



MAP INTERNATIONAL

Financial Statements
With Independent Auditors' Report

September 30, 2012 and 2011

MAP INTERNATIONAL

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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, 2012 and 2011, 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, 2012 and 2011, 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.

Capin Crouse LLP

Atlanta, Georgia
January 8, 2013

MAP INTERNATIONAL

Statements of Financial Position

	September 30,							
	2012				2011			
	Operating	Specified Time or Purpose	Endowment	Total	Operating	Specified Time or Purpose	Endowment	Total
ASSETS:								
Cash and cash equivalents	\$ 88,500	\$ 831,628	\$ -	\$ 920,128	\$ 216,495	\$ 584,083	\$ -	\$ 800,578
Accounts receivable–net	414,464	-	-	414,464	255,485	-	-	255,485
Other receivable	35,087	-	-	35,087	45,781	-	-	45,781
Pledges receivable–net	-	11,597	-	11,597	-	8,694	-	8,694
Inventory:								
Purchased	321,642	-	-	321,642	276,474	-	-	276,474
Donated	44,248,216	14,479,865	-	58,728,081	22,867,817	7,259,342	-	30,127,159
Prepaid expenses and other assets	300,430	-	-	300,430	180,212	-	-	180,212
Investments	-	364,378	3,592,902	3,957,280	-	396,792	3,823,445	4,220,237
Property and equipment–net	7,063,197	-	-	7,063,197	6,702,798	-	-	6,702,798
Interfund balances	(725,884)	543,616	182,268	-	(489,027)	537,302	(48,275)	-
Total Assets	\$ 51,745,652	\$ 16,231,084	\$ 3,775,170	\$ 71,751,906	\$ 30,056,035	\$ 8,786,213	\$ 3,775,170	\$ 42,617,418

(continued)

See notes to financial statements

MAP INTERNATIONAL

Statements of Financial Position (continued)

	September 30,							
	2012				2011			
	Operating	Specified Time or Purpose	Endowment	Total	Operating	Specified Time or Purpose	Endowment	Total
LIABILITIES AND NET ASSETS:								
Liabilities:								
Accounts payable	\$ 453,840	\$ -	\$ -	\$ 453,840	\$ 83,563	\$ -	\$ -	\$ 83,563
Deposits	59,062	-	-	59,062	104,473	-	-	104,473
Accrued expenses	803,835	-	-	803,835	902,653	-	-	902,653
Notes and loans payable	3,170,240	-	-	3,170,240	4,021,206	-	-	4,021,206
Annuities and trust payable	-	250,720	-	250,720	-	270,888	-	270,888
	<u>4,486,977</u>	<u>250,720</u>	<u>-</u>	<u>4,737,697</u>	<u>5,111,895</u>	<u>270,888</u>	<u>-</u>	<u>5,382,783</u>
Net assets:								
Unrestricted	47,258,675	-	-	47,258,675	24,944,140	68,513	-	25,012,653
Temporarily restricted	-	15,980,364	-	15,980,364	-	8,446,812	-	8,446,812
Permanently restricted	-	-	3,775,170	3,775,170	-	-	3,775,170	3,775,170
	<u>47,258,675</u>	<u>15,980,364</u>	<u>3,775,170</u>	<u>67,014,209</u>	<u>24,944,140</u>	<u>8,515,325</u>	<u>3,775,170</u>	<u>37,234,635</u>
Total Liabilities and Net Assets	<u>\$ 51,745,652</u>	<u>\$ 16,231,084</u>	<u>\$ 3,775,170</u>	<u>\$ 71,751,906</u>	<u>\$ 30,056,035</u>	<u>\$ 8,786,213</u>	<u>\$ 3,775,170</u>	<u>\$ 42,617,418</u>

