



# MAP INTERNATIONAL

## FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019





## REPORT OF INDEPENDENT AUDITOR

The Board of Directors  
MAP International  
Brunswick, Georgia

We have audited the accompanying financial statements of MAP International ("the Organization"), which consist of the statements of financial position as of September 30, 2020 and 2019, and the related statements of activities, cash flows, and functional expenses 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.

### ***Auditor's 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 audits 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 Organization'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 Organization'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.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MAP International as of September 30, 2020 and 2019, 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.

*Battis Morrison Wales & Lee, P.A.*

BATTIS MORRISON WALES & LEE, P.A.

Orlando, Florida  
February 24, 2021

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**MAP INTERNATIONAL**  
STATEMENTS OF FINANCIAL POSITION

**ASSETS**

	September 30,	
	2020	2019
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,541,272	\$ 2,593,699
Investments	287,143	—
Inventory	85,646,864	216,641,884
Prepaid expenses and other assets	689,315	397,373
Cash and investments restricted for long-term purposes	3,775,170	3,775,170
Property and equipment, net	4,662,349	4,627,019
<b>Total assets</b>	<b>\$ 98,602,113</b>	<b>\$ 228,035,145</b>

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 848,697	\$ 550,232
Other liabilities	167,427	202,065
<b>Total liabilities</b>	<b>1,016,124</b>	<b>752,297</b>
<b>NET ASSETS</b>		
Without donor restrictions		
Undesignated	42,399,075	130,371,234
Designated for minimum state required annuity reserves	70,221	74,384
Net equity in property and equipment	4,662,349	4,627,019
Total without donor restrictions	47,131,645	135,072,637
With donor restrictions	50,454,344	92,210,211
<b>Total net assets</b>	<b>97,585,989</b>	<b>227,282,848</b>
<b>Total liabilities and net assets</b>	<b>\$ 98,602,113</b>	<b>\$ 228,035,145</b>

The Accompanying Notes are an Integral  
Part of These Financial Statements

**MAP INTERNATIONAL**  
STATEMENTS OF ACTIVITIES

	For The Year Ended September 30, 2020			For The Year Ended September 30, 2019
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>PUBLIC SUPPORT AND REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS</b>				
Noncash contributions without donor restrictions	\$ 430,653,706	\$ —	\$ 430,653,706	\$ 379,756,781
Noncash contributions with donor restrictions	—	146,579,996	146,579,996	202,139,846
Cash contributions without donor restrictions	5,266,796	—	5,266,796	4,918,702
Cash contributions with donor restrictions	—	3,409,816	3,409,816	1,564,756
Service fees	2,383,865	—	2,383,865	2,557,816
Investment income without donor restrictions	37,862	—	37,862	66,131
Investment income with donor restrictions	—	3,079	3,079	131,239
Other revenue	5,521	—	5,521	37,609
Net assets released from time and use restrictions	<u>191,748,758</u>	<u>(191,748,758)</u>	<u>—</u>	<u>—</u>
<b>Total public support and revenue and net assets released from restrictions</b>	<b><u>630,096,508</u></b>	<b><u>(41,755,867)</u></b>	<b><u>588,340,641</u></b>	<b><u>591,172,880</u></b>
<b>EXPENSES</b>				
Program services				
Essential medicine distribution	667,586,275	—	667,586,275	480,175,109
Community health development	33,727,405	—	33,727,405	63,057,519
Disaster and disease management	<u>13,445,230</u>	<u>—</u>	<u>13,445,230</u>	<u>16,750,295</u>
Total program services	<u>714,758,910</u>	<u>—</u>	<u>714,758,910</u>	<u>559,982,923</u>
Supporting activities				
Fundraising	2,703,838	—	2,703,838	2,246,252
Management and general	<u>574,752</u>	<u>—</u>	<u>574,752</u>	<u>558,831</u>
Total supporting activities	<u>3,278,590</u>	<u>—</u>	<u>3,278,590</u>	<u>2,805,083</u>
<b>Total expenses</b>	<b><u>718,037,500</u></b>	<b><u>—</u></b>	<b><u>718,037,500</u></b>	<b><u>562,788,006</u></b>
<b>Change in net assets without donor restrictions</b>	<b>(87,940,992)</b>	<b>—</b>	<b>(87,940,992)</b>	<b>49,851,248</b>
<b>Change in net assets with donor restrictions</b>	<b><u>—</u></b>	<b><u>(41,755,867)</u></b>	<b><u>(41,755,867)</u></b>	<b><u>(21,466,374)</u></b>
<b>CHANGE IN NET ASSETS</b>	<b>(87,940,992)</b>	<b>(41,755,867)</b>	<b>(129,696,859)</b>	<b>28,384,874</b>
<b>NET ASSETS - Beginning of year</b>	<b><u>135,072,637</u></b>	<b><u>92,210,211</u></b>	<b><u>227,282,848</u></b>	<b><u>198,897,974</u></b>
<b>NET ASSETS - End of year</b>	<b><u>\$ 47,131,645</u></b>	<b><u>\$ 50,454,344</u></b>	<b><u>\$ 97,585,989</u></b>	<b><u>\$ 227,282,848</u></b>

