

Fellowship of Associates of Medical Evangelism

FINANCIAL STATEMENTS

Years Ended June 30, 2023 and June 30, 2022



L. M. HENDERSON & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS / ADVISORS

Fellowship of Associates of Medical Evangelism

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June 30, 2023 and June 30, 2022

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L. M. HENDERSON & COMPANY LLP
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Independent Auditor's Report

To the Board of Directors of
Fellowship of Associates of Medical Evangelism
Indianapolis, Indiana

Opinion

We have audited the accompanying financial statements of Fellowship of Associates of Medical Evangelism (an Indiana not-for-profit organization), which comprise the statements of financial position as of June 30, 2023 and June 30, 2022, and the related statements of activities and changes in net assets, 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 Fellowship of Associates of Medical Evangelism as of June 30, 2023 and June 30, 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 Fellowship of Associates of Medical Evangelism 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 Fellowship of Associates of Medical Evangelism'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 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 Fellowship of Associates of Medical Evangelism'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 Fellowship of Associates of Medical Evangelism'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.

L.M. Henderson & Company, L.L.P.

Certified Public Accountants
Indianapolis, Indiana

October 16, 2023

Fellowship of Associates of Medical Evangelism

Statements of Financial Position

at June 30, 2023 and June 30, 2022

	June 30, 2023	June 30, 2022
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 896,655	\$ 686,751
Accounts receivable	1,989	193
ERTC receivable	89,239	-
Medical supplies inventory	502,535	556,185
Other current assets	16,489	9,601
Total current assets	<u>1,506,907</u>	<u>1,252,730</u>
OTHER ASSETS:		
Investments	6,767	8,006
Right-of-use assets	7,980	-
Less: Accumulated amortization	2,461	-
Total other assets	<u>12,286</u>	<u>8,006</u>
PROPERTY AND EQUIPMENT:		
Building	920,531	906,654
Vehicles	19,134	19,134
Furniture and equipment	26,183	34,163
Computer software	30,250	30,250
Computer equipment	7,148	5,458
	<u>1,003,246</u>	<u>995,659</u>
Less: Accumulated depreciation	459,163	434,905
	<u>544,083</u>	<u>560,754</u>
Land	23,000	23,000
Total property and equipment	<u>567,083</u>	<u>583,754</u>
 Total assets	 <u>\$ 2,086,276</u>	 <u>\$ 1,844,490</u>

See Notes to Financial Statements.

	June 30, 2023	June 30, 2022
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES:</u>		
Accounts payable and other liabilities	\$ 38,999	\$ 20,861
Accrued salaries and payroll tax liabilities	12,495	16,477
Current portion of lease payable - right-of-use	1,982	2,053
Total current liabilities	53,476	39,391
<u>LONG-TERM LIABILITIES:</u>		
Lease payable - right-of-use	1,982	4,041
	1,982	4,041
Less: Current portion	1,982	2,053
Total long-term liabilities	-	1,988
	53,476	41,379
<u>NET ASSETS:</u>		
Net assets without donor restrictions:		
Undesignated	1,403,710	1,067,435
Board designated, net investment in equipment	570,620	579,713
Total net assets without donor restrictions	1,974,330	1,647,148
Net assets with donor restriction	58,470	155,963
Total net assets	2,032,800	1,803,111
 Total liabilities and net assets	 \$ 2,086,276	 \$ 1,844,490

