



AFRICAN MISSION HEALTHCARE
FOUNDATION DBA AFRICAN
MISSION HEALTHCARE
AND AFFILIATE

Consolidated Financial Statements
With Independent Auditors' Report

December 31, 2020 and 2019

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

Table of Contents

| | <u>Page</u> |
|--|-------------|
| Independent Auditors' Report | 1 |
| Consolidated Financial Statements | |
| Consolidated Statements of Financial Position | 3 |
| Consolidated Statements of Activities | 4 |
| Consolidated Statements of Functional Expenses | 5 |
| Consolidated Statements of Cash Flows | 6 |
| Notes to Consolidated Financial Statements | 7 |

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 statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years 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 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 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, 2020 and 2019, and the changes in its consolidated net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crause LLP

Colorado Springs, Colorado
July 20, 2021

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

Consolidated Statements of Financial Position

| | December 31, | |
|---|---------------|---------------|
| | 2020 | 2019 |
| ASSETS: | | |
| Cash and cash equivalents | \$ 14,034,419 | \$ 10,696,232 |
| Investments | 464,835 | 253,251 |
| Contributions and other receivables–net | 1,413,536 | 460,230 |
| Prepaid expenses | 26,529 | 1,710 |
| Furniture and equipment–net | 52,215 | 58,103 |
| Total Assets | \$ 15,991,534 | \$ 11,469,526 |
| LIABILITIES AND NET ASSETS: | | |
| Liabilities: | | |
| Accounts payable and accrued expenses | \$ 152,132 | \$ 48,785 |
| Grants payable | 720,116 | 397,473 |
| | 872,248 | 446,258 |
| Net assets: | | |
| Without donor restrictions | 2,053,167 | 1,909,680 |
| With donor restrictions | 13,066,119 | 9,113,588 |
| | 15,119,286 | 11,023,268 |
| Total Liabilities and Net Assets | \$ 15,991,534 | \$ 11,469,526 |

See notes to consolidated financial statements

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

Consolidated Statements of Activities

| | Year Ended December 31, | | | | | |
|---|-------------------------------|----------------------------|----------------------|-------------------------------|----------------------------|----------------------|
| | 2020 | | | 2019 | | |
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| SUPPORT AND REVENUE: | | | | | | |
| Contributions | \$ 1,505,618 | \$ 11,742,696 | \$ 13,248,314 | \$ 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 | 19,248 | - | 19,248 | 115,783 | - | 115,783 |
| Total Support and Revenue | 1,524,866 | 11,742,696 | 13,267,562 | 1,378,769 | 9,242,237 | 10,621,006 |
| NET ASSETS RELEASED: | | | | | | |
| Purpose and time restrictions | 7,790,165 | (7,790,165) | - | 6,871,894 | (6,871,894) | - |
| EXPENSES: | | | | | | |
| Program services | 8,184,598 | - | 8,184,598 | 6,129,260 | - | 6,129,260 |
| Supporting activities: | | | | | | |
| General and administrative | 676,487 | - | 676,487 | 908,775 | - | 908,775 |
| Fundraising | 310,459 | - | 310,459 | 452,139 | - | 452,139 |
| | 986,946 | - | 986,946 | 1,360,914 | - | 1,360,914 |
| Total Expenses | 9,171,544 | - | 9,171,544 | 7,490,174 | - | 7,490,174 |
| Change in Net Assets | 143,487 | 3,952,531 | 4,096,018 | 760,489 | 2,370,343 | 3,130,832 |
| Net Assets, Beginning of Year | 1,909,680 | 9,113,588 | 11,023,268 | 1,149,191 | 6,743,245 | 7,892,436 |
| Net Assets, End of Year | \$ 2,053,167 | \$ 13,066,119 | \$ 15,119,286 | \$ 1,909,680 | \$ 9,113,588 | \$ 11,023,268 |

See notes to consolidated financial statements

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

Consolidated Statements of Functional Expenses

| | Year Ended December 31, 2020 | | | |
|---------------------------|------------------------------|-------------------------------|-------------------|---------------------|
| | Program Services | General and Administrative | Fundraising | Total Expenses |
| Grant expense | \$ 7,461,765 | \$ 257 | \$ 517 | \$ 7,462,539 |
| Salaries and benefits | 651,124 | 407,786 | 215,035 | 1,273,945 |
| Office and other expenses | 17,690 | 109,515 | 1,631 | 128,836 |
| Professional services | 38,201 | 78,798 | - | 116,999 |
| Donor development | - | - | 86,082 | 86,082 |
| Travel | 13,190 | 31,740 | 2,738 | 47,668 |
| Information technology | 2,628 | 24,394 | 4,456 | 31,478 |
| Financial expense | - | 23,997 | - | 23,997 |
| | <u>\$ 8,184,598</u> | <u>\$ 676,487</u> | <u>\$ 310,459</u> | <u>\$ 9,171,544</u> |
| | <u>90%</u> | <u>7%</u> | <u>3%</u> | <u>100%</u> |