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**MAP INTERNATIONAL**  
STATEMENTS OF CASH FLOWS

	For The Years Ended September 30,	
	2020	2019
<b>OPERATING CASH FLOWS</b>		
Cash received from contributors	\$ 8,676,612	\$ 6,483,458
Cash received from service fees	2,383,865	2,557,816
Cash received from other sources	117,683	202,632
Cash paid for operating activities and costs	(9,448,654)	(8,188,225)
<b>Net operating cash flows</b>	<b>1,729,506</b>	<b>1,055,681</b>
<b>INVESTING CASH FLOWS</b>		
Net (purchases of) proceeds from sales of investments	(930,528)	604,511
Purchases of and improvements to property and equipment	(423,569)	(68,493)
<b>Net investing cash flows</b>	<b>(1,354,097)</b>	<b>536,018</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>375,409</b>	<b>1,591,699</b>
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<b>3,165,863</b>	<b>1,574,164</b>
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<b>\$ 3,541,272</b>	<b>\$ 3,165,863</b>
<b>REPORTED IN THE STATEMENTS OF FINANCIAL POSITION AS FOLLOWS</b>		
Cash and cash equivalents	\$ 3,541,272	\$ 2,593,699
Restricted cash included in "Cash and investments restricted for long-term purposes"	—	572,164
<b>Total cash and cash equivalents and restricted cash</b>	<b>\$ 3,541,272</b>	<b>\$ 3,165,863</b>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET OPERATING CASH FLOWS</b>		
Change in net assets	\$ (129,696,859)	\$ 28,384,874
Adjustments to reconcile change in net assets to net operating cash flows		
Depreciation	388,239	490,570
Net loss (gain) on investments	71,221	(32,347)
Net loss on disposal of property and equipment	—	148,877
Change in inventory	130,995,020	(28,113,484)
Change in prepaid expenses and other assets	(291,942)	437,645
Change in accounts payable and accrued expenses	298,465	(217,070)
Change in other liabilities	(34,638)	(43,384)
<b>Net operating cash flows</b>	<b>\$ 1,729,506</b>	<b>\$ 1,055,681</b>

The Accompanying Notes are an Integral  
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**MAP INTERNATIONAL**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For The Year Ended September 30, 2020

