

**BAPTIST MEDICAL AND DENTAL
MISSION INTERNATIONAL, INC.**
Hattiesburg, Mississippi

Financial Statements
As of and for the Years Ended
September 30, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Baptist Medical and Dental
Mission International, Inc.
Hattiesburg, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of Baptist Medical and Dental Mission International, Inc. (a not-for-profit corporation) (the "Mission"), which comprise the statements of financial position as of September 30, 2020 and 2019 and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the 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.

Auditor's 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 of 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 auditor's 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Mission as of September 30, 2020 and 2019 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.

Emphasis of Matter Regarding Going Concern

The accompanying financial statements have been prepared assuming that the Mission will continue as a going concern. As discussed in Note 2 to the financial statements, the Mission has incurred substantial losses from operations over multiple years, as well as used substantial cash and cash equivalents to fund operations. As disclosed in Note 9, the public health emergency related to the Coronavirus pandemic had a substantial and severe impact on the operations and the financial stability of the Mission. These conditions raise substantial doubt about the Mission's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

A handwritten signature in black ink that reads "HORNE LLP". The letters are stylized and slanted to the right.

Ridgeland, Mississippi
August 10, 2021

**BAPTIST MEDICAL AND DENTAL MISSION
INTERNATIONAL, INC.**

Statements of Financial Position
September 30, 2020 and 2019

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 324,977	\$ 360,140
Inventories	117,516	168,216
Other assets	22,262	25,131
Property and equipment, net	4,223,737	4,616,157
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Total assets	\$ 4,688,492	\$ 5,169,644
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LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 35,259	\$ 47,250
Accrued payroll and withholdings	100,065	111,748
Borrowings on line of credit	500,000	100,000
Paycheck Protection Program loan	226,000	-
Total liabilities	861,324	258,998
	<hr/>	<hr/>
Net assets		
Without donor restrictions	2,741,671	3,888,293
With donor restrictions	1,085,497	1,022,353
Total net assets	3,827,168	4,910,646
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Total liabilities and net assets	\$ 4,688,492	\$ 5,169,644
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See accompanying notes.

**BAPTIST MEDICAL AND DENTAL MISSION
INTERNATIONAL, INC.**
Statements of Activities
Years Ended September 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support						
Contributions	\$ 4,703,510	\$ 1,085,497	\$ 5,789,007	\$ 13,536,708	\$ 1,022,353	\$ 14,559,061
Interest and other income	149,745	-	149,745	31,993	-	31,993
Net assets released for satisfaction of program restrictions	1,022,353	(1,022,353)	-	1,257,226	(1,257,226)	-
Total revenues, gains and other support	5,875,608	63,144	5,938,752	14,825,927	(234,873)	14,591,054
Expenses						
Honduras operations	4,284,654	-	4,284,654	10,007,300	-	10,007,300
Nicaragua operations	1,378,298	-	1,378,298	3,879,465	-	3,879,465
Nepal operations	332,944	-	332,944	438,015	-	438,015
Guatemala operations	134,362	-	134,362	151,827	-	151,827
Fundraising	133,925	-	133,925	151,109	-	151,109
Management and general	758,047	-	758,047	837,050	-	837,050
Total expenses	7,022,230	-	7,022,230	15,464,766	-	15,464,766
Change in net assets	(1,146,622)	63,144	(1,083,478)	(638,839)	(234,873)	(873,712)
Net assets at beginning of period	3,888,293	1,022,353	4,910,646	4,527,132	1,257,226	5,784,358
Net assets at end of period	\$ 2,741,671	\$ 1,085,497	\$ 3,827,168	\$ 3,888,293	\$ 1,022,353	\$ 4,910,646

See accompanying notes.

