



MAP INTERNATIONAL

Financial Statements
With Independent Auditors' Report

September 30, 2016 and 2015

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, 2016 and 2015, 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.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Board of Directors
MAP International
Brunswick, Georgia

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, 2016 and 2015, and the changes in their net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Lawrenceville, Georgia
February 2, 2017

MAP INTERNATIONAL

Statements of Financial Position

	September 30,							
	2016				2015			
	Operating	Specified Time or Purpose	Endowment	Total	Operating	Specified Time or Purpose	Endowment	Total
ASSETS:								
Cash and cash equivalents	\$ 267,680	\$ 771,963	\$ -	\$ 1,039,643	\$ 108,171	\$ 537,263	\$ -	\$ 645,434
Accounts receivable–net	365,173	-	-	365,173	389,592	750	-	390,342
Inventory:								
Purchased	176,221	-	-	176,221	164,081	-	-	164,081
Donated	122,890,010	96,918,207	-	219,808,217	93,583,507	38,767,492	-	132,350,999
Prepaid expenses and other assets	241,276	-	-	241,276	250,247	-	-	250,247
Investments	1,216	297,195	1,391,013	1,689,424	779	317,020	1,308,744	1,626,543
Property and equipment–net	6,225,349	-	-	6,225,349	6,742,646	-	-	6,742,646
Interfund balances	(2,839,663)	455,506	2,384,157	-	(3,340,785)	874,359	2,466,426	-
Total Assets	\$ 127,327,262	\$ 98,442,871	\$ 3,775,170	\$ 229,545,303	\$ 97,898,238	\$ 40,496,884	\$ 3,775,170	\$ 142,170,292

(continued)

See notes to financial statements

MAP INTERNATIONAL

Statements of Financial Position (continued)

	September 30,							
	2016				2015			
	Operating	Specified Time or Purpose	Endowment	Total	Operating	Specified Time or Purpose	Endowment	Total
LIABILITIES AND NET ASSETS:								
Liabilities:								
Accounts payable	\$ 224,028	\$ -	\$ -	\$ 224,028	\$ 205,283	\$ -	\$ -	\$ 205,283
Deposits	130,435	-	-	130,435	119,534	-	-	119,534
Accrued expenses	715,350	-	-	715,350	955,229	-	-	955,229
Line of credit	200,000	-	-	200,000	500,000	-	-	500,000
Notes payable	516,160	-	-	516,160	545,359	-	-	545,359
Annuities payable	-	257,467	-	257,467	-	260,708	-	260,708
	<u>1,785,973</u>	<u>257,467</u>	<u>-</u>	<u>2,043,440</u>	<u>2,325,405</u>	<u>260,708</u>	<u>-</u>	<u>2,586,113</u>
Net assets:								
Unrestricted	125,541,289	-	-	125,541,289	95,572,833	-	-	95,572,833
Temporarily restricted	-	98,185,404	-	98,185,404	-	40,236,176	-	40,236,176
Permanently restricted	-	-	3,775,170	3,775,170	-	-	3,775,170	3,775,170
	<u>125,541,289</u>	<u>98,185,404</u>	<u>3,775,170</u>	<u>227,501,863</u>	<u>95,572,833</u>	<u>40,236,176</u>	<u>3,775,170</u>	<u>139,584,179</u>
Total Liabilities and Net Assets	<u>\$ 127,327,262</u>	<u>\$ 98,442,871</u>	<u>\$ 3,775,170</u>	<u>\$ 229,545,303</u>	<u>\$ 97,898,238</u>	<u>\$ 40,496,884</u>	<u>\$ 3,775,170</u>	<u>\$ 142,170,292</u>