	Program Services				Supporting Activities			Total Expenses
	Essential Medicine Distribution	Community Health Development	Disaster and Disease Management	Total Program	Fundraising	Management and General	Total Supporting	
Salaries and wages	\$ 1,241,325	\$ 249,333	\$ 89,545	\$ 1,580,203	\$ 1,014,320	\$ 172,855	\$ 1,187,175	\$ 2,767,378
Employee benefits	543,129	66,411	28,136	637,676	341,851	61,992	403,843	1,041,519
<b>Total personnel-related expenses</b>	<b>1,784,454</b>	<b>315,744</b>	<b>117,681</b>	<b>2,217,879</b>	<b>1,356,171</b>	<b>234,847</b>	<b>1,591,018</b>	<b>3,808,897</b>
Goods distributed	662,255,646	33,044,906	13,202,350	708,502,902	—	—	—	708,502,902
Cost of goods distributed	2,191,104	167,316	76,620	2,435,040	—	—	—	2,435,040
Outside services	315,560	21,873	8,859	346,292	627,243	140,499	767,742	1,114,034
Freight	410,668	22,079	11,120	443,867	1,333	186	1,519	445,386
Depreciation	217,631	11,700	8,197	237,528	73,012	77,699	150,711	388,239
Printing and publications	27,957	1,777	1,939	31,673	343,615	5,732	349,347	381,020
Travel	73,371	8,152	8,245	89,768	52,099	22,032	74,131	163,899
Equipment rental and repair	81,326	4,371	3,754	89,451	43,997	21,060	65,057	154,508
Grants	—	115,020	—	115,020	—	—	—	115,020
Miscellaneous	28,714	1,574	619	30,907	63,028	10,347	73,375	104,282
Postage	7,485	453	162	8,100	83,410	2,277	85,687	93,787
Insurance	58,886	3,166	1,266	63,318	8,981	17,962	26,943	90,261
Supplies	48,536	2,658	1,256	52,450	25,926	2,765	28,691	81,141
Telephone	37,354	2,607	1,763	41,724	15,135	10,314	25,449	67,173
Occupancy	37,561	2,019	808	40,388	5,770	11,540	17,310	57,698
Conferences and meetings	10,022	1,990	591	12,603	4,118	3,442	7,560	20,163
Bad debt	—	—	—	—	—	14,050	14,050	14,050
<b>Total</b>	<b>\$ 667,586,275</b>	<b>\$ 33,727,405</b>	<b>\$ 13,445,230</b>	<b>\$ 714,758,910</b>	<b>\$ 2,703,838</b>	<b>\$ 574,752</b>	<b>\$ 3,278,590</b>	<b>\$ 718,037,500</b>

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**MAP INTERNATIONAL**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For The Year Ended September 30, 2019

	Program Services				Supporting Activities			Total Expenses
	Essential Medicine Distribution	Community Health Development	Disaster and Disease Management	Total Program	Fundraising	Management and General	Total Supporting	
Salaries and wages	\$ 1,239,228	\$ 357,752	\$ 43,229	\$ 1,640,209	\$ 676,996	\$ 132,849	\$ 809,845	\$ 2,450,054
Employee benefits	512,817	114,690	17,889	645,396	247,105	42,991	290,096	935,492
<b>Total personnel-related expenses</b>	<b>1,752,045</b>	<b>472,442</b>	<b>61,118</b>	<b>2,285,605</b>	<b>924,101</b>	<b>175,840</b>	<b>1,099,941</b>	<b>3,385,546</b>
Goods distributed	476,150,808	61,000,155	16,609,912	553,760,875	—	—	—	553,760,875
Outside services	353,490	114,947	12,331	480,768	511,987	99,209	611,196	1,091,964
Cost of goods distributed	855,112	109,375	29,830	994,317	—	—	—	994,317
Grants	—	726,184	—	726,184	—	—	—	726,184
Depreciation	261,690	49,438	9,129	320,257	92,356	77,957	170,313	490,570
Printing and publications	39,840	21,534	1,390	62,764	323,006	15,279	338,285	401,049
Freight	304,022	44,351	10,605	358,978	749	110	859	359,837
Programs	8,579	326,181	299	335,059	2,099	1,748	3,847	338,906
Travel	96,775	59,250	3,376	159,401	138,853	26,438	165,291	324,692
Miscellaneous	93,520	19,086	3,263	115,869	70,329	35,124	105,453	221,322
Equipment rental and repair	63,852	41,936	2,227	108,015	43,733	21,203	64,936	172,951
Supplies	53,196	33,267	1,856	88,319	33,925	3,271	37,196	125,515
Insurance	51,785	7,948	1,806	61,539	8,689	17,033	25,722	87,261
Postage	5,304	817	185	6,306	72,803	1,704	74,507	80,813
Telephone	38,533	16,044	1,344	55,921	13,278	10,583	23,861	79,782
Occupancy	35,049	11,278	1,223	47,550	5,822	11,644	17,466	65,016
Bad debt	—	—	—	—	—	57,572	57,572	57,572
Conferences and meetings	11,509	3,286	401	15,196	4,522	4,116	8,638	23,834
<b>Total</b>	<b>\$ 480,175,109</b>	<b>\$ 63,057,519</b>	<b>\$ 16,750,295</b>	<b>\$ 559,982,923</b>	<b>\$ 2,246,252</b>	<b>\$ 558,831</b>	<b>\$ 2,805,083</b>	<b>\$ 562,788,006</b>