Fellowship of Associates of Medical Evangelism

Statements of Activities and Changes in Net Assets

Years Ended June 30, 2023 and June 30, 2022

	Year Ended June 30, 2023		Totals for the Year Ended June 30, 2023	Year Ended June 30, 2022		Totals for the Year Ended June 30, 2022
	Without Donor Restrictions	With Donor Restrictions		Without Donor Restrictions	With Donor Restrictions	
<u>SUPPORT AND REVENUE:</u>						
Contributions	\$ 1,052,881	\$ 409,160	\$ 1,462,041	\$ 929,935	\$ 513,735	\$ 1,443,670
Gift-in-kind contributions	1,185,200	-	1,185,200	1,481,225	-	1,481,225
Gift-in-kind services	21,503	59,650	81,153	19,535	59,582	79,117
Investment return - net of expenses	-	(1,239)	(1,239)	-	(1,173)	(1,173)
Investment income	10,326	-	10,326	3,824	-	3,824
Employee retention tax credit	89,239	-	89,239	-	-	-
Other income	8,855	-	8,855	3,232	-	3,232
Net assets released from restriction by satisfaction of:						
Purpose restrictions	534,944	(534,944)	-	557,847	(557,847)	-
Administrative assessment	30,120	(30,120)	-	58,995	(58,995)	-
Total support and revenue	<u>2,933,068</u>	<u>(97,493)</u>	<u>2,835,575</u>	<u>3,054,593</u>	<u>(44,698)</u>	<u>3,009,895</u>
<u>EXPENSES:</u>						
Program services:						
Mission projects	2,149,104	-	2,149,104	2,246,905	-	2,246,905
Supporting activities:						
Management and general	235,683	-	235,683	250,180	-	250,180
Fundraising	221,099	-	221,099	200,997	-	200,997
Total expenses	<u>2,605,886</u>	<u>-</u>	<u>2,605,886</u>	<u>2,698,082</u>	<u>-</u>	<u>2,698,082</u>
<u>CHANGES IN NET ASSETS</u>	<u>327,182</u>	<u>(97,493)</u>	<u>229,689</u>	<u>356,511</u>	<u>(44,698)</u>	<u>311,813</u>
<u>NET ASSETS:</u>						
Net assets, beginning of year	1,647,148	155,963	1,803,111	1,290,637	200,661	1,491,298
Net assets, end of year	<u>\$ 1,974,330</u>	<u>\$ 58,470</u>	<u>\$ 2,032,800</u>	<u>\$ 1,647,148</u>	<u>\$ 155,963</u>	<u>\$ 1,803,111</u>

See Notes to Financial Statements.

Fellowship of Associates of Medical Evangelism

Statements of Cash Flows

For the Years Ended June 30, 2023 and June 30, 2022

	Year Ended	
	June 30, 2023	June 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 229,689	\$ 311,813
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	24,258	27,832
Amortization	1,982	-
Realized gain on investments	-	(619)
Unrealized loss on investments	1,239	1,792
Loss on disposal of fixed assets	-	2,718
Change in medical supplies inventory	53,650	(206,435)
(Increase) decrease in certain assets:		
Accounts receivable	(1,796)	646
Right-of-use asset	479	-
ERTC receivable	(89,239)	-
Other assets	(6,888)	(3,622)
Increase (decrease) in certain liabilities:		
Accounts payable and other liabilities	18,138	(2,877)
Lease liability (operating)	(2,059)	(1,939)
Accrued salaries and payroll tax liabilities	(3,982)	3,632
Total adjustments	(4,218)	(178,872)
Net cash provided by operating activities	225,471	132,941
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(15,567)	(3,897)
Proceeds from the sale of investments	-	2,906
Net cash used in investing activities	(15,567)	(991)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Annuity payments	-	(175)
Net cash used in financing activities	-	(175)
NET INCREASE IN CASH AND CASH EQUIVALENTS	209,904	131,775
CASH AND CASH EQUIVALENTS:		
Beginning of year	686,751	554,976
End of year	\$ 896,655	\$ 686,751
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	\$ 186	\$ 305
Gifts-in-kind received, noncash	1,185,200	1,481,225
Gifts-in-kind disbursed, noncash	1,238,850	1,274,790
Gift-in-kind services, noncash	81,153	79,117

SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES:

During the year ended June 30, 2022, FAME disposed of a fixed asset with a cost basis of \$3,182 and an accumulated depreciation of \$464, resulting in a loss of \$2,718.