See notes to financial statements

MAP INTERNATIONAL

Statements of Activities

Year Ended September 30,

	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE:								
Contributions	\$ 4,496,313	\$ 3,665,092	\$ -	\$ 8,161,405	\$ 5,726,854	\$ 3,970,665	\$ -	\$ 9,697,519
Donated inventory	409,667,634	185,898,967	-	595,566,601	423,673,706	111,431,167	-	535,104,873
Donated securities	72,485	-	-	72,485	121,518	-	-	121,518
Handling charges and service fees	2,346,522	-	-	2,346,522	2,140,100	-	-	2,140,100
Investment income	(1,126)	64,097	-	62,971	(24,318)	1,814	-	(22,504)
Other revenue	281,096	-	-	281,096	30,866	-	-	30,866
Total Support and Revenue	416,862,924	189,628,156	-	606,491,080	431,668,726	115,403,646	-	547,072,372
RECLASSIFICATIONS:								
Net assets released from restrictions	131,678,928	(131,678,928)	-	-	88,945,553	(88,945,553)	-	-

(continued)

See notes to financial statements

MAP INTERNATIONAL

Statements of Activities (continued)

	Year Ended September 30,							
	2016			2015				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
EXPENSES:								
Program services:								
Essential medicine distribution	454,873,905	-	-	454,873,905	439,493,322	-	-	439,493,322
Disaster and disease management	6,658,871	-	-	6,658,871	22,015,018	-	-	22,015,018
Community health development	54,583,647	-	-	54,583,647	22,048,819	-	-	22,048,819
	<u>516,116,423</u>	<u>-</u>	<u>-</u>	<u>516,116,423</u>	<u>483,557,159</u>	<u>-</u>	<u>-</u>	<u>483,557,159</u>
Supporting activities:								
General and administrative	543,549	-	-	543,549	597,936	-	-	597,936
Fund-raising	1,913,424	-	-	1,913,424	2,393,570	-	-	2,393,570
	<u>2,456,973</u>	<u>-</u>	<u>-</u>	<u>2,456,973</u>	<u>2,991,506</u>	<u>-</u>	<u>-</u>	<u>2,991,506</u>
Total Expenses	<u>518,573,396</u>	<u>-</u>	<u>-</u>	<u>518,573,396</u>	<u>486,548,665</u>	<u>-</u>	<u>-</u>	<u>486,548,665</u>
Change in Net Assets	29,968,456	57,949,228	-	87,917,684	34,065,614	26,458,093	-	60,523,707
Net Assets, Beginning of Year	95,572,833	40,236,176	3,775,170	139,584,179	61,507,219	13,778,083	3,775,170	79,060,472
Net Assets, End of Year	<u>\$ 125,541,289</u>	<u>\$ 98,185,404</u>	<u>\$ 3,775,170</u>	<u>\$ 227,501,863</u>	<u>\$ 95,572,833</u>	<u>\$ 40,236,176</u>	<u>\$ 3,775,170</u>	<u>\$ 139,584,179</u>

See notes to financial statements

MAP INTERNATIONAL

Statements of Cash Flows

	Year Ended September 30,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 87,917,684	\$ 60,523,707
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Donated inventory	(595,566,601)	(535,104,873)
Distributed inventory	508,109,383	474,454,940
Donated securities	(72,485)	(121,518)
Proceeds from donated securities	71,095	120,570
Depreciation	612,400	466,438
(Gain) loss on sale of property and equipment	(17,760)	19,127
Grants of property and equipment	126,769	-
Net realized and unrealized losses (gains) on investments	(33,484)	44,417
Annuity payments	52,413	49,572
Actuarial change in value of annuities	(15,000)	(12,579)
Changes in operating assets and liabilities:		
Accounts receivable	25,169	(68,111)
Purchased inventory	(12,140)	54,006
Prepaid expenses and other assets	8,971	(16,852)
Accounts payable and deposits	29,646	(151,084)
Accrued expenses	(239,879)	276,158
Net Cash Provided by Operating Activities	996,181	533,918
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	923,823	1,326,367
Purchases of investments	(951,830)	(1,308,591)
Proceeds from the sale of property and equipment	22,260	-
Purchases of property and equipment	(226,372)	(295,988)
Net Cash Used by Investing Activities	(232,119)	(278,212)

