

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

Financial Statements
As of and for the Years Ended
September 30, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Baptist Medical and Dental Mission International, Inc. (a not-for-profit corporation) (the "Mission"), which comprise the statements of financial position as of September 30, 2021 and 2020 and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Mission as of September 30, 2021 and 2020 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

HORNE LLP

Ridgeland, Mississippi
August 11, 2022

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

Statements of Financial Position
September 30, 2021 and 2020

	2021	2020
ASSETS		
Cash and cash equivalents	\$ 1,202,011	\$ 324,977
Inventories	69,271	117,516
Other assets	21,794	22,262
Property and equipment, net	3,851,466	4,223,737
	\$ 5,144,542	\$ 4,688,492
	\$ 5,144,542	\$ 4,688,492
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 39,191	\$ 35,259
Accrued payroll and withholdings	9,171	100,065
Borrowings on line of credit	150,000	500,000
Paycheck Protection Program Loan	226,000	226,000
Total liabilities	424,362	861,324
Net assets		
Without donor restrictions	3,419,636	2,741,671
With donor restrictions	1,300,544	1,085,497
Total net assets	4,720,180	3,827,168
	\$ 5,144,542	\$ 4,688,492
	\$ 5,144,542	\$ 4,688,492

See accompanying notes.

**BAPTIST MEDICAL AND DENTAL MISSION
INTERNATIONAL, INC.**
Statements of Activities
Years Ended September 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support						
Contributions of cash and other financial assets	\$ 3,867,224	\$ 1,300,544	\$ 5,167,768	\$ 3,455,360	\$ 1,085,497	\$ 4,540,857
Contributions of nonfinancial assets	1,052,055	-	1,052,055	1,248,150	-	1,248,150
Interest and other income	495,755	-	495,755	149,745	-	149,745
Gain on Paycheck Protection Program Loan forgiveness	226,000	-	226,000	-	-	-
Net assets released for satisfaction of program restrictions	1,085,497	(1,085,497)	-	1,022,353	(1,022,353)	-
Total revenues, gains and other support	6,726,531	215,047	6,941,578	5,875,608	63,144	5,938,752
Expenses						
Honduras operations	4,010,790	-	4,010,790	4,284,654	-	4,284,654
Nicaragua operations	872,572	-	872,572	1,378,298	-	1,378,298
Nepal operations	263,521	-	263,521	332,944	-	332,944
Guatemala operations	291,683	-	291,683	134,362	-	134,362
Fundraising	82,759	-	82,759	133,925	-	133,925
Management and general	527,241	-	527,241	758,047	-	758,047
Total expenses	6,048,566	-	6,048,566	7,022,230	-	7,022,230
Change in net assets	677,965	215,047	893,012	(1,146,622)	63,144	(1,083,478)
Net assets at beginning of period	2,741,671	1,085,497	3,827,168	3,888,293	1,022,353	4,910,646
Net assets at end of period	\$ 3,419,636	\$ 1,300,544	\$ 4,720,180	\$ 2,741,671	\$ 1,085,497	\$ 3,827,168

See accompanying notes.

