



MEDICAL BENEVOLENCE FOUNDATION

Financial Statements
With Independent Auditors' Report

June 30, 2024 and 2023

MEDICAL BENEVOLENCE FOUNDATION

Table of Contents

| | <u>Page</u> |
|---|-------------|
| Independent Auditors' Report | 1 |
| Financial Statements | |
| Statements of Financial Position | 3 |
| Statements of Activities | 4 |
| Statement of Functional Expenses for the Year Ended June 30, 2024 | 5 |
| Statement of Functional Expenses for the Year Ended June 30, 2023 | 6 |
| Statements of Cash Flows | 7 |
| Notes to Financial Statements | 9 |

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Medical Benevolence Foundation
Houston, Texas

Opinion

We have audited the accompanying financial statements of Medical Benevolence Foundation, which comprise the statements of financial position as of June 30, 2024 and 2023, 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 Medical Benevolence Foundation as of June 30, 2024 and 2023, 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Medical Benevolence Foundation 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 these 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 Medical Benevolence Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Board of Trustees
Medical Benevolence Foundation
Houston, Texas

Auditors' 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 auditors' 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 Medical Benevolence Foundation'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 Medical Benevolence Foundation'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 audits.

Capin Crouse LLP

Colorado Springs, Colorado
October 21, 2024

MEDICAL BENEVOLENCE FOUNDATION

Statements of Financial Position

| | June 30, | |
|--|-----------------------------|-----------------------------|
| | <u>2024</u> | <u>2023</u> |
| ASSETS: | | |
| Cash and cash equivalents | \$ 127,799 | \$ 409,624 |
| Investments | 33,222,276 | 11,663,022 |
| Pledges and grants receivable | 163,621 | 156,015 |
| Prepaid expenses and other assets | 36,936 | 24,118 |
| Operating lease right-of-use assets | 310,982 | 43,238 |
| Board designated cash | - | 384,080 |
| Board designated investments | 602,000 | 217,920 |
| Cash restricted for long-term purposes | - | 25,000 |
| Intangible assets | 91,453 | 136,386 |
| Assets held for another organization | 1,794,509 | 1,465,003 |
| | <u> </u> | <u> </u> |
| Total Assets | <u>\$ 36,349,576</u> | <u>\$ 14,524,406</u> |
| LIABILITIES AND NET ASSETS: | | |
| Liabilities: | | |
| Accounts payable and other liabilities | \$ 481,168 | \$ 588,037 |
| Operating lease obligations | 330,181 | 43,576 |
| Amounts due to another organization | 1,794,509 | 1,465,003 |
| Total liabilities | <u>2,605,858</u> | <u>2,096,616</u> |
| Net assets: | | |
| Without donor restrictions | 23,601,174 | 2,438,688 |
| With donor restrictions | 10,142,544 | 9,989,102 |
| Total net assets | <u>33,743,718</u> | <u>12,427,790</u> |
| | <u> </u> | <u> </u> |
| Total liabilities and net assets | <u>\$ 36,349,576</u> | <u>\$ 14,524,406</u> |