(continued)

See notes to financial statements

MAP INTERNATIONAL

Statements of Cash Flows (continued)

	Year Ended September 30,	
	2016	2015
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of annuities (net of gift basis)	11,759	12,587
Payments on annuities	(52,413)	(49,572)
Repayments on borrowings	(1,079,199)	(779,272)
Borrowings on line of credit	750,000	550,461
Net Cash Used by Financing Activities	<u>(369,853)</u>	<u>(265,796)</u>
Net Change in Cash and Cash Equivalents	394,209	(10,090)
Cash and Cash Equivalents, Beginning of Year	<u>645,434</u>	<u>655,524</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,039,643</u>	<u>\$ 645,434</u>
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	<u>\$ 47,152</u>	<u>\$ 51,592</u>
NONCASH INVESTING ACTIVITIES:		
Donated securities	<u>\$ 72,485</u>	<u>\$ 121,518</u>

See notes to financial statements

MAP INTERNATIONAL

Statement of Functional Expenses

Year Ended September 30, 2016

	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	\$ 447,820,344	\$ 6,555,199	\$ 53,733,840	\$ 508,109,383	\$ -	\$ -	\$ -	\$ 508,109,383
Cost of goods distributed	468,486	6,858	56,217	531,561	-	-	-	531,561
Freight	283,626	4,152	34,034	321,812	-	2,088	2,088	323,900
Personnel:								
Salaries and wages	1,970,855	28,851	236,497	2,236,203	170,205	677,543	847,748	3,083,951
Employee benefits	744,297	10,896	89,314	844,507	59,629	223,530	283,159	1,127,666
Outside services	462,640	6,773	55,516	524,929	74,402	319,791	394,193	919,122
Travel	300,193	4,395	36,022	340,610	33,259	102,764	136,023	476,633
Supplies	186,027	2,723	22,323	211,073	4,318	14,467	18,785	229,858
Programs	999,064	15,040	38,171	1,052,275	-	-	-	1,052,275
Conferences and meetings	15,263	223	1,832	17,318	1,516	4,000	5,516	22,834
Grants	556,553	8,171	66,982	631,706	-	-	-	631,706
Printing and publications	49,922	731	91,101	141,754	4,964	342,613	347,577	489,331
Postage	5,722	84	687	6,493	1,291	41,408	42,699	49,192
Equipment rental and repair	265,772	3,891	31,892	301,555	33,494	26,435	59,929	361,484
Telephone	84,434	1,236	10,132	95,802	14,312	15,609	29,921	125,723
Occupancy	55,388	811	6,646	62,845	12,649	6,426	19,075	81,920
Interest	19,213	281	2,306	21,800	22,239	3,114	25,353	47,153
Insurance	60,243	882	7,229	68,354	14,073	7,194	21,267	89,621
Depreciation	377,867	5,532	45,343	428,742	88,685	94,950	183,635	612,377
Bad debt	-	-	-	-	2,892	-	2,892	2,892
Miscellaneous	147,996	2,142	17,563	167,701	5,621	31,492	37,113	204,814
Total Expenses	\$ 454,873,905	\$ 6,658,871	\$ 54,583,647	\$ 516,116,423	\$ 543,549	\$ 1,913,424	\$ 2,456,973	\$ 518,573,396