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

Statements of Functional Expenses
Year Ended September 30, 2021

	Program					Fundraising	Management and General	Total
	Honduras Operations	Nicaragua Operations	Nepal Operations	Guatemala Operations				
Depreciation	\$ 286,158	\$ 115,057	\$ 2,801	\$ -	\$ -	\$ -	\$ 8,255	\$ 412,271
Evangelistic and ministerial support	253,590	112,686	79,573	72,529	-	-	841	519,219
General supplies	152,464	32,174	1,905	20,636	-	-	966	208,145
Insurance	6,851	5,861	1,421	1,648	-	-	17,921	33,702
Interest expense	-	-	-	-	-	-	24,039	24,039
Legal and accounting	28,053	553	2,116	445	-	-	35,211	66,378
Local doctors and dentists	15,888	-	-	253	-	-	-	16,141
Medical supplies	627,487	56,164	1,478	-	-	-	-	685,129
Meetings and conferences	4,627	645	2,393	4,027	-	-	3,990	15,682
Miscellaneous	16,165	28,720	6,240	1,688	-	-	47,701	100,514
Office supplies	31,639	4,953	6,264	2,071	-	-	20,126	65,053
Salaries, wages and benefits	1,934,783	348,818	124,894	115,876	27,274	-	311,334	2,862,979
Postage and shipping	29,249	5,928	923	54	3,231	-	9,316	48,701
Printing and publications	1,544	-	-	258	20,327	-	3,010	25,139
Public relations	208	670	-	-	-	-	95	973
Rentals	3,742	20,423	15,483	7,026	-	-	3,594	50,268
Repairs and maintenance	54,121	9,129	77	482	31,927	-	7,465	103,201
Taxes	-	-	-	-	-	-	8,603	8,603
Travel	361,528	52,102	16,038	54,965	-	-	8,256	492,889
Utilities and telephone	107,020	34,190	1,250	5,033	-	-	16,455	163,948
Vehicle expense	95,673	44,499	665	4,692	-	-	63	145,592
Total	\$ 4,010,790	\$ 872,572	\$ 263,521	\$ 291,683	\$ 82,759	\$ -	\$ 527,241	\$ 6,048,566

See accompanying notes.

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

Statements of Functional Expenses
Year Ended September 30, 2020

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

See accompanying notes.

**BAPTIST MEDICAL AND DENTAL MISSION
INTERNATIONAL, INC.**
Statements of Cash Flows
Years Ended September 30, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Change in net assets	\$ 893,012	\$ (1,083,478)
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	412,271	425,840
Paycheck Protection Program Loan forgiveness	(226,000)	-
Gain on sale of property and equipment	(5,600)	(10,142)
Change in operating assets and liabilities		
Inventories	48,245	50,700
Other assets	468	2,869
Accounts payable and accrued expenses	(86,962)	(23,674)
Net cash provided by (used in) operating activities	<u>1,035,434</u>	<u>(637,885)</u>
Cash flows from investing activities		
Proceeds from sale of property and equipment	5,600	10,142
Purchases of property and equipment	(40,000)	(33,420)
Net cash used in investing activities	<u>(34,400)</u>	<u>(23,278)</u>
Cash flows from financing activities		
Borrowings (repayments) on line of credit	(350,000)	400,000
Proceeds from Paycheck Protection Program Loan	226,000	226,000
Net cash provided by (used in) financing activities	<u>(124,000)</u>	<u>626,000</u>
Net increase (decrease) in cash and cash equivalents	877,034	(35,163)
Cash and cash equivalents, beginning of year	<u>324,977</u>	<u>360,140</u>
Cash and cash equivalents, end of year	<u>\$ 1,202,011</u>	<u>\$ 324,977</u>

See accompanying notes.

**BAPTIST MEDICAL AND DENTAL MISSION
INTERNATIONAL, INC.**
Years Ended September 30, 2021 and 2020

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies

Nature of Activities

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

The following is a summary of significant accounting policies:

Basis of Preparation

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

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

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

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

**BAPTIST MEDICAL AND DENTAL MISSION
INTERNATIONAL, INC.**
Years Ended September 30, 2021 and 2020

NOTES TO FINANCIAL STATEMENTS

Note 1. Continued

Inventories

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

Property and Equipment

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

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

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

Asset Impairments

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

Severance and Termination Liability

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

**BAPTIST MEDICAL AND DENTAL MISSION
INTERNATIONAL, INC.**
Years Ended September 30, 2021 and 2020

NOTES TO FINANCIAL STATEMENTS

Note 1. Continued

Management of the Mission evaluated the expected ultimate obligation to pay severance to certain full-time employees and recorded a severance and termination liability of \$2,973 and \$82,999 at September 30, 2021 and 2020, respectively. This liability is included in accrued payroll and withholdings in the accompanying statement of financial position and related expenses are recognized in the accompanying statements of activities and functional expenses.

Contributions

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

Contributions and Nonfinancial Assets

The Mission receives a significant amount of contributed services and medical supplies from volunteer teams that carry out its mission. The voluntary services that are recognized consist of services performed by individuals with specialized skills such as doctors, dentists, ophthalmologists, nurses, medical technicians, engineers and construction workers. Contributed services and supplies are recorded at their estimated market value in the Mission's statement of activities as contributions of nonfinancial assets. See Note 4 for further explanation.