See notes to financial statements

MAP INTERNATIONAL

Statements of Activities

	Year Ended September 30,							
	2012				2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE:								
Contributions	\$ 5,241,562	\$ 2,116,340	\$ -	\$ 7,357,902	\$ 4,396,686	\$ 1,477,623	\$ -	\$ 5,874,309
Donated inventory	173,293,511	60,117,415	-	233,410,926	111,653,045	19,788,143	-	131,441,188
Donated property and equipment	54,271	-	-	54,271	2,808	-	-	2,808
Donated securities and other assets	33,014	-	-	33,014	45,548	-	-	45,548
Government grants	418,205	-	-	418,205	580,457	-	-	580,457
Handling charges and service fees	2,718,831	-	-	2,718,831	2,415,208	-	-	2,415,208
Investment income	63,790	32,897	-	96,687	37,820	(11,577)	-	26,243
Other revenue	34,806	-	-	34,806	79,962	-	-	79,962
Total Support and Revenue	181,857,990	62,266,652	-	244,124,642	119,211,534	21,254,189	-	140,465,723
RECLASSIFICATIONS:								
Net assets released from restrictions	54,733,100	(54,733,100)	-	-	19,524,259	(19,524,259)	-	-

(continued)

See notes to financial statements

MAP INTERNATIONAL

Statements of Activities

(continued)

	Year Ended September 30,							
	2012			2011				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
EXPENSES:								
Program services:								
Essential medicine distribution	144,942,629	-	-	144,942,629	128,799,093	-	-	128,799,093
Disaster and disease management	2,155,838	-	-	2,155,838	1,199,653	-	-	1,199,653
Community health development	64,916,130	-	-	64,916,130	30,681,293	-	-	30,681,293
	<u>212,014,597</u>	<u>-</u>	<u>-</u>	<u>212,014,597</u>	<u>160,680,039</u>	<u>-</u>	<u>-</u>	<u>160,680,039</u>
Supporting activities:								
General and administrative	468,027	-	-	468,027	484,955	-	-	484,955
Fund-raising	1,862,444	-	-	1,862,444	2,399,557	-	-	2,399,557
	<u>2,330,471</u>	<u>-</u>	<u>-</u>	<u>2,330,471</u>	<u>2,884,512</u>	<u>-</u>	<u>-</u>	<u>2,884,512</u>
Total Expenses	<u>214,345,068</u>	<u>-</u>	<u>-</u>	<u>214,345,068</u>	<u>163,564,551</u>	<u>-</u>	<u>-</u>	<u>163,564,551</u>
Change in Net Assets	22,246,022	7,533,552	-	29,779,574	(24,828,758)	1,729,930	-	(23,098,828)
Net Assets, Beginning 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
Net Assets, End of Year	<u>\$ 47,258,675</u>	<u>\$ 15,980,364</u>	<u>\$ 3,775,170</u>	<u>\$ 67,014,209</u>	<u>\$ 25,012,653</u>	<u>\$ 8,446,812</u>	<u>\$ 3,775,170</u>	<u>\$ 37,234,635</u>

See notes to financial statements

MAP INTERNATIONAL

Statements of Cash Flows

	Year Ended September 30,	
	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 29,779,574	\$ (23,098,828)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Donated inventory	(233,410,926)	(131,441,188)
Distributed inventory	204,810,004	153,749,406
Donated securities, property, equipment, and other assets	(87,285)	(48,356)
Depreciation	413,214	410,277
Gain on sale of property and equipment	(2,847)	(37,632)
Net realized and unrealized (gains) losses on investments	(665)	164,884
Net realized and unrealized losses (gains) on annuities	(3,240)	18,300
Annuity payments	48,054	62,533
Actuarial change in value of annuities	(21,881)	(54,533)
Matured annuities	(2,595)	(78,366)
Changes in operating assets and liabilities:		
Accounts and other receivables	(148,285)	(65,517)
Pledges receivable	(2,903)	37,183
Purchased inventory	(45,168)	341,682
Prepaid expenses and other assets	(120,218)	(127)
Accounts payable and deposits	92,580	(37,802)
Accrued expenses	(98,818)	(190,238)
	1,198,595	(268,322)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	4,158,772	8,580,000
Purchases of investments	(3,858,896)	(8,594,816)
Proceeds from the sale of property and equipment	25,189	44,124
Purchases of property and equipment	(509,398)	(113,453)
	(184,333)	(84,145)

(continued)

See notes to financial statements

MAP INTERNATIONAL

Statements of Cash Flows (continued)