The Accompanying Notes are an Integral  
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**MAP INTERNATIONAL**  
NOTES TO FINANCIAL STATEMENTS

**NOTE A – NATURE OF ACTIVITIES**

MAP International (“the Organization”) was established in 1965 as an Illinois not-for-profit corporation. The Organization’s purpose is to promote the total health of people living in the world’s impoverished communities. The Organization provided access to health services and essential medicines in 86 and 98 countries worldwide during the years ended September 30, 2020 and 2019, respectively. In fulfilling its purpose, the Organization distributes gifts in-kind, including donated medicines, equipment, and supplies which are primarily donated by pharmaceutical companies. The Organization also receives cash contributions from individuals, churches, and other organizations. During the year ended September 30, 2019, the Organization closed an office located in Kenya, and office locations formerly operated in Bolivia and Cote d’Ivoire were converted to separate and autonomous local non-government organizations. Accordingly, the Organization now operates exclusively from its offices located in the United States.

The Organization works with its partners to accomplish the following primary program services:

*Essential Medicine Distribution* – The Organization provides critical life-saving medications that are always in short supply in impoverished countries with limited health care. Medicines and medical supplies are provided to hospitals, clinics, refugee centers, and physicians in other countries as they are needed. In addition, the Organization’s specially designed travel packs are used by Christian health personnel and mission groups on short-term missions and include an assortment of some of the most critically needed medicines and supplies. MAP also provides medicines and supplies for rapid response to humanitarian emergencies around the world and, at times, in the United States.

*Community Health Development* – Total health training workshops teach medical, cultural, and biblical principles of health in remote, rural areas from the Amazon to Kenya. The MAP International Fellowship provides opportunities for medical students to serve short-term missions in Christian hospitals around the world.

*Disaster and Disease Management* – The Organization’s programs provide vital medicines, educational materials, and training to aid in the treatment and prevention of diseases. The Organization provides a variety of disease prevention and eradication programs, including education and prevention programs that benefit communities in Latin America and Africa.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Revenue recognition**

The Organization recognizes cash contributions as revenue when the contributions are received by the Organization. Contributions received are recorded as without or with donor restrictions depending on the existence and/or nature of any donor restrictions. When a 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 accompanying statements of activities as “net assets released from time and use restrictions.” Contributions of noncash assets are recorded at estimated fair value on the date of the gift.

Service fees are recognized as revenue when the inventory is distributed.

**Cash and cash equivalents**

The Organization considers investment instruments purchased or donated with original maturities of three months or less to be cash and cash equivalents.

**Inventory**

Inventory consists of humanitarian relief goods which were not yet distributed to beneficiaries. Inventory is recorded at estimated fair value on the date of the gift.



**MAP INTERNATIONAL**  
NOTES TO FINANCIAL STATEMENTS

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Cash and investments restricted for long-term purposes**

Cash and investments restricted for long-term purposes consist of amounts restricted to endowments.

**Property and equipment**

Property and equipment are stated at cost, if purchased, or estimated fair value on the date of donation, if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets.