During the year ended June 30, 2022, FAME disposed of a fully-depreciated fixed asset with a cost basis of \$1,595.

Fellowship of Associates of Medical Evangelism

Statement of Functional Expenses

Year Ended June 30, 2023

	Program Services	Supporting Activities			
	Mission Projects	Management and General	Fundraising	Total Supporting Activities	Total
Advertising and promotion	\$ -	\$ -	\$ 28,298	\$ 28,298	\$ 28,298
Depreciation and Amortization	16,991	1,933	7,795	9,728	26,719
Fringe benefits	17,781	8,539	7,403	15,942	33,723
Insurance, licenses, and fees	7,757	14,373	3,103	17,476	25,233
Interest	37	56	93	149	186
Meals and entertainment	3,419	826	17,168	17,994	21,413
Mission - capital project grants	275,964	-	-	-	275,964
Mission - inventory (cash)	12,022	-	-	-	12,022
Mission - inventory and donated services (GIK)	1,304,906	15,097	-	15,097	1,320,003
Mission - scholarships	16,200	-	-	-	16,200
Occupancy	17,313	7,591	-	7,591	24,904
Office supplies	7,323	4,522	2,014	6,536	13,859
Other expenses	284	-	-	-	284
Payroll taxes	10,250	5,926	4,355	10,281	20,531
Postage and shipping	43,172	1,662	616	2,278	45,450
Professional fees	7,834	39,137	15,554	54,691	62,525
Repairs and maintenance	13,862	(1,234)	1,377	143	14,005
Salaries	230,540	133,272	97,955	231,227	461,767
Telecommunications	4,950	3,099	2,095	5,194	10,144
Travel	158,499	884	33,273	34,157	192,656
Total functional expenses	<u>\$ 2,149,104</u>	<u>\$ 235,683</u>	<u>\$ 221,099</u>	<u>\$ 456,782</u>	<u>\$ 2,605,886</u>

See Notes to Financial Statements.

Fellowship of Associates of Medical Evangelism

Statement of Functional Expenses

Year Ended June 30, 2022

	Program Services	Supporting Activities			
	Mission Projects	Management and General	Fundraising	Total Supporting Activities	Total
Advertising and promotion	\$ -	\$ -	\$ 18,636	\$ 18,636	\$ 18,636
Depreciation	17,699	2,013	8,120	10,133	27,832
Fringe benefits	17,725	9,093	7,799	16,892	34,617
Insurance, licenses, and fees	8,168	14,655	1,387	16,042	24,210
Interest	61	91	153	244	305
Meals and entertainment	6,001	410	7,876	8,286	14,287
Mission - capital project grants	416,378	-	-	-	416,378
Mission - inventory (cash)	15,867	-	-	-	15,867
Mission - inventory and donated services (GIK)	1,334,372	19,535	-	19,535	1,353,907
Mission - scholarships	21,600	-	-	-	21,600
Occupancy	14,794	7,366	-	7,366	22,160
Office supplies	7,131	4,153	2,129	6,282	13,413
Other expense	1,360	-	-	-	1,360
Payroll taxes	8,940	5,650	3,957	9,607	18,547
Postage and shipping	20,954	1,604	2,459	4,063	25,017
Professional fees	9,875	37,467	22,259	59,726	69,601
Repairs and maintenance	5,389	2,638	-	2,638	8,027
Salaries	220,744	139,511	97,696	237,207	457,951
Telecommunications	5,020	2,715	2,430	5,145	10,165
Travel	114,827	3,279	26,096	29,375	144,202
Total functional expenses	<u>\$ 2,246,905</u>	<u>\$ 250,180</u>	<u>\$ 200,997</u>	<u>\$ 451,177</u>	<u>\$ 2,698,082</u>

See Notes to Financial Statements.

