



AFRICAN MISSION HEALTHCARE
FOUNDATION DBA AFRICAN
MISSION HEALTHCARE

Financial Statements
With Independent Auditors' Report

December 31, 2018 and 2017

**AFRICAN MISSION HEALTHCARE FOUNDATION
DBA AFRICAN MISSION HEALTHCARE**

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of African Mission Healthcare Foundation dba African Mission Healthcare, which comprise the statements of financial position as of December 31, 2018 and 2017, 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
African Mission Healthcare Foundation
dba African Mission Healthcare
DeLand, FL

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of African Mission Healthcare Foundation dba African Mission Healthcare as of December 31, 2018 and 2017, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

African Mission Healthcare Foundation d.b.a. African Mission Healthcare has adopted Financial Accounting Standards Board Accounting Standards Update No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, as described in note 2. This has had a material effect on the presentation of the December 31, 2018 and 2017 financial statements. Our opinion is not modified with respect to this matter.

Capin Crouse LLP

Colorado Springs, Colorado
July 18, 2019

**AFRICAN MISSION HEALTHCARE FOUNDATION
DBA AFRICAN MISSION HEALTHCARE**

Statements of Financial Position

	December 31,	
	2018	2017
ASSETS:		
Cash and cash equivalents	\$ 7,938,182	\$ 5,797,459
Contributions receivable–net	77,468	42,272
Prepaid expenses	2,700	-
	<u>\$ 8,018,350</u>	<u>\$ 5,839,731</u>
Total Assets	\$ 8,018,350	\$ 5,839,731
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 14,392	\$ 98,736
Grants payable	111,522	133,624
Loan payable	-	30,000
	<u>125,914</u>	<u>262,360</u>
Net assets:		
Without donor restrictions	1,149,191	811,561
With donor restrictions	6,743,245	4,765,810
	<u>7,892,436</u>	<u>5,577,371</u>
Total Liabilities and Net Assets	\$ 8,018,350	\$ 5,839,731

See notes to financial statements

**AFRICAN MISSION HEALTHCARE FOUNDATION
DBA AFRICAN MISSION HEALTHCARE**

Statements of Activities

	Year Ended December 31,					
	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	\$ 973,563	\$ 6,228,382	\$ 7,201,945	\$ 741,335	\$ 5,050,105	\$ 5,791,440
Gifts in kind	264,636	-	264,636	60,831	-	60,831
Other income	76,716	-	76,716	11,388	-	11,388
Total Support and Revenue	1,314,915	6,228,382	7,543,297	813,554	5,050,105	5,863,659
NET ASSETS RELEASED:						
Purpose restrictions	4,250,947	(4,250,947)	-	3,448,961	(3,448,961)	-
EXPENSES:						
Program services	4,276,381	-	4,276,381	3,392,822	-	3,392,822
Supporting activities:						
General and administrative	537,548	-	537,548	320,759	-	320,759
Fundraising	414,303	-	414,303	110,462	-	110,462
	951,851	-	951,851	431,221	-	431,221
Total Expenses	5,228,232	-	5,228,232	3,824,043	-	3,824,043
Change in Net Assets	337,630	1,977,435	2,315,065	438,472	1,601,144	2,039,616
Net Assets, Beginning of Year	811,561	4,765,810	5,577,371	373,089	3,164,666	3,537,755
Net Assets, End of Year	<u>\$ 1,149,191</u>	<u>\$ 6,743,245</u>	<u>\$ 7,892,436</u>	<u>\$ 811,561</u>	<u>\$ 4,765,810</u>	<u>\$ 5,577,371</u>

See notes to financial statements

**AFRICAN MISSION HEALTHCARE FOUNDATION
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Statements of Functional Expenses

	Year Ended December 31, 2018			
	Program Services	General and Administrative	Fundraising	Total Expenses
Grant expense	\$ 3,916,197	\$ -	\$ -	\$ 3,916,197
Salaries and benefits	172,446	277,460	166,795	616,701
Professional services*	148,800	146,852	-	295,652
Donor development	106	6,705	246,044	252,855
Travel	35,752	67,152	960	103,864
Office and other expenses	2,327	15,023	504	17,854
Information technology	553	15,280	-	15,833
Financial expense	200	9,076	-	9,276
	<u>\$ 4,276,381</u>	<u>\$ 537,548</u>	<u>\$ 414,303</u>	<u>\$ 5,228,232</u>
	82%	10%	8%	

* Professional services include \$148,800 and \$91,200 of in-kind donations in Program Services and General and Administrative, respectively.