**BAPTIST MEDICAL AND DENTAL MISSION
INTERNATIONAL, INC.**

Statements of Functional Expenses
Year Ended September 30, 2020

	Program							
	Honduras Operations	Nicaragua Operations	Nepal Operations	Guatemala Operations	Fundraising	Management and General	Total	
Depreciation	\$ 298,200	\$ 116,584	\$ 2,801	\$ -	\$ -	\$ 8,255	\$ 425,840	
Evangelistic and ministerial support	405,967	132,882	144,204	30,623	-	-	713,676	
General supplies	153,153	40,595	5,405	8,779	-	1,037	208,969	
Insurance	14,076	9,865	1,461	885	-	13,514	39,801	
Interest expense	-	-	-	-	-	21,946	21,946	
Legal and accounting	26,234	4,493	1,543	600	-	37,425	70,295	
Local doctors and dentists	8,974	-	-	-	-	-	8,974	
Medical supplies	520,406	181,241	2	1,300	-	-	702,949	
Meetings and conferences	4,157	1,677	42	750	-	7,151	13,777	
Miscellaneous	98,963	66,347	10,902	7,688	-	45,581	229,481	
Office supplies	30,708	3,788	104	2,416	-	8,787	45,803	
Salaries, wages and benefits	2,185,504	602,278	133,865	41,456	74,038	564,035	3,601,176	
Postage and shipping	23,063	14,924	6	1,928	3,016	5,319	48,256	
Printing and publications	-	3,048	3	796	7,427	1,398	12,672	
Public relations	450	1,689	-	24	-	691	2,854	
Rentals	16,242	26,604	7,208	833	-	2,940	53,827	
Repairs and maintenance	113,738	11,293	5	1,148	49,444	8,214	183,842	
Taxes	-	-	-	-	-	8,603	8,603	
Travel	186,782	70,206	23,888	26,792	-	7,187	314,855	
Utilities and telephone	120,839	41,620	942	4,381	-	15,884	183,666	
Vehicle expense	77,198	49,164	563	3,963	-	80	130,968	
Total	\$ 4,284,654	\$ 1,378,298	\$ 332,944	\$ 134,362	\$ 133,925	\$ 758,047	\$ 7,022,230	

See accompanying notes.

**BAPTIST MEDICAL AND DENTAL MISSION
INTERNATIONAL, INC.**

Statements of Functional Expenses
Year Ended September 30, 2019

	Program								
	Honduras Operations	Nicaragua Operations	Nepal Operations	Guatemala Operations	Fundraising	Management and General	Total		
Depreciation	\$ 385,928	\$ 130,749	\$ 2,801	\$ -	\$ -	\$ 10,786	\$ 530,264		
Evangelistic and ministerial support	376,080	180,279	183,903	12,927	-	44	753,233		
General supplies	279,789	45,113	24,023	16,578	-	2,160	367,663		
Insurance	15,107	10,663	1,242	1,242	-	12,419	40,673		
Interest expense	-	-	-	-	-	13,570	13,570		
Legal and accounting	76,897	638	4,393	84	-	38,934	120,946		
Local doctors and dentists	25,568	-	-	-	-	-	25,568		
Medical supplies	2,224,875	1,232,062	332	-	-	-	3,457,269		
Meetings and conferences	29,684	472	278	6,649	-	16,426	53,509		
Miscellaneous	45,413	70,364	3,125	213	-	38,477	157,592		
Office supplies	50,647	10,216	3,777	848	-	21,136	86,624		
Salaries, wages and benefits	5,225,423	1,665,889	147,289	46,309	79,590	587,719	7,752,219		
Postage and shipping	54,239	13,078	151	1,719	2,769	15,987	87,943		
Printing and publications	-	220	33	-	21,060	4,842	26,155		
Public relations	486	2,196	37	220	-	1,146	4,085		
Rentals	45,831	59,805	7,895	5,181	-	2,658	121,370		
Repairs and maintenance	149,287	21,951	356	1,615	47,690	16,191	237,090		
Taxes	-	-	-	-	-	6,654	6,654		
Travel	726,267	343,189	54,249	51,325	-	30,603	1,205,633		
Utilities and telephone	174,787	37,385	1,168	1,787	-	16,934	232,061		
Vehicle expense	120,992	55,196	2,963	5,130	-	364	184,645		
Total	\$ 10,007,300	\$ 3,879,465	\$ 438,015	\$ 151,827	\$ 151,109	\$ 837,050	\$ 15,464,766		

See accompanying notes.

