

Fellowship of Associates of Medical Evangelism

FINANCIAL STATEMENTS

Years Ended June 30, 2024 and June 30, 2023

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

Fellowship of Associates of Medical Evangelism

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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, 2024 and June 30, 2023, 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, 2024 and June 30, 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 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 31, 2024

Fellowship of Associates of Medical Evangelism

Statements of Financial Position

at June 30, 2024 and June 30, 2023

	June 30, 2024	June 30, 2023
<u>ASSETS</u>		
<u>CURRENT ASSETS:</u>		
Cash and cash equivalents	\$ 1,002,941	\$ 896,655
Accounts receivable	20,431	1,989
ERTC receivable	-	89,239
Medical supplies inventory	569,591	502,535
Other current assets	20,448	16,489
Total current assets	<u>1,613,411</u>	<u>1,506,907</u>
<u>OTHER ASSETS:</u>		
Investments	3,653	6,767
Right-of-use assets	-	7,980
Less: Accumulated amortization	-	2,461
Total other assets	<u>3,653</u>	<u>12,286</u>
<u>PROPERTY AND EQUIPMENT:</u>		
Building	920,531	920,531
Vehicles	19,134	19,134
Furniture and equipment	34,163	26,183
Computer software	30,250	30,250
Computer equipment	7,148	7,148
	<u>1,011,226</u>	<u>1,003,246</u>
Less: Accumulated depreciation	<u>487,575</u>	<u>459,163</u>
	523,651	544,083
Land	<u>23,000</u>	<u>23,000</u>
Total property and equipment	<u>546,651</u>	<u>567,083</u>
Total assets	<u>\$ 2,163,715</u>	<u>\$ 2,086,276</u>

See Notes to Financial Statements.

	June 30, 2024	June 30, 2023
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES:</u>		
Accounts payable and other liabilities	\$ 16,687	\$ 38,999
Accrued salaries and payroll tax liabilities	19,975	12,495
Current portion of lease payable - right-of-use	-	1,982
Total current liabilities	<u>36,662</u>	<u>53,476</u>
<u>LONG-TERM LIABILITIES:</u>		
Lease payable - right-of-use	-	1,982
	-	1,982
Less: Current portion	-	1,982
Total long-term liabilities	<u>-</u>	<u>-</u>
	<u>36,662</u>	<u>53,476</u>
<u>NET ASSETS:</u>		
Net assets without donor restrictions:		
Undesignated	1,447,238	1,403,710
Board designated, net investment in equipment	546,651	570,620
Total net assets without donor restrictions	<u>1,993,889</u>	<u>1,974,330</u>
Net assets with donor restriction	133,164	58,470
Total net assets	<u>2,127,053</u>	<u>2,032,800</u>
	<u>\$ 2,163,715</u>	<u>\$ 2,086,276</u>
Total liabilities and net assets	<u>\$ 2,163,715</u>	<u>\$ 2,086,276</u>

Fellowship of Associates of Medical Evangelism

Statements of Activities and Changes in Net Assets

Years Ended June 30, 2024 and June 30, 2023

	Year Ended June 30, 2024		Totals for the	Year Ended June 30, 2023		Totals for the
	Without Donor Restrictions	With Donor Restrictions	Year Ended June 30, 2024	Without Donor Restrictions	With Donor Restrictions	Year Ended June 30, 2023
SUPPORT AND REVENUE:						
Contributions	\$ 1,202,698	\$ 477,402	\$ 1,680,100	\$ 1,052,881	\$ 409,160	\$ 1,462,041
Gift-in-kind contributions	1,659,409	-	1,659,409	1,185,200	-	1,185,200
Gift-in-kind services	17,982	89,394	107,376	21,503	59,650	81,153
Investment return - net of expenses	-	(2,507)	(2,507)	-	(1,239)	(1,239)
Investment income	38,438	-	38,438	10,326	-	10,326
Employee retention tax credit	-	-	-	89,239	-	89,239
Other income	5,934	-	5,934	8,855	-	8,855
Net assets released from restriction by satisfaction of:						
Purpose restrictions	476,440	(476,440)	-	534,944	(534,944)	-
Administrative assessment	13,155	(13,155)	-	30,120	(30,120)	-
Total support and revenue	<u>3,414,056</u>	<u>74,694</u>	<u>3,488,750</u>	<u>2,933,068</u>	<u>(97,493)</u>	<u>2,835,575</u>
EXPENSES:						
Program services:						
Mission projects	2,866,007	-	2,866,007	2,149,104	-	2,149,104
Supporting activities:						
Management and general	270,696	-	270,696	235,683	-	235,683
Fundraising	257,794	-	257,794	221,099	-	221,099
Total expenses	<u>3,394,497</u>	<u>-</u>	<u>3,394,497</u>	<u>2,605,886</u>	<u>-</u>	<u>2,605,886</u>
CHANGES IN NET ASSETS	19,559	74,694	94,253	327,182	(97,493)	229,689
NET ASSETS:						
Net assets, beginning of year	1,974,330	58,470	2,032,800	1,647,148	155,963	1,803,111
Net assets, end of year	<u>\$ 1,993,889</u>	<u>\$ 133,164</u>	<u>\$ 2,127,053</u>	<u>\$ 1,974,330</u>	<u>\$ 58,470</u>	<u>\$ 2,032,800</u>

