

**Foundation for African Medicine and Education**  
Redding, California

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Financial Statements  
Auditor's Report  
For the Years Ended  
December 31, 2022 and 2021



**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, 2022 and 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, 2022, 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 audits 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.

### **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.

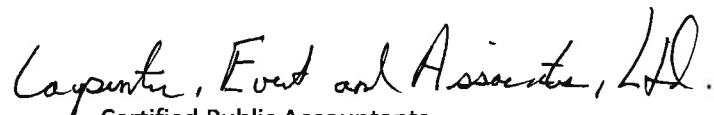
## Auditor's Responsibilities for the Audit of the Financial Statements

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 and Associates, LLP  
Certified Public Accountants

Minneapolis, Minnesota  
October 24, 2023



FOUNDATION FOR AFRICAN MEDICINE AND EDUCATION  
STATEMENT OF FUNCTIONAL EXPENSE

EXHIBIT B

FOR THE YEAR ENDED DECEMBER 31, 2022 WITH COMPARATIVE TOTALS FOR 2021

	2022				2021	
	Total Program Services	Support Services			Total All Services	Total All Services
		Management & General	Fundraising	Total Support Services		
Salaries	-	-	\$ 150,799	\$ 150,799	\$ 150,799	\$ 119,227
Payroll Taxes	-	-	12,702	12,702	12,702	10,717
Employee Benefits	-	-	4,253	4,253	4,253	6,553
Total Personnel Costs	-	-	167,754	167,754	167,754	136,497
Program Grants	2,286,770	-	-	-	2,286,770	2,199,836
Professional Fees and Contract Services	18,400	11,300	-	11,300	29,700	42,832
Marketing Expenses	-	-	25,274	25,274	25,274	9,298
Bank Charges	1,348	8,008	-	8,008	9,356	10,888
Travel	5,728	-	-	-	5,728	4,456
Occupancy	5,155	-	-	-	5,155	-
Office Expenses	-	2,980	9	2,989	2,989	4,653
Insurance	-	1,744	457	2,201	2,201	2,032
Taxes	-	220	-	220	220	150
Volunteer Expenses	-	-	-	-	-	6,079
Dues and Subscriptions	-	-	-	-	-	1,092
Total Expense	\$ 2,317,401	\$ 24,252	\$ 193,494	\$ 217,746	\$ 2,535,147	\$ 2,417,813

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, 2021

	Support Services				Total All Services
	Total Program Services	Management & General	Fundraising	Total Support Services	
Salaries	\$ -	\$ -	\$ 119,227	\$ 119,227	\$ 119,227
Payroll Taxes	-	-	10,717	10,717	10,717
Employee Benefits	-	-	6,553	6,553	6,553
Total Personnel Costs	-	-	136,497	136,497	136,497
Program Grants	2,199,836	-	-	-	2,199,836
Professional Fees and Contract Services	42,407	200	225	425	42,832
Marketing Expenses	-	-	9,298	9,298	9,298
Bank Charges	-	1,457	9,431	10,888	10,888
Travel	4,456	-	-	-	4,456
Office Expenses	-	877	3,776	4,653	4,653
Insurance	-	1,744	288	2,032	2,032
Taxes	-	150	-	150	150
Volunteer Expenses	6,079	-	-	-	6,079
Dues and Subscriptions	-	1,092	-	1,092	1,092
Total Expense	\$ 2,252,778	\$ 5,520	\$ 159,515	\$ 165,035	\$ 2,417,813