Fellowship of Associates of Medical Evangelism

Notes to the Financial Statements

June 30, 2023 and June 30, 2022

Note 1: NATURE OF CORPORATION

Fellowship of Associates of Medical Evangelism (FAME), an Indiana not-for-profit corporation, is a network of medical professionals, evangelists, missionaries, and other dedicated workers in over 30 countries.

FAME exists to spread the fame of Jesus Christ to all nations through medical evangelism. FAME has a special focus of bringing help and hope to people in underdeveloped nations and providing badly needed assistance to the least-reached and under-served. FAME is making a difference by providing medical facilities, medicines, and medical equipment and by mobilizing medical personnel and evangelistic teams to serve the poorest of the poor around the world.

FAME receives the majority of its support in the form of contributions from individuals, churches, businesses, civic organizations, and foundation grants.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Adoption of New Accounting Pronouncement

Effective July 1, 2022, FAME adopted Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842) and all subsequent lease related ASUs. This standard modifies the guidance used by lessors and lessees to account for leasing transactions. FAME adopted ASU 2016-02 using the optional transition method, which allows for prospective application of the standard. In addition, FAME elected practical expedients permitted under the transition guidance permitting FAME to not assess historical lease classification, prior conclusions related to indirect costs, and whether any expired or existing contracts are or contain leases. The adoption of this standard did not have a material impact on the financial statements. See Notes 13 and 14 for additional information.

(b) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues and expenses are classified based on the existence or absence of donor-imposed restrictions. The expiration of a donor-imposed restriction on a contribution is recognized in the period in which the restriction expires and at the time the related resources are reclassified to unrestricted net assets. A restriction expires when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

(c) 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(d) Reclassifications

Certain reclassifications have been made to the prior period amounts to conform to the current presentation.

Fellowship of Associates of Medical Evangelism

Notes to the Financial Statements

June 30, 2023 and June 30, 2022

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) **Cash and Cash Equivalents and Credit Risk**

For purposes of the statements of cash flows, FAME considers cash to be amounts in checking and savings accounts, money market accounts, and cash on hand. FAME has not experienced any losses in such accounts. Financial instruments that potentially subject FAME to credit risk are unsecured deposits with Christian Financial Resource (CFR), a not-for-profit corporation, of approximately \$614,508 and \$304,401 as of June 30, 2023 and June 30, 2022, respectively. FAME believes it is not exposed to any significant credit risk on this bank account.

FAME maintains cash balances with financial institutions which may exceed the Federal Deposit Insurance Corporation limit of \$250,000.

In accordance with the FASB Accounting Standards Codification (ASC) 825-10-50-20, credit risk is the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. Bank deposits are federally insured up to \$250,000 for each account owned at a federally insured bank. The following are deposits in excess of federally insured limits for the years ended June 30, 2023 and June 30, 2022, respectively:

	June 30, 2023	June 30, 2022
Deposits	\$ 791,730	\$ 382,252
Federally insured	<u>500,817</u>	<u>250,600</u>
Deposits in excess of federally insured limits	<u>\$ 290,913</u>	<u>\$ 131,652</u>

(f) **Advertising Expenses**

Advertising costs are expensed as incurred. Advertising and promotion expense totaled \$28,298 and \$18,636 for the years ended June 30, 2023 and June 30, 2022, respectively.

(g) **Medical Supplies Inventory**

Medical supplies inventory is composed of donated medicine as well as medical supplies and equipment. All are valued at the fair value of the donated item. Medicine is valued based on internet pricing from sources such as HenrySchein.com and Blessing.org which are deemed reliable. Medicine with overdue expiration dates is not included in inventory. Medical supplies and equipment are valued at 80% of the average cost from three sources including internet, catalogs, and other sources deemed reliable.