See notes to financial statements

MEDICAL BENEVOLENCE FOUNDATION

Statements of Activities

| | Year Ended June 30, | | | | | |
|--|-------------------------------|----------------------------|----------------------|-------------------------------|----------------------------|----------------------|
| | 2024 | | | 2023 | | |
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| SUPPORT AND REVENUE: | | | | | | |
| Contributions | \$ 22,483,075 | \$ 764,890 | \$ 23,247,965 | \$ 1,804,910 | \$ 2,165,978 | \$ 3,970,888 |
| Contributed medical supplies and equipment | 314,361 | - | 314,361 | 2,809,000 | - | 2,809,000 |
| Government grants | 651,050 | - | 651,050 | 14,687 | - | 14,687 |
| Investment gain | 1,355,625 | 817,598 | 2,173,223 | 239,104 | 545,862 | 784,966 |
| Other income | 7,935 | - | 7,935 | 31,975 | - | 31,975 |
| Total Support and Revenue | 24,812,046 | 1,582,488 | 26,394,534 | 4,899,676 | 2,711,840 | 7,611,516 |
| NET ASSETS RELEASED: | | | | | | |
| Administrative assessments | 128,092 | (128,092) | - | 315,396 | (315,396) | - |
| Purpose and time restrictions | 1,300,954 | (1,300,954) | - | 1,700,705 | (1,700,705) | - |
| | 1,429,046 | (1,429,046) | - | 2,016,101 | (2,016,101) | - |
| EXPENSES: | | | | | | |
| Program services: | | | | | | |
| Worldwide medical missions: | | | | | | |
| International partner support | 1,181,257 | - | 1,181,257 | 1,193,377 | - | 1,193,377 |
| Salaries and benefits | 391,444 | - | 391,444 | 431,051 | - | 431,051 |
| Donations of supplies and equipment | 314,361 | - | 314,361 | 2,809,000 | - | 2,809,000 |
| Other | 1,043,952 | - | 1,043,952 | 550,447 | - | 550,447 |
| | 2,931,014 | - | 2,931,014 | 4,983,875 | - | 4,983,875 |
| Mission education | 597,808 | - | 597,808 | 648,954 | - | 648,954 |
| | 3,528,822 | - | 3,528,822 | 5,632,829 | - | 5,632,829 |
| Supporting activities: | | | | | | |
| General and administrative | 990,547 | - | 990,547 | 937,739 | - | 937,739 |
| Fundraising | 559,237 | - | 559,237 | 614,740 | - | 614,740 |
| | 1,549,784 | - | 1,549,784 | 1,552,479 | - | 1,552,479 |
| Total Expenses | 5,078,606 | - | 5,078,606 | 7,185,308 | - | 7,185,308 |
| Change in Net Assets | 21,162,486 | 153,442 | 21,315,928 | (269,531) | 695,739 | 426,208 |
| Net Assets, Beginning of Year | 2,438,688 | 9,989,102 | 12,427,790 | 2,708,219 | 9,293,363 | 12,001,582 |
| Net Assets, End of Year | \$ 23,601,174 | \$ 10,142,544 | \$ 33,743,718 | \$ 2,438,688 | \$ 9,989,102 | \$ 12,427,790 |

See notes to financial statements

MEDICAL BENEVOLENCE FOUNDATION

Statement of Functional Expenses

Year Ended June 30, 2024

| | Program Activities | | | Supporting Activities | | | Total Expenses |
|---|----------------------------|-------------------|--------------------------|----------------------------|-------------------|-----------------------------|---------------------|
| | Worldwide Medical Missions | Mission Education | Total Program Activities | General and Administrative | Fundraising | Total Supporting Activities | |
| Salaries and benefits | \$ 391,444 | \$ 341,614 | \$ 733,058 | \$ 472,527 | \$ 313,825 | \$ 786,352 | \$ 1,519,410 |
| Professional & contract services | 640,082 | 179,397 | 819,479 | 292,335 | 179,147 | 471,482 | 1,290,961 |
| International partner support | 1,181,257 | - | 1,181,257 | - | - | - | 1,181,257 |
| Travel, conferences, & meetings | 237,004 | 57,172 | 294,176 | 73,156 | 47,062 | 120,218 | 414,394 |
| Donations of supplies and equipment | 314,361 | - | 314,361 | - | - | - | 314,361 |
| Equipment & maintenance | 110,508 | 1,204 | 111,712 | 36,929 | 1,129 | 38,058 | 149,770 |
| Occupancy | 1,628 | 4,838 | 6,466 | 72,756 | 4,703 | 77,459 | 83,925 |
| Printing, postage, shipping, & supplies | 36,331 | 10,478 | 46,809 | 19,416 | 10,458 | 29,874 | 76,683 |
| Dues, fees, & other | 18,399 | 3,105 | 21,504 | 23,428 | 2,913 | 26,341 | 47,845 |
| | <u>\$ 2,931,014</u> | <u>\$ 597,808</u> | <u>\$ 3,528,822</u> | <u>\$ 990,547</u> | <u>\$ 559,237</u> | <u>\$ 1,549,784</u> | <u>\$ 5,078,606</u> |
| | <u>58%</u> | <u>11%</u> | <u>69%</u> | <u>20%</u> | <u>11%</u> | <u>31%</u> | <u>100%</u> |

