

Mexico Medical Missions
Financial Statements
For the Year Ended December 31, 2009

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To the Board of Directors
Mexico Medical Missions
Glenwood Springs, Colorado

Independent Auditors' Report

We have audited the accompanying statement of financial position of Mexico Medical Missions (a nonprofit organization) as of December 31, 2009, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Mexico Medical Missions's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 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 statement presentation. We believe that our audit provides 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 Mexico Medical Missions as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Briggs & Veselka Co.

Briggs & Veselka Co.
A Professional Corporation
Certified Public Accountants

October 26, 2010

MEXICO MEDICAL MISSIONS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2009

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 215,698
Interest receivable	7,100
Note receivable – current portion	13,236
Investments	27,822
Other current assets	<u>5,000</u>

TOTAL CURRENT ASSETS 268,856

PROPERTY AND EQUIPMENT, at cost

Equipment	366,084
Vehicles	162,729
Buildings	<u>634,892</u>

1,163,705

Less: accumulated depreciation (582,022)

NET PROPERTY AND EQUIPMENT 581,683

OTHER ASSETS

Note receivable, net of current portion 203,759

TOTAL ASSETS \$ 1,054,298

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 11,700
Note payable	<u>12,500</u>

TOTAL CURRENT LIABILITIES 24,200

UNRESTRICTED NET ASSETS 1,030,098

TOTAL LIABILITIES AND NET ASSETS \$ 1,054,298

The accompanying notes are an integral part of these financial statements.

MEXICO MEDICAL MISSIONS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009

UNRESTRICTED NET ASSETS

INCOME

Cash donations	\$ 522,868
Noncash donations	99,983
Hospital income	6,831
Interest income	9,267
Unrealized loss on investments	<u>(3,767)</u>

TOTAL INCOME 635,182

FUNCTIONAL EXPENSES

Program 721,634

Support services:

General and administrative	30,075
Fundraising	<u>19,650</u>

Total support services 49,725

TOTAL FUNCTIONAL EXPENSES 771,359

DECREASE IN UNRESTRICTED NET ASSETS (136,177)

UNRESTRICTED NET ASSETS, AT BEGINNING OF YEAR 1,166,275

UNRESTRICTED NET ASSETS, AT END OF YEAR \$ 1,030,098

The accompanying notes are an integral part of these financial statements.

MEXICO MEDICAL MISSIONS
STATEMENT OF FUNTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2009

	Support Services			Total
	Program	General and Administrative	Fundraising	
Grants	\$ 5,475	\$ -	\$ -	\$ 5,475
Salaries and wages	281,360	15,208	15,000	311,568
Payroll taxes	31,707	1,607	-	33,314
Licenses and permit	2,209	-	-	2,209
Professional fees	-	3,323	-	3,323
Advertising and promotion	-	628	1,259	1,887
Other expenses	6,793	6,597	1,324	14,714
Computer expenses	-	470	615	1,085
Utilities	10,388	705	-	11,093
Travel	14,762	-	1,452	16,214
Depreciation	85,250	-	-	85,250
Communication	12,189	1,537	-	13,726
Community health	10,585	-	-	10,585
Water program	23,620	-	-	23,620
Aviation	41,233	-	-	41,233
Hospital expenses	152,127	-	-	152,127
Insurance	5,164	-	-	5,164
Automobile expenses	38,772	-	-	38,772
TOTAL FUNCTIONAL EXPENSES	\$ 721,634	\$ 30,075	\$ 19,650	\$ 771,359

The accompanying notes are an integral part of these financial statements.

MEXICO MEDICAL MISSIONS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009

CASH FLOWS FROM OPERATING ACTIVITIES	
Decrease in unrestricted net assets	<u>\$ (136,177)</u>
ADJUSTMENTS TO RECONCILE DECREASE IN UNRESTRICTED NET ASSETS TO NET CASH USED BY OPERATING ACTIVITIES	
Depreciation	85,250
Noncash donations	(30,000)
Decrease (increase) in assets:	
Interest receivable	(7,100)
Other current assets	27,165
Increase in liabilities	
Accounts payable	<u>11,700</u>
TOTAL ADJUSTMENTS	<u>87,015</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>(49,162)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from note receivable	2,004
Proceeds from sale of property and equipment	500
Purchase of investments	(27,822)
Purchase of property and equipment	<u>(78,089)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(103,407)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from note payable	<u>12,500</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>12,500</u>

The accompanying notes are an integral part of these financial statements.

