

Mexico Medical Missions
Combined Financial Statements
For the Years Ended December 31, 2018 and 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Mexico Medical Missions
Houston, Texas

We have audited the accompanying combined financial statements of Mexico Medical Missions (a nonprofit organization), which comprise the combined statements of financial position as of December 31, 2018 and 2017, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

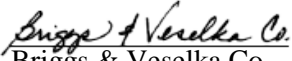
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Directors of
Mexico Medical Missions
Re: Independent Auditors' Report

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Mexico Medical Missions as of December 31, 2018 and 2017, 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.


Briggs & Veselka Co.
Houston, Texas

October 14, 2019

MEXICO MEDICAL MISSIONS
COMBINED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 110,387	\$ 281,666
Contributions receivable	76,940	39,324
Inventory	20,000	20,000
Other current assets	<u>7,140</u>	<u>39,609</u>
Total current assets	214,467	380,599
Property and equipment, net	<u>817,134</u>	<u>811,069</u>
TOTAL ASSETS	<u>\$ 1,031,601</u>	<u>\$ 1,191,668</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 10,904	\$ -
Accrued liabilities	20	100
Current portion of long-term debt	<u>1,378</u>	<u>615</u>
Total current liabilities	12,302	715
Long-term debt, net of current portion	<u>-</u>	<u>4,476</u>
Total liabilities	12,302	5,191
Net assets		
Without donor restrictions	999,299	1,141,949
With donor restrictions	<u>20,000</u>	<u>44,528</u>
Total net assets	<u>1,019,299</u>	<u>1,186,477</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,031,601</u>	<u>\$ 1,191,668</u>

The accompanying notes are an integral part of these combined financial statements.

MEXICO MEDICAL MISSIONS
COMBINED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
Cash donations	\$ 875,844	\$ 20,000	\$ 895,844
Noncash donations	213,081	-	213,081
Hospital income	1,421	-	1,421
Other	3,314	-	3,314
Net assets released from restrictions	<u>44,528</u>	<u>(44,528)</u>	<u>-</u>
Total support and revenue	1,138,188	(24,528)	1,113,660
Functional expenses			
Program			
Medical services	1,195,020	-	1,195,020
Support services			
General and administrative	77,016	-	77,016
Fundraising	<u>8,802</u>	<u>-</u>	<u>8,802</u>
Total support services	<u>85,818</u>	<u>-</u>	<u>85,818</u>
Total functional expenses	<u>1,280,838</u>	<u>-</u>	<u>1,280,838</u>
Changes in net assets from operations	(142,650)	(24,528)	(167,178)
Net assets, beginning of year	<u>1,141,949</u>	<u>44,528</u>	<u>1,186,477</u>
NET ASSETS, END OF YEAR	<u>\$ 999,299</u>	<u>\$ 20,000</u>	<u>\$ 1,019,299</u>

The accompanying notes are an integral part of these combined financial statements.

MEXICO MEDICAL MISSIONS
COMBINED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
Cash donations	\$ 917,813	\$ 101,612	\$ 1,019,425
Noncash donations	269,502	-	269,502
Hospital income	3,593	-	3,593
Other	(15,790)	-	(15,790)
Net assets released from restrictions	<u>57,084</u>	<u>(57,084)</u>	<u>-</u>
Total support and revenue	1,232,202	44,528	1,276,730
Functional expenses			
Program			
Medical services	1,193,360	-	1,193,360
Support services			
General and administrative	85,631	-	85,631
Fundraising	<u>3,795</u>	<u>-</u>	<u>3,795</u>
Total support services	<u>89,426</u>	<u>-</u>	<u>89,426</u>
Total functional expenses	<u>1,282,785</u>	<u>-</u>	<u>1,282,785</u>
Changes in net assets from operations	(50,583)	44,528	(6,055)
Net assets, beginning of year	<u>1,192,532</u>	<u>-</u>	<u>1,192,532</u>
NET ASSETS, END OF YEAR	<u>\$ 1,141,949</u>	<u>\$ 44,528</u>	<u>\$ 1,186,477</u>

The accompanying notes are an integral part of these combined financial statements.