See notes to financial statements

MEDICAL BENEVOLENCE FOUNDATION

Statement of Functional Expenses

Year Ended June 30, 2023

| | Program Activities | | | Supporting Activities | | | Total Expenses |
|---|----------------------------|-------------------|--------------------------|----------------------------|-------------------|-----------------------------|---------------------|
| | Worldwide Medical Missions | Mission Education | Total Program Activities | General and Administrative | Fundraising | Total Supporting Activities | |
| Salaries and benefits | \$ 431,051 | \$ 376,307 | \$ 807,358 | \$ 498,808 | \$ 349,933 | \$ 848,741 | \$ 1,656,099 |
| Professional & contract services | 246,283 | 195,801 | 442,084 | 211,310 | 195,681 | 406,991 | 849,075 |
| International partner support | 1,193,377 | - | 1,178,690 | - | - | - | 1,178,690 |
| Travel, conferences, & meetings | 188,029 | 57,950 | 245,979 | 67,134 | 50,942 | 118,076 | 364,055 |
| Donations of supplies and equipment | 2,809,000 | - | 2,809,000 | - | - | - | 2,809,000 |
| Equipment & maintenance | 75,599 | 666 | 76,265 | 28,838 | 666 | 29,504 | 105,769 |
| Occupancy | 1,782 | 2,831 | 4,613 | 64,988 | 2,689 | 67,677 | 72,290 |
| Printing, postage, shipping, & supplies | 24,235 | 14,781 | 39,016 | 17,818 | 14,561 | 32,379 | 71,395 |
| Dues, fees, & other | 14,519 | 618 | 15,137 | 48,843 | 268 | 49,111 | 64,248 |
| | \$ 4,983,875 | \$ 648,954 | \$ 5,618,142 | \$ 937,739 | \$ 614,740 | \$ 1,552,479 | \$ 7,170,621 |
| | 69% | 9% | 78% | 13% | 9% | 22% | 100% |

See notes to financial statements

MEDICAL BENEVOLENCE FOUNDATION

Statements of Cash Flows

| | Year Ended June 30, | |
|---|---------------------|-------------|
| | 2024 | 2023 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in net assets | \$ 21,315,928 | \$ 426,208 |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: | | |
| Amortization | 44,933 | 8,000 |
| Non-cash lease expense | 18,861 | - |
| Realized and unrealized investment gains | (1,703,960) | (560,645) |
| Change in value of annuities | (1,138) | 217 |
| Cash contributions restricted for endowments | (10,925) | (11,213) |
| Donated investments | (21,444,944) | - |
| Reinvestment of interest | (462,293) | (236,966) |
| Changes in operating assets and liabilities: | | |
| Pledges and grants receivable | (7,606) | 206,384 |
| Prepaid expenses and other assets | (12,818) | (32,985) |
| Assets held for another organization | (329,506) | (173,089) |
| Accounts payable and other liabilities | (106,869) | 353,952 |
| Amounts due to another organization | 329,506 | 173,089 |
| Net Cash Provided (Used) by Operating Activities | (2,370,831) | 152,952 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchases of investments | (532,902) | (2,816,861) |
| Proceeds from sale of investments | 2,201,903 | 1,388,602 |
| Purchases of intangible assets | - | (60,800) |
| Net Cash Provided (Used) by Investing Activities | 1,669,001 | (1,489,059) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Contributions restricted for endowments | 10,925 | 11,213 |
| Net Cash Provided by Financing Activities | 10,925 | 11,213 |
| Net Change in Cash and Cash Equivalents, Board Designated Cash, and Cash Restricted for Long-term Purposes, Beginning of Year | (690,905) | (1,324,894) |
| Cash and Cash Equivalents, Board Designated Cash, and Cash Restricted for Long-term Purposes, Beginning of Year | 818,704 | 2,143,598 |
| Cash and Cash Equivalents, Board Designated Cash, and Cash Restricted for Long-term Purposes, End of Year | \$ 127,799 | \$ 818,704 |

(continued)

