



MAP INTERNATIONAL

Financial Statements  
With Independent Auditors' Report

September 30, 2011 and 2010

# MAP INTERNATIONAL

## Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	4
Statements of Cash Flows	6
Statement of Functional Expenses–2011	8
Statement of Functional Expenses–2010	9
Notes to Financial Statements	10

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
MAP International  
Brunswick, Georgia

We have audited the accompanying statements of financial position of MAP International as of September 30, 2011 and 2010, and the related statements of activities, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of the organization's management. 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MAP International as of September 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

As discussed in Note 14 to the financial statements, effective October 1, 2010, MAP International adopted FASB Accounting Standards Update No. 2010-06, *Improving Disclosures about Fair Value Measurements*.

*Capin Crouse LLP*

Atlanta, Georgia  
January 9, 2012

# MAP INTERNATIONAL

## Statements of Financial Position

September 30,								
2011					2010			
	Operating	Specified Time or Purpose	Endowment	Total	Operating	Specified Time or Purpose	Endowment	Total
ASSETS:								
Cash and cash equivalents	\$ 216,495	\$ 584,083	\$ -	\$ 800,578	\$ 320,567	\$ 777,816	\$ -	\$ 1,098,383
Accounts receivable–net	255,485	-	-	255,485	165,669	-	-	165,669
Other receivable	45,781	-	-	45,781	70,080	-	-	70,080
Pledges receivable–net	-	8,694	-	8,694	-	45,877	-	45,877
Inventory:				-				-
Purchased	276,474	-	-	276,474	618,156	-	-	618,156
Donated	22,867,817	7,259,342	-	30,127,159	46,746,783	5,688,594	-	52,435,377
Prepaid expenses and other assets	180,212	-	-	180,212	180,085	-	-	180,085
Investments	-	396,792	3,823,445	4,220,237	50,000	426,424	3,866,633	4,343,057
Property and equipment–net	6,702,798	-	-	6,702,798	7,003,306	-	-	7,003,306
Interfund balances	(489,027)	537,302	(48,275)	-	(107,403)	198,866	(91,463)	-
Total Assets	<u>\$ 30,056,035</u>	<u>\$ 8,786,213</u>	<u>\$ 3,775,170</u>	<u>\$ 42,617,418</u>	<u>\$ 55,047,243</u>	<u>\$ 7,137,577</u>	<u>\$ 3,775,170</u>	<u>\$ 65,959,990</u>

(continued)

See notes to financial statements

# MAP INTERNATIONAL

## Statements of Financial Position (continued)

	September 30,							
	2011				2010			
	Specified Time		Endowment	Total	Specified Time		Endowment	Total
	Operating	or Purpose			Operating	or Purpose		
LIABILITIES AND NET ASSETS:								
Liabilities:								
Accounts payable	\$ 83,563	\$ -	\$ -	\$ 83,563	\$ 141,586	\$ -	\$ -	\$ 141,586
Deposits	104,473	-	-	104,473	84,252	-	-	84,252
Accrued expenses	902,653	-	-	902,653	1,092,891	-	-	1,092,891
Notes and loans payable	4,021,206	-	-	4,021,206	3,948,731	-	-	3,948,731
Annuities and trust payable	-	270,888	-	270,888	-	359,067	-	359,067
	5,111,895	270,888	-	5,382,783	5,267,460	359,067	-	5,626,527
Net assets:								
Unrestricted	24,944,140	68,513	-	25,012,653	49,779,783	61,628	-	49,841,411
Temporarily restricted	-	8,446,812	-	8,446,812	-	6,716,882	-	6,716,882
Permanently restricted	-	-	3,775,170	3,775,170	-	-	3,775,170	3,775,170
	24,944,140	8,515,325	3,775,170	37,234,635	49,779,783	6,778,510	3,775,170	60,333,463
Total Liabilities and Net Assets	\$ 30,056,035	\$ 8,786,213	\$ 3,775,170	\$ 42,617,418	\$ 55,047,243	\$ 7,137,577	\$ 3,775,170	\$ 65,959,990

See notes to financial statements

# MAP INTERNATIONAL

## Statements of Activities

Year Ended September 30,								
2011				2010				
Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
SUPPORT AND REVENUE:								
Contributions	\$ 4,396,686	\$ 1,477,623	\$ -	\$ 5,874,309	\$ 4,130,002	\$ 2,194,228	\$ -	\$ 6,324,230
Donated inventory	111,653,045	19,788,143	-	131,441,188	165,785,674	33,254,360	-	199,040,034
Donated property and equipment	2,808	-	-	2,808	-	-	-	-
Donated securities and other assets	45,548	-	-	45,548	31,172	-	-	31,172
Government grants	580,457	-	-	580,457	911,174	-	-	911,174
Handling charges and service fees	2,415,208	-	-	2,415,208	3,090,051	-	-	3,090,051
Investment income	37,820	(11,577)	-	26,243	99,537	46,458	-	145,995
Other revenue	79,962	-	-	79,962	15,438	-	-	15,438
Total Support and Revenue	119,211,534	21,254,189	-	140,465,723	174,063,048	35,495,046	-	209,558,094
RECLASSIFICATIONS:								
Net assets released from restrictions	19,524,259	(19,524,259)	-	-	43,693,987	(43,693,987)	-	-

(continued)