See notes to financial statements

MAP INTERNATIONAL

Statement of Functional Expenses

Year Ended September 30, 2015

	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	\$ 437,132,207	\$ 20,099,215	\$ 17,223,518	\$ 474,454,940	\$ -	\$ -	\$ -	\$ 474,454,940
Cost of goods distributed	433,790	161,276	128,174	723,240	-	-	-	723,240
Freight	174,505	144,684	32,250	351,439	32	1,020	1,052	352,491
Personnel:				-			-	
Salaries and wages	771,721	501,769	1,302,599	2,576,089	143,301	728,898	872,199	3,448,288
Employee benefits	195,471	189,208	395,747	780,426	31,250	178,944	210,194	990,620
Outside services	165,868	33,431	250,550	449,849	76,411	635,564	711,975	1,161,824
Travel	38,725	88,395	267,255	394,375	30,239	112,384	142,623	536,998
Supplies	1,442	85,892	114,253	201,587	2,631	11,423	14,054	215,641
Programs	-	181,089	809,241	990,330	-	-	-	990,330
Conferences and meetings	1,913	1,624	9,024	12,561	300	1,213	1,513	14,074
Grants	96,738	443,122	826,758	1,366,618	-	-	-	1,366,618
Printing and publications	24,602	3,627	42,867	71,096	3,316	385,960	389,276	460,372
Postage	2,886	1,475	15,561	19,922	426	119,319	119,745	139,667
Equipment rental and repair	40,907	43,100	303,656	387,663	7,495	52,324	59,819	447,482
Telephone	32,404	13,238	62,700	108,342	6,545	35,702	42,247	150,589
Occupancy	50,767	6,747	23,665	81,179	1,810	7,437	9,247	90,426
Interest	29,126	48	6,318	35,492	3,788	12,313	16,101	51,593
Insurance	42,953	1,800	27,205	71,958	2,823	8,228	11,051	83,009
Depreciation	219,708	39	149,901	369,648	30,176	64,938	95,114	464,762
Bad debt	-	-	-	-	256,996	-	256,996	256,996
Miscellaneous	37,589	15,239	57,577	110,405	397	37,903	38,300	148,705
Total Expenses	\$ 439,493,322	\$ 22,015,018	\$ 22,048,819	\$ 483,557,159	\$ 597,936	\$ 2,393,570	\$ 2,991,506	\$ 486,548,665

See notes to financial statements

MAP INTERNATIONAL

Notes to Financial Statements

September 30, 2016 and 2015

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, Uganda, Cote D'Ivoire, Ghana, Liberia, 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 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 a 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, 2016 and 2015

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, 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 \$944,405 and \$582,705 at September 30, 2016 and 2015, respectively.

FOREIGN CURRENCY TRANSLATION

As previously mentioned, MAP operates in eight 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 \$18,926 and \$31,812 for the years ended September 30, 2016 and 2015, respectively, are included in the statements of activities.

MAP INTERNATIONAL

Notes to Financial Statements

September 30, 2016 and 2015

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.

INVENTORY

Inventory consists of purchased and donated medical products and supplies. Purchased inventory is stated at the lower of cost or market.

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. Total inventory held in foreign locations amounted to \$299,431 and \$217,873 at September 30, 2016 and 2015, 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 investment income. Donated investments are recorded at market value on the date of donation and thereafter carried in accordance with the above provisions.

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Notes to Financial Statements

September 30, 2016 and 2015

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 the 2012 fiscal year, MAP elected to initiate an interfund loan from the endowment fund of up to \$1,000,000 to finance a capital project. During the 2013 fiscal year, MAP elected to initiate an interfund loan from the endowment fund in the amount of \$1,500,000 for the purpose of paying the sum of the loan on the MAP International office building (Note 6). The balance of all interfund borrowings from the endowment fund was \$2,495,000 as of September 30, 2016 and 2015.

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 years. MAP capitalizes all items greater than \$1,500 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 investment income in the statements of activities.

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Notes to Financial Statements

September 30, 2016 and 2015

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.

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Notes to Financial Statements

September 30, 2016 and 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE, AND RECLASSIFICATIONS, continued

MAP has determined the estimated fair value of donated inventory in accordance with fair value measurement accounting standards using WAC. WAC is considered to more closely approximate fair value as it is self-reported by manufacturers. While WAC is not based on actual sales transactions, it is defined in the Social Security Act: “Section 1847A(c)(6)(B) of the Act defines WAC as the manufacturer’s list price for the drug to wholesalers or direct purchasers, not including prompt pay or other discounts, rebates, or reductions, for the most recent month for which information is available.”