See notes to financial statements

MEDICAL BENEVOLENCE FOUNDATION

Statements of Cash Flows

(continued)

| | <u>Year Ended June 30,</u> | |
|--|----------------------------|-------------------|
| | <u>2024</u> | <u>2023</u> |
| CASH AND CASH EQUIVALENTS, BOARD DESIGNATED CASH, AND CASH RESTRICTED FOR LONG-TERM PURPOSES CONSISTS OF: | | |
| Cash and cash equivalents | \$ 127,799 | \$ 409,624 |
| Board designated cash | - | 384,080 |
| Cash restricted for long-term purposes | - | 25,000 |
| | <u>\$ 127,799</u> | <u>\$ 818,704</u> |
| NON-CASH TRANSACTION: | | |
| Purchases of intangible assets through accounts payable | <u>\$ -</u> | <u>\$ 50,000</u> |

See notes to financial statements

MEDICAL BENEVOLENCE FOUNDATION

Notes to Financial Statements

June 30, 2024 and 2023

1. NATURE OF ORGANIZATION:

Medical Benevolence Foundation (MBF) is a Tennessee nonprofit corporation founded in 1963. It is an international Christ-centered organization whose focus is to transform lives by building sustainable medical ministries to support hospitals, clinics and nursing schools in developing countries. MBF builds long-term partnerships to equip the local church in each country with the tools and resources that enable them to meet their respective community's needs and share God's good news. MBF receives gifts from contributors throughout the United States of America.

MBF is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state laws. However, MBF is subject to federal income tax on any unrelated business taxable income. In addition, MBF is not classified as a private foundation within the meaning of Section 509(a) of the IRC.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

MBF maintains its accounts and prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. 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, disclosures of any contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from the estimates. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash and all highly liquid investments with an original maturity of 90 days or less. As of June 30, 2024 and 2023, MBF has cash and cash equivalents on deposit with financial institutions that exceed the federally insured (FDIC) balance by approximately \$7,000 and \$471,000, respectively.

Cash restricted for long-term purposes consists of cash contributions received that are restricted in perpetuity for endowment funds.

INVESTMENTS

Investments held by MBF as of June 30, 2024 and 2023 consist primarily of mutual funds, exchange-traded funds, debt securities, certificates of deposit, and pooled funds. All investments with readily determinable fair values are recorded at fair market value. Certificates of deposit that have a secondary market are recorded at fair value, and all other certificates of deposits are carried at contract value. The fair values in pooled funds have been estimated using the net asset value (NAV) per share of the investments. Also included in investments are charitable gift annuities, which are valued at the present value of the estimated expected future benefits. Marketable securities donated to the Foundation are recorded at fair value on the date of donation.

MEDICAL BENEVOLENCE FOUNDATION

Notes to Financial Statements

June 30, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

INVESTMENTS, continued

Realized and unrealized gains or losses in fair value are recognized in the year in which they occur and are reflected in the statements of activities. Interest and dividend income is recorded on the statements of activities when it is earned. Changes in interest in charitable gift annuities are reported in investment income as increases or decreases in net assets with donor restrictions.

Investment securities are exposed to various risks, such as changes in interest rates or credit ratings and market fluctuations. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is possible that the value of MBF's investments and total net assets balance could fluctuate materially.

PLEDGES AND GRANTS RECEIVABLE

Pledges and grants receivable consist of contributions and grants receivable from individuals and other organizations. MBF records an allowance for doubtful accounts when it is believed receivables will not be collected in full. In evaluating the collectability of accounts receivable, MBF uses a combination of historical loss experience and an agency analysis of the outstanding balance. For the years ended June 30, 2024 and 2023, management did not record an allowance for doubtful accounts. Any present value discount on pledges and grants receivable expected to be collected in future years is immaterial. Pledges and grants receivable are expected to be received as follows:

| | June 30, | |
|--------------------|-------------------|-------------------|
| | 2024 | 2023 |
| Less than one year | \$ 125,978 | \$ 70,978 |
| One to five years | 37,643 | 85,037 |
| | <u>\$ 163,621</u> | <u>\$ 156,015</u> |

MBF is occasionally awarded government grants, and MBF must incur specific expenses outlined in the grant agreements in order to recognize revenue. Therefore, revenue has not been recorded as a grant receivable related to these agreements because it is conditional upon future events.

OPERATING LEASE RIGHT-OF-USE ASSETS AND OBLIGATIONS

Some of MBF's contracts contain the right to control the use of property or assets and are therefore considered leases. MBF records right-of-use assets and lease obligations on the statements of financial position for the rights and obligations created by leases with initial terms of more than twelve months. MBF has elected to not separate lease and non-lease components.

