,897
Note payable	3,081,852	—
Total liabilities	3,976,170	1,168,102
NET ASSETS		
Without donor restrictions		
Undesignated	58,554,737	53,756,687
Designated for minimum state required annuity reserves	31,269	41,825
Net equity in property and equipment	7,408,031	4,416,935
Total without donor restrictions	65,994,037	58,215,447
With donor restrictions	248,513,199	77,425,456
Total net assets	314,507,236	135,640,903
Total liabilities and net assets	\$ 318,483,406	\$ 136,809,005

The Accompanying Notes are an Integral
Part of These Financial Statements

MAP INTERNATIONAL
STATEMENTS OF ACTIVITIES

	For The Years Ended September 30,					
	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS						
Noncash contributions	\$ 389,450,577	\$ 614,399,600	\$ 1,003,850,177	\$ 180,647,571	\$ 432,003,916	\$ 612,651,487
Cash contributions	8,124,061	4,624,055	12,748,116	8,272,804	2,283,423	10,556,227
Service fees and other revenue, net	2,663,965	(17,464)	2,646,501	2,771,391	(64,506)	2,706,885
Net assets released from time and use restrictions	<u>447,918,448</u>	<u>(447,918,448)</u>	<u>—</u>	<u>469,038,271</u>	<u>(469,038,271)</u>	<u>—</u>
Total public support and revenue and net assets released from restrictions	<u>848,157,051</u>	<u>171,087,743</u>	<u>1,019,244,794</u>	<u>660,730,037</u>	<u>(34,815,438)</u>	<u>625,914,599</u>
EXPENSES						
Program services						
Essential medicine distribution	765,351,324	—	765,351,324	683,214,450	—	683,214,450
Disaster and disease management	35,891,324	—	35,891,324	37,549,164	—	37,549,164
Community health development	<u>31,990,934</u>	<u>—</u>	<u>31,990,934</u>	<u>30,439,410</u>	<u>—</u>	<u>30,439,410</u>
Total program services	<u>833,233,582</u>	<u>—</u>	<u>833,233,582</u>	<u>751,203,024</u>	<u>—</u>	<u>751,203,024</u>
Supporting activities						
Fundraising	6,294,421	—	6,294,421	5,497,615	—	5,497,615
Management and general	<u>850,458</u>	<u>—</u>	<u>850,458</u>	<u>742,310</u>	<u>—</u>	<u>742,310</u>
Total supporting activities	<u>7,144,879</u>	<u>—</u>	<u>7,144,879</u>	<u>6,239,925</u>	<u>—</u>	<u>6,239,925</u>
Total expenses	<u>840,378,461</u>	<u>—</u>	<u>840,378,461</u>	<u>757,442,949</u>	<u>—</u>	<u>757,442,949</u>
CHANGE IN NET ASSETS	7,778,590	171,087,743	178,866,333	(96,712,912)	(34,815,438)	(131,528,350)
NET ASSETS - Beginning of year	<u>58,215,447</u>	<u>77,425,456</u>	<u>135,640,903</u>	<u>154,928,359</u>	<u>112,240,894</u>	<u>267,169,253</u>
NET ASSETS - End of year	<u>\$ 65,994,037</u>	<u>\$ 248,513,199</u>	<u>\$ 314,507,236</u>	<u>\$ 58,215,447</u>	<u>\$ 77,425,456</u>	<u>\$ 135,640,903</u>

The Accompanying Notes are an Integral
Part of These Financial Statements

MAP INTERNATIONAL
STATEMENTS OF CASH FLOWS

	For The Years Ended September 30,	
	2023	2022
OPERATING CASH FLOWS		
Cash received from contributors	\$ 12,748,116	\$ 10,556,227
Cash received from service fees and other sources	2,964,370	2,857,435
Cash paid for operating activities and costs	(15,524,864)	(13,015,309)
Interest paid	(19,371)	—
	168,251	398,353
INVESTING CASH FLOWS		
Net (purchases) sales of investments	(3,772,809)	2,723,488
Purchases of and improvements to property and equipment	(6,417,197)	(164,757)
	(10,190,006)	2,558,731
FINANCING CASH FLOWS		
Borrowings	3,081,852	—
	3,081,852	—
NET CHANGE IN CASH AND CASH EQUIVALENTS	(6,939,903)	2,957,084
CASH AND CASH EQUIVALENTS - Beginning of year	9,195,674	6,238,590
CASH AND CASH EQUIVALENTS - End of year	\$ 2,255,771	\$ 9,195,674
RECONCILIATION OF CHANGE IN NET ASSETS TO NET OPERATING CASH FLOWS		
Change in net assets	\$ 178,866,333	\$ (131,528,350)
Adjustments to reconcile change in net assets to net operating cash flows		
Depreciation	344,249	305,905
Net loss on investments	317,869	150,550
Change in inventory	(179,609,156)	132,611,702
Change in prepaid expenses and other assets	522,740	(606,592)
Change in accounts payable and accrued expenses	(258,150)	(498,604)
Change in other liabilities	(15,634)	(36,258)
	168,251	398,353
Net operating cash flows	\$ 168,251	\$ 398,353

