

GLOBAL HEALTH MINISTRIES
FINANCIAL STATEMENTS
DECEMBER 31, 2022

GLOBAL HEALTH MINISTRIES

INDEX

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	
FINANCIAL STATEMENTS	
Statement of Financial Position	1-2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
NOTES TO FINANCIAL STATEMENTS	6-11

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Global Health Ministries
Minneapolis, MN

Opinion

We have audited the accompanying financial statement of Global Health Ministries (a nonprofit organization), which comprises the statement of financial position as of December 31, 2022, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statement.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of Global Health Ministries as of December 31, 2022 and the results of its activities, functional expenses, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Global Health Ministries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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.

Emphasis of Matter

As discussed in Note 10 to the financial statements, the Organization made a prior period adjustment to inventory. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

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 Global Health Ministries ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

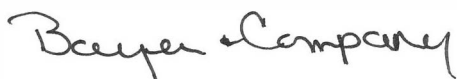
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 Global Health Ministries' 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 Global Health Ministries' 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.



Burnsville, MN

June 8, 2023

GLOBAL HEALTH MINISTRIES
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

ASSETS

Current Assets	
Cash and Cash Equivalents	\$ 758,520
Unconditional Promises to Give:	
Without Donor Restrictions	1,156
Accounts Receivable	3,110
Prepaid Expenses	48,665
Donated Inventory	843,282
Investments	<u>2,601,710</u>
Total Current Assets	<u>4,256,443</u>
 Endowment Investments	
Marketable Securities	<u>1,763,987</u>
Total Endowment Investments	<u>1,763,987</u>
 Property and Equipment - Net	747,027
 Long-Term Investments	<u>318,866</u>
 TOTAL ASSETS	<u>\$ 7,086,323</u>

See notes to financial statements.

GLOBAL HEALTH MINISTRIES
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts Payable	\$ 46,036
Accrued Wages	<u>31,721</u>
Total Current Liabilities	<u>77,757</u>
Net Assets	
Without Donor Restrictions:	
Undesignated	3,001,391
Board Designated Endowment	<u>1,352,689</u>
Total Without Donor Restrictions	<u>4,354,080</u>
With Donor Restrictions:	
Restricted for Specific Projects	2,567,001
Endowment Fund	<u>87,485</u>
Total With Donor Restrictions	<u>2,654,486</u>
Total Net Assets	<u>7,008,566</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 7,086,323</u>

See notes to financial statements.

GLOBAL HEALTH MINISTRIES
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

Net Assets Without Donor Restrictions	
Revenues, Gains, and Other Support	
Contributions	\$ 1,664,039
Gift-In-Kind Contributions	3,992,125
Investment Income (Loss)	(280,077)
Sale of Materials	93,079
Event and Non Gift Revenue	7,634
Restrictions Satisfied by Payments	<u>1,856,797</u>
Total Revenues, Gains, and Other Support - Without Donor Restriction	<u>7,333,597</u>
Expenses	
Project - Direct	6,305,425
Project - Support	604,735
Administration	320,792
Fund Raising	306,290
Cost of Materials	<u>93,079</u>
Total Expenses	<u>7,630,321</u>
Transfer to Net Assets With Donor Restrictions	(112,191)
Decrease In Net Assets - Without Donor Restrictions	<u>(408,915)</u>
Net Assets With Donor Restrictions	
Contributions	1,475,038
Investment Income (Loss)	(37,678)
Restrictions Satisfied by Payments	(1,856,797)
Transfer from Net Assets Without Donor Restrictions	<u>112,191</u>
Decrease in Net Assets - With Donor Restrictions	<u>(307,246)</u>
Decrease in Net Assets	<u>(716,161)</u>
Net Assets - Beginning of Year	6,315,747
Prior Period Adjustment (See Note 10)	<u>1,408,980</u>
Net Assets - Beginning of Year Restated	7,724,727
Net Assets - End of Year	<u>\$ 7,008,566</u>

See notes to financial statements.