See Notes to Financial Statements.

Fellowship of Associates of Medical Evangelism

Statements of Cash Flows

For the Years Ended June 30, 2024 and June 30, 2023

	Year Ended	
	June 30, 2024	June 30, 2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 94,253	\$ 229,689
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	25,153	24,258
Amortization	798	1,982
Realized loss on investments	96	-
Unrealized loss on investments	2,411	1,239
Change in medical supplies inventory	(67,056)	53,650
In-kind donation of investments	-	-
(Increase) decrease in certain assets:		
Accounts receivable	(18,442)	(1,796)
Right-of-use asset	-	479
ERTC receivable	89,239	(89,239)
Other assets	(3,959)	(6,888)
Increase (decrease) in certain liabilities:		
Accounts payable and other liabilities	(22,312)	18,138
Lease liability (operating)	(1,982)	(2,059)
Accrued salaries and payroll tax liabilities	7,480	(3,982)
Total adjustments	11,426	(4,218)
Net cash provided by operating activities	105,679	225,471
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	-	(15,567)
Proceeds from the sale of investments	607	-
Net cash (provided by) used in investing activities	607	(15,567)
NET INCREASE IN CASH AND CASH EQUIVALENTS	106,286	209,904
CASH AND CASH EQUIVALENTS:		
Beginning of year	896,655	686,751
End of year	\$ 1,002,941	\$ 896,655
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	\$ 76	\$ 186
Gifts-in-kind received, noncash	1,659,409	1,185,200
Gifts-in-kind disbursed, noncash	1,592,353	123,850
Gift-in-kind services, noncash	107,376	81,153

See Notes to Financial Statements.

Fellowship of Associates of Medical Evangelism

Statement of Functional Expenses

Year Ended June 30, 2024

	Program	Supporting Activities			Total
	Services	Management and General	Fundraising	Total Supporting Activities	
	Mission Projects				
Advertising and promotion	\$ -	\$ -	\$ 36,726	\$ 36,726	\$ 36,726
Depreciation and amortization	16,609	1,817	7,525	9,342	25,951
Fringe benefits	18,951	9,082	7,712	16,794	35,745
Insurance, licenses, and fees	10,093	27,972	-	27,972	38,065
Interest	15	23	38	61	76
Meals and entertainment	10,615	996	21,677	22,673	33,288
Mission - capital project grants	354,854	-	-	-	354,854
Mission - inventory (cash)	22,444	-	-	-	22,444
Mission - inventory and donated services (GIK)	1,681,748	17,682	-	17,682	1,699,430
Mission - scholarships	21,200	-	-	-	21,200
Occupancy	18,698	6,401	-	6,401	25,099
Office supplies	8,740	3,547	-	3,547	12,287
Other expenses	1,832	-	-	-	1,832
Payroll taxes	15,023	6,975	4,829	11,804	26,827
Postage and shipping	50,839	1,395	1,795	3,190	54,029
Professional fees	9,472	36,303	24,986	61,289	70,761
Repairs and maintenance	5,566	2,571	92	2,663	8,229
Salaries	314,303	149,637	101,646	251,283	565,586
Telecommunications	5,515	3,376	2,363	5,739	11,254
Travel	299,490	2,919	48,405	51,324	350,814
Total functional expenses	\$ 2,866,007	\$ 270,696	\$ 257,794	\$ 528,490	\$ 3,394,497

See Notes to Financial Statements.

Fellowship of Associates of Medical Evangelism

Statement of Functional Expenses

Year Ended June 30, 2023

	Program	Supporting Activities			Total
	Services	Management and General	Fundraising	Total Supporting Activities	
	Mission Projects				
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 expense	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	\$ 2,149,104	\$ 235,683	\$ 221,099	\$ 456,782	\$ 2,605,886

See Notes to Financial Statements.

Fellowship of Associates of Medical Evangelism

Notes to the Financial Statements

June 30, 2024 and June 30, 2023

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

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.

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.

Reclassifications

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

Lease Standard

FAME follows the 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. See Notes 14 and 15 for additional information.