See notes to financial statements

# MAP INTERNATIONAL

## Statements of Activities (continued)

	Year Ended September 30,							
	2011				2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
EXPENSES:								
Program services:								
Essential medicine distribution	128,799,093	-	-	128,799,093	207,358,687	-	-	207,358,687
Disaster and disease management	1,199,653	-	-	1,199,653	23,540,709	-	-	23,540,709
Community health development	30,681,293	-	-	30,681,293	27,715,830	-	-	27,715,830
	160,680,039	-	-	160,680,039	258,615,226	-	-	258,615,226
Supporting activities:								
General and administrative	484,955	-	-	484,955	604,585	-	-	604,585
Fund-raising	2,399,557	-	-	2,399,557	2,670,587	-	-	2,670,587
	2,884,512	-	-	2,884,512	3,275,172	-	-	3,275,172
Total Expenses	163,564,551	-	-	163,564,551	261,890,398	-	-	261,890,398
Change in Net Assets	(24,828,758)	1,729,930	-	(23,098,828)	(44,133,363)	(8,198,941)	-	(52,332,304)
Net Assets, Beginning of Year	49,841,411	6,716,882	3,775,170	60,333,463	93,974,774	14,915,823	3,775,170	112,665,767
Net Assets, End of Year	\$ 25,012,653	\$ 8,446,812	\$ 3,775,170	\$37,234,635	\$ 49,841,411	\$ 6,716,882	\$ 3,775,170	\$ 60,333,463

See notes to financial statements

# MAP INTERNATIONAL

## Statements of Cash Flows

	Year Ended September 30,	
	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (23,098,828)	\$ (52,332,304)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Donated inventory	(131,441,188)	(199,040,034)
Distributed inventory	153,749,406	250,947,145
Donated securities, property, equipment, and other assets	(48,356)	(31,172)
Depreciation	410,277	489,440
Gain on sale of property and equipment	(37,632)	11,297
Net realized and unrealized (gains) losses on investments	164,884	(81,353)
Net realized and unrealized gains on annuities	18,300	(10,221)
Actuarial change in value of annuities	(61,907)	51,238
Changes in operating assets and liabilities:		
Accounts and other receivables	(65,517)	206,123
Pledges receivable	37,183	104,678
Purchased inventory	341,682	(3,201)
Prepaid expenses and other assets	(127)	55,646
Accounts payable and deposits	(37,802)	(574,950)
Accrued expenses	(190,238)	494,856
Net Cash Provided (Used) by Operating Activities	(259,863)	287,188
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of investments	8,580,000	7,716,614
Purchases of investments	(8,594,816)	(7,361,061)
Proceeds from the sale of property and equipment	44,124	9,724
Purchases of property and equipment	(113,453)	(57,154)
Net Cash Provided (Used) by Investing Activities	(84,145)	308,123

(continued)

See notes to financial statements



# MAP INTERNATIONAL

## Statements of Cash Flows (continued)

	Year Ended September 30,	
	2011	2010
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from issuance of annuities	36,261	4,817
Payments on annuities	(62,533)	(61,171)
Repayments on notes payable borrowings	(127,525)	(351,269)
Repayments on capital leases	-	(3,481)
Borrowings on lines of credit	300,000	500,000
Repayments on lines of credit	(100,000)	(600,000)
Net Cash Provided (Used) by Financing Activities	46,203	(511,104)
Net Change in Cash and Cash Equivalents	(297,805)	84,207
Cash and Cash Equivalents, Beginning of Year	1,098,383	1,014,176
Cash and Cash Equivalents, End of Year	<u>\$ 800,578</u>	<u>\$ 1,098,383</u>
<b>SUPPLEMENTAL DISCLOSURES:</b>		
Cash paid for interest	<u>\$ 138,944</u>	<u>\$ 190,884</u>
<b>NONCASH INVESTING ACTIVITIES:</b>		
Donated securities and other assets	<u>\$ 45,548</u>	<u>\$ 31,172</u>
Donated property and equipment	<u>\$ 2,808</u>	<u>\$ -</u>
<b>NONCASH FINANCING ACTIVITIES:</b>		
Cash paid directly to lender by bank for satisfaction of debt	<u>\$ -</u>	<u>\$ 3,500,000</u>

See notes to financial statements

# MAP INTERNATIONAL

## Statement of Functional Expenses

Year Ended September 30, 2011

	Program Services				Supporting Services			
	Essential Medicine Distribution	Disaster and Disease Management	Community Health Development	Total Program Services	General and Administrative	Fund-raising	Total Supporting Services	Total
EXPENSES:								
Distributed inventory	\$ 126,418,912	\$ 661,122	\$ 26,669,372	\$ 153,749,406	\$ -	\$ -	\$ -	\$ 153,749,406
Cost of goods distributed	711,307	3,720	150,058	865,085	-	-	-	865,085
Freight	210,007	1,098	44,303	255,408	-	3,215	3,215	258,623
Personnel:								
Salaries and wages	686,528	168,107	1,396,205	2,250,840	173,702	731,574	905,276	3,156,116
Employee benefits	203,093	48,321	406,407	657,821	46,440	171,442	217,882	875,703
Outside services	71,388	41,609	334,722	447,719	68,880	256,001	324,881	772,600
Travel	39,447	8,785	242,405	290,637	35,298	133,226	168,524	459,161
Supplies	49,860	6,648	109,692	166,200	10,624	14,058	24,682	190,882
Conferences and meetings	16,031	484	324,138	340,653	35,287	32,960	68,247	408,900
Grants	-	17,500	404,600	422,100	-	-	-	422,100
Printing and publications	21,540	221	68,850	90,611	14,566	658,982	673,548	764,159
Postage	3,473	105	13,383	16,961	2,925	152,378	155,303	172,264
Equipment rental and repair	45,869	81,283	174,563	301,715	33,541	88,803	122,344	424,059
Telephone	15,546	4,155	58,784	78,485	12,005	32,819	44,824	123,309
Occupancy	9,541	79,462	91,101	180,104	6,089	5,205	11,294	191,398
Interest	28,778	150	57,192	86,120	8,116	44,706	52,822	138,942
Insurance	40,890	25,584	30,938	97,412	6,639	6,133	12,772	110,184
Depreciation	190,249	51,107	100,787	342,143	30,081	38,053	68,134	410,277
Miscellaneous	36,634	192	3,793	40,619	762	30,002	30,764	71,383
Total Expenses	\$ 128,799,093	\$ 1,199,653	\$ 30,681,293	\$ 160,680,039	\$ 484,955	\$ 2,399,557	\$ 2,884,512	\$ 163,564,551