| | Year Ended December 31, 2019 | | | |
|---------------------------|------------------------------|-------------------------------|-------------------|---------------------|
| | Program Services | General and Administrative | Fundraising | Total |
| 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 |
| Professional services | 2,991 | 85,717 | - | 88,708 |
| Donor development | - | 29,194 | 193,193 | 222,387 |
| Travel | 62,159 | 97,172 | 5,602 | 164,933 |
| Information technology | 6,346 | 12,577 | 2,432 | 21,355 |
| Financial expense | 193 | 43,682 | - | 43,875 |
| | <u>\$ 6,129,260</u> | <u>\$ 908,775</u> | <u>\$ 452,139</u> | <u>\$ 7,490,174</u> |
| | <u>82%</u> | <u>12%</u> | <u>6%</u> | <u>100%</u> |

See notes to consolidated financial statements

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

Consolidated Statements of Cash Flows

| | Year Ended December 31, | |
|--|-------------------------|---------------|
| | 2020 | 2019 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in net assets | \$ 4,096,018 | \$ 3,130,832 |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: | | |
| Depreciation | 15,469 | 15,778 |
| Impairment loss on investment | 73,197 | - |
| Foreign currency translation adjustment | 17,852 | 2,291 |
| Forgiveness of Paycheck Protection Program loan | (96,340) | - |
| Donated affiliate furniture and equipment | - | (33,834) |
| Changes in operating assets and liabilities: | | |
| Contributions and other receivables–net | (901,503) | (382,762) |
| Prepaid expenses | (24,819) | 990 |
| Accounts payable and accrued expenses | 103,347 | 34,393 |
| Grants payable | 322,643 | 285,951 |
| Net Cash Provided by Operating Activities | 3,605,864 | 3,053,639 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchases of investments | (337,639) | (253,251) |
| Purchases of furniture and equipment | (13,591) | (42,338) |
| Reinvestment of interest | (12,787) | - |
| Net Cash Used by Investing Activities | (364,017) | (295,589) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from Paycheck Protection Program loan | 96,340 | - |
| Net Cash Provided by Financing Activities | 96,340 | - |
| Net Change in Cash and Cash Equivalents | 3,338,187 | 2,758,050 |
| Cash and Cash Equivalents, Beginning of Year | 10,696,232 | 7,938,182 |
| Cash and Cash Equivalents, End of Year | \$ 14,034,419 | \$ 10,696,232 |
| SUPPLEMENTAL DISCLOSURE: | | |
| Forgiveness of Paycheck Protection Program loan | \$ 96,340 | \$ - |
| Investments reclassified to contributions and other receivables | \$ 51,803 | \$ - |

See notes to consolidated financial statements

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

Notes to Consolidated Financial Statements

December 31, 2020 and 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 providing support for critically needed infrastructure and equipment, training and medical education, clinical care, and management advisory services.

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
DBA AFRICAN MISSION HEALTHCARE
AND AFFILIATE**

Notes to Consolidated Financial Statements

December 31, 2020 and 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, 2020 and 2019, AMH has cash and cash equivalents on deposit with financial institutions that exceed the federally insured (FDIC) balance by approximately \$12,500,000 and \$9,200,000, 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.

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.

AMH, with the support of an existing major donor, has established plans for the AMH "Closed Reserve Fund." Periodic donations made specifically to the Closed Reserve Fund will be invested in longer-term private equity and other non-traditional investments with greater potential for above market returns. The investments are selected by management with input and oversight by the AMH Investment Committee. Current plans are to invest and reinvest these funds for an extended period (e.g., the next twenty years) in an effort to build up substantial reserves for future program needs. The objectives for the Closed Reserve Fund and the nature of planned investments present substantial risks including reduced liquidity and increased volatility. Recognizing these related risks, only funds specifically donated for the inclusion in the Closed Reserve Fund are to be invested in this manner.

CONTRIBUTIONS AND OTHER RECEIVABLES

Contributions and other receivables consist mainly 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, 2020 and 2019, as outstanding balances are considered fully collectible. All amounts are collectible within one year.

FURNITURE AND EQUIPMENT

AMH capitalizes furniture and equipment purchases exceeding \$5,000 and expenses lesser amounts in the year purchased. Furniture and equipment are recorded at cost. Depreciation is computed on the straight-line method over the estimated useful lives. AMH furniture and equipment consists of vehicles, computers, and furniture. There was accumulated depreciation of \$86,652 and \$76,777, as of December 31, 2020 and 2019, respectively.

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

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

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 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.

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, travel, 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
DBA AFRICAN MISSION HEALTHCARE
AND AFFILIATE**

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENT

In 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*. AMH adopted the provisions of this new standard during the year ended December 31, 2020. This new standard applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. Adoption of this standard had no effect on change in net assets or net assets in total.