Fellowship of Associates of Medical Evangelism

Notes to the Financial Statements

June 30, 2024 and June 30, 2023

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 \$384,907 and \$614,508 as of June 30, 2024 and June 30, 2023, 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 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, 2024 and June 30, 2023, respectively:

	June 30, <u>2024</u>	June 30, <u>2023</u>
Deposits	\$ 278,145	\$ 791,730
Federally insured	<u>250,926</u>	<u>500,817</u>
Deposits in excess of federally insured limits	<u>\$ 27,219</u>	<u>\$ 290,913</u>

Advertising Expenses

Advertising costs are expensed as incurred. Advertising and promotion expense totaled \$36,726 and \$28,298 for the years ended June 30, 2024 and June 30, 2023, respectively.

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.

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, 2024 and June 30, 2023

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

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.

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, 2024 and June 30, 2023

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 \$36,726 for the year ended June 30, 2024. The entire amount of \$36,726 was allocated to fundraising. FAME incurred advertising costs of \$28,298 for the year ended June 30, 2023. The entire amount of \$28,298 was allocated to fundraising.

Subsequent Events

Management has evaluated subsequent events through October 31, 2024, 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 \$38,438 and \$10,326 for the years ended June 30, 2024 and June 30, 2023, respectively.

Note 4: INVESTMENTS

FAME’s investments that are with donor restrictions consisted of the following at June 30, 2024 and June 30, 2023:

	<u>June 30, 2024</u>		<u>June 30, 2023</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Common stocks	\$ <u>3,637</u>	\$ <u>3,653</u>	\$ <u>4,341</u>	\$ <u>6,767</u>
Total investments	\$ <u><u>3,637</u></u>	\$ <u><u>3,653</u></u>	\$ <u><u>4,341</u></u>	\$ <u><u>6,767</u></u>

FAME’s investments, (including investments sold and held during the year) depreciated, net of expenses, by \$(2,507) and \$(1,239) for the years ended June 30, 2024 and June 30, 2023, respectively.

Fellowship of Associates of Medical Evangelism

Notes to the Financial Statements

June 30, 2024 and June 30, 2023

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, 2024 and June 30, 2023.

Common stocks: 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, 2024 was as follows:

<u>Fair value at June 30, 2024:</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	\$ 3,653	\$ -	\$ -	\$ 3,653
Totals	\$ 3,653	\$ -	\$ -	\$ 3,653

Fellowship of Associates of Medical Evangelism

Notes to the Financial Statements

June 30, 2024 and June 30, 2023

Note 5: FAIR VALUE MEASUREMENTS

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	<u>\$ 6,767</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,767</u>

Note 6: NET ASSETS

Net assets consist of:

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Net assets without donor restrictions:		
Undesignated	\$ 1,447,238	\$ 1,403,710
Net investment in property and equipment	<u>546,651</u>	<u>570,620</u>
Total net assets without restrictions	<u>\$ 1,993,889</u>	<u>\$ 1,974,330</u>
Net assets with donor restrictions:		
Sustainable projects	\$ 10,260	\$ 1,215
Scholarships	15,917	21,194
Shipping	6,176	-
CHE Training	11,623	11,623
Emergency fund	12,568	-
Mobilization	<u>76,620</u>	<u>24,438</u>
Total net assets with donor restrictions	<u>\$ 133,164</u>	<u>\$ 58,470</u>

As of June 30, 2024 and June 30, 2023, 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 \$35,121 and \$33,348 for the years ended June 30, 2024 and June 30, 2023, respectively.

Fellowship of Associates of Medical Evangelism

Notes to the Financial Statements

June 30, 2024 and June 30, 2023

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, 2024:

	Contributions <u>Received</u>
Greenwood Christian Church	\$ 39,935
Plainfield Christian Church	20,500
Chapel Rock Christian Church	18,902
Samaria Christian Church	15,207
Indiana Creek Christian Church	15,000
East 91 st Street Christian Church	13,480
First Christian Church, Johnson Cnty, TN	7,660
Fairhaven Christian Church	6,940
Rockville Christian Church	3,000

Year Ended June 30, 2023:

	Contributions <u>Received</u>
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

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.