(h) **Property, Equipment, and Depreciation**

Items greater than \$2,500 are capitalized as property and equipment and are reported at cost or, if donated, at fair market value on the date of donation. FAME reports donations of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulations about how long those long-lived assets must be maintained, FAME reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Fellowship of Associates of Medical Evangelism

Notes to the Financial Statements

June 30, 2023 and June 30, 2022

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment are depreciated using the straight-line method over their estimated useful lives as follows:

Buildings	40 years
Leasehold Improvements	10 years
Furniture	7-10 years
Vehicles	5 years
Office equipment	5 years
Computer equipment	5-10 years
Computer software	5 years

(i) Net Assets

The statements report amounts separately by class of net assets:

Net assets without donor restrictions are currently available for ministry purposes under the direction of the Board and resources invested in property and equipment. Net investment in property and equipment represents the net carrying value of property and equipment, less outstanding debt balances used to finance its acquisition.

Net assets without donor restrictions, Board designated are without external donor restrictions but require Board authorization for use.

Net assets with donor restrictions are stipulated by donors for specific operating purposes or not currently available for use until commitments regarding their use have been fulfilled.

(j) Support, Revenue, and Reclassifications

FAME follows ASU 2014-09, *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, "Topic 606") for recognition of revenue. Topic 606 creates a single framework for recognizing revenue from contracts with customers and grantors that fall within the scope of the standard. Gifts of cash and other assets are reported as donor restricted support 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. Donor restricted contributions released in the same year have been reported as contributions with donor restrictions with a corresponding release to contributions with donor restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Donor restrictions on gifts to acquire long-lived assets are considered met in the period in which the assets are acquired or placed in service. Contributions, including unconditional promises to give, are reported as support in the period received. Conditional promises to give are not reported until the conditions on which they depend are substantially met. Noncash gifts, including gifts-in-kind, are reported at their estimated fair market value on the date of the gift. Noncash gifts-in-kind include inventory and professional services. The donated professional services are from FAME's auditors and medical professionals who volunteer on mission trips. Revenue is reported when earned.

Fellowship of Associates of Medical Evangelism

Notes to the Financial Statements

June 30, 2023 and June 30, 2022

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) **Expenses, Functional Allocation of Expenses, and Joint Costs**

Expenses are reported when incurred.

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs, such as depreciation, interest, and payroll have been allocated among the program services and supporting activities benefited. FAME incurred joint advertising costs of \$28,298 for the year ended June 30, 2023. The entire amount of \$28,298 was allocated to fundraising. FAME incurred advertising costs of \$18,636 for the year ended June 30, 2022. The entire amount of \$18,636 was allocated to fundraising.

(l) **Subsequent Events**

Management has evaluated subsequent events through October 16, 2023, the date that the financial statements were available to be issued.

Note 3: INVESTMENT INCOME

Investment income is comprised of interest earned on an interest bearing savings account and dividends from securities and totaled approximately \$10,326 and \$3,824 for the years ended June 30, 2023 and June 30, 2022, respectively.

Note 4: INVESTMENTS

FAME's investments that are with donor restrictions consisted of the following at June 30, 2023 and June 30, 2022:

	<u>June 30, 2023</u>		<u>June 30, 2022</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Common stocks	\$ <u>4,341</u>	\$ <u>6,767</u>	\$ <u>4,341</u>	\$ <u>8,006</u>
Total investments	\$ <u>4,341</u>	\$ <u>6,767</u>	\$ <u>4,341</u>	\$ <u>8,006</u>

FAME's investments, (including investments sold and held during the year) depreciated, net of expenses, by \$(1,239) and \$(1,173) for the years ended June 30, 2023 and June 30, 2022, respectively.

Fellowship of Associates of Medical Evangelism

Notes to the Financial Statements

June 30, 2023 and June 30, 2022

Note 5: FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements*, established a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 Inputs: Unadjusted quoted prices for identical assets or liabilities in active markets that the Corporation has the ability to access;

Level 2 Inputs: Inputs other than quoted prices included in Level 1 that are observable for the assets and liabilities either directly or indirectly; and

Level 3 Inputs: Unobservable inputs based on the Corporation's own assumptions.