MEDICAL BENEVOLENCE FOUNDATION

Notes to Financial Statements

June 30, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

INTANGIBLE ASSETS

MBF's intangible assets consist of a website, a database, and web domain that were placed into service on June 30, 2023. The website and database have useful lives of three years. MBF has determined that the web domain, which was capitalized at original cost of \$9,586, has an indefinite life and will not be amortized. Total amortization expense for the years ended June 30, 2024 and 2023 was \$44,933 and \$8,000, respectively.

ASSETS HELD FOR ANOTHER ORGANIZATION

MBF receives contributions for Friends of IMCK (FIMCK), an unrelated organization with a similar mission as MBF. Per the agreement between MBF and FIMCK, MBF does not have variance power over the funds received on behalf of FIMCK. MBF holds the funds received in cash and investment accounts until directed by FIMCK to distribute the funds to another organization that both FIMCK and MBF support. A corresponding liability is recorded in the statements of financial position.

CLASSES OF NET ASSETS

The net assets of MBF are reported in the following classes:

Net assets without donor restrictions are those currently available at the discretion of the board for use in MBF's operations, as well as resources currently invested in intangible assets.

Net assets with donor restrictions include resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature, such as endowment funds to be maintained in perpetuity.

SUPPORT, REVENUE, AND EXPENSES

Contributions and government grants are recorded when made, which may be when cash and other assets are received or when unconditionally promised. MBF reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the contributed amounts. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. All contributions and government grants are considered available for use without donor restrictions unless specifically restricted by the donor. Contributions and government grants received with donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.

MEDICAL BENEVOLENCE FOUNDATION

Notes to Financial Statements

June 30, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE, AND EXPENSES, continued

Contributed medical supplies and equipment are recognized as revenue in the statements of activities when received, and they are valued at their estimated fair market values as of the date of receipt. Estimated fair market value is based on market sources and inputs using an exit price notion averaged with wholesale data available for US markets. Once a value is determined, a discount of 25% to 75% is taken based on the type of item received. MBF discounts commodity-type items at a greater percentage than those items that are more complex (e.g. manufactured equipment, prescription pharmaceuticals, etc.). When the contributed medical supplies and equipment are utilized, an expense equal to the original value recorded is recorded in the statements of activities.

Other income is recorded when earned. Expenses are recorded when incurred, in accordance with the accrual basis of accounting.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and supporting activities have been summarized on a functional basis in the statement of activities and statement of functional expenses. Costs identifiable to a program or supporting service, such as international partner support, professional and contract services, and equipment and supplies expenses, are charged directly to that particular service. Shared costs are allocated amongst the various programs and supporting services. Personnel expenses are allocated on the basis of estimates of time and effort. Remaining expenses are allocated based on usage of benefits.

3. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects MBF's financial assets reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

| | June 30, | |
|--|-------------------|-------------------|
| | 2024 | 2023 |
| Financial assets: | | |
| Cash and cash equivalents | \$ 127,799 | \$ 409,624 |
| Investments | 33,222,276 | 11,663,022 |
| Pledges and grants receivable | 163,621 | 156,015 |
| Board designated cash | - | 384,080 |
| Board designated investments | 602,000 | 217,920 |
| Cash restricted for long-term purposes | - | 25,000 |
| Assets held for another organization | 1,794,509 | 1,465,003 |
| Financial assets, at year-end | <u>35,910,205</u> | <u>14,320,664</u> |

MEDICAL BENEVOLENCE FOUNDATION

Notes to Financial Statements

June 30, 2024 and 2023

3. LIQUIDITY AND FUNDS AVAILABLE, continued:

| | June 30, | |
|---|----------------------|---------------------|
| | <u>2024</u> | <u>2023</u> |
| Less those unavailable for general expenditures within one year, due to: | | |
| Perpetual endowments and accumulated earnings not subject to appropriation within one year | (6,263,750) | (5,586,307) |
| Assets held for another organization | (1,794,509) | (1,465,003) |
| Contributions with donor restrictions where purpose or time restriction is not expected to be fulfilled within one year | (1,815,300) | (2,606,404) |
| Board designated cash | - | (384,080) |
| Board designated investments | (602,000) | (217,920) |
| Cash restricted for long-term purposes | - | (25,000) |
| Pledges and grants receivable not collectable within one year | (37,643) | (85,037) |
| | <u>(10,513,202)</u> | <u>(10,369,751)</u> |
| | | |
| Financial assets available within one year to meet cash needs for general expenditures | <u>\$ 25,397,003</u> | <u>\$ 3,950,913</u> |

MBF currently maintains substantially all of its assets in the form of cash and cash equivalents to ensure that amounts are available to pay its program and other general expenditures, liabilities, and other obligations as they come due.

