

Foundation for African Medicine and Education
Redding, California

Financial Statements
Auditor's Report
For the Years Ended
December 31, 2021 and 2020



CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Foundation for African Medicine and Education (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows 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 Foundation for African Medicine and Education as of December 31, 2021, 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 audit 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 Foundation for African Medicine and Education 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.

Prior Period Financial Statements

The financial statements of Foundation for African Medicine and Education as of December 31, 2020 were audited by other auditors whose report dated August 15, 2021, expressed an unmodified opinion on those statements.

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 Foundation for African Medicine and Education'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 as a whole 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, including omissions, 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 risks 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.
- 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 Foundation for African Medicine and Education'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 the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Foundation for African Medicine and Education'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.

Carpenter, Ewert & Associates, Ltd.
Certified Public Accountants

Minneapolis, Minnesota
November 15, 2022

FOUNDATION FOR AFRICAN MEDICINE AND EDUCATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

EXHIBIT A

	2021		2020	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Support and Revenue:				
Grants and Contributions	\$ 1,980,726	\$ 533,814	\$ 1,657,568	\$ 795,030
Interest Income	3,399	-	10,881	-
Net Assets Released from Restrictions:				
Satisfaction of Time Restrictions	431,397	(431,397)	930,380	(930,380)
Satisfaction of Purpose Restrictions	76,512	(76,512)	30,287	(30,287)
Satisfaction of Capital Restrictions	7,929	(7,929)	3,412	(3,412)
Total Support and Revenue	2,499,963	17,976	2,632,528	(169,049)
				2,463,479
Expense:				
Program Services	2,252,778	-	2,061,911	-
Support Services:				
Management and General	5,520	-	8,924	-
Fundraising	159,515	-	136,036	-
Total Support Services	165,035	-	144,960	-
Total Expense	2,417,813	-	2,206,871	-
Change in Net Assets	82,150	17,976	425,657	(169,049)
				256,608
Net Assets - Beginning of Year	1,331,896	412,371	906,239	581,420
				1,487,659
Net Assets - End of Year	\$ 1,414,046	\$ 430,347	\$ 1,331,896	\$ 412,371
				\$ 1,744,267

The accompanying Notes to Financial Statements
are an integral part of these statements.

FOUNDATION FOR AFRICAN MEDICINE AND EDUCATION
STATEMENT OF FUNCTIONAL EXPENSE

EXHIBIT B

FOR THE YEAR ENDED DECEMBER 31, 2021 WITH COMPARATIVE TOTALS FOR 2020

	2021				2020	
	Total Program Services	Management & General	Support Services		Total All Services	Total All Services
			Fundraising	Support Services		
Salaries	-	-	\$ 119,227	\$ 119,227	\$ 119,227	\$ 102,335
Payroll Taxes	-	-	10,717	10,717	10,717	8,401
Employee Benefits	-	-	6,553	6,553	6,553	6,000
Total Personnel Costs	-	-	136,497	136,497	136,497	116,736
Program Grants	2,199,836	-	-	-	2,199,836	2,013,519
Professional Fees and Contract Services	42,407	200	225	425	42,832	41,975
Bank Charges	-	1,457	9,431	10,888	10,888	10,706
Marketing Expenses	-	-	9,298	9,298	9,298	9,643
Volunteer Expenses	6,079	-	-	-	6,079	8,917
Office Expenses	-	877	3,776	4,653	4,653	201
Travel	4,456	-	-	-	4,456	2,875
Insurance	-	1,744	288	2,032	2,032	2,129
Dues and Subscriptions	-	1,092	-	1,092	1,092	-
Taxes	-	150	-	150	150	170
Total Expense	\$ 2,252,778	\$ 5,520	\$ 159,515	\$ 165,035	\$ 2,417,813	\$ 2,206,871

The accompanying Notes to Financial Statements
are an integral part of this statement.

FOUNDATION FOR AFRICAN MEDICINE AND EDUCATION
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2020

EXHIBIT C

	Total Program Services	Support Services			Total All Services
		Management & General	Fundraising	Total Support Services	
Salaries	-	\$ -	\$ 102,335	\$ 102,335	\$ 102,335
Payroll Taxes	-	-	8,401	8,401	8,401
Employee Benefits	-	-	6,000	6,000	6,000
Total Personnel Costs	-	-	116,736	116,736	116,736
Program Grants	2,013,519	-	-	-	2,013,519
Professional Fees and Contract Services	36,600	5,375	-	5,375	41,975
Bank Charges	-	1,434	9,272	10,706	10,706
Marketing Expenses	-	-	9,643	9,643	9,643
Volunteer Expenses	8,917	-	-	-	8,917
Office Expenses	-	201	-	201	201
Travel	2,875	-	-	-	2,875
Insurance	-	1,744	385	2,129	2,129
Taxes	-	170	-	170	170
Total Expense	\$ 2,061,911	\$ 8,924	\$ 136,036	\$ 144,960	\$ 2,206,871

The accompanying Notes to Financial Statements are an integral part of this statement.