**Net assets**

Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes. From time to time, the Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion. The Board has designated a portion of net assets without donor restrictions for minimum state required annuity reserves. Net assets with donor restrictions consist primarily of amounts held by the Organization for use toward specific projects or for distribution in specific geographic areas.

**Functional allocation of expenses**

The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. Indirect costs that benefit multiple functional areas are allocated among the various functional areas based primarily on employee time and space utilization.

**Income taxes**

The Organization is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code and from state income tax pursuant to state law. The Organization is further classified as a public charity and not a private foundation for federal tax purposes. The Organization has not incurred unrelated business income taxes. As a result, no income tax provision or liability has been provided for in the accompanying financial statements.

**Use of estimates**

Management uses estimates and assumptions in preparing the accompanying financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these financial statements include those used in determining the useful lives of property and equipment and the estimated fair value of noncash contributions. Actual results could differ from the estimates.

**New accounting pronouncement**

Financial Accounting Standards Board Accounting Standards Update (“ASU”) 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash is effective for the Organization’s financial statements for the year ended September 30, 2020. The ASU requires that restricted cash amounts be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total cash amounts shown on the statements of cash flows. The adoption of the ASU had no effect on the Organization’s net assets as of October 1, 2018 or the change in net assets presented the year ended September 30, 2019. As required by applicable guidance, the Organization has retrospectively applied the ASU’s provisions to the September 30, 2019 statement of cash flows.

**Reclassifications**

Certain amounts included in the September 30, 2019 financial statements have been reclassified to conform to classifications adopted during the year ended September 30, 2020. The reclassifications had no material effect on the accompanying financial statements.

**MAP INTERNATIONAL**  
NOTES TO FINANCIAL STATEMENTS

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Economic uncertainties**

In January 2020, the World Health Organization (“WHO”) announced a global health emergency related to the outbreak of a virus originating in China. In March 2020, WHO elevated the classification of the outbreak to a pandemic (“the pandemic”). Management is closely monitoring the potential impact of the pandemic on the Organization’s financial condition and has taken actions to mitigate its impact. Because of the unknown impact on global commerce, management is not able to estimate the effects of the pandemic on its operating results, financial condition, or liquidity for the year ending September 30, 2021.

**Subsequent events**

The Organization has evaluated for possible financial reporting and disclosure subsequent events through February 24, 2021, the date as of which the accompanying financial statements were available to be issued.

**NOTE C – LIQUIDITY AND AVAILABILITY OF RESOURCES**

Financial assets available for general expenditure within one year of the date of the statements of financial position are as follows:

	<u>September 30,</u>	
	<u>2020</u>	<u>2019</u>
Financial assets available:		
Cash and cash equivalents	\$ 3,541,272	\$ 3,165,863
Investments	4,062,313	3,203,006
Accounts receivable (included in prepaid expenses and other assets)	208,338	138,314
Total financial assets available within one year	7,811,923	6,507,183
Less amounts unavailable for general expenditure within one year due to:		
Endowments	(3,775,170)	(3,775,170)
Designated for minimum state required annuity reserves	(70,221)	(74,384)
Net financial assets available within one year	\$ 3,966,532	\$ 2,657,629

The Organization is primarily supported by contributions and service fees. As part of the Organization’s liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Certain net assets with donor restrictions are available for general expenditure within one year of September 30, 2020 and 2019, because the restrictions on net assets are expected to be met by conducting the normal activities of the Organization in the coming year. The state of Georgia requires issuers of annuities to maintain \$300,000 in available liquid assets. Management believes the Organization has sufficient financial assets available for general operations that may be drawn upon in the event of unanticipated financial distress or immediate liquidity need. As of September 30, 2020, the Organization also had a revolving line of credit in an amount up to \$1,000,000 as an additional source of liquidity. Subsequent to September 30, 2020, the Organization entered into a \$3,000,000 revolving line of credit agreement (see Note K).