WAC is the undiscounted list price that manufacturers report to publishing companies, such as First DataBank and Thompson Reuters, which use these data to produce pricing compendia. The price wholesalers charge pharmacies for a drug is generally based on WAC. In a similar way, MAP determines fair value from the WAC values published in Redbook© Online by Thomson Reuters.

Inventory items not listed in Redbook© have been valued according to an average of current market data derived from international pricing to obtain a reasonable fair market value. For donations that originated from countries with validated pricing information, the pricing information of the respective country was used 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.

MAP INTERNATIONAL

Notes to Financial Statements

September 30, 2016 and 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE, AND RECLASSIFICATIONS, continued

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, 2016 and 2015, management estimated that volunteers donated over 4,500 and 3,600 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.

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, 2016 and 2015, MAP had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

MAP files information tax returns in the U.S. and Georgia. MAP is generally no longer subject to U.S federal and state income tax examinations by tax authorities for years before 2013.

MAP INTERNATIONAL

Notes to Financial Statements

September 30, 2016 and 2015

3. ACCOUNTS RECEIVABLE–NET:

Accounts receivable–net consist of:

	September 30,	
	2016	2015
Trade receivables	\$ 259,338	\$ 282,549
Foreign field receivables	120,385	123,589
Other receivables	300	1,250
	<u>380,023</u>	<u>407,388</u>
Less allowance for uncollectible accounts	<u>(14,850)</u>	<u>(17,046)</u>
	<u>\$ 365,173</u>	<u>\$ 390,342</u>

4. INVESTMENTS:

Investments consist of:

	September 30,	
	2016	2015
U.S. government obligations	\$ 40,927	\$ 77,655
Mutual funds	1,607,364	1,508,133
Exchange traded funds (ETFs)	41,133	40,755
	<u>\$ 1,689,424</u>	<u>\$ 1,626,543</u>

MAP INTERNATIONAL

Notes to Financial Statements

September 30, 2016 and 2015

4. INVESTMENTS, continued:

Investments consist of:

	September 30,	
	2016	2015
Operating	\$ 1,216	\$ 779
Annuity funds	297,195	317,020
Endowment	1,391,013	1,308,744
	<u>\$ 1,689,424</u>	<u>\$ 1,626,543</u>

Investment income consists of:

	Year Ended September 30,	
	2016	2015
Unrestricted:		
Interest and dividends	\$ 28,891	\$ 29,561
Net realized and unrealized gains (losses)	3,164	(16,290)
Investment fees	(3,356)	(596)
Change in value of annuities	(29,825)	(36,993)
	<u>\$ (1,126)</u>	<u>\$ (24,318)</u>
Temporarily restricted:		
Interest and dividends	\$ 40,886	\$ 36,538
Net realized and unrealized gains (losses)	30,320	(28,127)
Investment fees	(7,109)	(6,597)
	<u>\$ 64,097</u>	<u>\$ 1,814</u>

MAP INTERNATIONAL

Notes to Financial Statements

September 30, 2016 and 2015

5. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net consist of:

	September 30, 2016		
	United States	Foreign	Total
Land and improvements	\$ 702,036	\$ -	\$ 702,036
Building and improvements	5,323,546	17,517	5,341,063
Equipment	3,021,503	1,073,714	4,095,217
	9,047,085	1,091,231	10,138,316
Less accumulated depreciation	(3,095,915)	(817,052)	(3,912,967)
	<u>\$ 5,951,170</u>	<u>\$ 274,179</u>	<u>\$ 6,225,349</u>

	September 30, 2015		
	United States	Foreign	Total
Land and improvements	\$ 702,036	\$ 24,000	\$ 726,036
Building and improvements	5,310,034	179,867	5,489,901
Equipment	2,984,829	971,734	3,956,563
	8,996,899	1,175,601	10,172,500
Less accumulated depreciation	(2,590,312)	(839,542)	(3,429,854)
	<u>\$ 6,406,587</u>	<u>\$ 336,059</u>	<u>\$ 6,742,646</u>

Net equity in property and equipment consists of:

	September 30,	
	2016	2015
Property and equipment–net	\$ 6,225,349	\$ 6,742,646
Less related debt	(516,160)	(545,359)
	<u>\$ 5,709,189</u>	<u>\$ 6,197,287</u>

MAP INTERNATIONAL

Notes to Financial Statements

September 30, 2016 and 2015

5. 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.