Accounting Pronouncements Adopted

In May 2014, the FASB issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The amendments in ASU 2014-09 supersede the existing revenue recognition guidance under U.S. GAAP, requiring an entity to recognize revenue when it transfers the promised goods or services to its customers at an amount that represents what the Mission expects to be entitled to in exchange for those goods or services. This adoption had no impact on previously reported total net assets or total change in net assets. The ASU has been applied retrospectively to all periods presented.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The intent of this new standard is to expand transparency around nonfinancial gifts received in-kind, including how those gifts are used and how those gifts are valued. The Mission has adjusted the presentation of these financial statements accordingly. This adoption had no impact on previously reported total net assets or total change in net assets. The ASU has been applied retrospectively to all periods presented.

**BAPTIST MEDICAL AND DENTAL MISSION
INTERNATIONAL, INC.**
Years Ended September 30, 2021 and 2020

NOTES TO FINANCIAL STATEMENTS

Note 1. Continued

Accounting Pronouncements Not Yet Adopted

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

The Mission is currently assessing the impact of adopting this ASU and its effect on the Mission's financial position or results of operations.

Note 2. Liquidity and Availability and Going Concern

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of September 30, 2021 and 2020 include the following:

	2021	2020
Financial assets at year-end:		
Cash and cash equivalents	\$ 1,202,011	\$ 324,977
Less amounts not available to be used in one year:		
Net assets donor restrictions not available within one year	7,530	7,530
Financial assets available to meet general expenditures over 12 months	\$ 1,194,481	\$ 317,447

The Mission is heavily dependent upon contributed supplies, services and financial support to carry out its operations, which includes significant international travel. In carrying out these operations, the Mission has incurred deficits in operations for multiple years and has from time to time used net assets with donor restrictions to meet current cash flow needs. The Mission incurred a deficit in cash flows from operating activities of \$637,885 for 2020. In 2021, the Mission incurred a surplus in cash flows from operating activities of \$1,035,434.

During 2021, the Mission received an individual unrestricted cash contribution of \$1,000,000. Additionally, the Mission obtained two rounds of Paycheck Protection Loans for \$226,000 each, of which the first was forgiven during 2021 and management anticipates the second will be forgiven during fiscal 2023. The financial assets available to meet general expenditures over 12 months in the above table consists of net assets with donor restrictions primarily associated with mission trips and operations that will occur over the next 12 months. Because of the nature of operations for the Mission, historically all restricted contributions received are released from restriction in the following year in the normal course of the Mission's operations and, therefore, are considered appropriate for inclusion above. The Mission has cash on hand of approximately \$1,393,000 as of the date of this report.

**BAPTIST MEDICAL AND DENTAL MISSION
INTERNATIONAL, INC.**
Years Ended September 30, 2021 and 2020

NOTES TO FINANCIAL STATEMENTS

Note 2. Continued

Management has evaluated the Mission's ability to continue as a going concern for a reasonable period of time, which involves making judgements about inherently uncertain future outcomes of conditions and events. Management considered both quantitative and qualitative information inclusive of the above conditions and events identified and believes that these circumstances can be substantially remediated and thus it is not probable that the Mission will be unable to meet its obligations as they come due for a reasonable period of time. Subsequent events may result in outcomes that are inconsistent with judgments that were reasonable at the time they were made.