GLOBAL HEALTH MINISTRIES

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Supporting Services			Total Expenses
	Program Services	Management	Fund Raising	
Direct Program Expenses				
Cameroon	\$ 680,491	\$ -	\$ -	\$ 680,491
Central African Republic	106,280	-	-	106,280
El Salvador	54,668	-	-	54,668
Ethiopia	33,792	-	-	33,792
Liberia	1,505,252	-	-	1,505,252
Madagascar	1,246,676	-	-	1,246,676
Nigeria	124,911	-	-	124,911
South Sudan	3,300	-	-	3,300
Tanzania	1,565,548	-	-	1,565,548
Zimbabwe	703,489	-	-	703,489
Global Health Adm. Partners	281,018	-	-	281,018
Total Direct Program Expenses	<u>\$ 6,305,425</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,305,425</u>
Functional Expenses				
Director's Compensation	\$ 66,307	\$ 46,415	\$ 19,891	\$ 132,613
Other Salaries & Wages	279,501	171,452	130,043	580,996
Staff Pension Plan	25,301	14,144	10,981	50,426
Other Employee Benefits	54,860	26,327	18,200	99,387
Payroll Taxes	22,519	13,146	10,220	45,885
Fees for Services:				
Accounting Fees	-	8,638	-	8,638
Professional Fundraising	-	-	1,688	1,688
Other	2,030	1,700	10,560	14,290
Advertising & Promotion	3,961	-	9,233	13,194
Office Expenses	34,312	7,995	44,636	86,943
Information Technology	11,279	10,473	14,088	35,840
Occupancy	43,029	6,328	-	49,357
Travel	23,027	704	4,017	27,748
Interest	-	230	-	230
Conferences & Meetings	3,340	164	29,708	33,212
Depreciation	33,894	7,656	1,405	42,955
Insurance	-	2,791	-	2,791
Staff Development	430	2,345	1,290	4,065
Memberships	905	88	-	993
Fund Development	-	-	300	300
Other Expenses	40	196	30	266
Total Functional Expenses	<u>\$ 6,910,160</u>	<u>\$ 320,792</u>	<u>\$ 306,290</u>	<u>\$ 7,537,242</u>

See notes to financial statements.

GLOBAL HEALTH MINISTRIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

Cash Flows From Operating Activities:	
Decrease in Net Assets	\$ (716,161)
Adjustments to Reconcile Decrease in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation and Amortization	42,955
Unrealized (Gains) Losses on Investments	358,493
Donated Inventory	565,698
(Increase) Decrease in Assets:	
Unconditional Promises to Give Without Donor Restrictions	1,156
Accounts Receivable	3,873
Prepaid Expenses	(9,588)
Increase (Decrease) in Liabilities:	
Accounts Payable	6,394
Accrued Wages and Payroll Taxes	6,301
Net Cash Provided by Operating Activities	<u>259,121</u>
Cash Flows From Investing Activities:	
Net Purchase of Investments	(172,226)
Payments for Property And Equipment	<u>(28,741)</u>
Net Cash Used by Investing Activities	<u>(200,967)</u>
Net Increase In Cash	58,154
Cash and Cash Equivalents, Beginning of Year	<u>700,366</u>
Cash and Cash Equivalents, End of Year	<u>\$ 758,520</u>

See notes to financial statements.

GLOBAL HEALTH MINISTRIES

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

- A. Nature of Activities – Global Health Ministries was established in May 1987 to assist Lutheran health care programs and missionaries in developing countries where adequate health care is not readily available. The organization ships medical equipment and supplies, offers leadership consultations, and provides community based sustainable development to enhance and sustain the health and well-being of some of the most vulnerable people on earth.
- B. Contributed Services – During the year ended December 31, 2022, the values of contributed services meeting the requirements for recognition in the financial statements have been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

The Organization receives a significant number of donated services from volunteers who assist in the warehouse, fund raising and special projects. The organization received over 22,700 volunteer hours for the year ended December 31, 2022.