See notes to financial statements

# MAP INTERNATIONAL

## Statement of Functional Expenses

Year Ended September 30, 2010

	Program Services				Supporting Services			
	Essential Medicine Distribution	Disaster and Disease Management	Community Health Development	Total Program Services	General and Administrative	Fund-raising	Total Supporting Services	Total
EXPENSES:								
Distributed inventory	\$ 205,023,817	\$ 22,334,296	\$ 23,589,032	\$ 250,947,145	\$ -	\$ -	\$ -	\$ 250,947,145
Cost of goods distributed	622,821	67,847	71,659	762,327	-	-	-	762,327
Freight	238,191	28,441	28,244	294,876	-	7,799	7,799	302,675
Personnel:								
Salaries and wages	674,636	260,937	1,292,050	2,227,623	200,573	601,130	801,703	3,029,326
Employee benefits	237,567	82,696	405,098	725,361	60,889	181,345	242,234	967,595
Outside services	78,363	203,031	315,525	596,919	85,262	414,643	499,905	1,096,824
Travel	32,923	37,600	186,794	257,317	28,419	82,044	110,463	367,780
Supplies	-	119,470	183,321	302,791	14,836	9,066	23,902	326,693
Conferences and meetings	15,556	2,837	424,312	442,705	33,828	25,047	58,875	501,580
Grants	-	30,839	364,426	395,265	-	-	-	395,265
Printing and publications	20,955	7,331	38,066	66,352	6,756	899,102	905,858	972,210
Postage	3,712	1,081	4,237	9,030	1,657	195,456	197,113	206,143
Equipment rental and repair	37,589	221,431	172,023	431,043	34,397	76,193	110,590	541,633
Telephone	17,291	10,845	51,041	79,177	16,530	24,689	41,219	120,396
Occupancy	47,615	14,319	113,989	175,923	2,897	30,191	33,088	209,011
Interest	48,482	5,281	67,696	121,459	29,512	39,911	69,423	190,882
Insurance	33,244	32,975	25,602	91,821	19,476	5,133	24,609	116,430
Depreciation	176,965	74,028	140,574	391,567	51,840	46,033	97,873	489,440
Miscellaneous	48,960	5,424	242,141	296,525	(1,057)	51,575	50,518	347,043
Total Expenses	\$ 207,358,687	\$ 23,540,709	\$ 27,715,830	\$ 258,615,226	\$ 585,815	\$ 2,689,357	\$ 3,275,172	\$ 261,890,398

See notes to financial statements

# MAP INTERNATIONAL

## Notes to Financial Statements

September 30, 2011 and 2010

1. NATURE OF ORGANIZATION:

MAP International (MAP), founded as Medical Assistance Programs, was incorporated in 1965 in Illinois as a nonprofit corporation. MAP's purpose is to promote the total health of people living in the world's impoverished communities through its offices in the United States, Bolivia, Ecuador, Honduras, Uganda, Cote D'Ivoire, Ghana and Kenya. MAP promotes access to health services and essential medicines in more than 130 countries. MAP's operations depend upon gifts-in-kind, which include donated medicines, equipment, and supplies primarily from pharmaceutical companies, as well as cash contributions received from individuals, churches, organizations, foundations, and corporations.

MAP works with partners to accomplish its objectives through the promotion of essential medicines, prevention and eradication of disease, and community health services. These primary activities are described below:

Essential Medicine Distribution—MAP provides critical life-saving medications that are always in short supply in impoverished countries with limited health care. Medicines and medical supplies are provided to hospitals, clinics, refugee centers, and physicians in other countries as they are needed. In addition, MAP's specially designed travel packs are used by Christian health personnel and mission groups on short-term missions and include an assortment of some of the most critically needed medicines and supplies. MAP also provides medicines and supplies for rapid response to humanitarian emergencies around the world and, at times, in the United States.

Disaster and Disease Management—MAP's programs provide vital medicines, educational materials, and training to aid in the treatment and prevention of diseases. MAP provides a variety of disease prevention and eradication programs, including the award winning indigenous church-based HIV/AIDS education and prevention programs that benefit communities in Latin America and Africa.

Community Health Development—Total health training workshops teach medical, cultural, and biblical principles of health in remote, rural areas from the Amazon to Kenya. The MAP International Fellowship provides opportunities for medical students to serve short-term missions in Christian hospitals around the world. The Total Health Village (THV50-40-10®) Strategy is low cost, high impact way to achieve the millennium development goals that empower communities to solve their own problems.

MAP is classified as a publicly supported organization, which is not a private foundation under Section 509(a)(1) of the Internal Revenue Code (Code) and is exempt from federal income taxes under Section 501(a) as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Contributions to MAP are tax-deductible within the limitations prescribed by the Code.

MAP is also exempt from state franchise and income taxes under Sections 105-130.11(3) of the General Statutes of Georgia.

# MAP INTERNATIONAL

## Notes to Financial Statements

September 30, 2011 and 2010

1. NATURE OF ORGANIZATION, continued:

MAP also controls a separate Illinois nonprofit corporation, Upward, Inc. (Upward). Upward is classified as a publicly supported organization, is not a private foundation under Section 509(a)(3) of the Code, and is exempt from federal income taxes under Section 501(a) as an organization described in Section 501(c)(3) of the Code. Upward is organized exclusively for the benefit of and to support the charitable purposes of MAP. Upward had no operating activities during the years ended September 30, 2011 and 2010.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of MAP have been prepared on the accrual basis of accounting. The significant accounting policies followed are described herein to enhance the usefulness of the financial statements to the reader.