	Year Ended September 30,	
	2012	2011
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of annuities	4,308	44,720
Payments on annuities	(48,054)	(62,533)
Repayments on notes payable borrowings	(150,966)	(127,525)
Borrowings on lines of credit	-	300,000
Repayments on lines of credit	(700,000)	(100,000)
Net Cash (Used) Provided by Financing Activities	(894,712)	54,662
Net Change in Cash and Cash Equivalents	119,550	(297,805)
Cash and Cash Equivalents, Beginning of Year	800,578	1,098,383
Cash and Cash Equivalents, End of Year	<u>\$ 920,128</u>	<u>\$ 800,578</u>
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	<u>\$ 124,179</u>	<u>\$ 138,944</u>
NONCASH INVESTING ACTIVITIES:		
Donated securities and other assets	<u>\$ 33,014</u>	<u>\$ 45,548</u>
Donated property and equipment	<u>\$ 54,271</u>	<u>\$ 2,808</u>
Fixed asset additions financed through accounts payable	<u>\$ 232,286</u>	<u>\$ -</u>

See notes to financial statements

MAP INTERNATIONAL

Statement of Functional Expenses

Year Ended September 30, 2012

	Program Services				Supporting Services			Total
	Essential Medicine Distribution	Disaster and Disease Management	Community Health Development	Total Program Services	General and Administrative	Fund-raising	Total Supporting Services	
EXPENSES:								
Distributed inventory	\$ 142,814,016	\$ 921,645	\$ 61,074,343	\$ 204,810,004	\$ -	\$ -	\$ -	\$ 204,810,004
Cost of goods distributed	480,800	13,881	205,614	700,295	-	-	-	700,295
Freight	203,543	11,328	87,045	301,916	-	-	-	301,916
Personnel:								
Salaries and wages	626,323	322,822	1,450,614	2,399,759	177,208	558,462	735,670	3,135,429
Employee benefits	211,483	66,743	478,141	756,367	48,323	127,208	175,531	931,898
Outside services	85,737	40,810	153,979	280,526	50,519	207,503	258,022	538,548
Travel	23,893	69,149	193,370	286,412	33,586	93,851	127,437	413,849
Supplies	-	77,762	97,829	175,591	9,559	12,988	22,547	198,138
Conferences and meetings	1,511	100,143	204,777	306,431	22,206	15,733	37,939	344,370
Grants	-	305,806	476,818	782,624	-	-	-	782,624
Printing and publications	14,703	7,250	41,862	63,815	5,956	532,682	538,638	602,453
Postage	4,111	359	2,460	6,930	1,833	87,222	89,055	95,985
Equipment rental and repair	52,966	90,939	162,055	305,960	26,086	112,462	138,548	444,508
Telephone	23,843	20,996	39,926	84,765	12,915	28,557	41,472	126,237
Occupancy	47,416	31,462	77,387	156,265	4,740	-	4,740	161,005
Interest	86,590	559	6,420	93,569	5,188	25,422	30,610	124,179
Insurance	39,427	9,982	16,087	65,496	6,158	5,116	11,274	76,770
Depreciation	183,884	46,742	113,720	344,346	30,079	38,789	68,868	413,214
Miscellaneous	42,383	17,460	33,683	93,526	33,671	16,449	50,120	143,646
Total Expenses	\$ 144,942,629	\$ 2,155,838	\$ 64,916,130	\$ 212,014,597	\$ 468,027	\$ 1,862,444	\$ 2,330,471	\$ 214,345,068

See notes to financial statements

MAP INTERNATIONAL

Statement of Functional Expenses

Year Ended September 30, 2011

	Program Services				Supporting Services			Total
	Essential Medicine Distribution	Disaster and Disease Management	Community Health Development	Total Program Services	General and Administrative	Fund-raising	Total Supporting Services	
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

Notes to Financial Statements

September 30, 2012 and 2011

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, 2012 and 2011

1. NATURE OF ORGANIZATION, continued:

MAP formerly controlled a separate Illinois nonprofit corporation, Upward, Inc. (Upward). Upward was classified as a publicly supported organization, however, was not private foundation under Section 509(a)(3) of the Code, and was exempt from federal income taxes under Section 501(a) as an organization described in Section 501(c)(3) of the Code. Upward was dissolved during the year ended September 30, 2011 and had no operating activities for the year then ended.

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 \$381,144 and \$319,219 at September 30, 2012 and 2011, 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 \$7,470 and \$22,155 for the years ended September 30, 2012 and 2011, respectively, are included in the statements of activities.