FOUNDATION FOR AFRICAN MEDICINE AND EDUCATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

EXHIBIT D

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
Current Assets:		
Cash and Cash Equivalents	\$ 1,465,348	\$ 1,332,654
Investments	141,593	272,494
Grants and Contributions Receivable	246,667	166,500
Total Current Assets	<u>1,853,608</u>	<u>1,771,648</u>
TOTAL ASSETS	<u>\$ 1,853,608</u>	<u>\$ 1,771,648</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accrued Expenses	\$ 9,215	\$ 4,754
SBA PPP Loan	-	22,627
Total Current Liabilities	<u>9,215</u>	<u>27,381</u>
Total Liabilities	9,215	27,381
Net Assets:		
With Donor Restrictions	430,347	412,371
Without Donor Restrictions	1,414,046	1,331,896
Total Net Assets	<u>1,844,393</u>	<u>1,744,267</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,853,608</u>	<u>\$ 1,771,648</u>

The accompanying Notes to Financial Statements
are an integral part of these statements.

FOUNDATION FOR AFRICAN MEDICINE AND EDUCATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

EXHIBIT E

Increase in Cash and Cash Equivalents

	2021	2020
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 100,126	\$ 256,608
Total Adjustments	(98,333)	126,254
Net Cash Provided by Operating Activities	1,793	382,862
Cash Flows from Investing Activities:		
Proceeds from Investments	272,494	-
Purchase of Investments	(141,593)	(4,271)
Net Cash Provided (Used) by Investing Activities	130,901	(4,271)
Cash Flows from Financing Activities:		
Proceeds from PPP Loan	-	22,627
Net Cash Provided by Financing Activities	-	22,627
Net Increase in Cash and Cash Equivalents	132,694	401,218
Cash and Cash Equivalents- Beginning of Year	1,332,654	931,436
Cash and Cash Equivalents- End of Year	\$ 1,465,348	\$ 1,332,654

The accompanying Notes to Financial Statements
are an integral part of these statements.

FOUNDATION FOR AFRICAN MEDICINE AND EDUCATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020

1. Summary of Significant Accounting Policies

Organizational Purpose

The Foundation for African Medicine and Education (FAME) is a nonprofit organization established in 2002 to provide high quality medical care to underserved communities of North Tanzania. FAME also provides services in surgery, maternal and child health, diagnostics, community outreach, education and capacity building in the Karatu District, a rural location of Tanzania.

Fund Accounting

In order to observe the limitation and restrictions placed on resources available to FAME, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure whereby resources are classified for accounting and reporting purposes into net asset groupings established according to their nature and restriction. A description of the groupings is as follows:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor-imposed restrictions.

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 other events specified by the donor. FAME reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 statements of activities as net assets released from restrictions.

Cash and Cash Equivalents

For purposes of the statements of cash flows, FAME considers all highly liquid debt instruments purchased with an original maturity of three months or less to be considered as cash and cash equivalents.

Promises-To-Give (Grants and Contributions Receivable)

Unconditional promises-to-give are recognized in the period the promises are made. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional.

Investments

FAME carries its investments at market value.

FOUNDATION FOR AFRICAN MEDICINE AND EDUCATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020

1. Summary of Significant Accounting Policies (continued)

Property

All major expenditures for property above \$1,000 are capitalized at cost. Depreciation is provided through the use of the straight-line method. No property exists at December 31, 2021 and 2020.

Revenue and Revenue Recognition

FAME recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Functional Allocation of Expense

Salaries and related expenses are allocated on job descriptions and the best estimates of management. Expenses, other than salaries and related expenses, which are not directly identifiable by program or supporting services are allocated based on the best estimates of management.

Use of Estimates

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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Tax

FAME has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and has adopted *Accounting for Uncertainty in Income Taxes*, ASC 740-10. FAME's policy is to evaluate uncertain tax positions, at least annually, for the potential for income tax exposure from unrelated business income or from loss of nonprofit status. FAME continues to operate consistent with its original exemption application and each year takes the necessary actions to maintain its exempt status. It has been classified as an organization that is not a private foundation under the Internal Revenue Code and charitable contributions by donors are tax deductible. In compliance with its exempt status, FAME annually files a Return of Organization Exempt From Income Tax (Form 990).

Subsequent Events

FAME has evaluated the effect that subsequent events would have on the financial statements through November 15, 2022, which is the date financial statements were available to be issued.