MEXICO MEDICAL MISSIONS
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Program	Support Services		Total
	Medical Services	General and Administrative	Fundraising	
Salaries and wages	\$ 291,223	\$ 17,635	\$ -	\$ 308,858
Automobile expenses	70,555	-	-	70,555
Aviation	90,134	-	-	90,134
Communication	19,108	1,419	-	20,527
Community health	204,226	-	-	204,226
Computer expenses	-	-	3,742	3,742
Depreciation	181,595	-	-	181,595
Education	23,181	-	-	23,181
Hospital expenses	250,514	-	-	250,514
Insurance	-	7,140	-	7,140
Licenses and permit	-	775	-	775
Payroll taxes	24,451	1,500	-	25,951
Professional fees	-	22,151	-	22,151
Travel	15,096	10,262	41	25,399
Utilities	17,719	154	-	17,873
Other expenses	7,218	15,980	5,019	28,217
	<u>\$ 1,195,020</u>	<u>\$ 77,016</u>	<u>\$ 8,802</u>	<u>\$ 1,280,838</u>
Total functional expenses	<u>\$ 1,195,020</u>	<u>\$ 77,016</u>	<u>\$ 8,802</u>	<u>\$ 1,280,838</u>

The accompanying notes are an integral part of these combined financial statements.

MEXICO MEDICAL MISSIONS
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Program		Support Services		Total
	Medical Services	General and Administrative	Fundraising		
Salaries and wages	\$ 223,423	\$ 16,295	\$ -	\$ 239,718	
Automobile expenses	63,008	-	-	63,008	
Aviation	100,378	-	-	100,378	
Communication	23,155	837	-	23,992	
Computer expenses	-	-	1,199	1,199	
Community health	233,694	-	-	233,694	
Depreciation	157,937	-	-	157,937	
Education	47,989	-	-	47,989	
Hospital expenses	286,237	-	-	286,237	
Insurance	-	7,140	-	7,140	
Licenses and permit	-	1,416	-	1,416	
Payroll taxes	26,033	-	-	26,033	
Professional fees	-	20,378	-	20,378	
Travel	9,963	9,963	1,527	21,452	
Utilities	17,459	-	-	17,459	
Other expenses	4,084	29,602	1,069	34,755	
Total functional expenses	<u>\$ 1,193,360</u>	<u>\$ 85,631</u>	<u>\$ 3,795</u>	<u>\$ 1,282,785</u>	

The accompanying notes are an integral part of these combined financial statements.

MEXICO MEDICAL MISSIONS
COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Changes in net assets from operations	\$ (167,178)	\$ (6,055)
Adjustments to reconcile changes in net assets from operations to net cash from operating activities:		
Depreciation	181,595	157,937
(Gain) loss on disposal of property and equipment	(3,500)	13,945
Changes in operating assets and liabilities:		
Contributions receivable	(37,616)	(3,306)
Other current assets	32,469	(32,469)
Accounts payable	10,904	-
Accrued liabilities	(80)	(32,492)
Net cash from operating activities	<u>16,594</u>	<u>97,560</u>
Cash flows from investing activities		
Proceeds from sale of property and equipment	3,500	75,500
Purchases of property and equipment	<u>(187,660)</u>	<u>(32,294)</u>
Net cash from investing activities	<u>(184,160)</u>	<u>43,206</u>
Cash flows from financing activities		
Payment of long-term debt	<u>(3,713)</u>	<u>(3,618)</u>
Net cash from financing activities	<u>(3,713)</u>	<u>(3,618)</u>
Net change in cash and cash equivalents	(171,279)	137,148
Cash and cash equivalents, beginning of year	<u>281,666</u>	<u>144,518</u>
Cash and cash equivalents, end of year	<u>\$ 110,387</u>	<u>\$ 281,666</u>

The accompanying notes are an integral part of these combined financial statements.

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Mexico Medical Missions is a nonprofit Colorado corporation registered on February 13, 1989. Mexico Medical Missions provides medical services to the people of the Sierra Madre Mountains in Chihuahua, Mexico. Mexico Medical Missions' primary medical center is located in the town of Samachique, Chihuahua, and includes outpatient facilities, dental suite, adult and pediatric medical wards, a lab, X-ray services and modern surgical suite. Mexico Medical Missions receives its support through voluntary donations from individuals, churches and foundations.