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS:

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

- Level 1 – Quoted prices in active markets for identical holdings
- Level 2 – Significant observable market-based inputs, other than Level 1 quoted prices, or unobservable inputs that are corroborated by market data
- Level 3 – Significant unobservable inputs that are not corroborated by observable market data

An asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

MEDICAL BENEVOLENCE FOUNDATION

Notes to Financial Statements

June 30, 2024 and 2023

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS, continued:

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2024 and 2023.

Investments in balanced mutual funds, U.S. Government debt securities, and equity securities are included in Level 1 as they are currently traded in active markets. These are valued at the closing price reported on the active market on which the individual securities are traded.

Government agency bonds (Level 2) are valued based on recent trading activity for identical or similar instruments, broker dealer quotations, or alternative pricing sources with reasonable levels of price transparency.

Charitable gift annuities (Level 2) are measured at the fair value of the account less the estimated actuarial liability necessary to meet future payments to the life income beneficiaries. The rate of return on investments used to calculate the charitable interest was approximately 4%.

MBF's investments in pooled funds consist of shares in common collective funds invested in a portfolio of investment vehicles managed by Texas Presbyterian Foundation. The fair values in pooled funds have been estimated using the NAV per share of the investments. Texas Presbyterian Foundation provides an accounting of its transactions with respect to each account invested in its common funds on a periodic basis, usually quarterly, but in no event less often than annually. Contributions and withdrawals from each common fund are allowed monthly at the calculated NAV.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in different fair value measurements at the reporting date.

MEDICAL BENEVOLENCE FOUNDATION

Notes to Financial Statements

June 30, 2024 and 2023

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS, continued:

Fair values of assets measured on a recurring basis at June 30, 2024 are:

| | <u>Total</u> | <u>Quoted Prices in Active Markets for Identical Assets Level 1</u> | <u>Significant Other Observable Inputs Level 2</u> | <u>Significant Unobservable Inputs Level 3</u> |
|---|----------------------|---|--|--|
| Mutual funds | \$ 10,056,256 | \$ 10,056,256 | \$ - | \$ - |
| Equity securities | 1,852,250 | 1,852,250 | - | - |
| Exchange-traded funds | 6,869,943 | 6,869,943 | - | - |
| Certificates of deposit | 2,113,544 | - | 2,113,544 | - |
| U.S. Government debt securities | 4,591,580 | - | 4,591,580 | - |
| Municipal bonds | 3,373,073 | - | 3,373,073 | - |
| Charitable gift annuities | 24,828 | - | 24,828 | - |
| | <u>28,881,474</u> | <u>\$ 18,778,449</u> | <u>\$ 10,103,025</u> | <u>\$ -</u> |
| Investments measured at NAV: | | | | |
| Pooled funds | <u>3,294,678</u> | | | |
| Investments held at cost or contract value: | | | | |
| Cash and certificates of deposit | <u>3,442,633</u> | | | |
| Total investments, board designated investments, and assets held for another organization | | | | |
| | <u>\$ 35,618,785</u> | | | |

MEDICAL BENEVOLENCE FOUNDATION

Notes to Financial Statements

June 30, 2024 and 2023

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS, continued:

Fair values of assets measured on a recurring basis at June 30, 2023 are:

| | Total | Quoted Prices in Active Markets for Identical Assets Level 1 | Significant Other Observable Inputs Level 2 | Significant Unobservable Inputs Level 3 |
|---|---------------|--|---|--|
| Mutual funds | \$ 659,062 | \$ 659,062 | \$ - | \$ - |
| Exchange-traded funds | 4,975,975 | 4,975,975 | - | - |
| U.S. Government debt securities | 3,416,345 | - | 3,416,345 | - |
| Charitable gift annuities | 23,690 | - | 23,690 | - |
| | 9,075,072 | \$ 5,635,037 | \$ 3,440,035 | \$ - |
| Investments measured at NAV: | | | | |
| Pooled funds | 2,786,196 | | | |
| Investments held at cost or contract value: | | | | |
| Cash and certificates of deposit | 1,484,677 | | | |
| Total investments, board designated investments, and assets held for another organization | \$ 13,345,945 | | | |

5. BOARD DESIGNATED NET ASSETS:

The Board of Trustees has designated excess contributions to a reserve fund for future operations of MBF. Earnings are to be used towards the operations of MBF. The balance of the reserve fund designated by the Board of Trustees totaled \$602,000, at June 30, 2024 and 2023 and was made up of investments as of June 30, 2024 and cash and investments as of June 30, 2024.

MEDICAL BENEVOLENCE FOUNDATION

Notes to Financial Statements

June 30, 2024 and 2023

6. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of:

| | June 30, | |
|---|---------------|--------------|
| | 2024 | 2023 |
| Restrictions for worldwide medical missions: | | |
| Malawi | \$ 2,107,586 | \$ 2,205,607 |
| Haiti | 165,319 | 250,078 |
| Congo | 178,396 | 198,257 |
| Kenya | 62,542 | 62,158 |
| Other non-core countries | 378,045 | 319,910 |
| Non-country specific medical missions projects | 698,467 | 1,034,835 |
| | 3,590,355 | 4,070,845 |
| Assets restricted in perpetuity for endowment funds | 4,738,650 | 4,699,419 |
| Unappropriated earnings on endowment funds | 1,725,100 | 1,107,888 |
| Interest in annuities | 24,828 | 24,945 |
| Pledges or grants receivable without purpose restrictions | 63,611 | 86,005 |
| | \$ 10,142,544 | \$ 9,989,102 |

7. ENDOWMENT FUNDS:

MBF has elected under the Texas Uniform Prudent Management of Institutional Funds Act (“Texas UPMIFA”) to preserve 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 election, MBF classifies as net assets with donor restrictions (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. In accordance with Texas UPMIFA, MBF considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of MBF and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of MBF
- The investment policies of MBF

MEDICAL BENEVOLENCE FOUNDATION

Notes to Financial Statements

June 30, 2024 and 2023

7. ENDOWMENT FUNDS, continued:

The endowment funds are managed by independent financial firms that follow the guidance provided in the investment policy approved by the Board of Trustees. Management approves appropriations for expenditure of endowment funds as part of the annual budget or as an unexpected need arises. MBF has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by the endowment while seeking to maintain the purchasing powers of the endowment assets. To satisfy the long term objectives, MBF relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). MBF targets a diversified asset allocation that places an emphasis on a blend of equity based investments and fixed income investments to achieve its long term return objectives within prudent risk constraints.

As of June 30, 2024 and 2023, the endowment net assets were composed entirely of net assets with donor restrictions.

Changes in endowment net assets for the year ended June 30, 2024:

| | Original gift amount | Accumulated gains (losses) and other | Total funds |
|---|-------------------------|--|---------------------|
| Endowment net assets, beginning of year | \$ 4,699,419 | \$ 1,107,888 | \$ 5,807,307 |
| Investment gain, net | 34,306 | 784,965 | 819,271 |
| Contributions | 10,925 | - | 10,925 |
| Amounts appropriated for expenditure | (6,000) | (167,753) | (173,753) |
| | 39,231 | 617,212 | 656,443 |
| Endowment net assets, end of year | <u>\$ 4,738,650</u> | <u>\$ 1,725,100</u> | <u>\$ 6,463,750</u> |

MEDICAL BENEVOLENCE FOUNDATION

Notes to Financial Statements

June 30, 2024 and 2023

7. ENDOWMENT FUNDS, continued:

Changes in endowment net assets for the year ended June 30, 2023:

| | Original gift amount | Accumulated gains (losses) and other | Total funds |
|---|-------------------------|--|----------------|
| Endowment net assets, beginning of year | \$ 4,679,928 | \$ 723,345 | \$ 5,403,273 |
| Investment loss, net | 12,278 | 544,197 | 556,475 |
| Contributions | 11,213 | - | 11,213 |
| Amounts appropriated for expenditure | (4,000) | (159,654) | (163,654) |
| | 19,491 | 384,543 | 404,034 |
| Endowment net assets, end of year | \$ 4,699,419 | \$ 1,107,888 | \$ 5,807,307 |

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or Texas UPMIFA requires MBF to retain as a fund of perpetual duration. As of June 30, 2024 and 2023, no such deficiencies of this nature existed.