Note 3. Property and Equipment

The following is a summary of property and equipment by major classes and locations at September 30, 2021 and 2020:

	2021				
	USA	Honduras	Nicaragua	Nepal	Total
Land	\$ 90,000	\$ 301,426	\$ 227,928	\$ -	\$ 619,354
Churches	-	1,739,531	1,177,036	-	2,916,567
Office equipment, furniture and fixtures	269,391	61,992	21,207	-	352,590
Automobiles	3,046	1,158,609	435,549	14,006	1,611,210
Mission compounds	-	1,177,200	1,015,535	-	2,192,735
Bible Institute	-	340,514	-	-	340,514
Good Shepherd Christian Home	-	1,258,546	-	-	1,258,546
Guaimaca Hospital and Ministries	-	1,811,006	-	-	1,811,006
Buildings	303,488	-	529,814	-	833,302
Construction in progress	-	23,470	-	-	23,470
Total property and equipment	665,925	7,872,294	3,407,069	14,006	11,959,294
Less accumulated depreciation	435,607	5,661,462	1,997,453	13,306	8,107,828
Property and equipment, net	\$ 230,318	\$ 2,210,832	\$ 1,409,616	\$ 700	\$ 3,851,466

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

**BAPTIST MEDICAL AND DENTAL MISSION
INTERNATIONAL, INC.**
Years Ended September 30, 2021 and 2020

NOTES TO FINANCIAL STATEMENTS

Note 3. Continued

Depreciation expense was \$412,271 and \$425,840 for the years ended September 30, 2021 and 2020, respectively.

Note 4. Net Assets

Net assets with donor restrictions as of September 30, 2021 and 2020 were available for the following purposes:

	2021	2020
Administrative	\$ 25,472	\$ 31,060
Missionaries	651,898	704,080
Teams	222,901	269,449
Orphanages	186,564	44,857
Hospital	117,825	2,864
Bible Institute	57,032	9,558
Food banks	38,852	23,629
	\$ 1,300,544	\$ 1,085,497

Donor restricted contributions, whose restrictions are met in the same reporting period, are reported as unrestricted contributions. Contributions recognized during the years ended September 30, 2021 and 2020 were as follows:

	2021	2020
Contributed nonfinancial assets	\$ 1,052,055	\$ 1,248,150
Cash contributions with donor restrictions	1,026,180	2,770,141
Restricted contributions reported as unrestricted	2,078,235	4,018,291
Cash contributions without donor restrictions	2,841,044	685,219
Total contributions without donor restrictions	4,919,279	4,703,510
Contributions with donor restrictions	1,300,544	1,085,497
Total contributions	\$ 6,219,823	\$ 5,789,007

From time to time the operations of the Mission have resulted in negative changes in net assets without donor restrictions and, over a period, these negative operations have resulted in the Mission relying on the use of donor restricted funds to meet cash flow needs. As of September 30, 2021 and 2020, amounts needed to replenish donor restricted funds totaled approximately \$181,000 and \$807,000, respectively.

**BAPTIST MEDICAL AND DENTAL MISSION
INTERNATIONAL, INC.**
Years Ended September 30, 2021 and 2020

NOTES TO FINANCIAL STATEMENTS

Note 4. Continued

For the years ended September 30, 2021 and 2020, contributed nonfinancial assets recognized within the statement of activities included:

	2021	2020
Voluntary services - medical	\$ 670,624	\$ 746,342
Voluntary services - dental	4,800	35,080
Voluntary services - other	116,310	106,590
Medical supplies	242,768	309,276
Bibles	17,553	47,662
Labor	-	3,200
Total contributed nonfinancial assets	\$ 1,052,055	\$ 1,248,150

The Mission recognized contributed nonfinancial assets within revenue, including medical services, dental services, other specialized voluntary services, medical supplies, eyeglasses, bibles, and labor. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions or the related restrictions were met in the same reporting period. All contributed nonfinancial assets are also utilized and not sold for a profit.

Contributed services include medical services, dental services, and veterinary services. The Mission attempts to value professional services at an amount equal to what a patient would be charged in their country. The Mission recognizes the difficulty in valuing these services in Honduras and Nicaragua due to both countries having a socialized medical system. Therefore, professional services are valued and are reported at approximately 30 – 35 percent of the value of the same service if it was provided in the United States. Nonprofessional services include team members and volunteers. These nonprofessional services are valued at minimum wage. During 2021, these services were only performed in Honduras and Guatemala.

Contributed medical supplies include prescriptions and eyeglasses. In valuing these supplies, the Mission estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.

Contributed bibles are valued at a rate of \$2.75, which represents the lowest retail price among the various countries being provided services.