### RECLASSIFICATION

Certain information from the prior year financial statements has been reclassified to conform to the current year presentation format.

### ESTIMATES

The preparation of the financial statements, in conformity with accounting principles generally accepted in the United States, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### CASH AND CASH EQUIVALENTS

Cash includes petty cash; checking, savings, and money market accounts; and certificates of deposit with original maturity dates of less than three months held in both United States and foreign accounts. For United States' accounts, these accounts may, at times, exceed federally insured limits. MAP has not experienced any losses on such accounts, and management believes they are not exposed to any significant credit risk associated with United States based cash and cash equivalents. Foreign cash accounts are under the control of MAP, but it should be noted that the political situation in many countries is subject to rapid change. Therefore, the reader should be aware that while management believes the assets are properly stated at the date of this report, subsequent changes could occur that would adversely affect the value of the assets in other countries. Total cash and cash equivalents held in foreign accounts amounted to \$319,219 and \$441,876 at September 30, 2011 and 2010, respectively.

### FOREIGN CURRENCY TRANSLATION

As mentioned above, MAP operates in seven foreign field offices using local currency. Current assets and liabilities for these offices are translated at the exchange rates effective at the end of the year. Long-term assets and liabilities are translated at historic exchange rates. Amounts in the statements of activities are translated at the actual exchange rates in effect when funds are transferred from the home office to the field. Currency translation adjustments of \$22,155 and \$(45,541) for the years ended September 30, 2011 and 2010, respectively, are included in the statements of activities.

# MAP INTERNATIONAL

## Notes to Financial Statements

September 30, 2011 and 2010

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### ACCOUNTS RECEIVABLE

Accounts receivable includes billings for service fees and handling charges and is reported net of any anticipated losses due to uncollectible accounts. Foreign field receivables consist primarily of amounts due to MAP under a cost-reimbursement private grant. MAP's policy for determining when receivables are past due or delinquent is 30 days after invoicing. Uncollectible accounts are reported as additions to the allowance for bad debts when it is determined the amounts are uncollectible. Payments received from nonaccrual receivables are credited to appropriate receivable accounts.

The allowance for doubtful accounts is maintained at a level which, in management's judgment, is adequate to absorb potential losses inherent in the receivable portfolio. The amount of the allowance is based on management's evaluation of collectability of the receivable portfolio including the nature of the portfolio, trends in historical loss experience, specific impaired accounts, and economic conditions. An allowance for uncollectible accounts has been provided for in the amounts of \$645 and \$3,306 as of September 30, 2011 and 2010, respectively.

#### PLEDGES RECEIVABLE

Pledges receivable include unconditional promises made by donors wherein the donor has unconditionally promised to contribute funds to MAP in future periods. Unconditional promises expected to be collected within one year are recorded as support and a receivable at net realizable value. Unconditional promises expected to be collected in future years are recorded as support and a receivable at the present value of expected future cash flows. Discounts on those amounts are computed using risk-free, interest rates applicable to the years in which the promises are received, ranging from 2.90% to 5.0%. Amortization of discounts is included in contribution revenue. Conditional promises are not included as support until the conditions are substantially met.

#### INVENTORY

Inventory consists of purchased and donated medical products and supplies. Purchased inventory is stated at the lower of cost or market. Cost is determined using the average cost method. Donated inventory is stated at its estimated fair value on the date of receipt as disclosed below in support and revenue. Thereafter it is stated at the lower of cost or market. Inventory cost is expensed when goods are shipped. Management periodically evaluates the net realizable value of all inventory to ensure that any impairments are recognized in the period in which they are incurred. MAP recognized total inventory held in foreign locations amounts to \$156,129 and \$289,755 at September 30, 2011 and 2010, respectively.

#### INVESTMENTS

Investments in equity and debt securities with readily determinable fair values are reported at fair value. Gains and losses (including unrealized) are reported in the statements of activities as other revenue. Donated investments are recorded at market value on the date of donation and thereafter carried in accordance with the above provisions.

# MAP INTERNATIONAL

## Notes to Financial Statements

September 30, 2011 and 2010

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### ENDOWMENT FUNDS

Endowment funds represent assets and net assets that are subject to permanent restriction by gift instruments as prescribed by donors. The principal amount, based on historical gift value of each endowment, is to be maintained permanently. The income derived from each permanent endowment is allocated to the unrestricted or temporarily restricted revenue per the donor's specifications.

During 1997, MAP elected to initiate an interfund borrowing from an endowment fund to an unrestricted fund in the amount of \$1.55 million. The purpose of this interfund borrowing was to reduce interest expense associated with external debt. As of September 30, 2011 and 2010, the endowment interfund borrowing balances was \$200,000 for both years, respectively.

#### PROPERTY AND EQUIPMENT

Items purchased as property, plant, and equipment are recorded at historical cost. Donated items are recorded at fair market value on the date of the gift. Depreciation of buildings, equipment, furniture, and fixtures are computed using the straight-line method over the estimated useful lives of the assets, ranging from three to thirty-nine. MAP capitalizes all items greater than \$1,000 for the United States and foreign locations except for infrequent instances where field offices capitalize long-lived items with a lower value.

#### ANNUITIES PAYABLE

MAP has issued charitable gift annuity agreements. Under these agreements, a donor contributes assets to MAP in exchange for the right to receive a fixed dollar annual return during the donor's lifetime. A portion of the transfer is considered to be a charitable contribution for income tax purposes. The difference between the amount provided for the gift annuity and the liability for future payments, determined on an actuarial basis, is recognized as a contribution at the date of the gift. The annuity liability is revalued annually using a discount rate established at the inception of the agreement and appropriate actuarial assumptions. Actuarial changes and annuity payments are reported as change in value of annuities within other revenue in the statements of activities.