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, 2022 AND 2021

EXHIBIT D

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 610,513	\$ 1,465,348
Investments	1,114,411	141,593
Grants and Contributions Receivable	338,333	163,334
Total Current Assets	<u>2,063,257</u>	<u>1,770,275</u>
Grants and Contributions Receivable - Long-Term	65,000	83,333
Investments - Long-Term	<u>100,286</u>	<u>-</u>
 TOTAL ASSETS	 <u>\$ 2,228,543</u>	 <u>\$ 1,853,608</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accrued Expenses	\$ -	\$ 9,215
Total Current Liabilities	<u>-</u>	<u>9,215</u>
Net Assets:		
With Donor Restrictions	833,365	430,347
Without Donor Restrictions	1,395,178	1,414,046
Total Net Assets	<u>2,228,543</u>	<u>1,844,393</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 2,228,543</u>	 <u>\$ 1,853,608</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, 2022 AND 2021

EXHIBIT E

Increase(Decrease) in Cash and Cash Equivalents

	2022	2021
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 384,150	\$ 100,126
Total Adjustments	(269,019)	(98,333)
Net Cash Provided by Operating Activities	115,131	1,793
Cash Flows from Investing Activities:		
Proceeds from Sale of Investments	830,000	272,494
Purchase of Investments	(1,899,966)	(141,593)
Net Cash Provided (Used) by Investing Activities	(1,069,966)	130,901
Cash Flows from Financing Activities:		
Contributions Restricted to Endowment Funds	100,000	-
Net Increase (Decrease) in Cash and Cash Equivalents	(854,835)	132,694
Cash and Cash Equivalents- Beginning of Year	1,465,348	1,332,654
Cash and Cash Equivalents- End of Year	\$ 610,513	\$ 1,465,348

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, 2022 and 2021

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.

New Accounting Pronouncements

In 2022, FAME adopted Accounting Standards Update (ASU) No. 2016-02, Leases, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. FAME elected not to restate the comparative period (2021). It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. FAME had no leases that met the criteria of ASU 2016-02.

FAME has also adopted Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, as management believes the standards improve the usefulness and understandability of FAME's financial reporting. The ASU has been applied retrospectively for the periods ended December 31, 2022 and 2021, as required.

FOUNDATION FOR AFRICAN MEDICINE AND EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 and 2021

1. Summary of Significant Accounting Policies (continued)

Leases

FAME determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term. Operating lease expense is recognized on a straight-line basis over the lease term. FAME does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Contributions of Nonfinancial Assets

FAME records contributions of nonfinancial assets at fair market value at date of donation. FAME's policy related to contributions of nonfinancial assets is to utilize the assets given to carry out the mission of the organization. If an asset is provide that does not allow FAME to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist. FAME did not have any contributions of nonfinancial assets for the years ending December 31, 2022 and 2021, respectively.

Cash and Cash Equivalents

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

Investments

FAME carries its investments at market value. The investments consist of treasury bills and certificate deposits with an original maturity of twelve months or less.

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.

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, 2022 and 2021.

FOUNDATION FOR AFRICAN MEDICINE AND EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 and 2021

1. Summary of Significant Accounting Policies (continued)

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 October 24, 2023, which is the date financial statements were available to be issued.

2. Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

At December 31, 2022 and 2021, FAME held funds at a local institution in excess of federally insured limits. FAME has \$1,214,697 and \$141,593 in marketable securities for the years ended December 2022, and 2021, respectively, which are subject to market fluctuations.

**FOUNDATION FOR AFRICAN MEDICINE AND EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 and 2021**

3. Related Entities

FAME works with a separate nonprofit organization (FAME-Africa) to accomplish its exempt purpose. Program grants were \$ 2,286,770 and \$2,199,836 for the years ended December 31, 2022 and 2021.

4. Investments

Investments were comprised of the following as of:

	December 31,			
	2022		2021	
	Cost	Market	Cost	Market
Fixed Income	\$ 1,214,784	\$ 1,214,697	\$ 141,705	\$ 141,593

Investment income was as follows as of:

	December 31,	
	2022	2021
Realized Gains	\$ 3,138	\$ -
Interest Income	2,590	3,399
Total	\$ 5,728	\$ 3,399

5. 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, 2022:

	Level 1	Level 2	Level 3	Total
Fixed Income	\$ 1,214,697	\$ -	\$ -	\$ 1,214,697

FOUNDATION FOR AFRICAN MEDICINE AND EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 and 2021

5. Fair Value (continued)

December 31, 2021:

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

6. Grants and Contributions Receivable

The balances of grants and contributions receivable are due as follows:

<u>Due in the Year Ending December 31,</u>	<u>December 31,</u>	
	<u>2022</u>	<u>2021</u>
2022	\$ -	\$ 163,334
2023	338,333	83,333
2024	65,000	-
Total	<u>\$ 403,333</u>	<u>\$ 246,667</u>

All grants and contributions receivable are considered collectable.

7. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purpose or periods as of:

	<u>December 31,</u>	
	<u>2022</u>	<u>2021</u>
Restrictions that Expire:		
Subject to Expenditures for a Specified Purpose:		
Emergency Room Project	\$ 217,220	\$ -
FAME-Africa Programs	141,012	287,186
Scholarships	30,966	30,661
Subject to Expenditures for Future Operations:		
Subsequent Fiscal Years	344,167	112,500
Restrictions in Perpetuity:		
Endowment	<u>100,000</u>	<u>-</u>
	<u>\$ 833,365</u>	<u>\$ 430,347</u>

8. Endowment Funds

Endowment funds consist of a single individual fund established to provide resources for FAME-Africa programs and is included in investments in the statement of financial position. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

FOUNDATION FOR AFRICAN MEDICINE AND EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 and 2021

8. Endowment Funds (continued)

Interpretation of Relevant Law:

The Board of Directors has interpreted the Minnesota Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift, as of the gift date, of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, FAME classifies as net assets with donor restrictions to be held in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions to be held in perpetuity is classified as net assets with time or programmatic restrictions until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, FAME considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of FAME and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of FAME
7. The investment policies of FAME

Endowment Net Asset Composition by Type of Fund:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
December 31, 2022	<u>\$ 286</u>	<u>\$ 100,000</u>	<u>\$ 100,286</u>

Changes in Endowment Net Assets:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
December 31, 2021	\$ -	\$ -	\$ -
Contributions	-	100,000	100,000
Investment Earnings, Net	286	-	286
December 31, 2022	<u>\$ 286</u>	<u>\$ 100,000</u>	<u>\$ 100,286</u>

FOUNDATION FOR AFRICAN MEDICINE AND EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 and 2021

9. Liquidity and Availability

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

	<u>2022</u>	<u>2021</u>
Financial Assets		
Cash and Cash Equivalents	\$ 610,513	\$ 1,465,348
Investments	1,214,697	141,593
Grants and Contributions Receivable	<u>403,333</u>	<u>246,667</u>
Total Financial Assets	2,228,543	1,853,608
Less assets not available to be used within one year:		
Grants and Contributions Receivable-Long-Term	65,000	83,333
Net Assets with Donor Restrictions	833,365	430,347
Net Assets with Restrictions to be met within a year	<u>(733,365)</u>	<u>(430,347)</u>
Total assets not available to be used within one year	<u>165,000</u>	<u>83,333</u>
Financial assets available for general expenditures within one year	<u>\$ 2,063,543</u>	<u>\$ 1,770,275</u>

FAME has certain net assets with donor restrictions limited to use which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the qualitative information above for financial assets to meet general expenditures within one year. 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 (Used) by Operating Activities are as follows as of:

	<u>December 31,</u>	
	<u>2022</u>	<u>2021</u>
PPP Loan Forgiveness	\$ -	\$ (22,627)
Realized Gain	(3,138)	-
Grants Receivable	18,333	-
Contributions Restricted to Endowment Funds	(100,000)	-
(Increases) in Current Assets:		
Grants Receivable	(174,999)	(80,167)
Increases (Decreases) in Current Liabilities:		
Accrued Expenses	<u>(9,215)</u>	<u>4,461</u>
Total Adjustments	<u>\$ (269,019)</u>	<u>\$ (98,333)</u>