

FOUNDATION FOR AFRICAN MEDICINE AND EDUCATION

**FINANCIAL STATEMENTS
DECEMBER 31, 2020
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT**

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FOUNDATION FOR AFRICAN MEDICINE AND EDUCATION

FINANCIAL STATEMENTS FOR YEAR ENDED DECEMBER 31, 2020

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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, 2020 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, 2020 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.

A handwritten signature in black ink, appearing to read "John M. Mace". The signature is written in a cursive style with a long horizontal stroke at the end.

Medford, Massachusetts
August 15, 2021

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

ASSETS

Cash and Cash Equivalents	\$ 1,332,654
Short-Term Investments	272,494
Total Assets:	<u>\$ 1,605,148</u>

LIABILITIES

Accounts Payable	\$ 4,754
Note Payable Paycheck Protection Loan	22,627
Total Liabilities:	<u>\$ 27,381</u>

NET ASSETS

Without Donor Restrictions	
Undesignated Operating	\$ 1,203,082
With Donor Restrictions	
Purpose Restricted	374,685
Total Net Assets	<u>\$ 1,577,767</u>
Total Liabilities and Net Assets:	<u>\$ 1,605,148</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, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Contributions	\$ 1,657,568	\$ 921,030	\$ 2,578,598
Investment Income	10,881		10,881
Satisfaction of Restrictions	964,079	(964,079)	-
			-
Total Revenues	\$ 2,632,528	\$ (43,049)	\$ 2,589,479
FUNCTIONAL EXPENSES			
Program Services	\$ 2,061,911	\$	\$ 2,061,911
Management and General	8,924		8,924
Fundraising	136,036		136,036
Total Functional Expenses	\$ 2,206,871	\$ -	\$ 2,206,871
CHANGE IN NET ASSETS	425,657	(43,049)	382,608
NET ASSETS BEGINNING OF YEAR	777,425	417,734	1,195,159
NET ASSETS END OF YEAR	\$ 1,203,082	\$ 374,685	\$ 1,577,767

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, 2020**

CASH FLOWS FROM OPERATING ACTIVITIES:

Changes in net assets	\$	382,608
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Increase (Decrease) in Accounts Payable		254
Net cash provided by (used in) operations activities	\$	<u>382,862</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of Short-Term Investments		<u>(4,271)</u>
Net cash provided by (used in) investment activities	\$	<u>(4,271)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from Paycheck Protection Program Loan		<u>22,627</u>
Net cash provided by (used in) financing activities	\$	<u>22,627</u>

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS 401,218

CASH AND CASH EQUIVALENTS, beginning of year 931,436

CASH AND CASH EQUIVALENTS, end of year \$ 1,332,654

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, 2020

	Program Services	Management and General	Fundraising	Total
EXPENSES				
Salaries	\$ -	\$ -	\$ 102,335	\$ 102,335
Payroll taxes	-	-	8,401	8,401
Employee benefits	-	-	6,000	6,000
Volunteer expenses	8,917	-	-	8,917
Consultants	36,600	-	-	36,600
Travel	2,875	-	-	2,875
Bank Charges	-	1,434	9,272	10,706
Professional fees	-	5,375	-	5,375
Insurance	-	1,744	385	2,129
Medical Clinic	2,013,519	-	-	2,013,519
Office Supplies and other Exp.	-	201	9,643	9,844
Taxes and Licenses	-	170	-	170
 Total Expenses	 <u>\$ 2,061,911</u>	 <u>\$ 8,924</u>	 <u>\$ 136,036</u>	 <u>\$ 2,206,871</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, 2020**

Note 1 - Organization

The Foundation for African Medicine and Education (the "Organization") is a non-profit Organization established in 2002 to provide high quality patient-centered medical care to underserved communities of North Tanzania. In addition to providing comprehensive primary care in an outpatient clinic and inpatient hospital, the Organization provides services in surgery, maternal and child health, diagnostics, community outreach, and education and capacity building in the Karatu District, a rural location of 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..

**FOUNDATION FOR AFRICAN MEDICINE AND EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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 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, 2020**

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

Certificates of Deposit held for investment that are not debt securities are included in "Short-Term Investments" Certificates of deposit with original maturities greater than three months and less than one year are classified as "Short-Term Investments". Certificates of Deposit with maturities greater than one year are classified as "Long-Term Investments"

Revenue, Grants 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.

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

Fundraising - 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, 2020**

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, 2020. 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, 2017 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, 2020**

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 2020, approximately 91.2% 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 on a recurring basis are categorized as follows at December 31, 2020:

	<u>Fair value measurements at report date using:</u>		
	Total <u>Dec 31,</u> <u>2020</u>	Quoted prices in active markets for identical assets <u>(Level 1)</u>	Significant other observable inputs <u>(Level 2)</u>
			Significant unobservable inputs <u>(Level 3)</u>
Cash and Cash Equivalents	\$1,332,654	\$1,332,654	
Short-Term Investments	<u>272,494</u>	<u>272,494</u>	
Totals	<u>\$1,605,148</u>	<u>\$1,605,148</u>	

**FOUNDATION FOR AFRICAN MEDICINE AND EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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	\$ 224,509
Money Market Accounts	1,108,145
Short-Term Investments	<u>272,494</u>
Total financial assets at December 31, 2020 and available to meet general expenditures within one year	<u>\$1,605,148</u>

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, 2020	\$ 417,734
Additions	921,030
Released from Restrictions	<u>(964,079)</u>
Balance as of December 31, 2020	<u>\$ 374,685</u>

During year 2020, the Net Assets were released from restrictions, as per the terms of the grants, to fund the purchase, development and operation of medical facilities and teaching center in Karatu, Tanzania, a rural location in Northern Tanzania.

Note 8 – Paycheck Protection Program Loan Payable.

On May 15, 2020, the Organization received loan proceeds in the amount of \$22,627 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides for loans to qualifying Organizations for amounts up to 2.5 times of the average monthly payroll expenses of the

**FOUNDATION FOR AFRICAN MEDICINE AND EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 8 – Paycheck Protection Program Loan Payable (continued)

qualifying organization. The loans and accrued interest are forgivable between eight to twenty-four weeks after loan funding as long as the borrower uses the loan proceeds for eligible purposes, including payroll and benefits.

On August 24, 2021, the loan forgiveness amount of \$22,627 was fully approved.

Note 9 – Subsequent Events

The Organization has evaluated subsequent events through August 15, 2021, which is the date the financial statements were available to be issued. There were no subsequent events that require adjustment to or disclosure in the financial statements.