#### REVOCABLE TRUST

As trustee, MAP administers a revocable (grantor) trust that provides for a beneficial interest to MAP at the grantor's death. The principal amounts provided are recorded as liabilities because the trusts are revocable at the discretion of the grantor. Trust income, deductions, and credits are reportable by the grantor for tax purposes. At the grantor's death, the remaining trust assets will be recorded as contribution support. The trust was revoked during the 2011 fiscal year.

# MAP INTERNATIONAL

## Notes to Financial Statements

September 30, 2011 and 2010

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### NET ASSETS

The financial statements report amounts by classification of net assets:

*Unrestricted net assets* are currently available for purposes under the direction of the board, designated by the board, resources invested in property and equipment, or held as annuity reserves.

*Temporarily restricted net assets* are contributed with donor stipulations for specific operating purposes or programs, with time restrictions, or not currently available for use until commitments regarding their use have been fulfilled.

*Permanently restricted net assets* are contributed with donor restrictions that the principal remain in perpetuity with only the income available as unrestricted or temporarily restricted, per endowment agreements.

#### SUPPORT, REVENUE, AND RECLASSIFICATIONS

Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of donated assets is transferred to MAP. Gifts-in-kind (including inventory, securities, property, and equipment) are recorded at fair value at the date of the gift.

Contributions other than gifts-in-kind are primarily cash contributions that are derived from ongoing fund-raising. All contributions are considered to be available for unrestricted use unless specifically designated by the donor. Bequests are recorded as income at the time MAP has an established right to the bequest and the proceeds are measurable.

Donated inventory (consisting of medicines and medical supplies) is recorded as inventory and contribution revenue at its estimated fair value at the date of donation, taking into consideration inventory condition and utility for use. All donated inventory is received from private organizations and is considered to be unrestricted support unless the inventory explicitly contains donor restrictions. MAP only records the value of donated inventory in which they were either the original recipient of the gift, were involved in partnership with another organization for distribution internationally, or used in MAP's programs.

MAP determines estimated fair value in accordance with fair value measurement accounting standards using research for a sample of the top 100 items received. The items are evaluated based on their nature (whether generic or branded pharmaceuticals), their quantity, and their source (including whether or not they are FDA approved) using average sales price information using an exit price notion in the primary or most advantageous market. The research is reviewed by senior management and approved by the board of directors. The top 100 items received by wholesale value constituted 84% and 88% of the total gifts in kind received for the years ended September 30, 2011 and 2010, respectively.



# MAP INTERNATIONAL

## Notes to Financial Statements

September 30, 2011 and 2010

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### SUPPORT, REVENUE, AND RECLASSIFICATIONS, continued

For remaining inventory items, the researched fair value of the top 100 items is compared with data published in the Redbook®, published by Thomson PDR, which provides Average Wholesale Price (AWP). Recognizing that AWP is more reflective of a list price rather than market based transaction prices, MAP has applied the differential with Red Book AWP identified in the top 100 study to extrapolate to all other donated items resulting in a discount applied to AWP values of fifty and thirty percent for the years ended September 30, 2011 and 2010, respectively.

For items not listed in Redbook®, MAP utilizes other published resources and inputs and reduced said values by an average of fifty and thirty percent, respectively, for the years ended September 30, 2011 and 2010. For non-FDA deworming medicines MAP uses an average of international market prices to determine fair value.

When MAP receives donated inventories with specific geographic or purpose restrictions, they are recognized as temporarily restricted contributions. Donor restrictions are satisfied, and donated inventory is released from restriction and reclassified as unrestricted, when the donated product has been shipped. Donated inventories received with conditions, such as the provision that they cannot be distributed within the United States, are considered limitations rather than purpose restrictions; therefore, they are reported as unrestricted contributions.

Donated property and equipment are recorded as temporarily restricted if donors stipulate how or how long the asset must be used. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

The accompanying financial statements do not recognize the value of donated services as such services do not meet the recognition requirements under the *Contributed Services* topic of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC); however, a substantial number of volunteers have donated significant amounts of their time to MAP's program services. During the years ended September 30, 2011 and 2010, management estimated that volunteers donated over 2,547 and 3,070 hours to MAP, respectively.

Service fee revenues, including handling charges, are received primarily from organizations and mission boards to offset administrative costs for distribution of donated inventory and covers only a portion of total operating costs. Service fee revenue is recognized when the inventory is shipped to a recipient.

MAP reports contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. A donor restriction expires when the stipulated time restriction ends or purpose restriction is accomplished. Temporarily restricted net assets are then reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

# MAP INTERNATIONAL

## Notes to Financial Statements

September 30, 2011 and 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

### EXPENSES

Expenses are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing various program services and supporting activities of MAP have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

### UNCERTAIN TAX POSITIONS

The financial statement effects of a tax position taken or expected to be taken are recognized in the combined financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the combined statements of activities. As of September 30, 2011 and 2010, MAP had no uncertain tax positions that qualify for recognition or disclosure in the combined financial statements.

3. ACCOUNTS RECEIVABLE–NET:

Accounts receivable–net consist of:

	September 30,	
	2011	2010
Trade receivables	\$ 81,332	\$ 100,908
Foreign field receivables	174,798	68,067
	256,130	168,975
Less allowance for uncollectible accounts	(645)	(3,306)
	<u>\$ 255,485</u>	<u>\$ 165,669</u>

# MAP INTERNATIONAL

## Notes to Financial Statements

September 30, 2011 and 2010

4. PLEDGES RECEIVABLE–NET:

Pledges receivable–net consist of:

	September 30,	
	2011	2010
Unconditional promises receivable (pledges) before unamortized discount	\$ 104,680	\$ 114,680
Less allowance for doubtful accounts	(92,680)	(62,936)
Less unamortized discount	(3,306)	(5,867)
	<u>\$ 8,694</u>	<u>\$ 45,877</u>
Pledges are due to be collected as follows:		
Less than one year	\$ 5,023	\$ 16,657
One to five years	3,671	29,220
	<u>\$ 8,694</u>	<u>\$ 45,877</u>