**BAPTIST MEDICAL AND DENTAL MISSION
INTERNATIONAL, INC.**
Statements of Cash Flows
Years Ended September 30, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Change in net assets	\$ (1,083,478)	\$ (873,712)
Adjustment to reconcile change in net assets to net cash used in operating activities		
Depreciation	425,840	530,264
Gain on sale of property and equipment	(10,142)	(20,346)
Change in operating assets and liabilities		
Inventories	50,700	189,692
Other assets	2,869	8,054
Accounts payable and accrued expenses	(23,674)	(94,121)
Net cash used in operating activities	(637,885)	(260,169)
Cash flows from investing activities		
Proceeds from sale of property and equipment	10,142	43,968
Proceeds from maturity of certificates of deposit	-	218,805
Purchases of property and equipment	(33,420)	(127,160)
Net cash provided by (used in) investing activities	(23,278)	135,613
Cash flows from financing activities		
Borrowings (repayments) on line of credit	400,000	(100,000)
Proceeds from Paycheck Protection Program Loan	226,000	-
Net cash provided by (used in) financing activities	626,000	(100,000)
Net decrease in cash and cash equivalents	(35,163)	(224,556)
Cash and cash equivalents, beginning of year	360,140	584,696
Cash and cash equivalents, end of year	\$ 324,977	\$ 360,140

See accompanying notes.

**BAPTIST MEDICAL AND DENTAL MISSION
INTERNATIONAL, INC.**
Years Ended September 30, 2020 and 2019

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies

Nature of Activities

Baptist Medical and Dental Mission International, Inc. (the "Mission") is a nonprofit corporation organized under the laws of the state of Mississippi. It has elected tax-exempt status under Internal Revenue Code Section 501(c)(3) and is exempt from both federal and state income taxes. The Mission seeks to provide quality medical and dental care to the impoverished people of the remote villages of third-world nations and teach preventative measures to be taken to avoid disease and death. Established on Baptist Christian beliefs, the Mission's primary goal is directed toward the preaching of God's Word and the theological preparation of new preachers through established Bible institutes and churches.

The following is a summary of significant accounting policies:

Basis of Preparation

The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America, which requires the Mission to report information regarding its financial position and activities according to the following net asset classification:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Mission's management and the Board of Trustees.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Missions or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that resources be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

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 the amounts reported in the financial statements and related notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Mission considers all cash accounts, which are not subject to withdrawal restrictions or penalties and money market funds purchased with an original maturity of three months or less, to be cash equivalents.

**BAPTIST MEDICAL AND DENTAL MISSION
INTERNATIONAL, INC.**
Years Ended September 30, 2020 and 2019

NOTES TO FINANCIAL STATEMENTS

Note 1. Continued

Inventories

Donated inventories, consisting of medical supplies, pharmaceuticals and similar items, are recorded at fair market value as of the date of the gift. All other inventories purchased by the Mission are recorded at cost. Inventories are stated at the lower of cost (first-in, first-out method) or market.

Property and Equipment

Donated physical property and equipment are recorded at fair market value as of the date of the gift. All other property and equipment purchased by the Mission are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of these assets. The useful lives are estimated as follows for these assets:

Office buildings, hospitals and churches	20 – 40 years
Equipment, furniture and fixtures	5 – 7 years
Automobiles	5 years
Mission compound and improvements	10 years
Bible Institute compound and improvements	10 years

The Mission incurs maintenance costs on its property and equipment. Maintenance costs that extend the life of the asset, materially add to its value or adapt the asset to a new or different use are capitalized in property and equipment and are depreciated over their estimated useful lives. All other repair and maintenance costs are expensed as incurred.