6. NOTES PAYABLE AND LINE OF CREDIT:

Notes payable consist of:

	<u>September 30,</u>	
	<u>2016</u>	<u>2015</u>
Note payable, secured by building, 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, 2016 and 2015, was 3.25%). Unpaid principal and interest due in April of 2020.	\$ 516,160	\$ 545,359

Maturities of notes and loans payable are as follows:

<u>Years Ending September 30,</u>	<u>Amounts</u>
2017	\$ 30,603
2018	31,628
2019	32,688
2020	<u>421,241</u>
	<u>\$ 516,160</u>

Management has determined that MAP is in compliance with all loan covenants as of September 30, 2016 and 2015.

MAP INTERNATIONAL

Notes to Financial Statements

September 30, 2016 and 2015

6. NOTES PAYABLE AND LINE OF CREDIT, continued:

LINE OF CREDIT

MAP entered into a \$750,000 line of credit in February 2014 that matures in January 2017. The line of credit was increased in November 2014 to \$1,000,000 that matures in October 2017 and is secured by inventory and equipment. The interest rate is LIBOR plus 3.50% (4.03% and 3.69 % as of September 30, 2016 and 2015, respectively) with interest due monthly and principal due upon maturity. The balance drawn against the line of credit at September 30, 2016 and 2015, was \$200,000 and \$500,000, respectively.

7. ANNUITIES 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 payable consist of:

	September 30,	
	2016	2015
Annuities payable—current portion	\$ 51,789	\$ 50,424
Annuities payable—net of current portion	205,678	210,284
	<u>\$ 257,467</u>	<u>\$ 260,708</u>
	Year Ended September 30,	
	2016	2015
Change in value (net assets) of annuities:		
Interest and dividends	\$ 6,985	\$ 6,612
Net realized and unrealized (losses) gains	2,611	(4,946)
Annuity payments	(52,413)	(49,572)
Fees	(2,008)	(1,666)
Actuarial change	15,000	12,579
	<u>\$ (29,825)</u>	<u>\$ (36,993)</u>

MAP INTERNATIONAL

Notes to Financial Statements

September 30, 2016 and 2015

8. NET ASSETS:

Net assets consist of:

	<u>September 30,</u>	
	<u>2016</u>	<u>2015</u>
Unrestricted net assets:		
Operating	\$ (776,242)	\$ (1,828,571)
Donor-restricted endowments	(2,384,157)	(2,466,426)
Donated inventory	122,890,010	93,583,507
Designated for minimum state required annuity reserves	102,489	87,036
Net equity in property and equipment	5,709,189	6,197,287
	<u>125,541,289</u>	<u>95,572,833</u>
Temporarily restricted net assets:		
Donated inventory	96,918,207	38,767,492
Pledges receivable	-	750
Special projects	1,128,451	891,891
Relief	138,746	576,043
	<u>98,185,404</u>	<u>40,236,176</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>\$ 227,501,863</u>	<u>\$ 139,584,179</u>

9. 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, 2016 and 2015, MAP distributed donated inventory totaling \$508,109,383 and \$474,447,339 respectively. For the year ended September 30, 2016, \$508,078,668 of donated inventory was delivered to MAP before being distributed and the remaining amount of \$30,715 was shipped directly from the donor to the organizations. For the year ended September 30, 2015, \$470,740,355 of donated inventory was delivered to MAP before being distributed and the remaining amount of \$3,697,984 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, 2016 and 2015

10. 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. Fiduciaries of the Plan include MAP officers as trustees and administrator and Manufacturers Life Insurance Company as investment manager or custodian. Total amounts contributed by MAP to the Plan during the years ended September 30, 2016 and 2015, were \$75,310 and \$50,788, respectively.