The assets or liabilities 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 used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for assets and liabilities measured at fair value. There have been no changes in the methodology used at June 30, 2023 and June 30, 2022.

Equities: Fair market value was determined based on market approach using quoted market values. When quoted market values are not available market value was determined based on the most recent price of the equivalent quoted yield for the investment, or those of comparable maturity, quality, and type.

Fair value recognized on the statement of financial position on a recurring basis at June 30, 2023 was as follows:

<u>Fair value at June 30, 2023:</u>	<u>Fair Value Measurements at Reporting Date Using</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total Fair Value</u>
Common stocks	\$ 6,767	\$ -	\$ -	\$ 6,767
Totals	\$ 6,767	\$ -	\$ -	\$ 6,767

Fellowship of Associates of Medical Evangelism

Notes to the Financial Statements

June 30, 2023 and June 30, 2022

Note 5: FAIR VALUE MEASUREMENTS

Fair value recognized on the statement of financial position on a recurring basis at June 30, 2022, was as follows:

<u>Fair value at June 30, 2022:</u>	<u>Fair Value Measurements at Reporting Date Using</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total Fair Value</u>
Common stocks	\$ 8,006	\$ -	\$ -	\$ 8,006
Totals	<u>\$ 8,006</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,006</u>

Note 6: NET ASSETS

Net assets consist of:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Net assets without donor restrictions:		
Undesignated	\$ 1,403,710	\$ 1,067,435
Net investment in property and equipment	<u>570,620</u>	<u>579,713</u>
Total net assets without restrictions	<u>\$ 1,974,330</u>	<u>\$ 1,647,148</u>
Net assets with donor restrictions:		
Sustainable projects	\$ 1,215	\$ 65,304
Scholarships	21,194	19,030
Shipping	-	5,781
CHE Training	11,623	14,382
Emergency fund	-	20,428
Mobilization	<u>24,438</u>	<u>31,038</u>
Total net assets with donor restrictions	<u>\$ 58,470</u>	<u>\$ 155,963</u>

As of June 30, 2023 and June 30, 2022, available liquid assets were sufficient relative to net assets with donor restrictions.

Note 7: EMPLOYEE BENEFIT PLANS

Effective January 1, 2011, FAME established a 403(b) Retirement plan under section 403(b)(9) of the Internal Revenue Code (Code). Employer contributions are 3% of eligible compensation with discretionary matching contributions up to 5%. Contributions were approximately \$33,348 and \$34,617 for the years ended June 30, 2023 and June 30, 2022, respectively.

Fellowship of Associates of Medical Evangelism

Notes to the Financial Statements

June 30, 2023 and June 30, 2022

Note 8: RELATED PARTY TRANSACTIONS

FAME has various transactions which are related because of a common Board of Directors or because individuals within the Corporation have significant influence over how resources are directed.

Year Ended June 30, 2023:

	Contributions Received
Indian Creek Christian Church	\$ 35,290
Chapel Rock Christian Church	19,226
Fairhaven Christian Church	7,200
First Christian Church, Johnson Cnty, TN	5,000
Traders Point Christian Church	3,240
Plainfield Christian Church	870
Rockville Christian Church	300

Year Ended June 30, 2022:

	Contributions Received
Plainfield Christian Church	\$ 52,906
Indian Creek Christian Church	30,000
Chapel Rock Christian Church	16,300
Fairhaven Christian Church	5,920
First Christian Church, Johnson Cnty, TN	5,135
Rockville Christian Church	2,720

Note 9: CONTINGENCIES

FAME is contingently liable for scholarships to individuals serving with established partners. Payment is conditional upon recipients remaining in school, serving with a FAME-approved partner mission, and providing an annual update that confirms satisfactory grades and progress.

