

FOUNDATION FOR AFRICAN MEDICINE AND EDUCATION

**FINANCIAL STATEMENTS
DECEMBER 31, 2019
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT**

JOHN M. MONTICONE
Certified Public Accountant
5 High Street, Suite 207
Medford, Massachusetts 02155
Email: info@monticonecpa.com

FOUNDATION FOR AFRICAN MEDICINE AND EDUCATION

FINANCIAL STATEMENTS FOR YEAR ENDED DECEMBER 31, 2019

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JOHN M. MONTICONE
Certified Public Accountant
5 High Street, Suite 207
Medford, Massachusetts 02155

Email: info@monticonecpa.com

Telephone: (781) 395-0024

Fax: (781) 391-6097

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Foundation for African Medicine and Education
Redding, California

I have audited the accompanying financial statements of the Foundation for African Medicine and Education (a non-profit organization) which comprise the statement of financial position as of December 31, 2019 and the related statement of activities and changes in net assets, cash flows and functional expenses for the year 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 of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion of these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit.

Opinion

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

Emphasis of Matter

As discussed in Note 8, Subsequent Event, on March 4, 2020, as part of the response to the global COVID-19 outbreak, the Governor of the State of California declared a State of Emergency. Given the uncertainty of the situation, the duration of any disruption in the Organization's activities, the related financial impact cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.

A handwritten signature in blue ink, reading "John M. Montanez". The signature is fluid and cursive, with the first letters of each name being capitalized and prominent.

Medford, Massachusetts
September 10, 2020

FOUNDATION FOR AFRICAN MEDICINE AND EDUCATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

ASSETS

Cash and Cash Equivalents	\$ 931,436
Short-Term Investments	268,223
Total Assets:	<u>\$ 1,199,659</u>

LIABILITIES

Accounts Payable	\$ 4,500
Total Liabilities:	<u>4,500</u>

NET ASSETS

Without Donor Restrictions	
Undesignated Operating	\$ 777,425
With Donor Restrictions	
Purpose Restricted	417,734
Total Net Assets	<u>\$ 1,195,159</u>
Total Liabilities and Net Assets:	<u>\$ 1,199,659</u>

The accompanying notes are an integral part of these financial statements.

**FOUNDATION FOR AFRICAN MEDICINE AND EDUCATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Contributions	\$ 1,306,902	\$ 734,872	\$ 2,041,774
Investment Income	14,581		14,581
Satisfaction of Restrictions	935,291	(935,291)	
Total Revenues	\$ 2,256,774	\$ (200,419)	\$ 2,056,355
FUNCTIONAL EXPENSES			
Program Services	\$ 1,842,591	\$	\$ 1,842,591
Management and General	8,808		8,808
Fundraising	141,272		141,272
Total Functional Expenses	\$ 1,992,671	\$ -	\$ 1,992,671
CHANGE IN NET ASSETS	264,103	(200,419)	63,684
NET ASSETS BEGINNING OF YEAR	513,322	618,153	1,131,475
NET ASSETS END OF YEAR	\$ 777,425	\$ 417,734	\$ 1,195,159

The accompanying notes are an integral part of these financial statements.

**FOUNDATION FOR AFRICAN MEDICINE AND EDUCATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019**

CASH FLOWS FROM OPERATING ACTIVITIES:

Changes in net assets	\$ 63,684
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:	
(Increase) Decrease in Accounts Receivable - Other	42
Increase (Decrease) in Accounts Payable	(5,316)
Net cash provided by (used in) operations activities	<u>\$ 58,410</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of Short-Term Investments	<u>(5,058)</u>
Net cash provided by (used in) investment activities	<u>\$ (5,058)</u>

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	53,352
CASH AND CASH EQUIVALENTS, beginning of year	878,084
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 931,436</u>

The accompanying notes are an integral part of these financial statements.