MAP INTERNATIONAL

Notes to Financial Statements

September 30, 2012 and 2011

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 \$33,318 and \$645 as of September 30, 2012 and 2011, 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 \$53,854 and \$156,129 at September 30, 2012 and 2011, 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, 2012 and 2011

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, the balance of this endowment interfund loan was \$200,000. The loan was paid in full during the 2012 fiscal year.

During the 2012 fiscal year, MAP elected to initiate an interfund loan from the endowment fund of up to \$1 million to finance a capital project. As of September 30, 2012, the balance of this interfund loan was \$245,000.

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 administered a revocable (grantor) trust that provided for a beneficial interest to MAP at the grantor's death. The principal amounts provided were recorded as liabilities because the trusts were revocable at the discretion of the grantor. Trust income, deductions, and credits were reportable by the grantor for tax purposes. The trust was revoked during the 2011 fiscal year.

MAP INTERNATIONAL

Notes to Financial Statements

September 30, 2012 and 2011

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 81% and 84% of the total gifts in kind received for the years ended September 30, 2012 and 2011, respectively.

MAP INTERNATIONAL

Notes to Financial Statements

September 30, 2012 and 2011

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 percent for the years ended September 30, 2012 and 2011, respectively.

For items not listed in Redbook©, MAP utilizes other published resources and inputs and reduced said values by an average of fifty percent for the years ended September 30, 2012 and 2011, respectively. 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, 2012 and 2011, management estimated that volunteers donated over 3,257 and 2,547 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, 2012 and 2011

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 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 statements of activities. As of September 30, 2012 and 2011, MAP had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

3. ACCOUNTS RECEIVABLE–NET:

Accounts receivable–net consist of:

	September 30,	
	2012	2011
Trade receivables	\$ 303,124	\$ 81,332
Foreign field receivables	144,658	174,798
	<u>447,782</u>	<u>256,130</u>
Less allowance for uncollectible accounts	(33,318)	(645)
	<u>\$ 414,464</u>	<u>\$ 255,485</u>

MAP INTERNATIONAL

Notes to Financial Statements

September 30, 2012 and 2011

4. PLEDGES RECEIVABLE–NET:

Pledges receivable–net consist of:

	September 30,	
	2012	2011
Unconditional promises receivable (pledges) before unamortized discount	\$ 104,680	\$ 104,680
Less allowance for doubtful accounts	(92,680)	(92,680)
Less unamortized discount	(403)	(3,306)
	<u>\$ 11,597</u>	<u>\$ 8,694</u>
Pledges are due to be collected as follows:		
Less than one year	\$ 11,597	\$ 5,023
One to five years	-	3,671
	<u>\$ 11,597</u>	<u>\$ 8,694</u>

5. INVESTMENTS:

Investments consist of:

	September 30,	
	2012	2011
U.S. government obligations	\$ 55,121	\$ 50,668
Mutual Funds	2,011,416	3,106,297
Exchange traded funds (ETF)	1,890,743	1,063,272
	<u>\$ 3,957,280</u>	<u>\$ 4,220,237</u>

MAP INTERNATIONAL

Notes to Financial Statements

September 30, 2012 and 2011

5. INVESTMENTS, continued:

Investments consist of:

	September 30,	
	2012	2011
Annuity funds	\$ 364,377	\$ 396,792
Endowment	3,592,903	3,823,445
	<u>\$ 3,957,280</u>	<u>\$ 4,220,237</u>

Investment income consists of:

	Year Ended September 30,	
	2012	2011
Unrestricted:		
Interest and dividends	\$ 62,638	\$ 76,562
Net realized gains (losses)	(55,329)	(4,396)
Net unrealized losses	56,481	(34,346)
	<u>\$ 63,790</u>	<u>\$ 37,820</u>
Temporarily restricted:		
Interest and dividends	\$ 30,144	\$ 45,737
Net realized losses	(19,941)	(15,503)
Net unrealized gains	22,694	(41,811)
	<u>\$ 32,897</u>	<u>\$ (11,577)</u>

MAP INTERNATIONAL

Notes to Financial Statements

September 30, 2012 and 2011

6. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net consist of:

	September 30, 2012		
	United States	Foreign	Total
Land and improvements	\$ 702,036	\$ 82,500	\$ 784,536
Building and improvements	5,385,316	371,227	5,756,543
Equipment	1,822,654	873,412	2,696,066
	7,910,006	1,327,139	9,237,145
Less accumulated depreciation	(1,925,663)	(627,580)	(2,553,243)
	5,984,343	699,559	6,683,902
Software development in progress	373,319	5,976	379,295
	\$ 6,357,662	\$ 705,535	\$ 7,063,197

	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)
	\$ 6,171,821	\$ 530,977	\$ 6,702,798

Net equity in property and equipment consists of:

	September 30,	
	2012	2011
Property and equipment–net	\$ 7,063,197	\$ 6,702,798
Less related debt (includes capital lease obligation)	(3,170,240)	(3,321,206)
	\$ 3,892,957	\$ 3,381,592

MAP INTERNATIONAL

Notes to Financial Statements

September 30, 2012 and 2011

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:

	<u>September 30,</u>	
	<u>2012</u>	<u>2011</u>
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, 2012 and 2011, was 3.25%, respectively). Unpaid principal and interest due in April of 2020. The note has a compensating balance requirement of \$250,000.	\$ 3,170,240	\$ 3,321,206
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, 2012 and 2011, was 3.75%, respectively). The note is due on March of 2013.	-	700,000
	<u>\$ 3,170,240</u>	<u>\$ 4,021,206</u>

Maturities of notes and loans payable are as follows:

<u>Years Ending September 30,</u>	<u>Amounts</u>
2012	\$ 136,833
2013	141,347
2014	146,010
2015	150,827
2016	155,802
Thereafter	<u>2,439,421</u>
	<u>\$ 3,170,240</u>

MAP INTERNATIONAL

Notes to Financial Statements

September 30, 2012 and 2011

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,	
	2012	2011
Annuities payable—current portion	\$ 44,736	\$ 65,104
Annuities payable—net of current portion	205,984	205,784
	<u>\$ 250,720</u>	<u>\$ 270,888</u>
	Year Ended September 30,	
	2012	2011
Change in value of annuities:		
Interest and dividends	\$ 6,639	\$ 11,867
Net realized gains (losses)	(7,664)	(1,870)
Net unrealized losses	8,510	(14,311)
Annuity payments	(48,054)	(62,533)
Fees	(1,845)	(2,119)
Terminated annuities	2,595	78,336
Actuarial change	21,881	54,533
	<u>\$ (17,938)</u>	<u>\$ 63,903</u>

MAP INTERNATIONAL

Notes to Financial Statements

September 30, 2012 and 2011

9. NET ASSETS:

Net assets consist of:

	<u>September 30,</u>	
	<u>2012</u>	<u>2011</u>
Unrestricted net assets:		
Operating	\$ (765,572)	\$ (1,353,544)
Donor-restricted endowments	(182,268)	48,275
Donated inventory	44,248,216	22,867,817
Designated for minimum state required annuity reserves	65,342	68,513
Net equity in property and equipment	3,892,957	3,381,592
	<u>47,258,675</u>	<u>25,012,653</u>
Temporarily restricted net assets:		
Donated inventory	14,479,865	7,259,342
Pledges receivable	11,597	8,694
Special projects	1,271,266	954,797
Relief	217,636	223,979
	<u>15,980,364</u>	<u>8,446,812</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>\$ 67,014,209</u>	<u>\$ 37,234,635</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, 2012 and 2011, MAP distributed donated inventory totaling \$204,810,004 and \$153,749,406, respectively. For the year ended September 30, 2012, \$204,412,697 of donated inventory was delivered to MAP before being distributed and the remaining amount of \$397,307 was shipped directly from the donor to the organizations. 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.

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, 2012 and 2011

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. MAP made no matching contributions during the years ended September 30, 2012 and 2011. 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, 2012 and 2011, were \$-0-and \$-0-, 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>
2013	\$ 150,142
2014	117,987
2015	96,605
2016	96,522
2017	15,438
Thereafter	-
	<u>\$ 476,694</u>

Rental expense under operating leases totaled approximately \$236,104 and \$286,745 for the years ended September 30, 2012 and 2011, respectively, and is allocated to the program services and supporting activities benefited.