FOUNDATION FOR AFRICAN MEDICINE AND EDUCATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020

2. Significant Concentrations of Credit Risk

At December 31, 2021 and 2020, FAME held funds at a local institution in excess of federally insured limits. FAME has \$423,346 in marketable securities, which are subject to market fluctuations.

3. Uncertainties and Contingencies

The COVID-19 outbreak in the United States has caused business disruption through both mandated and voluntary suspension of operations. While many of the closings have re-opened, there are still uncertainties if there will be future disruptions due to additional outbreaks. Therefore, FAME expects this matter may impact its operating results, but reasonable estimates cannot be made at this time.

4. Related Entities

FAME works with a separate nonprofit organization (FAME-Africa) to accomplish its exempt purpose. Program grants were \$2,199,836 and \$2,013,519 for the years ended December 31, 2021 and 2020.

5. Contribution and Grants Receivable

The outstanding balance of grants receivable as of December 31, 2021 is expected to be collected over the following fiscal years:

<u>Due in the Years Ending December 31,</u>	
2022	\$ 163,333
2023	62,500
2024	<u>20,834</u>
	<u>\$ 246,667</u>

6. Investments

Investments were comprised of the following as of:

	<u>December 31,</u>			
	<u>2021</u>		<u>2020</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Certificates of Deposits	\$ -	\$ -	\$ 272,494	\$ 272,494
Fixed Income	141,705	141,593	-	-
Total	<u>\$ 141,705</u>	<u>\$ 141,593</u>	<u>\$ 272,494</u>	<u>\$ 272,494</u>

Investment income was as follows as of:

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
Interest Income	<u>\$ 3,399</u>	<u>\$ 10,881</u>

FOUNDATION FOR AFRICAN MEDICINE AND EDUCATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020

7. Fair Value

FAME adopted Financial Accounting Standards Board Accounting Standards Codification Topic 820 Fair Value Measurements and Disclosures ("ASC 820"). In accordance with ASC 820, "fair value" is defined as the price that an organization would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. Various inputs are used in determining the value of investments. ASC 820 established a three-tier hierarchy of inputs to establish a classification of fair value measurements for disclosure purposes. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

- Level 1 – Quoted prices in active markets for identical investments.
- Level 2 – Other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – Significant unobservable inputs.

The following is a summary of the inputs used to determine the fair value at:

December 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments	\$ 141,593	\$ -	\$ -	\$ 141,593

December 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments	\$ 272,494	\$ -	\$ -	\$ 272,494

8. Accounting Change and Correction of an Accounting Error

It was determined that Grants and Contributions Receivable were not recorded as of December 31, 2020. The effect of the restatement in that year is as follows:

	<u>As Previously Reported</u>	<u>Net Change</u>	<u>As Restated</u>
Grants and Contributions	\$ 2,578,598	\$ (126,000)	\$ 2,452,598
Grants and Contributions Receivable	-	166,500	166,500
Net Assets - With Donor Restrictions	374,685	37,686	412,371
Net Assets-Without Donor Restriction	1,203,082	128,814	1,331,896
Change in Net Assets	382,608	(126,000)	256,608

FOUNDATION FOR AFRICAN MEDICINE AND EDUCATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020

9. **Liquidity and Availability**

The following represents FAME's financial assets at December 31,

	<u>2021</u>	<u>2020</u>
Financial Assets		
Cash and Cash Equivalents	\$ 1,465,348	\$ 1,332,654
Investments	141,593	272,494
Contribution and Grants Receivable	<u>246,667</u>	<u>166,500</u>
Total Financial Assets	1,853,608	1,771,648
Less assets not available to be used within one year:		
Net Assets with Donor Restrictions	430,347	412,371
Net Assets with Restrictions to be met within a year	<u>347,013</u>	<u>412,371</u>
Total assets not available to be used within one year	<u>83,334</u>	<u>-</u>
Financial assets available for general expenditures within one year	<u>\$ 1,770,274</u>	<u>\$ 1,771,648</u>

As part of FAME's liquidity plan, FAME has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

FAME considers net assets with donor-imposed restrictions that are expected to be satisfied by time during normal operations within one year to be available for use.

10. **Cash Flow Operating Adjustments**

Adjustments to reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities are as follows as of:

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
PPP Loan Forgiveness	\$ (22,627)	\$ -
Decreases (Increases) in Current Assets:		
Grants and Contributions Receivable	(80,167)	126,000
Increases in Current Liabilities:		
Accrued Expenses	<u>4,461</u>	<u>254</u>
Total Adjustments	<u>\$ (98,333)</u>	<u>\$ 126,254</u>