8. CONTRIBUTED MEDICAL SUPPLIES AND EQUIPMENT:

MBF recognizes contributed nonfinancial assets within revenue. Unless otherwise noted, contributed nonfinancial assets do not have donor-imposed restrictions. Contributed medical supplies and equipment consisted of:

| | June 30, | |
|-------------------|------------|--------------|
| | 2024 | 2023 |
| Pharmaceuticals | \$ 225,993 | \$ 2,731,144 |
| Medical supplies | 67,335 | 73,464 |
| Medical equipment | 21,033 | 4,392 |
| | \$ 314,361 | \$ 2,809,000 |

MBF shipped all pharmaceuticals, medical supplies, and medical equipment to overseas ministry partners during the years ended June 30, 2024 and 2023. These goods were utilized in international health services and natural disaster services as part of MBF's worldwide medical missions programs.

MEDICAL BENEVOLENCE FOUNDATION

Notes to Financial Statements

June 30, 2024 and 2023

9. EMPLOYEE BENEFIT PLAN:

MBF maintains a 401(k) retirement plan. This plan is open to full time employees of MBF. The participants are 100% vested in these contributions immediately. Under the plan, the Foundation matches employee contributions subject to certain limitations. MBF's contributions to the plan totaled approximately \$44,000 and \$49,000, for the years ended June 30, 2024 and 2023, respectively.

10. RELATED PARTY TRANSACTIONS:

During the years ended June 30, 2024 and 2023, MBF received donations from board members, senior management, and their families totaling approximately \$108,000 and \$56,000, respectively.

11. CONTRIBUTIONS CONCENTRATION:

During the years ended June 30, 2024 and 2023, MBF received donations from a foundation that totaled approximately \$21,445,000 and \$1,035,000, respectively. These gifts accounted for approximately 92% and 26% of total contributions for the years ended June 30, 2024 and 2023, respectively.

The gift received during the year ended June 30, 2024 was MBF's portion of the final distribution of the foundation, so MBF does not expect to receive contributions from this foundation in the future.

12. OPERATING LEASE RIGHT-OF-USE ASSETS AND OBLIGATIONS:

MBF leases office space and office equipment under noncancelable operating leases expiring between 2029 and 2031. The discount rate represents the incremental borrowing rate used for terms comparable with that of the individual lease terms as of the date of adoption or the date the lease went into effect, whichever is later. The leases require monthly payments ranging between \$361 and \$4,014.

| | June 30, | |
|---------------------------------------|------------|-----------|
| | 2024 | 2023 |
| Operating lease right-of-use assets | \$ 310,982 | \$ 43,238 |
| Operating lease obligations | \$ 330,181 | \$ 43,576 |
| Operating lease costs | \$ 36,919 | \$ 53,213 |
| Weighted-average discount rate | 4.13% | 2.92% |
| Weighted-average remaining lease term | 6 years | 0.7 years |

MEDICAL BENEVOLENCE FOUNDATION

Notes to Financial Statements

June 30, 2024 and 2023

12. OPERATING LEASE RIGHT-OF-USE ASSETS AND OBLIGATIONS, continued:

Future minimum lease payments required under the operating leases that have an initial or remaining noncancelable

| <u>Year Ending June 30,</u> | |
|-----------------------------|-------------------|
| 2025 | \$ 38,119 |
| 2026 | 54,123 |
| 2027 | 47,603 |
| 2028 | 53,002 |
| 2029 | 52,022 |
| Thereafter | <u>115,586</u> |
| | 360,455 |
| Less imputed interest | <u>(30,274)</u> |
| | <u>\$ 330,181</u> |

13. SUBSEQUENT EVENTS:

Subsequent events were evaluated through October 21, 2024, which is the date the financial statements were available to be issued.