5. INVESTMENTS:

Investments consist of:

	September 30,	
	2011	2010
Cash and cash equivalents	\$ 360,912	\$ 292,372
Certificates of deposit	-	50,000
Marketable securities	1,113,758	2,019,944
Mutual funds	2,745,567	1,980,741
	<u>\$ 4,220,237</u>	<u>\$ 4,343,057</u>

# MAP INTERNATIONAL

## Notes to Financial Statements

September 30, 2011 and 2010

5. INVESTMENTS, continued:

Investments consist of:

	September 30,	
	2011	2010
Operating	\$ -	\$ 50,000
Specified time or purpose:		
Annuity funds	396,792	393,694
Funds held for loan repayment	-	32,730
	<u>396,792</u>	<u>476,424</u>
Endowment	<u>3,823,445</u>	<u>3,866,633</u>
	<u>\$ 4,220,237</u>	<u>\$ 4,343,057</u>

Investment income consists of:

	Year Ended September 30,	
	2011	2010
Unrestricted:		
Interest and dividends	\$ 76,562	\$ 75,697
Net realized losses	(4,396)	(48,417)
Net unrealized gains	<u>(34,346)</u>	<u>72,257</u>
	<u>\$ 37,820</u>	<u>\$ 99,537</u>
Temporarily restricted:		
Interest and dividends	\$ 45,737	\$ 22,626
Net realized losses	(15,503)	(7,626)
Net unrealized gains	<u>(41,811)</u>	<u>31,458</u>
	<u>\$ (11,577)</u>	<u>\$ 46,458</u>

# MAP INTERNATIONAL

## Notes to Financial Statements

September 30, 2011 and 2010

### 6. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net consist of:

	September 30, 2011		
	United States	Foreign	Total
Land and improvements	\$ 702,036	\$ 82,500	\$ 784,536
Building and improvements	5,377,001	381,693	5,758,694
Equipment	1,840,626	773,289	2,613,915
	7,919,663	1,237,482	9,157,145
Less accumulated depreciation	(1,747,842)	(706,505)	(2,454,347)
	<u>\$ 6,171,821</u>	<u>\$ 530,977</u>	<u>\$ 6,702,798</u>

	September 30, 2010		
	United States	Foreign	Total
Land and improvements	\$ 702,036	\$ 82,500	\$ 784,536
Building and improvements	5,377,001	360,800	5,737,801
Equipment	1,839,440	846,868	2,686,308
	7,918,477	1,290,168	9,208,645
Less accumulated depreciation	(1,394,586)	(833,249)	(2,227,835)
Construction in progress	-	22,496	22,496
	<u>\$ 6,523,891</u>	<u>\$ 479,415</u>	<u>\$ 7,003,306</u>

Net equity in property and equipment consists of:

	September 30,	
	2011	2010
Property and equipment—net	\$ 6,702,798	\$ 7,003,306
Less related debt (includes capital lease obligation)	(3,321,206)	(3,448,731)
	<u>\$ 3,381,592</u>	<u>\$ 3,554,575</u>

# MAP INTERNATIONAL

## Notes to Financial Statements

September 30, 2011 and 2010

6. PROPERTY AND EQUIPMENT—NET, continued:

Management has reviewed the assets in other countries and, in its opinion, has determined they are under the control of MAP. For this reason, such items are recognized as assets of MAP. It should be noted that the political situation in many countries is subject to rapid change. Therefore, the reader should be aware that while management believes the assets are properly stated at the date of this report, subsequent changes could occur that would adversely affect the value of the assets in other countries. In addition, it should be understood that the assets in other countries may not be representative of the amount that would be realized should the assets be sold. Many of the assets were designed to carry out the specific programs of MAP, and they might have limited resale potential.

7. NOTES AND LOANS PAYABLE:

Notes and loans payable consist of:

	September 30,	
	2011	2010
Note payable, secured by deed and inventory, with monthly payments on principal and interest of \$20,050. Interest is charged at a variable rate based upon LIBOR not to exceed 6.00% and adjusted periodically as the rate changes (effective rate September 30, 2011 and 2010, was 3.25% and 3.31%, respectively). Unpaid principal and interest due in April of 2020. The note has a compensating balance requirement of \$250,000.	\$ 3,321,206	\$ 3,448,731
Line of credit approved up to \$750,000, collateralized by security deed and inventory. Interest payable monthly at a variable rate based upon LIBOR (effective rate September 30, 2011 and 2010, was 3.75% and 3.81%, respectively). The note is due on March of 2013.	700,000	500,000
	<u>\$ 4,021,206</u>	<u>\$ 3,948,731</u>

Maturities of notes and loans payable are as follows:

<u>Years Ending September 30,</u>	<u>Amounts</u>
2012	\$ 818,070
2013	122,575
2014	127,252
2015	132,106
2016	137,147
Thereafter	<u>2,684,056</u>
	<u>\$ 4,021,206</u>

# MAP INTERNATIONAL

## Notes to Financial Statements

September 30, 2011 and 2010

### 8. ANNUITIES AND TRUST PAYABLE:

Annuities payable represent the present value of future payments to annuitants. Annuity liabilities are computed using federal income tax mortality rate tables and charitable mid-term rates published by the Internal Revenue Service at the inception of the agreement. Annuities and trust payable consist of:

	September 30,	
	2011	2010
Annuities payable—current portion	\$ 65,104	\$ 60,734
Annuities payable—net of current portion	205,784	278,333
	<u>270,888</u>	<u>339,067</u>
Revocable trust	-	20,000
	<u>\$ 270,888</u>	<u>\$ 359,067</u>
	Year Ended September 30,	
	2011	2010
Change in value of annuities:		
Interest and dividends	\$ 11,867	\$ 9,975
Net realized losses	(1,870)	(38,289)
Net unrealized gains	(14,311)	9,472
Annuity payments	(62,533)	(61,171)
Fees	(2,119)	(996)
Terminated annuities	78,336	1,276
Actuarial change	<u>61,907</u>	<u>51,238</u>
	<u>\$ 71,277</u>	<u>\$ (28,495)</u>

# MAP INTERNATIONAL

## Notes to Financial Statements

September 30, 2011 and 2010

### 9. NET ASSETS:

Net assets consist of:

	September 30,	
	2011	2010
Unrestricted net assets:		
Operating	\$ (1,305,269)	\$ (521,575)
Donated inventory	22,867,817	46,746,783
Designated for minimum state required annuity reserves	68,513	61,628
Net equity in property and equipment	3,381,592	3,554,575
	<u>25,012,653</u>	<u>49,841,411</u>
Temporarily restricted net assets:		
Donated inventory	7,259,342	5,688,594
Pledges receivable	8,694	45,877
Special projects	954,797	819,380
Relief	223,979	163,031
	<u>8,446,812</u>	<u>6,716,882</u>
Permanently restricted:		
MAP program activities endowment	2,561,443	2,561,443
MAP International Fellowship endowment	1,213,727	1,213,727
	<u>3,775,170</u>	<u>3,775,170</u>
	<u>\$ 37,234,635</u>	<u>\$ 60,333,463</u>

### 10. GIFTS-IN-KIND:

MAP receives donations of medicine and supplies for use in relief and development programs. MAP ships all such gifts-in-kind to similar not-for-profit organizations for ultimate distribution throughout the world.

For the years ended September 30, 2011 and 2010, MAP distributed donated inventory totaling \$153,749,406 and \$250,947,145, respectively. For the year ended September 30, 2011, \$146,725,047 of donated inventory was delivered to MAP before being distributed and the remaining amount of \$7,024,349 was shipped directly from the donor to the organizations. For the year ended September 30, 2010, \$247,215,246 of donated inventory was delivered to MAP before being distributed and the remaining amount of \$3,731,899 was shipped directly from the donor to the organizations.

In accordance with Interagency Standards established by the Accord Network, MAP only records the value of gifts-in-kind for which it receives and exercises variance power, which is the discretion to distribute or redistribute the commodity without the donor's prior consent in accordance with its mission and purpose.



# MAP INTERNATIONAL

## Notes to Financial Statements

September 30, 2011 and 2010

### 11. EMPLOYEE BENEFIT PLANS:

MAP offers its full-time, permanent employees health, life, and disability insurance plans. MAP also has a defined contribution retirement plan (Plan) covering substantially all of its employees. The Plan consists of three components: (1) MAP's variable contribution, (2) employee deferred contributions to the Plan, and (3) employer matching components. Employees are eligible to participate in the Plan immediately upon employment. MAP's Plan began operations in accordance with the "safe harbor" provisions of section 401(k)(12) of the Internal Revenue Code. Under "safe harbor" eligibility, variable contribution and matching programs begins after one year of service with full vesting of employer contributions occurring immediately. For the year ending September 30, 2010, MAP made variable contributions of 3% of eligible employee's salary through December 31, 2010 and suspended variable contributions for the remainder of the year. MAP made no matching contributions during the years ended September 30, 2011 and 2010. Fiduciaries of the Plan include MAP officers as Trustees and Administrator and Manufacturers Life Insurance Company as Investment Manager or Custodian. Amounts contributed by MAP to the Plan during the years ended September 30, 2011 and 2010, were \$-0- and \$21,157, respectively.

### 12. COMMITMENTS:

#### OPERATING LEASES

MAP maintains noncancellable operating leases for certain buildings expiring at various dates through 2017. The scheduled obligations associated with these noncancellable operating leases are as follows:

<u>Years Ending September 30,</u>	<u>Amounts</u>
2012	\$ 167,444
2013	129,998
2014	102,757
2015	81,209
2016	82,011
Thereafter	<u>27,692</u>
	<u>\$ 591,111</u>

Rental expense under operating leases totaled approximately \$286,745 and \$359,433 for the years ended September 30, 2011 and 2010, respectively, and is allocated to the program services and supporting activities benefited.

### 13. DONOR CONCENTRATION:

Five donors provided approximately 64% and 58% of the donated inventory received by MAP for the years ended September 30, 2011 and 2010, respectively. The organizational implications of these concentrations are recognized by management and the board.

# MAP INTERNATIONAL

## Notes to Financial Statements

September 30, 2011 and 2010

### 14. FAIR VALUE MEASUREMENTS:

The *Fair Value Measurements and Disclosure* topic of the FASB ASC establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. MAP uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, MAP measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2011 and 2010:

	September 30, 2011	Level 1	Level 2	Level 3
Assets:				
Investments:				
U.S. government obligations	\$ 50,668	\$ 50,668	\$ -	\$ -
Mutual Funds:				
Money market funds	360,910	360,910	-	-
International Equity	166,353	166,353	-	-
International Bonds	832,871	832,871	-	-
Fixed Income Funds	1,463,120	1,463,120	-	-
Aggressive Equity	283,043	283,043	-	-
Total mutual funds	3,156,965	3,156,965	-	-
Exchange traded funds (ETF):				
Large Value	78,650	78,650	-	-
Multi-Alternative	620	620	-	-
Fixed Income	984,002	984,002	-	-
Total ETFs	1,063,272	1,063,272	-	-
Total investments	\$ 4,220,237	\$ 4,220,237	\$ -	\$ -

# MAP INTERNATIONAL

## Notes to Financial Statements

September 30, 2011 and 2010

### 14. FAIR VALUE MEASUREMENTS, continued:

	September 30, 2010	Level 1	Level 2	Level 3
Assets:				
Investments:				
Certificates of deposit	\$ 50,000	\$ -	\$ 50,000	\$ -
Marketable securities	\$ 2,019,944	\$ 2,019,944	\$ -	\$ -
Mutual funds	\$ 1,980,741	\$ 1,980,741	\$ -	\$ -

Methods and assumptions used in estimating fair values are as follows:

Certificates of deposit—The fair value of certificates of deposit are based on observable inputs other than the quoted market prices included in Level 1 and thus based on yields for security of comparable maturity, quality, and type as obtained from market makers.