- C. In-Kind Contributions – The Organization receives donations of nonfinancial assets (medical equipment and supplies). These items are shipped to our Partners overseas (if usable by our partners), sold, and funds used for the Organization, given to other nonprofits (if not usable by our organization), or disposed of if not usable. Donors may at times restrict donations to be used in specific countries or at specific hospitals/clinics in a country, but most nonfinancial donations are not restricted.

Donated items are valued at estimated fair market value based on comparing items to similar items available for purchase. These values represent a significant estimate.

- D. 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.

- E. Property and Equipment – It is the Organization's policy to capitalize property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as net assets with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over the following estimated lives:

Building	10-40 years
Warehouse Equipment	5-7 years
Office Furniture and Equipment	3-5 years

Depreciation expense was \$42,955 for the year ended December 31, 2022.

Maintenance and repairs of property and equipment are expensed as incurred and major improvements are capitalized. Upon retirement, sale or other disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts and gain or loss is included in operations.

GLOBAL HEALTH MINISTRIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- F. Concentrations of Risk – Financial instruments that potentially subject the Organization to concentrations of risk consist principally of cash and investments and pledge receivables. The Organization maintains its cash and investments in federally insured banks and institutions insured by the Securities Investors Protection Corporation (SIPC). The balances in some of these accounts are in excess of the federally insured limit. The Organization believes that there is no significant risk with respect to these deposits. Concentrations of risk with respect to pledges receivable are limited due to the large number of contributions.
- G. Cash Equivalents – For purposes of the statements of cash flows, the Organization considers all unrestricted investment instruments purchased with original maturities of three months or less to be cash equivalents.
- H. Functional Allocation of Expense – The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among programs and supporting services benefited based upon time, effort, and space usage studies.
- I. Unconditional Promise to Give – Pledge receivables are booked at the time of the pledge. If a pledge were to become uncollectible, the pledge receivable would be removed from the statement of financial position.

The Organization provides a reserve for uncollectibles that is calculated on an ongoing basis and is based using prior year's data. At December 31, 2022, a reserve for uncollectible promises to give was not considered necessary.

- J. Receivables – The Organization accounts for uncollectible accounts under the direct write off method for accounts receivable. At December 31, 2022, an allowance for doubtful accounts was not considered necessary.
- K. Contributions – Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence or nature of any donor restrictions.
- L. Inventory – Inventory consists primarily of contributed medical supplies and equipment. Contributions of in-kind assets that have not been distributed as of December 31, 2022 are recorded as inventory at the lower of their approximate current fair value or their approximate fair value at the date of the contribution. The Organization believe that this approximates the lower of cost or net realizable value in the market. Donated inventories are expected to be distributed in the following year. The value of the donated inventory represents a significant estimate which could change in the near term.
- M. Investments – The Organization has adopted FASB Accounting Standards Codification, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Under ASC 958, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Investment income and gains with donor restrictions are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.
- N. Employee Benefit Plan – The Organization has a 403(b)-retirement plan for its employees. It may contribute up to 9% of compensation annually for eligible employees. The retirement plan expense was \$61,380 for the year ended December 31, 2022.
- O. Income Tax – The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for the years prior to 2019.

GLOBAL HEALTH MINISTRIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- P. Subsequent Events – Subsequent events have been evaluated through June 8, 2023, the date the financial statements were available to be issued. No significant events were identified that would require adjustment of or disclosure in the financial statements.
- Q. Reclassification – Certain reclassifications have been made to the financial statements to correspond to the current year’s format. Total net assets and increase in net assets are unchanged due to these reclassifications.

NOTE 2 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization sets a goal of having financial assets on hand to meet 60 days of normal operating expenses, which are on average, around \$200,000. As part of its liquidity management, the Organization has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due. The Organization invests its cash in excess of its expected needs in short term (90 days or less) certificate of deposits. Should an unforeseen liquidity issue arise, the Organization could draw upon Board Designated Endowment funds with the boards’ authorization.