<u>Year Ending June 30,</u>	<u>Amounts</u>
2025	\$ 18,800
2026	13,200
2027	8,400
2028	6,000
Total	<u>\$ 46,400</u>

Fellowship of Associates of Medical Evangelism

Notes to the Financial Statements

June 30, 2024 and June 30, 2023

Note 10: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects FAME’s financial assets available as of June 30, 2024 and June 30, 2023, reduced by amounts not available for general use because of donor-imposed restrictions within one year of the year ended:

	June 30, <u>2024</u>	June 30, <u>2023</u>
Financial assets, at year end*	\$ 1,027,025	\$ 905,411
Less financial assets unavailable for general expenditures within one year, due to:		
Donor-imposed restrictions:		
Restrictions by donor with purpose restrictions	<u>133,164</u>	<u>58,470</u>
Total	<u>\$ 893,861</u>	<u>\$ 846,941</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, 2024 and June 30, 2023, FAME held \$4,579 and \$7,585, 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, 2024 and June 30, 2023, 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, 2024 and June 30, 2023, 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.

Fellowship of Associates of Medical Evangelism

Notes to the Financial Statements

June 30, 2024 and June 30, 2023

Note 12: GIFT-IN-KIND CONTRIBUTED SERVICES AND GOODS

A number of volunteers have donated significant amounts of their time to the Organization’s program services; however, these contributed services are not reflected in the financial statements. The services do not meet the criteria for recognition as contributed services according to FASB ASC 958-605.

Contributed services performed by individuals that are engaged in a business that normally provides that service for a profit is recorded based on the amounts the business normally charges for that service. During the years ended June 30, 2024 and June 30, 2023, FAME received contributed services from certified medical professionals to aid with their mission projects and from certified financial professionals to help with the general management of FAME. These gift-in-kind contributed services are reported as gift-in-kind services revenue and are included as program services and supporting activity expenses on the statements of activities and changes in net assets. Contributed medical services are reported as donor restricted revenue.

Contributed inventory items are reported at fair market value and are recognized as an inventory item when received and as revenue and expenses when used. For the years ended June 30, 2024 and June 30, 2023, the Organization’s inventory of gift-in-kind contributions of medicine and medical supplies had a fair value of \$569,591 and \$502,535, respectively, and is reported on the statements of financial position. Inventory items used in mission projects, or where needed, during the fiscal year are reported as gift-in-kind contributions revenue and are included in the program services expense on the statements of activities and changes in net assets.

The following contributed services and goods have been included in the statements of activities as revenue at their fair market value:

	Year Ended	
	June 30, 2024	June 30, 2023
Contributed professional fees:		
Medical services	\$ 99,951	\$ 74,112
Advertising and event promotion services	300	-
Accounting services	7,125	7,041
Total contributed services	107,376	81,153
Contributed mission inventory:		
Medicine	68,492	110,390
Medical supplies	1,590,917	1,074,810
Total contributed goods	1,659,409	1,185,200
Total contributed services and goods	\$ 1,766,785	\$ 1,266,353

Fellowship of Associates of Medical Evangelism

Notes to the Financial Statements

June 30, 2024 and June 30, 2023

Note 13: 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 \$2,866,007 and \$2,149,104 and support services expense was \$528,490 and \$456,782 for the years ended June 30, 2024 and June 30, 2023, 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 14: LESSEE COMMITMENT

FAME held an operating lease with a non-related party for office equipment. During 2020, FAME entered in a non-cancelable lease with a non-related party for a copier that expired in 2024. The lease had 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 \$1,982 and \$2,059 at June 30, 2024 and June 30, 2023, respectively.

In accordance with ASU 2016-01 right-of-use asset and lease liabilities (operating) were recorded for one lease during 2023. The lease had a 5.745% discount rate. As of June 30, 2024 and June 30, 2024 the right-of-use asset for the for the copier was \$7,980 and the associated right-of-use accumulated amortization was \$(3,259) and \$(2,461), respectively. As of June 30, 2024 and June 30, 2023, the associated lease liabilities are included in current and long-term liabilities on the statements of financial position in the amounts of \$-0- and \$1,982, respectively. Due to lease completion at June 30, 2024, the right-of-use asset total and accumulated amortization are now included in property and equipment on the statements of financial position.

Note 15: 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, 2024, with no assets held and used by FAME. Total lease income recognized from operating leases was \$4,800 and \$7,600 at June 30, 2024 and June 30, 2023, respectively.

Fellowship of Associates of Medical Evangelism

Notes to the Financial Statements

June 30, 2024 and June 30, 2023

Note 16: 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, 2024	June 30, 2023
Contributions	\$ 1,680,100	\$ 1,462,041
Gift-in-kind contributions	1,659,409	1,185,200
Gift-in-kind services	107,376	81,153
Totals	<u>\$ 3,446,885</u>	<u>\$ 2,728,394</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 17: 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. 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. The organization received the tax credit during the fiscal year June 30, 2024. It is also noted that \$5,631 of interest on the CARE Employee Retention credit was received during the fiscal year June 30, 2024, bringing the total amount received related to the CARES Employee Retention credit to \$94,870.