MEXICO MEDICAL MISSIONS
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2009

NET DECREASE IN CASH AND CASH EQUIVALENTS	(140,069)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>355,767</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 215,698</u>

The accompanying notes are an integral part of these financial statements.

MEXICO MEDICAL MISSIONS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 1 – NATURE OF OPERATIONS, BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Mexico Medical Missions (the “Organization”) is a nonprofit Colorado corporation registered on February 13, 1989. The Organization provides medical services to the people of Sierra Madre Mountains in Chihuahua Mexico. The Organization’s primary medical center is located in the town of Samachique, Chihuahua, and includes outpatient facilities, dental suite, adult and pediatric medical wards, a lab, X-ray services and modern surgical suite. The Organization receives its support through voluntary donations from individuals, churches and foundations.

Basis of Presentation

Financial statements presentation follows the recommendations of the Financial Accounting Standards Board (“FASB”) in its Accounting Standards Codification (“ASC”) Topic 958, *Not-for-Profit Entities*. Under ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. A description of the net asset categories are as follows:

- Unrestricted – Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.
- Temporarily Restricted – Net assets whose use by the Board is subject to donor-imposed restrictions that can be fulfilled by action of the Board pursuant to those restrictions or that expire by the passage of time.
- Permanently Restricted – Net assets subject to donor-imposed restrictions that they be maintained permanently by the Board.

The Organization has no temporarily or permanently restricted net assets at December 31, 2009.

Significant Accounting Policies

A. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash in banks, and highly liquid assets with an original or remaining maturity of three (3) months or less from date of purchase.

B. Investments

Investment transactions are recorded at fair market value. Unrealized gains and losses from investment transactions are included in the change in net assets.

MEXICO MEDICAL MISSIONS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 1 – NATURE OF OPERATIONS, BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

C. Revenue Recognition

Contributions received are recorded as increases in unrestricted net assets unless they are limited by donor-imposed stipulations. Contributions of donated noncash assets are recorded at their fair values in the period received. Revenue from hospital services are recorded as increases in unrestricted net assets in the period on which the related services are performed.

D. Contributed Services

During the year ended December 31, 2009, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization at the residents' facilities, but these services do not meet the criteria for recognition of contributed services. The Organization receives more than 2,000 volunteer hours per year.

E. Fair Value of Financial Instruments

The Organization follows the provisions of ASC 820, *Fair Value Measurements and Disclosures*, which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles ("GAAP"), and expands disclosures about fair value measurements.

Under ASC 820 fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. ASC 820 describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

MEXICO MEDICAL MISSIONS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 1 – NATURE OF OPERATIONS, BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

E. Fair Value of Financial Instruments (Continued)

- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

At December 31, 2009, the Organization has Level 1 financial assets measured at fair value on a recurring basis. Unrealized gains and losses are included in the change in unrestricted net assets. The fair value of the Organization's investments measured at fair value amounted to \$27,822 (*see Note 2*).

F. Property and Equipment

Property and equipment consist of purchased, constructed and donated assets. Purchased and constructed property and equipment are recorded at cost less accumulated depreciation. Donated property and equipment are recorded at fair market value at the time of donation. Depreciation is provided on the straight-line method over the estimated useful life of the property and equipment, ranging from five (5) to ten (10) years. When property and equipment is sold or otherwise disposed of, the related cost and accumulated depreciation are removed from the account and any gain or loss is included in the change in net assets.

All acquisitions of property and equipment in excess of \$2,000 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized.

Depreciation expense was \$85,250 for the year ended December 31, 2009.

The Organization evaluates the carrying value of long-lived assets for impairment when events or changes in circumstances indicate that the book value of an asset may not be recoverable. The carrying value of a long-lived asset is considered impaired when the anticipated cumulative undiscounted cash flows of the related asset or group of assets is less than the carrying value. In that event, a loss is recognized based on the amount by which carrying value exceeds the estimated fair market value of the long-lived asset. For the year ended December 31, 2009, the Organization incurred no impairment losses.

G. Income Taxes

No provision for income taxes has been reflected in the accompanying financial statements since the Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

MEXICO MEDICAL MISSIONS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 1 – NATURE OF OPERATIONS, BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

H. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could materially differ from those estimates.