**NOTE D – CONCENTRATIONS**

The Organization maintains its cash and cash equivalents in deposit accounts which may not be federally insured, may exceed federally insured limits, or may be insured by an entity other than an agency of the federal government. The Organization has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk related to cash and cash equivalents.

**MAP INTERNATIONAL**  
NOTES TO FINANCIAL STATEMENTS

**NOTE D – CONCENTRATIONS (Continued)**

During the years ended September 30, 2020 and 2019, approximately 46% and 53%, respectively, of total noncash contribution revenue was sourced from the Organization’s largest three donors.

**NOTE E – CASH AND INVESTMENTS RESTRICTED FOR LONG-TERM PURPOSES**

Cash and investments restricted for long-term purposes consisted of the following:

	September 30,	
	2020	2019
Cash (including funds held in brokerage accounts)	\$ —	\$ 572,164
Mutual funds	2,673,850	2,020,626
Certificates of deposit	1,030,620	1,102,213
U.S. Treasury Notes	70,700	80,167
Total cash and investments restricted for long-term purposes	\$ 3,775,170	\$ 3,775,170

**NOTE F – FAIR VALUE MEASUREMENTS**

Accounting principles generally accepted in the United States (“GAAP”) define fair value for an investment generally as the price an organization would receive upon selling the investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. The information available to measure fair value varies depending on the nature of each investment and its market or markets. Accordingly, GAAP recognizes a hierarchy of “inputs” an organization may use in determining or estimating fair value. The inputs are categorized into “levels” that relate to the extent to which an input is objectively observable and the extent to which markets exist for identical or comparable investments. In determining or estimating fair value, an organization is required to maximize the use of observable market data (to the extent available) and minimize the use of unobservable inputs. The hierarchy assigns the highest priority to unadjusted quoted prices in active markets for identical items (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs). A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Following is a description of each of the three levels of input within the fair value hierarchy:

Level 1 – unadjusted quoted market prices in active markets for identical items

Level 2 – other significant observable inputs (such as quoted prices for similar items)

Level 3 – significant unobservable inputs

The estimated fair value of certain assets measured on a recurring basis at September 30, 2020, is as follows:

	Total	Level 1	Level 2	Level 3
Mutual funds	\$ 2,960,993	\$ 2,960,993	\$ —	\$ —
Certificates of deposit	1,030,620	1,030,620	—	—
U.S. Treasury Notes	70,700	70,700	—	—
Total	\$ 4,062,313	\$ 4,062,313	\$ —	\$ —

**MAP INTERNATIONAL**  
NOTES TO FINANCIAL STATEMENTS

**NOTE F – FAIR VALUE MEASUREMENTS (Continued)**

The estimated fair value of certain assets measured on a recurring basis at September 30, 2019, is as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 2,020,626	\$ 2,020,626	\$ —	\$ —
Certificates of deposit	1,102,213	1,102,213	—	—
U.S. Treasury Notes	<u>80,167</u>	<u>80,167</u>	<u>—</u>	<u>—</u>
Total	<u>\$ 3,203,006</u>	<u>\$ 3,203,006</u>	<u>\$ —</u>	<u>\$ —</u>

**NOTE G – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following:

<u>Category</u>	<u>September 30,</u>	
	<u>2020</u>	<u>2019</u>
Land and land improvements	\$ 702,036	\$ 702,036
Buildings and improvements	5,410,098	5,383,498
Furniture and equipment	2,769,594	2,638,947
Construction in progress	<u>266,320</u>	<u>—</u>
Total property and equipment	9,148,048	8,724,481
Less: Accumulated depreciation	<u>(4,485,699)</u>	<u>(4,097,462)</u>
Net property and equipment	<u>\$ 4,662,349</u>	<u>\$ 4,627,019</u>

Depreciation expense amounted to \$388,239 and \$490,570 during the years ended September 30, 2020 and 2019, respectively.