3. INVESTMENTS:

Investments consist of:

| | December 31, | |
|---------------------------|--------------|------------|
| | 2020 | 2019 |
| Money markets and other | \$ 464,835 | \$ 128,251 |
| Investment on cost method | - | 125,000 |
| | \$ 464,835 | \$ 253,251 |

During the year ended December 31, 2019, AMH invested \$125,000 contributed to the Closed Reserve Fund in a private limited liability company (LLC). During the year ended December 31, 2020, this investment was reclassified as an other receivable for \$51,803 and a loss of \$73,197 was recognized in interest and other income.

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

Notes to Consolidated Financial Statements

December 31, 2020 and 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, 2020 and 2019, respectively. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

| | December 31, | |
|---|---------------|---------------|
| | 2020 | 2019 |
| Financial assets: | | |
| Cash and cash equivalents | \$ 14,034,419 | \$ 10,696,232 |
| Investments | 464,835 | 253,251 |
| Contributions and other receivables–net | 1,413,536 | 460,230 |
| Financial assets, at year-end | 15,912,790 | 11,409,713 |
| Less those unavailable for general expenditures within one year, due to: | | |
| Restrictions due to purpose and time | (3,968,529) | (4,671,454) |
| Investments not expected to be liquidated within one year | - | (125,000) |
| Contributions receivable not due within one year | - | (200,000) |
| Financial assets available within one year to meet cash needs for general expenditures | \$ 11,944,261 | \$ 6,413,259 |

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
DBA AFRICAN MISSION HEALTHCARE
AND AFFILIATE**

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

5. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions as of December 31, 2020 and 2019, consist of:

| | December 31, | |
|---|---------------|--------------|
| | 2020 | 2019 |
| Gidel Mother of Mercy Hospital | \$ 3,549,690 | \$ 1,938,556 |
| Time restricted | 1,354,100 | 446,351 |
| Tenwek Cardio Thoracic Center | 1,110,751 | 1,101,753 |
| General medical | 1,718,524 | 999,768 |
| Restricted for specific hospital and clinic projects | 1,020,363 | 1,086,700 |
| Oxygen projects | 971,471 | - |
| ELWA Hospital | 939,981 | 1,202,878 |
| Mission Teaching Hospital Network | 848,754 | 492,334 |
| Restricted for South Sudan partners, projects, and programs | 707,065 | 791,762 |
| Anesthesia program and training | 511,089 | 502,371 |
| Surgical access (SAFE) program | 238,388 | 423,036 |
| Restricted for operations | 72,776 | 65,691 |
| Housing (HOPE) program | 19,986 | 44,966 |
| Watsi | 3,181 | 17,422 |
| | \$ 13,066,119 | \$ 9,113,588 |

6. CONCENTRATION:

During the year ended December 31, 2020, AMH received contributions from three donors that total approximately \$6,240,000. During the year ended December 31, 2019, AMH received a contribution from one donor that totaled approximately \$1,260,000. These gifts account for approximately 47% and 12% of total support and revenue for the years ended December 31, 2020 and 2019.

7. RELATED PARTY TRANSACTIONS:

During the years ended December 31, 2020 and 2019, AMH received donations from board members and members of senior management totaling approximately \$131,000 and \$213,000, respectively.

During the year ended December 31, 2020, AMH paid a member of the AMH-Kenya board approximately \$24,000 for contract services. These contract services focused on supporting and improving AMH-Kenya's financial and administrative services. During 2021, this board member resigned from the AMH-Kenya board and joined AMH-Kenya as vice president of finance and administration.

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

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

8. RISKS AND UNCERTAINTIES:

AMH's operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on AMH's financial position, operations, and cash flows. Possible effects may include, but are not limited to, disruption to AMH's program services, contribution revenue, absenteeism in workforce, and a decline in value of assets held. The financial impact cannot be estimated at this time.

9. PAYCHECK PROTECTION PROGRAM LOAN:

In April 2020, due to the coronavirus pandemic, AMH obtained a Paycheck Protection Program (PPP) loan from the Small Business Administration in the amount of \$96,340. The loan is fully forgivable provided AMH meets certain spending and employment thresholds. The barrier is that PPP loans funds must be used to maintain compensations costs and employee head count, and other qualifying expenses (mortgage interest, rent and utilities) incurred following receipt of the funds. All of the conditions were met by December 31, 2020, and the amount was recognized as a contribution with donor restrictions and net assets released from restrictions in the statements of activities for the year ended December 31, 2020.

10. SUBSEQUENT EVENTS:

Subsequent to the year ended December 31, 2020, AMH received notice of forgiveness of their PPP loan.

Subsequent events were evaluated through July 20, 2021, which is the date the consolidated financial statements were available to be issued.