Year Ending June 30,	Amounts
2024	\$ 15,800
2025	8,000
2026	3,600
Total	<u>\$ 27,400</u>

Fellowship of Associates of Medical Evangelism

Notes to the Financial Statements

June 30, 2023 and June 30, 2022

Note 10: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects FAME's financial assets available as of June 30, 2023 and June 30, 2022, reduced by amounts not available for general use because of donor-imposed restrictions within one year of the year ended:

	June 30, 2023	June 30, 2022
Financial assets, at year end*	\$ 905,411	\$ 686,944
Less financial assets unavailable for general expenditures within one year, due to:		
Donor-imposed restrictions:		
Restrictions by donor with purpose restrictions	58,470	155,963
Total	<u>\$ 846,941</u>	<u>\$ 530,981</u>

*Total assets, less nonfinancial assets

FAME is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner, FAME must maintain sufficient resources to those responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year. As part of FAME's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. At June 30, 2023 and June 30, 2022, FAME held \$7,585 and \$8,606, respectively, in an investment account which is available for scholarships if needed.

Note 11: TAX STATUS

On January 13, 2010, the corporation has been determined by the Internal Revenue Service to be tax exempt under Section 501(c)(3) of the Code. FAME is also classified as a publicly supported corporation, which is not a private corporation under Section 509(a)(2) of the Code. Contributions to FAME are deductible for income tax purposes.

Management evaluates all tax positions taken or expected to be taken on its annual information returns, including the position that the corporation continues to qualify to be treated as a Section 501(c)(3) corporation for both federal and state purposes. For the years ended June 30, 2023 and June 30, 2022, management does not feel it has taken any tax positions that would not be sustained under examination. Therefore, no interest or penalties have been accrued or charged to expense as of June 30, 2023 and June 30, 2022, or the periods then ended. The annual information returns for the corporation are subject to examination by taxing authorities for a period of three years from the date they are filed.

Note 12: CONTRIBUTED SERVICES

During the years ended June 30, 2023 and June 30, 2022, FAME received contributed services from certified medical professionals to help with their mission projects and from certified financial professionals to help with the general management of FAME. Contributed services for the years ended June 30, 2023 and June 30, 2022 were \$81,153 and \$79,117, respectively

Fellowship of Associates of Medical Evangelism

Notes to the Financial Statements

June 30, 2023 and June 30, 2022

Note 12: FUNCTIONAL EXPENSES

FAME operates a mission projects program that is focused on providing medical facilities, medicines, and medical equipment while also mobilizing medical personnel and evangelistic teams to serve the people of underdeveloped nations around the world. Program services expense was \$2,149,104 and \$2,246,905 and support services expense was \$456,782 and \$451,177 for the years ended June 30, 2023 and June 30, 2022, respectively.

The allocation between program services and support services was determined using specific factors. Various expenses were fully allocated to program services because they were for the use of FAME's mission projects. Other expenses were allocated between program and support services using percentages that were derived from the time allocation of the employees of FAME, usage of FAME's equipment, and the square footage of FAME's building.

Note 13: LEASEE COMMITMENT

FAME holds operating leases with non-related parties for office equipment. As of June 30, 2023, FAME leases certain equipment under an operating lease that expires in 2024. During 2020, FAME entered in a non-cancelable lease with a non-related party for a copier that will expire in 2024. The lease has no early termination clause. There are no variable lease payments, no residual value guarantees, and no restrictions or covenants imposed by the lease. Lease payments for this operating lease were \$2,059 and \$1,939 at June 30, 2023 and June 30, 2022, respectively.

In accordance with ASU 2016-01 a right-of-use asset and lease liabilities (operating) were recorded for one lease during 2023. This lease has a 5.745% discount rate. As of June 30, 2023 the right-of-use asset for the copier was \$7,980. The associated right-of-use accumulated amortization was \$(2,461). The right-of-use asset total and accumulated amortization is included in property and equipment on the balance sheet and as of June 30, 2023, the associated lease liabilities are included in current and long-term liabilities on the balance sheet in the amounts of \$1,982 and \$2,053, respectively.