**NOTE H – RESTRICTIONS ON NET ASSETS**

Net assets were restricted by donors for the following purposes during the year ended September 30, 2020:

	<u>Balance</u>	<u>Contributions</u>		<u>Balance</u>
	<u>October 1</u>	<u>and investment</u>	<u>Releases</u>	<u>September 30</u>
		<u>income</u>		
Pharmaceuticals and other gifts in-kind restricted for certain geographic regions	\$ 87,484,401	\$ 146,579,996	\$ (188,551,751)	\$ 45,512,646
Special projects	419,474	2,363,335	(2,181,825)	600,984
Endowment appreciation	350,210	3,079	—	353,289
Disaster relief	<u>180,956</u>	<u>1,046,481</u>	<u>(1,015,182)</u>	<u>212,255</u>
Subtotal	<u>88,435,041</u>	<u>149,992,891</u>	<u>(191,748,758)</u>	<u>46,679,174</u>

**MAP INTERNATIONAL**  
NOTES TO FINANCIAL STATEMENTS

**NOTE H – RESTRICTIONS ON NET ASSETS (Continued)**

	<u>Balance</u> <u>October 1</u>	<u>Contributions</u> <u>and investment</u> <u>income</u>	<u>Releases</u>	<u>Balance</u> <u>September 30</u>
Endowments:				
Program activities endowment	\$ 2,561,443	\$ —	\$ —	\$ 2,561,443
International Fellowship endowment	<u>1,213,727</u>	<u>—</u>	<u>—</u>	<u>1,213,727</u>
Subtotal	<u>3,775,170</u>	<u>—</u>	<u>—</u>	<u>3,775,170</u>
Total	<u>\$ 92,210,211</u>	<u>\$ 149,992,891</u>	<u>\$ (191,748,758)</u>	<u>\$ 50,454,344</u>

Net assets were restricted by donors for the following purposes during the year ended September 30, 2019:

	<u>Balance</u> <u>October 1</u>	<u>Contributions</u> <u>and investment</u> <u>income</u>	<u>Releases</u>	<u>Balance</u> <u>September 30</u>
Pharmaceuticals and other gifts in-kind restricted for certain geographic regions	\$ 108,615,427	\$ 202,139,846	\$ (223,270,872)	\$ 87,484,401
Special projects	876,413	871,964	(1,328,903)	419,474
Endowment appreciation	218,971	131,239	—	350,210
Disaster relief	<u>190,604</u>	<u>692,792</u>	<u>(702,440)</u>	<u>180,956</u>
Subtotal	<u>109,901,415</u>	<u>203,835,841</u>	<u>(225,302,215)</u>	<u>88,435,041</u>
Endowments:				
Program activities endowment	2,561,443	—	—	2,561,443
International Fellowship endowment	<u>1,213,727</u>	<u>—</u>	<u>—</u>	<u>1,213,727</u>
Subtotal	<u>3,775,170</u>	<u>—</u>	<u>—</u>	<u>3,775,170</u>
Total	<u>\$ 113,676,585</u>	<u>\$ 203,835,841</u>	<u>\$ (225,302,215)</u>	<u>\$ 92,210,211</u>

Distributions from the Program activities endowment are available to support the general operations of the Organization. Distributions from the International Fellowship endowment are available for medical scholarships. The Organization preserves the estimated fair value of all original endowment gifts as of the gift date, which management deems is in compliance with state law. Accordingly, the Organization classifies as “endowment corpus” (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment.

The Organization has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to supported programs while seeking to maintain the purchasing power of the endowment assets and to preserve the invested capital. The stated investment goal is an absolute rate of return of four percent per annum over a five to ten year period. The Organization emphasizes spending on current or near-term programs.

The spending policy provides flexibility, and the Organization seeks the advice of investment counsel, as well as management and certain committees of the Board, when determining amounts to be spent on supported programs. The Organization considers all endowment earnings to be restricted until such time that the earnings are appropriated for expenditure.

