



AFRICAN MISSION HEALTHCARE
FOUNDATION DBA AFRICAN
MISSION HEALTHCARE
AND AFFILIATE

Consolidated Financial Statements
With Independent Auditors' Report

December 31, 2019

**AFRICAN MISSION HEALTHCARE FOUNDATION
DBA AFRICAN MISSION HEALTHCARE
AND AFFILIATE**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
African Mission Healthcare Foundation
dba African Mission Healthcare and Affiliate
DeLand, FL

We have audited the accompanying consolidated financial statements of African Mission Healthcare Foundation dba African Mission Healthcare and Affiliate, which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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
African Mission Healthcare Foundation
dba African Mission Healthcare and Affiliate
DeLand, FL

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of African Mission Healthcare Foundation dba African Mission Healthcare and Affiliate as of December 31, 2019, and the changes in its consolidated net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Colorado Springs, Colorado
July 29, 2020

**AFRICAN MISSION HEALTHCARE FOUNDATION
DBA AFRICAN MISSION HEALTHCARE
AND AFFILIATE**

Consolidated Statement of Financial Position

December 31, 2019

ASSETS:

Cash and cash equivalents	\$ 10,696,232
Investments	253,251
Contributions receivable-net	460,230
Prepaid expenses	1,710
Furniture and equipment-net	58,103
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Total Assets	\$ 11,469,526
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LIABILITIES AND NET ASSETS:

Liabilities:

Accounts payable and accrued expenses	\$ 48,785
Grants payable	397,473
	<hr/>
	446,258
	<hr/>

Net assets:

Without donor restrictions	1,909,680
With donor restrictions	9,113,588
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11,023,268

Total Liabilities and Net Assets	\$ 11,469,526
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See notes to consolidated financial statements

**AFRICAN MISSION HEALTHCARE FOUNDATION
DBA AFRICAN MISSION HEALTHCARE
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Consolidated Statement of Activities

Year Ended December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE:			
Contributions	\$ 746,040	\$ 9,242,237	\$ 9,988,277
Contributions of net assets from new affiliate	486,946	-	486,946
Gifts-in-kind	30,000	-	30,000
Interest and other income	115,783	-	115,783
Total Support and Revenue	<u>1,378,769</u>	<u>9,242,237</u>	<u>10,621,006</u>
NET ASSETS RELEASED:			
Purpose restrictions	<u>6,871,894</u>	<u>(6,871,894)</u>	<u>-</u>
EXPENSES:			
Program services	<u>6,129,260</u>	<u>-</u>	<u>6,129,260</u>
Supporting activities:			
General and administrative	908,775	-	908,775
Fundraising	452,139	-	452,139
	<u>1,360,914</u>	<u>-</u>	<u>1,360,914</u>
Total Expenses	<u>7,490,174</u>	<u>-</u>	<u>7,490,174</u>
 Change in Net Assets	 760,489	 2,370,343	 3,130,832
 Net Assets, Beginning of Year	 <u>1,149,191</u>	 <u>6,743,245</u>	 <u>7,892,436</u>
 Net Assets, End of Year	 <u>\$ 1,909,680</u>	 <u>\$ 9,113,588</u>	 <u>\$ 11,023,268</u>

See notes to consolidated financial statements

**AFRICAN MISSION HEALTHCARE FOUNDATION
DBA AFRICAN MISSION HEALTHCARE
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Consolidated Statement of Functional Expenses

Year Ended December 31, 2019

	Program Services	General and Administrative	Fundraising	Total Expenses
Grant expense	\$ 5,434,693	\$ -	\$ -	\$ 5,434,693
Salaries and benefits	555,906	396,621	250,912	1,203,439
Office and other expenses	66,972	243,812	-	310,784
Donor development	-	29,194	193,193	222,387
Travel	62,159	97,172	5,602	164,933
Professional services	2,991	85,717	-	88,708
Financial expense	193	43,682	-	43,875
Information technology	6,346	12,577	2,432	21,355
	<u>\$ 6,129,260</u>	<u>\$ 908,775</u>	<u>\$ 452,139</u>	<u>\$ 7,490,174</u>
	82%	12%	6%	

See notes to consolidated financial statements

**AFRICAN MISSION HEALTHCARE FOUNDATION
DBA AFRICAN MISSION HEALTHCARE
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Consolidated Statement of Cash Flows

Year Ended December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 3,130,832
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	15,778
Foreign currency translation adjustment	2,291
Donated affiliate furniture and equipment	(33,834)
Changes in operating assets and liabilities:	
Contributions receivable-net	(382,762)
Prepaid expenses	990
Accounts payable and accrued expenses	34,393
Grants payable	285,951
Net Cash Provided by Operating Activities	3,053,639