The assets and liabilities under capital leases were reclassified to right-of-use assets and recorded at the lower of the present value of minimum lease payments. The asset was amortized over the lower of the lease terms or their estimated useful lives. Amortization of the asset under finance lease (operating) is included in the depreciation and amortization expense in the accompanying financial statements. Assets held through finance lease (operating) agreements were as follows:

	June 30, 2023
Right-of-use asset	\$ 7,980
Less: Accumulated amortization	2,461
Net book value	<u>\$ 5,519</u>

Future discounted lease payments for the finance lease (operating) as of June 30, 2023 are as follows:

Year Ended June 30,	Amount
2024	<u>\$ 1,988</u>
Total discounted lease payments	1,988
Less: net present value	(6)
Present value of future minimum lease payments	<u>\$ 1,982</u>

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Notes to the Financial Statements

June 30, 2023 and June 30, 2022

Note 16: LESSOR COMMITMENT

FAME leases office space to various mission-focused organizations, under month-to-month operating leases that can be terminated by either the lessor or lessee with a 30-day written notice, with no option to renew. The accounting policy election under FASB ASC 842-20-50-4 and 50-8 for leases with a term of twelve months or less was elected and those short-term leases were omitted on the balance sheet of FAME. In leasing office spaces, FAME is intentionally partnering with other mission-focused organizations and use of the office spaces at the FAME facility is restricted to mission-related business activities. Only one operating lease is still active, with two lessees terminating their month-to-month leases, as of December 31, 2022. There are various office spaces that are currently leased by one lessee as of June 30, 2023, with no assets held and used by FAME. Total lease income recognized from operating leases was \$7,690 and \$3,232 at June 30, 2023 and June 30, 2022, respectively.

Note 17: REVENUE FROM CONTRACTS WITH CUSTOMERS

FAME's revenue from contracts in the scope of Topic 606 is recognized within revenue on the financial statements. The following table reflects only the categories of income that are within the scope of Topic 606:

	June 30, 2023	June 30, 2022
Contributions	\$ 1,462,041	\$ 1,443,670
Gift-in-kind contributions	1,185,200	1,481,225
Gift-in-kind services	81,153	79,117
Totals	<u>\$ 2,728,394</u>	<u>\$ 3,004,012</u>

The adoption of Topic 606 did not have a material impact on the financial position, activities, net assets, or cash flows. A description of the revenue categories is provided below.

Contributions: FAME recognizes contributions, grants, and pledges 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 conditions on which they depend have been met.

Gift-in-kind contributions: FAME receives contributions of medical supplies in conjunction with its mission. In-kind contributions are recognized at the estimated fair value at the time of the gift.

Gift-in-kind services: FAME receives contributions of in-kind medical services from professionals that volunteer for mission trips as well as donated professional services from its auditors. In-kind services are recognized at fair market value at time of service.

Note 18: EMPLOYEE RETENTION TAX CREDIT

Under the provisions of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") signed into law on March 27, 2020 and the subsequent extension of the CARES act, FAME was eligible for a refundable employee retention tax credit against certain employment taxes of up to \$5,000 per employee for eligible employers. The tax credit is equal to 50% of qualified wages paid to employees during a quarter, capped at \$10,000 of qualified wages per employee through December 31, 2020.

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Notes to the Financial Statements

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Note 18: EMPLOYEE RETENTION TAX CREDIT (continued)

Additional relief provisions were passed by the United States government, which extend and slightly expand the qualified wage caps on these credits through September 30, 2021, when the program was discontinued. Based on the additional provisions, the tax credit was equal to 70% of qualified wages paid to employees during a quarter, and the limit on qualified wages per employee was increased to \$10,000 of qualified wages per quarter. FAME qualified for the tax credit under the CARES Act and during the fiscal year ending on June 30, 2023, FAME recorded \$89,239 related to the CARES Employee Retention credit in "Employee retention tax credit" on FAME's statements of activities and change in net assets.