Contributed labor for 2020 was related to teams working in Nicaragua on the construction of a church. The Mission valued contributed labor below the bottom 10 percent of the U.S. Bureau of Labor Statistics' national estimates for construction workers.

Note 5. Line of Credit

The Mission maintains a line of credit agreement with a bank, which permits borrowings up to \$500,000. This line of credit was renewed in March of 2022 and matured in July of 2022. Outstanding borrowings bear interest at a variable rate based on prime lending rate (4.75 percent at September 30, 2021 and 2020). The line of credit is collateralized by property and equipment. The

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Note 5. Continued

Mission had outstanding borrowings of \$150,000 and \$500,000 on this line as of September 30, 2021 and 2020, respectively. There were \$350,000 of additional available borrowings at September 30, 2021. The Mission plans to renew this line of credit under similar terms.

Note 6. Concentration of Risk and Contingencies

The Mission maintains deposits at several financial institutions. Deposits at each domestic institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At September 30, 2021 and 2020, the Mission did not have any deposits in excess of insured limits held in domestic institutions. At September 30, 2021 and 2020, the Mission held cash in foreign banks of approximately \$71,000 and \$104,000, respectively, which are not subject to depositor's insurance. Changes in exchange rates could also adversely impact the financial stability of the Mission's foreign deposits.

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

Note 7. Benefit Plan

The Mission has a defined contribution benefit plan (the "Plan") for employees who meet the eligibility requirements set forth in the Plan. The Plan is a simple IRA set up for each employee and covers full-time employees who have completed one year of service. Employees may defer up to \$10,000 of their compensation. The Mission is not required to make contributions to the Plan and any contributions are at the discretion of the Board. The Board elected to contribute 3 percent of compensation for the year ended September 30, 2020. During 2021, the Board elected not to make a contribution. The contributions to the Plan were approximately \$17,000 and \$34,000 for the years ended September 30, 2021 and 2020, respectively.

Note 8. Paycheck Protection Program Loan

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security ("CARES") Act was enacted to, amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the COVID-19 pandemic. Using outside legal counsel, management determined that the Mission qualified under the Paycheck Protection Program ("PPP") within the CARES Act and on April 14, 2020, the Mission received a PPP Loan which approximated \$226,000. In February 2021, the Mission applied for and received a second round PPP Loan under the Economic Aid to Hard-Hit Small Businesses, Nonprofits and Venues Act ("Economic Aid Act") which approximated \$226,000. The Mission tracks all costs associated with the published forgiveness criteria and intends to submit a loan forgiveness application.

Current rules stipulate that some or all of the PPP Loan will be forgiven if the sum of payments made during the covered period (either the eight-week or 24-week period after the distribution date) for payroll, building rents and utilities, and state taxes, equal or exceed the PPP Loan amount. The

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Note 8. Continued

Mission received confirmation of forgiveness for the first round PPP Loan in August 2021. As of September 30, 2021, the total PPP Loan from the first round is included in revenue as a gain on debt forgiveness in the accompanying statements of activities. The Mission received forgiveness of the second PPP loan in January 2022.

Note 9. Risk and Uncertainties

On March 11, 2020, the World Health Organization declared COVID-19 to be a pandemic. In response to the pandemic, on March 14, 2020, the United States Government applied a travel ban to multiple countries and subsequently issued numerous executive orders in an effort to reduce community spread of the virus and protect America's most vulnerable citizens. As a result of the travel bans, executive orders and general response to concerns for community spread, the Mission shut down all travel beginning in 2020. This ban significantly curtailed contribution efforts, as many contributions are associated with Mission travel. International travel reopened beginning in January 2021. The Mission continues to experience increased costs associated with managing the pandemic, such as personal protective equipment and COVID-19 testing kits. The full impact of the public health crisis on the Mission cannot be estimated with any degree of certainty at this time and will depend upon the duration of the public health crisis and the response from both state and federal governments.

Note 10. Subsequent Events

The Mission has evaluated events through August 11, 2022, which is the date the financial statements were available to be issued, for events requiring recognition or disclosure in the financial statements for the year ended September 30, 2021.