**FOUNDATION FOR AFRICAN MEDICINE AND EDUCATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Program Services	Management and General	Fundraising	Total
EXPENSES				
Salaries	\$ -	\$ -	\$ 95,000	\$ 95,000
Payroll taxes	-	-	7,631	7,631
Employee benefits	-	-	5,985	5,985
Volunteer expenses	10,711	-	-	10,711
Consultants	36,525	-	-	36,525
Travel	5,473	-	12,337	17,810
Bank Charges	-	1,817	7,673	9,490
Professional fees	-	5,150	-	5,150
Insurance	16	1,645	377	2,038
Medical Clinic	1,789,866	-	-	1,789,866
Office Supplies and other Exp.	-	46	12,269	12,315
Taxes and Licenses	-	150	-	150
 Total Expenses	 <u>\$ 1,842,591</u>	 <u>\$ 8,808</u>	 <u>\$ 141,272</u>	 <u>\$ 1,992,671</u>

The accompanying notes are an integral part of these financial statements.

**FOUNDATION FOR AFRICAN MEDICINE AND EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 1 - Organization

Foundation for African Medicine and Education (the "Organization") is a non-profit corporation that was established in 2002 to fund medical projects and medical education in underserved areas of Africa. Currently the Organization is funding the purchase, development and operation of medical facilities and a teaching center in Karatu, Tanzania, a rural location in Northern Tanzania.

Note 2 - Summary of Significant Accounting Policies

Financial Statement Presentation:

As required by the FASB Accounting Standards Codification™, the classification of a not-for-profit organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the classes of net assets be displayed in the Statements of Financial Position and that the amounts of changes in each of those classes of net assets be displayed in the Statement of Activities.

In accordance, the Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions – net assets available for general use to support operations. The only limits on the use of the net assets without donor restrictions are broad limits resulting from the nature of the Organization, the environment in which it operates, and the purposes specified in its corporate documents.

Net Assets With Donor Restrictions – net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or programmatic purposes specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

**FOUNDATION FOR AFRICAN MEDICINE AND EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 2 - Summary of Significant Accounting Policies (continued)

Fair Value Measurements

The Organization values its financial assets and liabilities based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels, as follows:

Level 1 - Quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2 – Observable inputs other than Level 1 inputs such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with market data.

Level 3 – Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives lowest priority to Level 3 inputs.

In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible.

Fair values of common stocks were derived from quoted market prices in an active exchange market. Fair values of mutual funds were derived from published net asset values.

Basis of Accounting

The accounts of the Organization are maintained on the accrual basis of accounting where support and revenue are recognized when earned, and expenses are recognized when incurred.

**FOUNDATION FOR AFRICAN MEDICINE AND EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 2 - Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Short and Long-Term Investments- Other

Certificates of Deposit held for investment that are not debt securities are included in "Investments- Other." Certificates of deposit with original maturities greater than three months and less than one year are classified as "short-term Investments-other". Certificates of Deposit with maturities greater than one year are classified as "long-term Investments-Other"

Revenue, Gains and Support

Grants and contributions are recorded as unrestricted and temporarily restricted support depending on the existence and/or nature of any donor-imposed restrictions. Contributions that classified as temporarily restricted support are reclassified to unrestricted net assets upon satisfaction of the restriction or expiration of the time restriction.

Functional Expenses

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases. Supporting services are those related to operating and managing the Organization and its programs on a day-to-day basis. Supporting services have been sub-classified below.

Administrative- includes all activities related to the Organization's internal management and accounting for program services.

Fund Raising - includes all activities related to maintain contributor information, writing grant proposals, stewardship events and activities, distribution of materials and other similar projects related to the procurement of funds for the Organization's programs

**FOUNDATION FOR AFRICAN MEDICINE AND EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 2 - Summary of Significant Accounting Policies (continued)

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private organization under Section 509(a)(2).