Asociacion Pro-Indigena A.C. is a nonprofit Mexican civil association registered on May 14, 1998 in Chihuahua, Mexico. Asociacion Pro-Indigena A.C. was formed to foster, establish and/or administer health clinics, medical dispensaries, and general centers for health, sports and culture that will contribute to better the life of the natives. Asociacion Pro-Indigena A.C. was created to act as the Mexican nonprofit partner of the Mexico Medical Missions as required by the laws of Mexico.

Basis of Combination – The combined financial statements include the accounts of the Mexico Medical Missions and Asociacion Pro-Indigena A.C. (collectively, the "Organization"). All significant inter-organization accounts and transactions have been eliminated in combination.

Basis of Presentation – The financial statements have been prepared in accordance with standards of the American Institute of Certified Public Accountants' Industry Audit and Accounting Guide, *Not-for-Profit-Entities*, and in accordance with accounting principles generally accepted in the United States of America (GAAP). The Organization presents their financial statements on the accrual method of accounting in accordance with GAAP. Accounting principles and methods of applying those principles which materially affect the determination of financial position, results of activities, cash flows and changes in net assets are summarized below.

Financial Statements Presentation – The Organization reports information regarding financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions:

- **Net Assets Without Donor Restrictions** – Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors (Board).
- **Net Assets With Donor Restrictions** – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature and can be fulfilled by action of the Board pursuant to those restrictions or that expire by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated that they be maintained permanently by the Board.

The Organization had net assets with donor restrictions amounting to \$20,000 at December 31, 2018 for program expenses. The Organization had net assets with donor restrictions amounting to \$44,528 at December 31, 2017 for the purchase of certain property and equipment, of which the full amount was released during 2018.

Cash and Cash Equivalents – Cash and cash equivalents include cash on hand, cash in banks, and highly liquid instruments with an original maturity of three months or less from date of purchase.

MEXICO MEDICAL MISSIONS
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Contributions Receivable – Contributions receivable represents unconditional promises to give that are expected to be collected within one year and are recorded at net realizable value. The Organization provides an allowance for uncollectible amounts based on review of specific account balances and considering historical experience, and accounts are written off when they become uncollectible. At December 31, 2018 and 2017, the Organization deemed that no allowance for doubtful accounts was necessary.

Inventory – Inventory is stated at fair value at the time of donation on a first-in, first-out (FIFO) basis. Inventory consists of finished goods. The Organization assesses its inventory for slow moving and obsolete items and record a reserve when deemed necessary. The Organization determined that no valuation allowance is necessary at December 31, 2018 and 2017.

Property and Equipment – Property and equipment consists of purchased, constructed and donated assets. Purchased and constructed property and equipment are recorded at cost less accumulated depreciation. Donated property and equipment are recorded at fair market value at the time of donation. Depreciation is provided on the straight-line method over the estimated useful life of the property and equipment, ranging from five to ten years. Costs incurred on construction in progress are capitalized as incurred and depreciation commences when the asset is placed in service. When property and equipment are sold or otherwise disposed of, the related cost and accumulated depreciation are removed from the account and any gain or loss is included in the changes in net assets from operations.

All acquisitions of property and equipment in excess of \$2,000 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized.

Impairment of Long-Lived Assets – Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Impairment charge is recognized if the carrying amount of the asset exceeds its fair value less estimated cost to sell. No impairment charges were recorded during 2018 and 2017.

Income Recognition – All contributions are recognized as income when received or unconditionally promised to the Organization. Contributions received are recorded as net assets without donor restrictions and net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions that are not permanently restricted are reported as net assets with donor restrictions and then reclassified to unrestricted net assets upon expiration of the restriction. Income from hospital services are recorded as increases in net assets without donor restrictions in the period on which the related services are performed. Conditional promises to give are not recognized as contributions until the conditions are substantially met. There were no conditional promises at December 31, 2018 and 2017.

Noncash Donations – Donated noncash assets are recorded at their fair values in the period received (*see Note 3*). Contributions with donor-imposed stipulations regarding the purpose or how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Contributed services are recognized as income, and are included in noncash donations in the combined statements of activities (*see Notes 3 and 5*), if the services received create or enhance nonfinancial assets, require specialized skills provided by individuals possessing those skills, and typically need to be purchased if not provided by donation. Contributed services are recorded at the fair market value of the services provided. Contributed services that do not meet the above criteria are not recognized as income and are not reported in the accompanying financial statements.