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of investments	(253,251)
Purchases of furniture and equipment	(42,338)
Net Cash Used by Investing Activities	(295,589)

Net Change in Cash and Cash Equivalents	2,758,050
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Cash and Cash Equivalents, Beginning of Year	7,938,182
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Cash and Cash Equivalents, End of Year	\$ 10,696,232
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See notes to consolidated financial statements

**AFRICAN MISSION HEALTHCARE FOUNDATION
DBA AFRICAN MISSION HEALTHCARE
AND AFFILIATE**

Notes to Consolidated Financial Statements

December 31, 2019

1. NATURE OF ORGANIZATION:

African Mission Healthcare Foundation dba African Mission Healthcare exists to strengthen African mission hospitals to aid those in greatest need. Mission hospitals frequently lack important resources, capacity, or capabilities. In response, African Mission Healthcare works closely with selected mission hospitals in various countries in Africa to identify the resources and support needed most, develop effective solutions, mobilize resources, and achieve the desired results. Solutions involve support for critically needed infrastructure and equipment, training and medical education, support for clinical care, and providing management advisory support.

These consolidated statements include the activities of African Mission Healthcare-Kenya (AMH Kenya), a tax exempt non-governmental organization in Kenya. AMH Kenya's activities were consolidated into African Mission Healthcare's financial statements beginning January 1, 2019.

African Mission Healthcare 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, African Mission Healthcare is subject to federal income tax on any unrelated business taxable income. In addition, African Mission Healthcare is not classified as a private foundation within the meaning of Section 509(a) of the IRC.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

African Mission Healthcare maintains its accounts and prepares its consolidated financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of any contingent assets and liabilities at the date of the consolidated financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from the estimates. The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

PRINCIPLES OF CONSOLIDATION

Due to board control, AMH Kenya is a controlled entity of African Mission Healthcare for the purposes of these consolidated statements. The consolidated financial statements of AMH therefore includes the financial resources and activities of this entity. All significant intercompany balances and transactions have been eliminated. African Mission Healthcare and AMH Kenya are collectively referred to as African Mission Healthcare Foundation dba African Mission Healthcare and Affiliate (AMH) in these consolidated financial statements.

**AFRICAN MISSION HEALTHCARE FOUNDATION
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Notes to Consolidated Financial Statements

December 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of checking and savings accounts. As of December 31, 2019, AMH has cash and cash equivalents on deposit with financial institutions that exceed the federally insured (FDIC) balance by approximately \$9,200,000. AMH has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

INVESTMENTS

All investments with readily determinable fair values are recorded at fair market value. Unrealized gains or losses in fair value are recognized in the year in which they occur and reflected on the consolidated statement of activities. Interest income is recorded on the consolidated statement of activities when it is earned. AMH's interest in a privately held equity is held at cost and evaluated for impairment if a triggering event occurs.

CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of amounts unconditionally committed by donors. AMH records an allowance for doubtful accounts if deemed necessary, which is based on a review of outstanding receivables, historical collection information, and existing economic conditions. There is no allowance for doubtful accounts at December 31, 2019, as outstanding balances are considered fully collectible. All amounts are collectible within one year with the exception of \$200,000, which is collectible during the year ended December 31, 2021. This amount has not been discounted due to the minimal impact on the consolidated financial statements.

GRANTS PAYABLE

Amounts become payable based on applicable conditions present in the agreements between AMH and partner hospitals or other organizations. Grants payable consist of amounts unconditionally owed or conditionally owed and for which relevant conditions have been met based on agreements entered into between AMH and these organizations.

CLASSES OF NET ASSETS

The net assets of AMH are reported in the following classes:

Net assets without donor restrictions are those currently available at the discretion of the board for use in AMH's operations or support of AMH's partner hospitals or other organizations, as well as those resources currently invested in furniture and equipment.

Net assets with donor restrictions include resources restricted by donors primarily for the support of designated partner hospitals or other organizations, or for specified projects or programs.

**AFRICAN MISSION HEALTHCARE FOUNDATION
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Notes to Consolidated Financial Statements

December 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUE

Contributions are recorded when made, which may be when cash and other assets are received or when unconditionally promised. AMH reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the contributed amounts. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. All contributions are considered available for use without donor restrictions unless specifically restricted by the donor.

Interest and other income is recognized when earned.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing program services and supporting activities have been summarized on a functional basis. Accordingly, certain costs relating to more than one function, such as payroll, ministry, and facilities expenses, have been allocated among the program services, general and administrative, and fundraising activities benefited. Salaries are allocated based on the time and effort spent by each employee, and all other expenses are allocated based on the purpose of the expense.