I. Adoption of New Accounting Standards

Accounting Standards Codification

In June 2009, FASB issued SFAS No. 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles* (the “Codification”). This standard replaces SFAS No. 162, *The Hierarchy of Generally Accepted Accounting Principles*, and establishes only two levels of GAAP, authoritative and nonauthoritative.

The FASB ASC has become the source of authoritative, nongovernmental GAAP, except for rules and interpretive releases of the Securities and Exchange Commission (“SEC”), which are sources of authoritative GAAP for SEC registrants. All other nongrandfathered, non-SEC accounting literature not included in the Codification will become nonauthoritative. This standard was effective for financial statements for interim or annual reporting periods ending after September 15, 2009. The adoption of the Codification changed the Board’s references to GAAP accounting standards but did not impact the Organization’s results of operations, financial position or liquidity.

Subsequent Events

In May 2009, the FASB issued new guidance for subsequent events. The new guidance, which is part of ASC 855, *Subsequent Events* (formerly SFAS No. 165, *Subsequent Events*) is intended to establish general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. Specifically, this guidance sets forth the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements, and the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. The new guidance was effective for fiscal year and interim period ended after June 15, 2009. The Organization’s adoption of the new guidance did not have a material effect on the Organization’s financial statements.

MEXICO MEDICAL MISSIONS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 1 – NATURE OF OPERATIONS, BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

I. Adoption of New Accounting Standards

Income Taxes

Effective January 1, 2009, the Organization adopted the provisions of FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109, which provides guidance on ASC 740, Income Taxes, for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. The FASB guidance requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Organization's financial statements to determine whether the tax positions are "more-likely-than-not" to be sustained by the applicable tax authority. Tax positions with respect to tax at the Organization's level not deemed to meet the "more-likely-than-not" threshold would be recorded as a tax benefit or expense in the current year. Management has concluded the adoption of this guidance had no impact on the operations of the Organization for the year ended December 31, 2009, and no provision for income tax related to this guidance is required in the Organization's financial statements.

NOTE 2 – FAIR VALUE MEASUREMENTS

The Organization's investments consist of common stock in a publicly traded company which are recorded at fair market value on a recurring basis and are categorized as Level 1 assets under the fair value hierarchy (*see Note 1E*), are summarized below.

Cost	\$ 30,559
Market	<u>27,822</u>
UNREALIZED LOSS ON INVESTMENTS	<u>\$ (2,737)</u>

All investments are measured at fair value on a recurring basis and are categorized as Level 1 assets under the fair value hierarchy.

NOTE 3 – NOTE RECEIVABLE

On April 1, 2008, the Organization obtained a \$224,453 promissory note. The note is receivable in monthly installments of \$1,390, including interest at an annual rate of four and a quarter percent (4.25%). The note is secured by an aircraft sold by the Organization in exchange for this note. At December 31, 2009, the note receivable has an outstanding balance of \$216,995.

MEXICO MEDICAL MISSIONS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 4 – NOTE PAYABLE

On February 1, 2009, the Organization issued a \$25,000 promissory note related to the purchase of a well drill rig. The note requires two (2) equal installments of \$12,500 and matured February 1, 2010. The note is noninterest-bearing and is unsecured. At December 31, 2009, the note payable has an outstanding balance of \$12,500. The note was paid in full after year end.

NOTE 5 – CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk include cash and cash equivalents. The Organization maintains its cash balance in financial institutions, which at times may exceed the amount insured by the Federal Deposit Insurance Corporation (“FDIC”) of \$250,000 at December 31, 2009 for interest-bearing accounts, except for certain retirement accounts. At December 31, 2009, the Organization had no cash or cash equivalents which exceeded federally insured limits.

NOTE 6 – ALLOCATION OF EXPENSES

The costs of providing various services are allocated between program, general and administrative, and fundraising expenses based on estimates made by management. Of the total expenses of the Organization, \$721,634 are program service expenses, \$30,075 are general and administrative expenses, and \$19,650 are fundraising expenses for the year ended December 31, 2009.

NOTE 7 – SUBSEQUENT EVENTS

In preparing these financial statements, management has evaluated events and transactions for potential recognition and disclosure through October 26, 2010, the date the financial statements were available to be issued.