CONTRACTUAL COMMITMENT

During the 2012 fiscal year, MAP entered into a contract to receive services related to a software development project. The project began during the 2012 fiscal year and is expected to be completed during 2013 fiscal year. As of September 30, 2012, unexpended commitments related to the software development project totaled approximately \$445,000.

MAP INTERNATIONAL

Notes to Financial Statements

September 30, 2012 and 2011

13. DONOR CONCENTRATION:

Five donors provided approximately 73% and 64% of the donated inventory received by MAP for the years ended September 30, 2012 and 2011, respectively. The organizational implications of these concentrations are recognized by management and the board.

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, 2012 and 2011:

	September 30, 2012			
	Total	Level 1	Level 2	Level 3
Assets:				
Investments:				
U.S. government obligations	\$ 55,121	\$ -	\$ 55,121	\$ -
Mutual Funds:				
Money market funds	137,359	137,359	-	-
International Bonds	500,291	500,291	-	-
Fixed Income Funds	1,373,766	1,373,766	-	-
Total mutual funds	2,011,416	2,011,416	-	-
Exchange traded funds (ETF):				
Large value	88,137	88,137	-	-
Large growth	88,867	88,867	-	-
Governmental	882,976	882,976	-	-
Commodities	73,966	73,966	-	-
Foreign	88,192	88,192	-	-
Small cap	179,924	179,924	-	-
Fixed Income	488,681	488,681	-	-
Total ETFs	1,890,743	1,890,743	-	-
Total investments	\$ 3,957,280	\$ 3,902,159	\$ 55,121	\$ -

MAP INTERNATIONAL

Notes to Financial Statements

September 30, 2012 and 2011

14. FAIR VALUE MEASUREMENTS, continued:

	September 30, 2011			
	Total	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	3,106,297	3,106,297	-	-
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	\$ 4,169,569	\$ 50,668	\$ -

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

Debt securities, exchange traded funds and mutual funds: The fair values of these financial instruments are based on quoted market prices or dealer quotes.

Change in valuation techniques: None.

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, 2012 and 2011

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, 2012:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Donor-restricted funds	\$ (182,268)	\$ -	\$ 3,775,170

MAP INTERNATIONAL

Notes to Financial Statements

September 30, 2012 and 2011

15. ENDOWMENTS, continued:

Changes in endowment net assets for year ended September 30, 2012:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Endowment net assets, beginning of year	\$ 48,275	\$ -	\$ 3,775,170
Investment return:			
Investment income	55,579	30,144	-
Net of fees, losses (realized and unrealized)	1,101	2,753	-
Total investment return	<u>56,680</u>	<u>32,897</u>	-
Amounts appropriated by the Board for borrowing	<u>(287,223)</u>	<u>(32,897)</u>	-
Endowment net asset, end of year	<u>\$ (182,268)</u>	<u>\$ -</u>	<u>\$ 3,775,170</u>

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

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Donor-restricted funds	<u>\$ 48,275</u>	<u>\$ -</u>	<u>\$ 3,775,170</u>

MAP INTERNATIONAL

Notes to Financial Statements

September 30, 2012 and 2011

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 gains (realized and unrealized)	(105,532)	(57,314)	-
Total investment return	(31,608)	(11,577)	-
Other changes:			
Release of donor restrictions and reclass of deficits balances	(11,577)	11,577	-
Endowment net asset, end of year	<u>\$ 48,275</u>	<u>\$ -</u>	<u>\$ 3,775,170</u>

	Year Ended September 30,	
	2012	2011
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.	<u>\$ 3,775,170</u>	<u>\$ 3,775,170</u>
Total endowment funds classified as permanently restricted net assets	<u>\$ 3,775,170</u>	<u>\$ 3,775,170</u>
Temporarily restricted net assets:		
The portion of perpetual endowment funds subject to a time restriction under UPMIFA:		
With purpose restrictions	<u>\$ -</u>	<u>\$ -</u>
Total endowment funds classified as temporarily restricted net assets	<u>\$ -</u>	<u>\$ -</u>

MAP INTERNATIONAL

Notes to Financial Statements

September 30, 2012 and 2011

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 \$244,201 and \$37,800 as of September 30, 2012 and 2011, respectively. The deficiencies as of September 30, 2012 resulted from a loan in the amount of \$245,000 made to the operating fund during the year then ended. The deficiencies as of September 30, 2011 were the result of market conditions.

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.