	Year Ended December 31, 2017			
	Program Services	General and Administrative	Fundraising	Total
Grant expense	\$ 3,219,077	\$ -	\$ -	\$ 3,219,077
Salaries and benefits	108,804	201,937	49,950	360,691
Professional services*	35,000	65,600	-	100,600
Travel	26,807	25,285	13,789	65,881
Donor development	-	13	46,624	46,637
Financial expense	47	15,425	-	15,472
Information technology	2,478	6,365	36	8,879
Office and other expenses	609	6,134	63	6,806
	<u>\$ 3,392,822</u>	<u>\$ 320,759</u>	<u>\$ 110,462</u>	<u>\$ 3,824,043</u>
	89%	8%	3%	

* Professional services include \$35,000 and \$15,000 of in-kind donations in Program Services and General and Administrative, respectively.

See notes to financial statements

**AFRICAN MISSION HEALTHCARE FOUNDATION
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Statements of Cash Flows

	Year Ended December 31,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 2,315,065	\$ 2,039,616
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
Contributions receivable-net	(35,196)	56,135
Prepaid expenses	(2,700)	-
Accounts payable and accrued expenses	(84,344)	60,639
Grants payable	(22,102)	(25,847)
Net Cash Provided by Operating Activities	2,170,723	2,130,543
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on loan payable	(30,000)	(35,000)
Net Cash Used by Investing Activities	(30,000)	(35,000)
Net Change in Cash and Cash Equivalents	2,140,723	2,095,543
Cash and Cash Equivalents, Beginning of Year	5,797,459	3,701,916
Cash and Cash Equivalents, End of Year	\$ 7,938,182	\$ 5,797,459

See notes to financial statements

AFRICAN MISSION HEALTHCARE FOUNDATION DBA AFRICAN MISSION HEALTHCARE

Notes to Financial Statements

December 31, 2018 and 2017

1. NATURE OF ORGANIZATION:

African Mission Healthcare Foundation dba African Mission Healthcare (AMH) exists to strengthen African mission hospitals to aid those in greatest need. Mission hospitals frequently lack important resources, capacity, or capabilities. In response, AMH 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.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

AMH maintains its accounts and prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. 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 the reported amounts of assets and liabilities, disclosures of any contingent assets and liabilities at the date of the 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 financial statements to the reader.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of checking and savings accounts. As of December 31, 2018 and 2017, AMH has cash and cash equivalents on deposit with financial institutions that exceed the federally insured (FDIC) balance by approximately \$6,980,000 and \$5,450,000, respectively. 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.

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 was no allowance for doubtful accounts at December 31, 2018 and 2017 as outstanding balances were considered fully collectible. All amounts are collectible within one year and have been received subsequent to year end.

AFRICAN MISSION HEALTHCARE FOUNDATION DBA AFRICAN MISSION HEALTHCARE

Notes to Financial Statements

December 31, 2018 and 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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 property 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.

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 statements of activities as net assets released from restrictions. All contributions are considered available for use without donor restrictions unless specifically restricted by the donor.

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.

AFRICAN MISSION HEALTHCARE FOUNDATION
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Notes to Financial Statements

December 31, 2018 and 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

ADOPTION OF NEW ACCOUNTING STANDARD

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. AMH adopted the provisions of this new standard during the year ended December 31, 2018. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added including liquidity and funds available (note 3), and disclosures related to the functional allocation of expenses were expanded (note 2, above). Adoption of this standard had no effect on the change in net assets by class of net assets or in total.