11. COMMITMENTS:

MAP maintains noncancellable operating leases for certain buildings expiring at various dates through 2019. The scheduled obligations associated with these noncancellable operating leases are as follows:

<u>Years Ending September 30,</u>	<u>Amounts</u>
2017	\$ 102,847
2018	64,211
2019	56,778
2020	49,784
2021	25,146
	<u>\$ 298,766</u>

Rental expense under operating leases totaled approximately \$125,793 and \$148,020 for the years ended September 30, 2016 and 2015, respectively, and is allocated to the program services and supporting activities benefited.

12. DONOR CONCENTRATION:

There were five and seven donors that each donated medicines that accounted for 50% or more of total contributions for the years ended September 30, 2016 and 2015, respectively. Collectively, those five and seven donors provided approximately 53% and 72% of the donated inventory received by MAP for the years ended September 30, 2016 and 2015, respectively. The organizational implications of these concentrations are recognized by management and the board.

Subsequent to the end of the year, MAP lost a donor that gave approximately \$70,000,000 in gift-in-kind donations during the year ended September 30, 2016. Management believes the loss of this donor will not have a significant impact on gift-in-kind donations.

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Notes to Financial Statements

September 30, 2016 and 2015

13. 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, 2016 and 2015:

	September 30, 2016			
	Total	Level 1	Level 2	Level 3
Assets:				
Investments:				
U.S. government obligations	\$ 40,927	\$ 40,927	\$ -	\$ -
Mutual funds:				
Money market funds	131,268	131,268	-	-
International bonds	28,879	28,879	-	-
International growth	29,321	29,321	-	-
Intermediate term bond	979,803	979,803	-	-
Nontraditional bond	32,975	32,975	-	-
Emerging markets bond	29,420	29,420	-	-
Multisector bond	132,095	132,095	-	-
Ultra short term bond	125,058	125,058	-	-
Large value	29,829	29,829	-	-
Mid cap growth	29,909	29,909	-	-
Real estate	58,807	58,807	-	-
Total mutual funds	1,607,364	1,607,364	-	-
Exchange traded funds (ETFs):				
Governmental	25,937	25,937	-	-
Fixed Income	15,196	15,196	-	-
Total ETFs	41,133	41,133	-	-
Total investments	\$ 1,689,424	\$ 1,689,424	\$ -	\$ -

MAP INTERNATIONAL

Notes to Financial Statements

September 30, 2016 and 2015

13. FAIR VALUE MEASUREMENTS, continued:

	September 30, 2015			
	Total	Level 1	Level 2	Level 3
Assets:				
Investments:				
U.S. government obligations	\$ 77,655	\$ 77,655	\$ -	\$ -
Mutual funds:				
Money market funds	79,705	79,705	-	-
International bonds	28,084	28,084	-	-
International growth	27,632	27,632	-	-
Intermediate term bond	758,146	758,146	-	-
Nontraditional bond	111,962	111,962	-	-
Emerging markets bond	27,919	27,919	-	-
Multisector bond	126,811	126,811	-	-
Ultra short term bond	107,443	107,443	-	-
Short term bond	113,766	113,766	-	-
Large value	42,358	42,358	-	-
Mid cap growth	26,346	26,346	-	-
Real estate	57,961	57,961	-	-
Total mutual funds	1,508,133	1,508,133	-	-
Exchange traded funds (ETFs):				
Governmental	25,817	25,817	-	-
Fixed income	14,938	14,938	-	-
Total ETFs	40,755	40,755	-	-
Total investments	\$ 1,626,543	\$ 1,626,543	\$ -	\$ -

U.S. government obligations, 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.