Asset Impairments

In accordance with Accounting Standards Codification ("ASC") Topic 360, Property, Plant and Equipment, the Mission periodically evaluates whether current facts or circumstances indicate that the carrying amount of its depreciable assets to be held and used may not be recoverable. If such circumstances are determined to exist, an estimate of undiscounted future cash flows produced by the long-lived asset or the appropriate grouping of assets is compared to the carrying value to determine whether impairment exists. If an asset is determined to be impaired, the loss is measured based on the difference between the asset's fair value and its carrying value. An estimate of the asset's fair value is based on quoted market prices in active markets, if available. If quoted market prices are not available, the estimate of fair value is based on various valuation techniques, including a discounted value of estimated future cash flows. The Mission reports an asset to be disposed of at the lower of its carrying value or its estimated net realizable value.

Severance and Termination Liability

Labor laws for certain third-world nations in which the Mission operates require severance amounts to be paid by employers upon termination of employees without cause. Additionally, management's interpretation of the labor laws provides that although these amounts are payable at termination or certain other events, the employee becomes entitled to these amounts upon achieving certain employment criteria such as years of service milestones. The Mission annually evaluates the payments of severances in an effort to manage the liability.

**BAPTIST MEDICAL AND DENTAL MISSION
INTERNATIONAL, INC.**
Years Ended September 30, 2020 and 2019

NOTES TO FINANCIAL STATEMENTS

Note 1. Continued

Management of the Mission evaluated the expected ultimate obligation to pay severance to certain full-time employees and recorded a severance and termination liability of \$82,999 and \$93,801 at September 30, 2020 and 2019, respectively. This liability is included in accrued payroll and withholdings in the accompanying statement of financial position and related expenses are recognized in the accompanying statements of activities and functional expenses.

Contributions

Contributions are reported as restricted support if they are received with donor stipulations that limit the use of the contribution. When a donor's stipulated time restriction expires or the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from satisfaction of program restrictions. Donor restricted contributions, whose restrictions are met in the same reporting period, are reported as unrestricted contributions.

Contributed Services and Supplies

The Mission receives a significant amount of contributed services and medical supplies from volunteer teams that carry out its mission. The voluntary services that are recognized consist of services performed by individuals with specialized skills such as doctors, dentists, ophthalmologists, nurses, medical technicians, engineers and construction workers. Contributed services and supplies are recorded at their estimated market value in the Mission's statement of activities as contributions and expenses.

Accounting Pronouncements Not Yet Adopted

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The amendments in ASU 2014-09 will supersede the existing revenue recognition guidance under US GAAP, requiring an entity to recognize revenue when it transfers the promised goods or services to its customers at an amount that represents what the Mission expects to be entitled to in exchange for those goods or services. In May 2020, FASB issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*, which deferred the effective date of ASU 2014-09 by one year to annual reporting periods beginning after December 15, 2019, with early adoption permitted.

In March 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The standard requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition. The standard requires lessors to classify leases as either sales-type, finance or operating. A sales-type lease occurs if the lessor transfers all of the risks and rewards, as well as control of the underlying asset, to the lessee. If risks and rewards are conveyed without the transfer of control, the lease is treated as a financing lease. If the lessor does not convey risks and rewards or control, an operating lease results. In June 2020, FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*, which deferred the effective date of ASU 2016-02 to annual reporting periods beginning after December 15, 2021, with early adoption permitted.

The Mission is currently assessing the impact of adopting these ASUs and their effect on the Mission's financial position or results of operations.