3. 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, 2018. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

Financial assets:

Cash and cash equivalents	\$ 7,938,182
Contributions receivable—net	<u>77,468</u>
Financial assets, at year-end	<u>8,015,650</u>
Less those unavailable for general expenditures within one year, due to:	
Restrictions due to purpose and time	<u>(2,263,488)</u>
Financial assets available within one year to meet cash needs for general expenditures	<u><u>\$ 5,752,162</u></u>

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.

4. LOAN PAYABLE:

As of December 31, 2017 AMH had an outstanding loan payable to a foundation for the purpose of supporting specific investments at one of AMH's partner hospitals, due on or before May 1, 2018. Annual interest was due in the amount of 5% of the unpaid balance, compounded annually on the anniversary of the issue date and the loan was unsecured. The remaining loan balance was paid during the year ended December 31, 2018.

**AFRICAN MISSION HEALTHCARE FOUNDATION
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Notes to Financial Statements

December 31, 2018 and 2017

5. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of:

	December 31,	
	2018	2017
Designated for specific hospital and clinic projects	\$ 4,185,118	\$ 1,622,555
General medical	792,645	398,418
Anesthesia program and training	522,479	324,447
Future awards of the L'Chaim Prize	501,245	439,847
Designated for South Sudan partners, projects, and programs	365,898	580,489
Aurora Prize award	146,598	287,934
Housing (HOPE) program	120,248	-
Surgical access (SAFE) program	60,391	49,336
Designated operations	32,353	62,784
Watsi	16,270	-
Time restricted	-	1,000,000
	\$ 6,743,245	\$ 4,765,810

During the year ended December 31, 2017, AMH received a \$1 million gift which is included within time restricted assets, above. The gift was restricted by the donor to be used to match contributions benefiting AMH and its selected hospital partners from supporters of the Christian Broadcasting Network (CBN). During the year ended December 31, 2018, CBN successfully completed its \$1 million fundraising efforts and transferred \$1 million to AMH. The total amount, \$2 million, is being invested in identified projects and programs at eight of AMH's hospital partners.

6. CONCENTRATION:

During the years ended December 31, 2018 and 2017, AMH received contributions from two donors that, when combined, total approximately \$2,450,000 and \$3,480,000, respectively. These gifts account for approximately 32% and 59% of total support and revenue for the years ended December 31, 2018 and 2017, respectively. \$1,830,000 and \$2,300,000 of these donations in 2018 and 2017, respectively, originated from members of the AMH Board and, therefore, these same amounts are included within the totals in the related party disclosure in note 7.

**AFRICAN MISSION HEALTHCARE FOUNDATION
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Notes to Financial Statements

December 31, 2018 and 2017

7. RELATED PARTY TRANSACTIONS:

During the years ended December 31, 2018 and 2017, the Chief Executive and another employee of AMH, sat on the Board of Hospital Support Organization (HSO), a partner organization. AMH provided program support to HSO totaling approximately of \$1,700,000 and \$1,300,000 during the years ended December 31, 2018 and 2017, respectively. These funds were restricted for specific activities that fall within AMH's charitable purpose and are recorded within program services in the statement of activities.

During the years ended December 31, 2018 and 2017, AMH received donations from board members and members of senior management totaling approximately \$2,480,000 and \$2,400,000, respectively.

8. SUBSEQUENT EVENTS:

Subsequent events were evaluated through July 18, 2019, which is the date the financial statements were available to be issued.

Subsequent to the year ending December 31, 2018, AMH agreed with the Board of Directors of HSO to begin actions that will result in AMH obtaining control of HSO. During 2019, in anticipation of this change in control, necessary regulatory approvals have been obtained and the legal name of HSO has been changed to AMH-Kenya. It is expected that the bylaws of AMH-Kenya will be modified before the end of 2019 resulting in AMH having the right to name and replace a majority of the Board members of AMH-Kenya. As a result of these changes, AMH expects to include the assets and liabilities, activities and cash flows of AMH-Kenya in its consolidated financial statements as of and for the year ending December 31, 2019.