**MAP INTERNATIONAL**  
NOTES TO FINANCIAL STATEMENTS

**NOTE H – RESTRICTIONS ON NET ASSETS (Continued)**

During the year ended September 30, 2019, management determined that approximately \$4,861,000 of amounts previously classified as net assets without donor restrictions are more appropriately classified as net assets with donor restrictions.

The Organization’s endowment activity for the years ended September 30, 2020 and 2019, is as follows:

	<u>With Donor Restrictions</u>		<u>Total</u>
	<u>Time/Purpose</u>	<u>Perpetual</u>	
Endowment net assets, October 1, 2018	\$ 218,971	\$ 3,775,170	\$ 3,994,141
Investment income, net	131,239	—	131,239
Appropriated for expenditure	—	—	—
Endowment net assets, September 30, 2019	350,210	3,775,170	4,125,380
Investment income, net	3,079	—	3,079
Appropriated for expenditure	—	—	—
Endowment net assets, September 30, 2020	<u>\$ 353,289</u>	<u>\$ 3,775,170</u>	<u>\$ 4,128,459</u>

**NOTE I – NONCASH CONTRIBUTIONS**

Noncash contributions (“gifts in-kind”), including donated pharmaceuticals and medical supplies, are recognized as revenue at their estimated fair value on the date the gifts are received. The Organization only records the value of noncash contributions over which it exercises variance power. In general, the Organization’s management estimates the fair value of donated pharmaceuticals using “wholesale acquisition cost,” listed in reference materials including the IBM Micromedex RED BOOK, a widely-used drug and pricing reference guide for the pharmaceutical industry in the United States. The Organization’s management may apply discounts to the prices in the RED BOOK depending on the gift’s condition or other factors. For gifts in-kind of pharmaceuticals and medical supplies that are sold in the United States market, the Organization has determined that the U.S. is the principal or most advantageous market for purposes of estimating fair value. If prices for a particular item are not available in the RED BOOK, MAP estimates fair value using other online pricing sources. The Organization considers the valuation practices used for noncash contributions to be consistent with industry standards. The Organization’s policy is to distribute donated pharmaceuticals and medical supplies, and those items are recognized as expenses when they are shipped from the Organization’s warehouse or the date upon which the Organization no longer exercises practical control over those items.

The Organization distributed gifts in-kind to its partners totaling \$708,502,902 and \$553,760,875 during the years ended September 30, 2020 and 2019, respectively. Of these amounts, approximately \$829,000 and \$2,598,000, respectively, was shipped directly from the donor to the Organization’s partners.

**NOTE J – RETIREMENT PLAN**

The Organization offers a defined contribution retirement plan which covers substantially all employees. The Organization contributed approximately \$117,000 and \$103,000 to the retirement plan during the years ended September 30, 2020 and 2019, respectively.

**MAP INTERNATIONAL**  
NOTES TO FINANCIAL STATEMENTS

**NOTE K – COMMITMENTS AND CONTINGENCIES**

The Organization previously had available a \$1,000,000 revolving line of credit which matured in October 2020. Draws, if any, carried interest at the one-month LIBOR plus 2.50% per annum (2.65% and 4.52% as of September 30, 2020 and 2019, respectively). No draws were made on the line of credit during the years ended September 30, 2020 and 2019, and no balance was outstanding on the line of credit as of September 30, 2020 and 2019.

Subsequent to September 30, 2020, the Organization entered into a revolving line of credit agreement of up to \$3,000,000 with a certain bank. Draws, if any, carry interest at the prime rate less 0.25% per annum. The revolving line of credit is secured by a negative pledge agreement regarding certain property and matures in November 2023.

During the year ended September 30, 2019, an administrative judge in the state of California ordered the Organization to pay a penalty of \$80,600 to the California Attorney General related to certain solicitation practices. Although management accrued this amount in the accompanying financial statements, the Organization appealed the administrative judge's decision. Subsequent to September 30, 2020, the Organization reached a settlement with the California Attorney General, paid the penalty, and is expecting reimbursement of the penalty payment from the Organization's Directors and Officers insurance policy provider. The Organization has no further obligations with respect to this matter.