MEXICO MEDICAL MISSIONS
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Allocation of Expenses – The cost of program or supporting services activities have been summarized on a functional basis in the combining statement of activities. The majority of expenses can generally be directly identified with the program or supporting services to which they relate and are charged accordingly. Other expenses by function have been allocated among program, general and administrative expenses, or fundraising expenses, as estimated by management. Expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Travel	Time and effort
Salaries, wages and taxes	Time and effort
Telephone and communication	Full time equivalent

Income Taxes – Mexico Medical Missions qualifies as a public charity under the Internal Revenue Code (IRC) and has been determined by the Internal Revenue Service to be exempt from federal income taxes under Section 501(c)(3) of the IRC.

Uncertain tax positions are recognized in the financial statements only if that position is more-likely-than-not of being sustained upon examination by taxing authorities, based on the technical merits of the position. For 2018 and 2017, Mexico Medical Missions did not recognize any uncertain tax positions or any interest and penalties related to uncertain tax positions.

Use of Estimates – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could materially differ from those estimates. Significant estimates include, but are not limited to, the fair value of noncash donations, the useful lives of property and equipment and impairment loss.

Concentrations of Credit Risk – Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist principally of cash and cash equivalents. At times, the Organization maintains deposits in federally insured financial institutions in excess of federally insured limits. Management monitors the credit ratings and concentrations of risk with these financial institutions on a continuing basis to safeguard cash deposits.

From time-to-time, the Organization receives large contributions from a small number of donors who may represent a significant portion of recorded contributions.

Newly Adopted Pronouncement – In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statement of Not-for-Profit Entities*. These amendments change presentation and disclosure requirements for not-for-profit (NFP) entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. These include qualitative and quantitative requirements in the following areas: net asset classes; investment return; expenses; liquidity and availability of resources; and presentation of operating cash flows. Effective for not-for-profit organizations for annual financial statements issued for fiscal years beginning after December 15, 2017. The Organization has adjusted the presentation of the statements accordingly and adoption has been applied retrospectively to all periods presented.

MEXICO MEDICAL MISSIONS
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Recent Accounting Pronouncements – In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue From Contracts With Customers (Topic 606)*, establishing a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. This update provides a five-step analysis in determining when and how revenue is recognized. The new model will require revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration a company expects to receive in exchange for those goods or services and will supersede most of the existing revenue recognition guidance, including industry-specific guidance. This guidance is effective for annual reporting periods beginning after December 15, 2018 for nonpublic entities. The Organization does not believe the guidance will have a material impact on their financial statements and related disclosures.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The ASU will require most leases to be recognized on the combined statements of financial position as lease assets and lease liabilities and will require both quantitative and qualitative disclosures regarding key information about leasing arrangements. Lessor accounting is largely unchanged. The guidance is effective beginning after December 15, 2019 for nonpublic companies. The standard may be early adopted and requires a modified retrospective transition approach to apply. The Organization is evaluating the effect this guidance will have on their financial statements and related disclosures.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. This update provides guidance on how to record eight specific cash flow issues, and how the predominant principle should be applied when cash receipts and cash payments have more than one class of cash flows. This standard is effective for fiscal years beginning after December 15, 2018 and interim periods beginning after December 15, 2019, with early adoption permitted. Adoption will be applied retrospectively to all periods presented. The Organization does not believe the guidance will have a material impact on their financial statements and related disclosures.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. These amendments clarify and improve the scope and accounting guidance around contributions of cash and other assets received and made by not-for-profit organizations and business enterprises. The ASU clarifies and improves current guidance about whether a transfer of assets, or the reduction, settlement, or cancellation of liabilities, is a contribution or an exchange transaction. It provides criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred which, depending on the outcome, determines whether the organization follows contribution guidance or exchange transaction guidance in the revenue recognition and other applicable standards. It also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. This is important because such classification affects the timing of contribution revenue and expense recognition. With some exceptions, the guidance is effective for annual periods beginning after December 15, 2018 or December 15, 2019 if the not-for-profit is a resource recipient or a resource provider, respectively. The Organization is evaluating the effect this guidance will have on their financial statements and related disclosures.

Reclassifications – Certain reclassifications have been made in the prior year to conform to the current year presentation.