The Accompanying Notes are an Integral
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MAP INTERNATIONAL
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended September 30, 2023

	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	\$ 1,823,829	\$ 76,839	\$ 308,589	\$ 2,209,257	\$ 1,319,041	\$ 297,126	\$ 1,616,167	\$ 3,825,424
Employee benefits	697,822	29,599	135,459	862,880	494,203	93,057	587,260	1,450,140
Total personnel-related expenses	2,521,651	106,438	444,048	3,072,137	1,813,244	390,183	2,203,427	5,275,564
Goods distributed	760,313,046	34,978,916	29,904,111	825,196,073	—	—	—	825,196,073
Outside services	438,910	18,269	27,879	485,058	2,391,662	195,214	2,586,876	3,071,934
Cost of goods distributed	316,884	680,548	495,791	1,493,223	—	—	—	1,493,223
Printing and publications	37,901	5,365	3,459	46,725	1,089,397	10,879	1,100,276	1,147,001
Freight	756,415	61,372	199,789	1,017,576	1,701	581	2,282	1,019,858
Grants	—	—	852,952	852,952	—	—	—	852,952
Postage	16,518	709	531	17,758	630,128	5,094	635,222	652,980
Depreciation	220,734	10,003	7,121	237,858	43,362	63,029	106,391	344,249
Equipment rental and repair	226,587	9,745	7,775	244,107	21,311	32,564	53,875	297,982
Travel	102,440	2,979	28,173	133,592	70,663	19,649	90,312	223,904
Miscellaneous	68,531	2,944	6,092	77,567	117,191	23,260	140,451	218,018
Insurance	111,224	4,748	3,553	119,525	27,563	40,693	68,256	187,781
Supplies	107,622	4,601	3,723	115,946	52,154	6,601	58,755	174,701
Telephone	42,840	1,725	2,907	47,472	19,674	11,880	31,554	79,026
Occupancy	49,341	2,122	1,592	53,055	6,341	12,683	19,024	72,079
Conferences and meetings	20,680	840	1,438	22,958	10,030	8,806	18,836	41,794
Bad debt	—	—	—	—	—	29,342	29,342	29,342
Total expenses	\$ 765,351,324	\$ 35,891,324	\$ 31,990,934	\$ 833,233,582	\$ 6,294,421	\$ 850,458	\$ 7,144,879	\$ 840,378,461

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
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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 96 and 86 countries worldwide during the years ended September 30, 2023 and 2022, 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 activities:

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 including, 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 as of year-end. 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 to monetize noncash contributions of pharmaceuticals and medical supplies.

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.

MAP INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Reclassifications

Certain amounts included in the September 30, 2022 financial statements have been reclassified to conform to classifications adopted during the year ended September 30, 2023. The reclassifications had no material effect on the accompanying financial statements.

Subsequent events

The Organization has evaluated for possible financial reporting and disclosure subsequent events through the date of the report of independent auditor, 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>2023</u>	<u>2022</u>
Financial assets available:		
Cash and cash equivalents	\$ 2,255,771	\$ 9,195,674
Investments (including “investments restricted for long-term purposes”)	7,585,477	4,130,537
Accounts receivable, net (included in “prepaid expenses and other assets”)	349,798	406,226
Total financial assets available within one year	10,191,046	13,732,437
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	(31,269)	(41,825)
Net financial assets available within one year	\$ 6,384,607	\$ 9,915,442

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, 2023 and 2022, 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, 2023, 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 G).

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, 2023 and 2022, approximately 61% and 34%, respectively, of total noncash contribution revenue was sourced from the Organization’s three largest donors. The three largest donors in any given year generally varies among a group of approximately 20 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, 2023, are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 4,160,340	\$ 4,160,340	\$ —	\$ —
Government money market funds	3,400,507	3,400,507	—	—
U.S. Treasury notes	<u>24,630</u>	<u>24,630</u>	<u>—</u>	<u>—</u>
Total	<u>\$ 7,585,477</u>	<u>\$ 7,585,477</u>	<u>\$ —</u>	<u>\$ —</u>

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>

MAP INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS

NOTE F – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

Category	September 30,	
	2023	2022
Land and land improvements	\$ 702,036	\$ 702,036
Buildings and improvements	5,650,098	5,650,098
Furniture and equipment	3,446,571	3,096,256
Construction in process	6,066,880	—
Total property and equipment	15,865,585	9,448,390
Less: Accumulated depreciation	(5,375,702)	(5,031,455)
Net property and equipment	\$ 10,489,883	\$ 4,416,935

Depreciation expense amounted to \$344,249 and \$305,905 during the years ended September 30, 2023 and 2022, respectively.

NOTE G – NOTE PAYABLE AND REVOLVING LINE OF CREDIT

Construction loan

During the year ended September 30, 2023, the Organization entered into a promissory note with a bank with an available amount up to approximately \$4,739,000 for the construction of a certain warehouse. As of September 30, 2023, the outstanding balance of the promissory note was approximately \$3,082,000, with approximately \$1,657,000 of additional principal available. The promissory note requires monthly interest-only payments through May 2024 at a fixed rate of 6.15% per annum. Commencing in June 2024, the promissory note requires 59 consecutive monthly payments of \$34,615 (including principal and interest at a fixed rate of 6.15% per annum). A balloon payment is due at maturity in May 2029. The promissory note is secured by certain property and other assets as detailed in the security agreement.