**BAPTIST MEDICAL AND DENTAL MISSION
INTERNATIONAL, INC.**
Years Ended September 30, 2020 and 2019

NOTES TO FINANCIAL STATEMENTS

Note 1. Continued

Reclassification

Certain reclassifications have been made to the 2019 financial statements to conform to the 2020 financial statement presentation. The reclassification had no material effect on net assets.

Note 2. Liquidity and Availability and Going Concern

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of September 30, 2020 and 2019 include the following:

	<u>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash and cash equivalents, inclusive of net assets		
available within one year	\$ 324,977	\$ 360,140
Available borrowings online of credit	-	400,000
	<u>324,977</u>	<u>760,140</u>
Less amounts not available to be used in one year:		
Maturity of line of credit	-	400,000
Net assets donor restrictions not available		
within one year	7,530	7,530
	<u>7,530</u>	<u>407,530</u>
Financial assets available to meet		
general expenditures over 12 months	<u>\$ 317,447</u>	<u>\$ 352,610</u>

The Mission is heavily dependent upon contributed supplies, services and financial support to carry out its operations, which includes significant international travel. In carrying out these operations, the Mission has incurred deficits in operations for multiple years and has from time to time used net assets with donor restrictions to meet current cash flow needs. The Mission incurred deficits in cash flows from operating activities of \$637,885 and \$260,169 for 2020 and 2019, respectively. To fund cash flow needs, the Mission borrowed the maximum amount available under its line of credit. Additionally, as described in Note 8, the Mission obtained a Paycheck Protection Program ("PPP") Loan through the United States Small Business Administration in the amount of \$226,000. At June 30, 2021, the Mission had cash on hand of approximately \$1,304,000, including a second PPP Loan of \$226,000 (Note 8). Substantially all travels have been suspended in connection with the pandemic (Note 9). These conditions indicate that there is substantial doubt about the Mission's ability to continue as a going concern beyond one year after the date of these financial statements.

During 2020, management structured and began executing a plan to address its liquidity and pandemic operating issues, which included focusing on streamlining operations, creating virtual service environments, and increased focus on new revenue streams. Fundraising campaigns for the undesignated fund, long-term legacy gift foundation and shorter-term grants are also being developed. The Mission has implemented focused program development surrounding church-based funding and a missionary development pipeline and has obtained contribution pledges of approximately \$1.8 million during fiscal year 2021. Management believes these efforts will contribute to the continued sustainability of the Mission.

**BAPTIST MEDICAL AND DENTAL MISSION
INTERNATIONAL, INC.**
Years Ended September 30, 2020 and 2019

NOTES TO FINANCIAL STATEMENTS

Note 2. Continued

The accompanying financial statements have been prepared assuming the Mission will continue as a going concern, which contemplates continuity of operations, realization of assets and the satisfaction of liabilities in the normal course of business for the 12-month period following the date the financial statements are available to be issued. As such, the accompanying financial statements do not include any adjustments relating to the recoverability and classification of assets and their carrying amounts, or the amount and classification of liabilities that may result from the outcome of this uncertainty.

Note 3. Property and Equipment

The following is a summary of property and equipment by major classes and locations at September 30, 2020 and 2019:

	2020				
	USA	Honduras	Nicaragua	Nepal	Total
Land	\$ 90,000	\$ 301,426	\$ 227,928	\$ -	\$ 619,354
Churches	-	1,739,531	1,177,036	-	2,916,567
Office equipment, furniture and fixtures	269,391	61,992	21,207	-	352,590
Automobiles	3,046	1,171,109	499,647	14,006	1,687,808
Mission compounds	-	1,177,200	1,015,535	-	2,192,735
Bible Institute	-	340,514	-	-	340,514
Good Shepherd Christian Home	-	1,258,546	-	-	1,258,546
Guaimaca Hospital and Ministries	-	1,771,006	-	-	1,771,006
Buildings	303,488	-	529,814	-	833,302
Construction in progress	-	23,470	-	-	23,470
Total property and equipment	665,925	7,844,794	3,471,167	14,006	11,995,892
Less accumulated depreciation	427,352	5,387,804	1,946,494	10,505	7,772,155
Property and equipment, net	\$ 238,573	\$ 2,456,990	\$ 1,524,673	\$ 3,501	\$ 4,223,737