MEXICO MEDICAL MISSIONS
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	<u>2018</u>	<u>2017</u>
Equipment	\$ 463,707	\$ 696,483
Vehicles	632,923	697,531
Buildings	<u>960,797</u>	<u>923,253</u>
	2,057,427	2,317,267
Less: accumulated depreciation	<u>(1,240,293)</u>	<u>(1,506,198)</u>
Total property and equipment, net	<u>\$ 817,134</u>	<u>\$ 811,069</u>

Depreciation expense was \$181,595 and \$157,937 for 2018 and 2017, respectively.

NOTE 3 – NONCASH DONATIONS

Noncash donations (*see Notes 1 and 5*) are recorded at their fair values and consisted of the following:

	<u>2018</u>	<u>2017</u>
Contributed services	\$ 130,500	\$ 100,000
Medical equipment and supplies	<u>82,581</u>	<u>169,502</u>
Total noncash donations	<u>\$ 213,081</u>	<u>\$ 269,502</u>

NOTE 4 – FOREIGN OPERATIONS

The Organization is engaged primarily in providing medical services to the people of the Sierra Madre Mountains in Chihuahua, Mexico. Operations outside the United States of America are subject to risk inherent in operating under different legal systems and various political, social and economic environments. Among the risks are changes in existing laws, different tax regulations, government price or foreign exchange controls, political instability, drug trafficking, political activism or the continuation or escalation of gang activities and restrictions on currency exchange. The United States of America has issued travel warnings to its citizens about the risk of traveling to certain places in Mexico, including the state of Chihuahua, due to threats of safety and security posed by organized criminal groups.

The financial position and results of operations of the Organization are maintained using the U.S. dollar. From time-to-time, the Organization enters into transactions using the local currency, the Mexican peso. These transactions are converted into the U.S. dollar at the time of the transaction.

NOTE 5 – RELATED PARTY TRANSACTIONS

During 2018, the Organization received cash and noncash donations from members of the Board and employees amounting to \$85,775 and \$130,500, respectively (*see Notes 1 and 3*). During 2017, the Organization received cash and noncash donations from members of the Board and employees amounting to \$47,043 and \$100,000, respectively.

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NOTE 6 – NOTE PAYABLE

On December 15, 2015, the Organization entered into a note payable to finance the purchase of equipment. The note accrues interest at 16% per annum and is payable in monthly installments amounting to \$373. The outstanding balance of the note payable was \$1,378 and \$5,091 as of December 31, 2018 and 2017, respectively. The note payable, which matured on January 6, 2019, was secured by the equipment purchased. The outstanding balance on the note payable was paid off subsequent to year-end.

NOTE 7 – RISK AND CONTINGENCIES

From time-to-time, the Organization is subject to various litigations and other claims in the normal course of operations. The Organization establishes liabilities in connection with legal actions that management deems to be probable and estimable. No amounts have been accrued in the financial statements with respect to any matters.

Due to certain risks from operating in the state of Chihuahua, the Organization is unable to obtain property insurance. Accordingly, the Organization is at risk in the event that their property and equipment sustain substantial damage.

NOTE 8 – COMMITMENTS

The Organization has an operating lease agreement with the local government of the state of Chihuahua for hospital space with annual rental fees of one metric ton of beans or the equivalent cash price, which was approximately \$571 and \$541 during December 31, 2018 and 2017, respectively. The lease expires in October 2028.

NOTE 9 – LIQUIDITY AND AVAILABILITY

The following represents the Organization’s financial assets at December 31:

	<u>2018</u>	<u>2017</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 110,387	\$ 281,666
Contributions receivable	<u>76,940</u>	<u>39,324</u>
Total financial assets	187,327	320,990
Less amounts not available to be used within one year:		
Net assets with donor restrictions greater than one year	<u>-</u>	<u>-</u>
Financial assets not available to be used within one year	<u>-</u>	<u>-</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 187,327</u>	<u>\$ 320,990</u>

MEXICO MEDICAL MISSIONS
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The Organization regularly monitors liquidity required to meet its operational needs. For the purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing program activities and support services to be general expenditures. The Organization anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Further, the founders of the Organization may fund operating cash flow deficits on a discretionary basis should it become necessary.

NOTE 10 – SUBSEQUENT EVENTS

Management has evaluated events and transactions for potential recognition and disclosure through October 14, 2019, the date the financial statements were available to be issued.