The following disclosure of estimated fair value of financial instruments is made in accordance with the *Financial Instruments* topic of the ASC. The estimated fair value of financial instruments, based on available market information and appropriate valuation methodologies, as of September 30, 2016 and 2015, are presented on the following page.

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Notes to Financial Statements

September 30, 2016 and 2015

13. FAIR VALUE MEASUREMENTS, continued:

	September 30,			
	2016		2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
ASSETS:				
Cash and cash equivalents	\$ 1,039,643	\$ 1,039,643	\$ 645,434	\$ 645,434
Investments	\$ 1,689,424	\$ 1,689,424	\$ 1,626,543	\$ 1,626,543
LIABILITIES:				
Deposits	\$ 130,435	\$ 130,435	\$ 119,534	\$ 119,534
Line of credit	\$ 200,000	\$ 200,000	\$ 500,000	\$ 500,000
Notes payable	\$ 516,160	\$ 516,160	\$ 545,359	\$ 545,359
Annuities payable	\$ 257,467	\$ 257,467	\$ 260,708	\$ 260,708

The following methods and assumptions were used to estimate the fair value for each class of financial instrument measured at fair value:

Cash and cash equivalents: The carrying amounts approximate fair value due to the short-term maturity of these instruments.

Investments: The basis of fair values is described in this note on page 26.

Deposits: Valued at the present value of the future benefit to be received, which approximates fair value.

Loans payable: The fair value is estimated based on the quoted market prices for the same or similar issues or on the current rates offered to MAP for debt of the same remaining maturities. The carrying value of short-term debt approximates fair value.

Annuities payable: The carrying amount is based on the present value of estimated future payments and approximates fair value.

MAP INTERNATIONAL

Notes to Financial Statements

September 30, 2016 and 2015

14. 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 accumulate 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 assets composition by type of fund as of September 30, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Donor-restricted funds	\$ (2,384,157)	\$ -	\$ 3,775,170

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Notes to Financial Statements

September 30, 2016 and 2015

14. ENDOWMENTS, continued:

Changes in endowment net assets for year ended September 30, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted
Endowment net assets, beginning of year	\$ (2,466,426)	\$ -	\$ 3,775,170
Investment return:			
Investment income	18,012	40,886	-
Net of fees, gains (losses) (realized and unrealized)	160	23,211	-
Total investment return	18,172	64,097	-
Amounts appropriated by the board for borrowing	-	-	-
Release of donor restrictions	64,097	(64,097)	-
Endowment net assets, end of year	<u>\$ (2,384,157)</u>	<u>\$ -</u>	<u>\$ 3,775,170</u>

Endowment net assets composition by type of fund as of September 30, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted
Donor-restricted funds	<u>\$ (2,466,426)</u>	<u>\$ -</u>	<u>\$ 3,775,170</u>

Changes in endowment net assets for year ended September 30, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted
Endowment net assets, beginning of year	\$ (2,429,037)	\$ -	\$ 3,775,170
Investment return:			
Investment income	12,927	36,538	-
Net of fees, gains (losses) (realized and unrealized)	(2,130)	(34,724)	-
Total investment return	10,797	1,814	-
Amounts appropriated by the board for borrowing	(50,000)	-	-
Release of donor restrictions	1,814	(1,814)	-
Endowment net assets, end of year	<u>\$ (2,466,426)</u>	<u>\$ -</u>	<u>\$ 3,775,170</u>

MAP INTERNATIONAL

Notes to Financial Statements

September 30, 2016 and 2015

14. ENDOWMENTS, continued:

	Year Ended September 30,	
	2016	2015
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

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 \$2,463,324 and \$2,481,495 as of September 30, 2016 and 2015, respectively. The deficiencies as of September 30, 2016 and 2015, resulted from loans made to the operating fund during previous years.

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 2%-3% 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 up to 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 3% 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.

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Notes to Financial Statements

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15. 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.