RECENTLY ADOPTED ACCOUNTING STANDARD

In 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. AMH adopted the provisions of this new standard during the year ended December 31, 2019. This new standard provides guidance on determining whether transactions 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 the change in net assets or on net assets in total.

**AFRICAN MISSION HEALTHCARE FOUNDATION
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Notes to Consolidated Financial Statements

December 31, 2019

3. INVESTMENTS:

The following is a summary of investments as of December 31, 2019:

Money markets and other	\$ 128,251
Investment on cost method	<u>125,000</u>
	<u><u>\$ 253,251</u></u>

During the year ended December 31, 2019, AMH invested \$125,000 in a private limited liability company (LLC). AMH is committed to make additional investments in the LLC at the discretion of the Manager, not to exceed a total investment of \$140,000. The fair value of the investment is not able to be estimated.

Because AMH has virtually no influence over the LLC and the investment does not have a readily determinable fair value, AMH has elected to measure its investment at cost adjusted for recognition of any impairment. As of December 31, 2019, there are no identified events or changes in circumstances that would have a significant adverse effect on the cost basis of the investment.

Given the nature of the investment, a board member who is also a significant donor has agreed to make additional contributions to AMH to the extent that there is any loss of the current or future committed investments in the LLC. AMH will separately evaluate the recognition of these additional contributions in the event impairment losses are recognized in future periods.

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Notes to Consolidated Financial Statements

December 31, 2019

4. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects AMH's financial assets reduced by amounts not available for general use within one year, as of December 31, 2019. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

Financial assets:

Cash and cash equivalents	\$ 10,696,232
Investments	253,251
Contributions receivable—net	460,230
Financial assets, at year-end	<u>11,409,713</u>

Less those unavailable for general expenditures within one year, due to:

Investments not expected to be liquidated within one year	(125,000)
Contributions receivable not due within one year	(200,000)
Restrictions due to purpose and time	<u>(4,671,454)</u>

Financial assets available within one year to meet cash needs
for general expenditures

\$ 6,738,259

AMH currently maintains substantially all of its assets in the form of cash and cash equivalents to ensure that amounts are available to pay its program and other general expenditures, liabilities, and other obligations as they come due.

**AFRICAN MISSION HEALTHCARE FOUNDATION
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Notes to Consolidated Financial Statements

December 31, 2019

5. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions as of December 31, 2019 consist of:

Gidel Mother of Mercy Hospital	\$ 1,938,556
ELWA Hospital	1,202,878
Tenwek Cardio Thoracic Center	1,101,753
Designated for specific hospital and clinic projects	1,086,700
General medical	999,768
Designated for South Sudan partners, projects, and programs	791,762
Anesthesia program and training	502,371
Mission Teaching Hospital Network	492,334
Time restricted	446,351
Surgical access (SAFE) program	423,036
Designated operations	65,691
Housing (HOPE) program	44,966
Watsi	17,422
	<hr/>
	\$ 9,113,588
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6. CONCENTRATION:

During the year ended December 31, 2019, AMH received contributions from one donor that total approximately \$1,260,000. These gifts account for approximately 12% of total support and revenue for the year ended December 31, 2019.

7. RELATED PARTY TRANSACTIONS:

During the year ended December 31, 2019, AMH received donations from board members and members of senior management totaling approximately \$213,000.

**AFRICAN MISSION HEALTHCARE FOUNDATION
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Notes to Consolidated Financial Statements

December 31, 2019

8. SUBSEQUENT EVENTS:

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus as a “Public Health Emergency of International Concern,” ultimately classifying the resulting COVID-19 as a pandemic. Governments around the world have mandated various responses including restrictions on travel and public gatherings, stay at home advisories and the quarantining of people who may have been exposed to the virus.

The duration of disruptions and other impacts of the pandemic cannot be reasonably estimated at this time. As possible, AMH is continuing our planned projects and programs and providing additional support for our mission hospital partners as they seek to respond to and recover from its impacts. AMH is also carefully monitoring cash flows including donation income, program receipts, and mission critical expenditures. Certain expenditures have been reduced in anticipation of the potential economic impacts of COVID-19 while others will be reduced further as it proves necessary. Management believes that AMH has sufficient reserves and liquidity to fund ongoing essential program activities through this time of uncertainty and to continue AMH’s mission of *strengthening African mission hospitals to aid those in greatest need*.

Subsequent events were evaluated through July 29, 2020, which is the date the financial statements were available to be issued.