Marketable securities and mutual funds—The fair values of these financial instruments are based on quoted market prices or dealer quotes.

Due to the inherent uncertainty of these estimates, these values may differ from the values that would have been used had a ready market for these investments existed. MAP does not expect the difference to be material.

# MAP INTERNATIONAL

## Notes to Financial Statements

September 30, 2011 and 2010

### 15. ENDOWMENTS:

MAP endowment consists of funds established for scholarships and general operations. Its endowment includes donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The board of directors has interpreted the Georgia Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift, as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, MAP classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by MAP in a manner consistent with the standard of prudence prescribed by UPMIFA unless the endowment was established to fund general operations, in which case the earnings are classified as unrestricted. In accordance with UPMIFA, MAP considers the following factors in making a determination to appropriate or accumulated donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of MAP and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of MAP
7. The investment policies of MAP

Endowment net asset composition by type of fund as of September 30, 2011:

	Unrestricted	Temporarily Restricted	Permanently Restricted
Donor-restricted funds	\$ 65,553	\$ -	\$ 3,775,170

# MAP INTERNATIONAL

## Notes to Financial Statements

September 30, 2011 and 2010

15. ENDOWMENTS, continued:

Changes in endowment net assets for year ended September 30, 2011:

	Unrestricted	Temporarily Restricted	Permanently Restricted
Endowment net assets, beginning of year	\$ 91,460	\$ -	\$ 3,775,170
Investment return:			
Investment income	73,924	45,737	-
Net of fees, losses (realized and unrealized)	(88,254)	(57,314)	-
Total investment return	(14,330)	(11,577)	-
Contributions	-	-	-
Amounts appropriated for expenditure	-	-	-
Other changes:			
Release of donor restrictions and reclass of deficits balances	(11,577)	11,577	-
	(25,907)	-	-
Endowment net asset, end of year	\$ 65,553	\$ -	\$ 3,775,170

Endowment net asset composition by type of fund as of September 30, 2010:

	Unrestricted	Temporarily Restricted	Permanently Restricted
Donor-restricted funds	\$ 91,460	\$ -	\$ 3,775,170

# MAP INTERNATIONAL

## Notes to Financial Statements

September 30, 2011 and 2010

### 15. ENDOWMENTS, continued:

Changes in endowment net assets for year ended September 30, 2010:

	Unrestricted	Temporarily Restricted	Permanently Restricted
Endowment net assets, beginning of year	\$ 43,431	\$ -	\$ 3,775,170
Investment return:			
Investment income	55,246	29,226	-
Net gains (realized and unrealized)	112,992	17,232	-
Total investment return	168,238	46,458	-
Contributions	-	-	-
Amounts appropriated for expenditure	(116,667)	(50,000)	-
Other changes:			
Release of donor restrictions and reclass of deficits balances	(3,542)	3,542	-
	48,029	-	-
Endowment net asset, end of year	\$ 91,460	\$ -	\$ 3,775,170

	Year Ended September 30,	
	2011	2010
Permanently restricted net assets:		
The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulations or by UPMIFA.	\$ 3,775,170	\$ 3,775,170
Total endowment funds classified as permanently restricted net assets	\$ 3,775,170	\$ 3,775,170
Temporarily restricted net assets:		
The portion of perpetual endowment funds subject to a time restriction under UPMIFA:		
With purpose restrictions	\$ -	\$ -
Total endowment funds classified as temporarily restricted net assets	\$ -	\$ -

# MAP INTERNATIONAL

## Notes to Financial Statements

September 30, 2011 and 2010

15. ENDOWMENTS, continued:

Funds with Deficiencies—From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires MAP to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were \$37,800 and \$9,483 as of September 30, 2011 and 2010, respectively. These deficiencies resulted from unfavorable market fluctuations.

Return Objectives and Risk Parameters—MAP has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that MAP must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce an inflation adjusted income stream to grow the corpus above the inflation rate. MAP expects its endowment funds, over time, to provide an average rate of return of approximately 4%-6% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives—To satisfy its long-term rate-of-return objectives, MAP relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). MAP targets a diversified asset allocation to ensure total return necessary to preserve and enhance the principal within a reasonable and prudent level of risk.

Spending Policy and How the Investment Objectives Related to Spending Policy—MAP has a policy of appropriating for distribution each year 5% of its endowment fund's year end fair value for the previous calendar year. In establishing this policy, the board of directors considered long-term expected return on its endowment. Accordingly, over the long-term, MAP expects the current spending policy to allow its endowment to grow at an average of 7% annually. This is consistent with the board's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment returns.

16. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

17. NEW ACCOUNTING PRONOUNCEMENTS:

In January 2010, The FASB issued ASU No. 2010-06, *Improving Disclosures about Fair Value Measurements*. This amends the *Fair Value Measurement and Disclosures* topic of the ASC to require additional disclosures. Effective for years beginning after December 15, 2009, the guidance requires entities to disclose transfers of assets in and out of Levels 1 and 2 of the fair value hierarchy, and the reasons for those transfers, and to report fair values based on class rather than category. Effective for years beginning after December 15, 2010, the guidance requires separate presentation of purchases and sales in the Level 3 asset reconciliation. MAP adopted ASU 2010-06 effective October 1, 2010. The impact of this pronouncement is disclosed in Note 14.