Approximate future maturities of the note payable is as follows:

Year Ending September 30,	
2024	\$ 76,000
2025	237,000
2026	252,000
2027	268,000
2028	285,000
Thereafter	1,964,000
Total	\$ 3,082,000

During the year ended September 30, 2023, the Organization incurred interest expense of approximately \$33,000.

Revolving line of credit

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 (8.25% and 6.00% as of September 30, 2023 and 2022, respectively). The revolving line of credit is secured by a negative pledge agreement regarding certain property and matures in December 2025.

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NOTE G – NOTE PAYABLE AND REVOLVING LINE OF CREDIT (Continued)

No draws were made on the line of credit during the years ended September 30, 2023 and 2022, and no balance was outstanding on the line of credit as of September 30, 2023 and 2022, respectively.

NOTE H – RESTRICTIONS ON NET ASSETS

Net assets were restricted by donors for the following purposes during the year ended September 30, 2023:

	<u>Balance</u> <u>October 1</u>	<u>Contributions</u> <u>and investment</u> <u>income (loss)</u>	<u>Releases</u>	<u>Balance</u> <u>September 30</u>
Pharmaceuticals and other gifts in-kind restricted for certain geographic regions	\$ 72,014,736	\$ 614,399,600	\$ (444,397,795)	\$ 242,016,541
Special projects	564,617	3,709,076	(2,506,196)	1,767,497
Endowment appreciation	574,632	(17,464)	—	557,168
Disaster relief	<u>496,301</u>	<u>914,979</u>	<u>(1,014,457)</u>	<u>396,823</u>
Subtotal	<u>73,650,286</u>	<u>619,006,191</u>	<u>(447,918,448)</u>	<u>244,738,029</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>\$ 77,425,456</u>	<u>\$ 619,006,191</u>	<u>\$ (447,918,448)</u>	<u>\$ 248,513,199</u>

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

	<u>Balance</u> <u>October 1</u>	<u>Contributions</u> <u>and investment</u> <u>income (loss)</u>	<u>Releases</u>	<u>Balance</u> <u>September 30</u>
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	<u>424,874</u>	<u>1,533,302</u>	<u>(1,461,875)</u>	<u>496,301</u>
Subtotal	<u>108,465,724</u>	<u>434,222,833</u>	<u>(469,038,271)</u>	<u>73,650,286</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>\$ 112,240,894</u>	<u>\$ 434,222,833</u>	<u>\$ (469,038,271)</u>	<u>\$ 77,425,456</u>

MAP INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS

NOTE H – RESTRICTIONS ON NET ASSETS (Continued)

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.

The Organization’s endowment activity for the years ended September 30, 2023 and 2022, is as follows:

	<u>With Donor Restrictions</u>		<u>Total</u>
	<u>Time/Purpose</u>	<u>Perpetual</u>	
Endowment net assets, October 1, 2021	\$ 639,138	\$ 3,775,170	\$ 4,414,308
Investment loss, net	(64,506)	—	(64,506)
Appropriated for expenditure	<u>—</u>	<u>—</u>	<u>—</u>
Endowment net assets, September 30, 2022	574,632	3,775,170	4,349,802
Investment loss, net	(17,464)	—	(17,464)
Appropriated for expenditure	<u>—</u>	<u>—</u>	<u>—</u>
Endowment net assets, September 30, 2023	<u>\$ 557,168</u>	<u>\$ 3,775,170</u>	<u>\$ 4,332,338</u>

NOTE I – NONCASH CONTRIBUTIONS

Noncash contributions recognized in the statements of activities included:

<u>Category</u>	<u>September 30,</u>	
	<u>2023</u>	<u>2022</u>
Prescription drugs	\$ 915,745,108	\$ 550,331,487
Over-the-counter medicines	49,292,381	29,405,613
Medical supplies and equipment	<u>38,812,688</u>	<u>32,914,387</u>
Total noncash contributions	<u>\$1,003,850,177</u>	<u>\$ 612,651,487</u>

The Organization distributed gifts in-kind to its partners totaling \$825,196,073 and \$745,372,921 during the years ended September 30, 2023 and 2022, respectively. Of these amounts, approximately \$11,306,000 and \$8,812,000, respectively, was shipped directly from the donor to the Organization’s partners.

MAP INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS

NOTE J – RETIREMENT PLAN

The Organization offers a defined contribution retirement plan which covers substantially all employees. The Organization contributed approximately \$246,000 and \$197,000 to the defined contribution retirement plan during the years ended September 30, 2023 and 2022, respectively.

NOTE K – COMMITMENTS

During the years ended September 30, 2023 and 2022, the Organization entered into various contracts for the construction of a certain distribution center. The Organization executed construction contracts totaling approximately \$8,164,000, of which approximately \$2,173,000 remained unpaid as of September 30, 2023, and will be paid as the terms of the contracts are fulfilled.