	2019				
	USA	Honduras	Nicaragua	Nepal	Total
Land	\$ 90,000	\$ 301,426	\$ 227,928	\$ -	\$ 619,354
Churches	-	1,739,531	1,160,260	-	2,899,791
Office equipment, furniture and fixtures	269,391	52,290	21,207	-	342,888
Automobiles	3,046	1,200,873	507,647	14,006	1,725,572
Mission compounds	-	1,177,200	1,015,535	-	2,192,735
Bible Institute	-	340,514	-	-	340,514
Good Shepherd Christian Home	-	1,258,546	-	-	1,258,546
Guaimaca Hospital and Ministries	-	1,771,006	-	-	1,771,006
Buildings	303,488	-	529,814	-	833,302
Construction in progress	-	2,950	13,579	-	16,529
Total property and equipment	665,925	7,844,336	3,475,970	14,006	12,000,237
Less accumulated depreciation	419,097	5,119,370	1,837,911	7,702	7,384,080
Property and equipment, net	\$ 246,828	\$ 2,724,966	\$ 1,638,059	\$ 6,304	\$ 4,616,157

**BAPTIST MEDICAL AND DENTAL MISSION
INTERNATIONAL, INC.**
Years Ended September 30, 2020 and 2019

NOTES TO FINANCIAL STATEMENTS

Note 3. Continued

Depreciation expense was \$425,840 and \$530,264 for the years ended September 30, 2020 and 2019, respectively.

Note 4. Net Assets

Net assets with donor restrictions as of September 30, 2020 and 2019 were available for the following purposes:

	2020	2019
Administrative	\$ 31,060	\$ 33,747
Missionaries	704,080	562,564
Teams	269,449	248,956
Orphanages	44,857	127,590
Hospital	2,864	2,864
Bible Institute	9,558	28,458
Food banks	23,629	18,174
	<u>\$ 1,085,497</u>	<u>\$ 1,022,353</u>

Donor restricted contributions, whose restrictions are met in the same reporting period, are reported as unrestricted contributions. Contributions recognized during the years ended September 30, 2020 and 2019 were as follows:

	2020	2019
Voluntary medical services	\$ 746,342	\$ 3,725,029
Voluntary dental services	35,080	315,640
Other specialized voluntary services	106,590	718,650
Contributed medical supplies	289,856	2,449,712
Contributed eyeglasses	19,420	127,860
Contributed Bibles	47,662	53,252
Contributed labor	3,200	9,600
Cash contributions with donor restrictions	2,770,141	5,144,870
Restricted contributions reported as unrestricted	4,018,291	12,544,613
Cash contributions without donor restrictions	685,219	992,095
Total contributions without donor restrictions	4,703,510	13,536,708
Contributions with donor restrictions	1,085,497	1,022,353
Total contributions	<u>\$ 5,789,007</u>	<u>\$ 14,559,061</u>

From time to time the operations of the Mission have resulted in negative changes in net assets without donor restrictions and, over a period, these negative operations have resulted in the Mission relying on the use of donor restricted funds to meet cash flow needs. As of September 30, 2020 and 2019, amounts needed to replenish donor restricted funds totaled approximately \$807,000 and \$740,000, respectively.

**BAPTIST MEDICAL AND DENTAL MISSION
INTERNATIONAL, INC.**
Years Ended September 30, 2020 and 2019

NOTES TO FINANCIAL STATEMENTS

Note 5. Line of Credit

The Mission maintains a line of credit agreement with a bank, which permits borrowings up to \$500,000. This line of credit was renewed in June of 2021 and will mature in March of 2022. Outstanding borrowings bear interest at a variable rate based on prime lending rate (4.75 at September 30, 2020 and 2019). The line of credit is collateralized by property and equipment. The Mission had outstanding borrowings of \$500,000 and \$100,000 on this line as of September 30, 2020 and 2019, respectively. There were no additional available borrowings at September 30, 2020.