The Organization has evaluated the tax positions taken on returns for open years and those expected to be taken on returns for the year ended December 31, 2019. It is management's belief that such tax positions are more likely than not to be sustained upon examination by tax authorities. Accordingly, no liability for uncertain tax positions has been reflected in these financial statements. Returns for tax years beginning with those filed for the year ended December 31, 2016 are open to examination.

Donated Services

The Organization receives a significant amount of donated services from members of the Board of Trustees and other interested persons. No amounts have been reflected in the financial statements for donated services. The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific programs, campaign solicitations and various committee assignments.

Use of Estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires estimating some of the amounts reported. Actual results could differ from the estimates.

**FOUNDATION FOR AFRICAN MEDICINE AND EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 3 - Concentrations of Credit Risk

Financial instruments, that potentially subject the Organization to concentrations of credit risk, consist of cash, cash equivalents and investments in marketable securities. The balances of cash and cash equivalents are insured by the Federal Deposit Insurance Corporation up to \$250,000. Investments in marketable securities are subject to market fluctuations.

Note 4 – Related Entities

The Foundation For African Medicine and Education (FAME-USA) works with a separate African Organization, Foundation For African Medicine and Education, Ltd., a nonprofit organization, (FAME-Africa) to accomplish its exempt purpose.

During the year 2019, approximately 89.8% of FAME-USA expenditures were sent to FAME-Africa to accomplish FAME-USA’s exempt purpose of providing funding for the purchase, development and operation of medical facilities and teaching in underserved areas of Africa.

Two of the board members of FAME-USA are also board members of FAME-Africa.

Note 5 - Assets measured at fair value on a recurring basis

The reported values of assets measured at fair value or a recurring basis are categorized as follows at December 31, 2019:

	<u>Fair value measurements at report date using:</u>		
	Total <u>Dec 31,</u> <u>2019</u>	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)
			Significant unobservable inputs (Level 3)
Cash and Cash Equivalents	\$ 931,436	\$ 931,436	
Short-Term Investments	268,223	268,223	
Totals	<u>\$1,199,659</u>	<u>\$1,199,659</u>	

**FOUNDATION FOR AFRICAN MEDICINE AND EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 6 – Liquidity and Availability of Financial Assets

The Organization’s financial assets available within one year of the balance sheet date for general expenditure are as follows:

Financial Assets	
Cash and cash equivalents	\$139,891
Money Market Accounts	791,545
Short-Term Investments	268,223
Total financial assets at December 31, 2019 and available to meet general expenditures within one year	\$1,199,659

As part of the Organization’s liquidity management, the Organization has a policy to structure its financial assets to be available as general and programmatic expenditures are incurred. Excess of cash is generally held in savings or money market accounts until is required for operational use.

All net assets with donor-imposed restrictions are available for operational use within one year.

Note 7 – Net Assets With Donor Restrictions

The following table summarizes the changes in Net Assets with donor Restrictions:

Balance as of January 1st, 2019	\$ 618,153
Additions	734,872
Released from Restrictions	(935,291)
Balance as of December 31, 2019	\$ 417,734

During year 2019, the Net Assets were released from restrictions to fund the purchase, development and operation of medical facilities and teaching center in Karatu, Tanzania, a rural location in Northern Tanzania

Note 8 – Subsequent Events

The Organization’s management has evaluated the effect which subsequent events may have on these financial statements. Management’s evaluation was completed on September 10, 2020, the date these financial statements became available to be issued and noted the following event which met the criteria:

**FOUNDATION FOR AFRICAN MEDICINE AND EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 8 – Subsequent Events (continued)

On March 4, 2020, as part of the response to the global COVID-19 outbreak, the Governor of the State of California declared a State of Emergency. The Organization in-person special events and fundraising activities have been canceled. The Organization's management have been proactive in personally communicating with donors, sponsors and volunteers about the upcoming virtual events. Considering the uncertainty as to the severity and duration of the pandemic, the impact on the Organization's revenues and financial position is uncertain at this time. As a result of this uncertainty, no adjustments have been made to these financial statements.