Financial Assets, At Year End	\$5,971,765
Less: Those Available for General Expenditures	
Within One Year Due to:	
Donor Imposed Restrictions Based on Purpose	2,567,001
Board Designated Reserve Fund	<u>1,652,054</u>
Financial Assets Available to Meet Cash Needs	
For General Expenditures Within One Year	<u>\$1,752,710</u>

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents include:

Cash in Bank Checking	Highland Bank	\$600,307
and Savings	Bremer Bank	8,715
	Mission Investment Fund	62,866
Cash Equivalents	Highland Bank Money Market	33,027
	Thrivent Money Market	<u>53,605</u>
Total Cash and Cash Equivalents		<u>\$758,520</u>

NOTE 4 – INVESTMENTS

Investments include:

Certificates of Deposit, 13 Weeks, Interest Various	\$2,601,710
Thrivent Moderate, Aggressive Allocation Fund	\$1,308,337
Thrivent Limited Maturity Board Fund	\$ 2,485
Thrivent Moderate Allocation Fund	\$ 453,165

GLOBAL HEALTH MINISTRIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Land	\$ 93,200
Building	1,179,303
Warehouse Equipment	34,557
Office Furniture and Equipment	<u>166,768</u>
Total Property and Equipment	1,473,828
Less: Accumulated Depreciation	<u>726,801</u>
Net Property and Equipment	<u>\$ 747,027</u>

NOTE 6 – LONG TERM INVESTMENTS

Three Year Adjustable-Rate Term Investment	\$ 318,866
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NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Restricted for subsequent years' program expenses:

Balance January 1	\$ 2,961,732
Contributions	1,475,038
Investment Income (Loss)	(37,678)
Restrictions Satisfied by Payments	(1,856,797)
Transfer from Without Donor Restrictions	<u>112,191</u>
Balance December 31	<u>\$ 2,654,486</u>

NOTE 8 – NET ASSETS RESTRICTED FOR SPECIFIC PROJECTS

The Organization's specific project assets include the following categories; shipping medical supplies and purchasing equipment for partner organizations in developing countries; providing leadership training for health workers and health care leaders to improve skills and leadership effectiveness; provide improvement in community health by training health workers regarding disease prevention; first aid, clean water, nutrition, and prenatal care and wellness for moms and babies; construction of facilities that are used to provide health care.

Shipping Medical Supplies and Purchasing Equipment	\$176,867
Leadership Training	132,423
Community Based Primary Health Care	222,877
Facility Construction	2,034,834
Permanent Endowment	<u>87,485</u>
Total	<u>\$2,654,486</u>

GLOBAL HEALTH MINISTRIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 9 – FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, provides a framework for measuring fair value. That 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 below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the community has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets and liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by the observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2022.

- Mutual Funds: Valued at the closing price reported on the active market on which the individual securities are traded.
- Certificates of Deposit: Recorded at cost, plus accrued interest, which approximates market value.
- Three- or One-Year Adjustable-Rate Term Investments: Recorded at cost, plus earned interest, which approximates market value.

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

GLOBAL HEALTH MINISTRIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reports at fair value on a recurring basis at December 31, 2022 are as follows:

<u>December 31, 2022</u>	<u>Fair Value</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>
Certificate of Deposits	\$2,601,710	\$2,601,710
Three Year Adjustable-Rate Term Investment	318,866	318,866
Mutual Funds:		
Thrivent Moderately Aggressive Allocation	1,308,337	1,308,337
Thrivent Limited Maturity Board Fund	2,485	2,485
Thrivent Moderate Allocation Fund	<u>453,165</u>	<u>453,165</u>
Total	<u>\$4,684,563</u>	<u>\$4,684,563</u>

The Organization recognizes transfers of assets into and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels in the year ended December 31, 2022.

NOTE 10 – PRIOR PERIOD ADJUSTMENTS

A prior period adjustment was made to record inventory of \$1,408,980 as of January 1, 2022. The net effect on ending net assets as of January 1, 2022 was an increase of \$1,408,980.