Note 6. Concentration of Risk and Contingencies

The Mission maintains deposits at several financial institutions. Deposits at each domestic institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At September 30, 2020 and 2019, the Mission did not have any deposits in excess of insured limits held in domestic institutions. At September 30, 2020 and 2019, the Mission held cash in foreign banks of approximately \$104,000 and \$151,000, respectively, which are not subject to depositor's insurance. Changes in exchange rates could also adversely impact the financial stability of the Mission's foreign deposits.

In addition, the Mission has assets and operates in foreign countries; these countries encounter political volatility and economic instability from time to time that could affect the Mission's operations.

Note 7. Benefit Plan

The Mission has a defined contribution benefit plan (the "Plan") for employees who meet the eligibility requirements set forth in the Plan. The Plan is a simple IRA set up for each employee and covers full-time employees who have completed one year of service. Employees may defer up to \$10,000 of their compensation. The Mission is not required to make contributions to the Plan and any contributions are at the discretion of the Board. The Board elected to contribute 3 percent of compensation for the years ended September 30, 2020 and 2019. The Mission's contributions to the Plan were \$14,048 and \$16,966 for the years ended September 30, 2020 and 2019, respectively.

Note 8. Paycheck Protection Program Loan

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security ("CARES") Act was enacted to, amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the COVID-19 pandemic. Using outside legal counsel, management determined that the Mission qualified under the Paycheck Protection Program ("PPP") within the CARES Act and on April 14, 2020, the Mission received a PPP Loan which approximated \$226,000.

Current rules stipulate that some or all of the PPP Loan will be forgiven if the sum of payments made during the covered period (either the eight-week or 24-week period after the distribution date) for payroll, building rents and utilities, and state taxes, equal or exceed the PPP Loan amount. The Mission tracks all costs associated with the published forgiveness criteria and intends to submit a

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NOTES TO FINANCIAL STATEMENTS

Note 8. Continued

loan forgiveness application. As of September 30, 2020, the total PPP Loan is included in current liabilities on the accompanying consolidated statements of financial position.

The PPP Loan is subject to a 1 percent interest rate, which will only be applied if the Loan is not forgiven. Accrued interest associated with the PPP Loan has not been recorded as management believes it will be forgiven under the terms of the Loan.

Subsequent to September 30, 2020, the Mission became eligible to apply for a second round of PPP Loans ("second draw") which was created by the Economic Aid to Hard-Hit Small Businesses, Nonprofits and Venues Act ("Economic Aid Act"). The Mission applied for and received a second draw PPP Loan which approximated \$226,000 in February 2021.

Note 9. Risk and Uncertainties

On March 11, 2020, the World Health Organization declared COVID-19 to be a pandemic. In response to the pandemic, on March 14, 2020, the United States Government applied a travel ban to multiple countries and subsequently issued numerous executive orders in an effort to reduce community spread of the virus and protect America's most vulnerable citizens. As a result of the travel bans, executive orders and general response to concerns for community spread, the Mission shut down all travel beginning in 2020. As the Mission experienced substantial contributions in part raised by a group about to travel, this ban significantly curtailed contribution efforts. The Mission continues to experience increased costs associated with managing the pandemic, such as personal protective equipment and COVID-19 testing kits. The full impact of the public health crisis on the Mission cannot be estimated with any degree of certainty at this time and will depend upon the duration of the public health crisis and the response from both state and federal governments.

Note 10. Subsequent Events

The Mission has evaluated events through August 10, 2021, which is the date the financial statements were available to be issued, for events requiring recognition or disclosure in the financial statements for the year ended September 30, 2020.