

REMOTE AREA MEDICAL, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

REMOTE AREA MEDICAL, INC.
YEARS ENDED DECEMBER 31, 2018 AND 2017

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Bible Harris Smith, P.C.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Remote Area Medical, Inc.

We have audited the accompanying financial statements of Remote Area Medical, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Remote Area Medical, Inc. as of December 31, 2018 and 2017, 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.

Bible Harris Smith, P.C.

Bible Harris Smith, P.C.
Knoxville, Tennessee
November 26, 2019

REMOTE AREA MEDICAL, INC.
STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2018	2017
ASSETS		
Cash and Cash Equivalents	\$ 4,075,070	\$ 3,659,097
Grants Receivable	15,000	-
Promises to Give	531,243	598,239
Prepaid Expenses	126,175	108,159
Short Term Investments	2,807,606	2,422,593
Medical Supplies Inventory (Note 1)	607,232	200,000
Property and Equipment, Net	4,871,917	5,255,425
Deposits	130	130
TOTAL ASSETS	\$ 13,034,373	\$ 12,243,643
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 107,987	\$ 117,142
Accrued Liabilities	28,410	80,640
TOTAL LIABILITIES	136,397	197,782
NET ASSETS		
Without Donor Restrictions	12,236,675	10,659,116
With Donor Restrictions	661,301	1,386,745
TOTAL NET ASSETS	12,897,976	12,045,861
TOTAL LIABILITIES AND NET ASSETS	\$ 13,034,373	\$ 12,243,643

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

REMOTE AREA MEDICAL, INC.
STATEMENTS OF ACTIVITIES

	Year Ended December 31,	
	2018	2017
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenues and Other Increases:		
Public Support:		
General Contributions	\$ 3,765,468	\$ 2,566,422
Contributions of Services	4,542,003	2,300,000
Contributions of Materials, Property, and Facilities	418,908	69,306
Total Public Support	8,726,379	4,935,728
Investment Income	(52,634)	100,630
Net Assets Released From Donor Restrictions	1,920,436	1,536,171
Total Revenues and Other Increases	10,594,181	6,572,529
Expenses and Losses:		
Program Services	7,993,469	5,239,631
Supporting Services:		
Management and General	541,633	457,824
Fund-Raising	457,747	412,233
Total Expenses	8,992,849	6,109,688
Loss on Disposition of Property	23,773	26,018
Total Expenses and Losses	9,016,622	6,135,706
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	1,577,559	436,823
DONOR RESTRICTED NET ASSETS		
Contributions	1,194,992	1,347,281
Net Assets Released From Donor Restrictions	(1,920,436)	(1,536,171)
INCREASE (DECREASE) IN DONOR RESTRICTED NET ASSETS	(725,444)	(188,890)
INCREASE (DECREASE) IN NET ASSETS	852,115	247,933
NET ASSETS - BEGINNING	12,045,861	11,797,928
NET ASSETS - ENDING	\$ 12,897,976	\$12,045,861

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

REMOTE AREA MEDICAL, INC.
STATEMENT OF FUNCTIONAL EXPENSES

	Year Ended December 31, 2018			
	Total	Program Services	Management and General	Fund Raising
Donated Services:				
Medical Personnel	\$ 4,542,003	\$ 4,542,003	\$ -	\$ -
Direct Expedition Expenses	325,474	324,985	108	381
Salary and Benefits	1,879,543	1,276,124	340,121	263,298
Depreciation	584,466	584,466	-	-
Travel	465,445	454,258	4,280	6,908
Aviation	287,845	287,781	65	-
Office Supplies and Expenses	173,725	74,369	43,173	56,183
Insurance	120,043	83,579	36,464	-
Legal & Professional Fees	105,074	19,462	84,918	693
Miscellaneous	81,377	68,770	6,469	6,138
Public Relations and Fund Raising	104,787	14,664	1,340	88,783
Utilities	43,465	39,487	3,978	-
Postage and Delivery	67,907	33,635	6,938	27,334
Facilities	43,755	41,560	2,195	-
Registrations, Licenses and Fees	26,880	18,398	962	7,520
Credit Card and Other Service Fee:	26,503	25,563	940	-
Telephone	13,640	12,277	1,313	50
Repairs and Maintenance	22,656	22,621	35	-
Property Taxes	247	247	-	-
Conferences and Meetings	10,054	1,696	7,899	459
Grants to Affiliates	-	-	-	-
Equipment Rental	11,392	10,956	435	-
Contributed Materials	56,568	56,568	-	-
TOTAL EXPENSES	<u>\$ 8,992,849</u>	<u>\$ 7,993,469</u>	<u>\$ 541,633</u>	<u>\$ 457,747</u>

Continued on Page 6

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

REMOTE AREA MEDICAL, INC.
STATEMENT OF FUNCTIONAL EXPENSES

Continued from Page 5

	Year Ended December 31, 2017			
	Total	Program Services	Management and General	Fund Raising
Donated Services:				
Medical Personnel	\$2,300,000	\$2,300,000	\$ -	\$ -
Direct Expedition Expenses	134,012	134,012	-	-
Salary and Benefits	1,622,043	1,020,809	327,953	273,281
Depreciation	582,239	582,239	-	-
Travel	395,147	379,451	5,035	10,661
Aviation	336,036	336,036	-	-
Office Supplies and Expenses	146,261	53,823	33,356	59,082
Insurance	83,741	50,789	32,952	-
Legal & Professional Fees	58,902	17,343	41,294	265
Miscellaneous	96,622	91,281	3,386	1,955
Public Relations and Fund Raising	47,786	353	1,500	45,933
Utilities	40,458	36,676	3,782	-
Postage and Delivery	45,994	22,952	1,986	21,056
Facilities	23,444	21,066	2,378	-
Registrations, Licenses and Fees	32,534	28,879	3,655	-
Credit Card and Other Service Fees	14,937	14,440	497	-
Telephone	14,983	14,983	-	-
Repairs and Maintenance	24,430	24,430	-	-
Property Taxes	8,952	8,952	-	-
Conferences and Meetings	17,033	17,033	-	-
Grants to Affiliates	39,963	39,963	-	-
Equipment Rental	2,315	2,315	-	-
Contributed Materials	41,856	41,806	50	-
	<u>\$6,109,688</u>	<u>\$5,239,631</u>	<u>\$ 457,824</u>	<u>\$412,233</u>

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

REMOTE AREA MEDICAL, INC.
STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ 852,115	\$ 247,933
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) By Operating Activities		
Depreciation	584,466	582,239
Donated Property Included in Support	(12,453)	(27,500)
Donated Medical Supplies Inventory	(407,232)	(200,000)
(Gain) or Loss on Disposition of Property	23,773	25,897
Donated Investments Included in Support	(80,986)	(86,507)
Realized (Gain) Loss of Investments	(4,674)	(12,361)
Unrealized (Gain) Loss on Investments	157,713	(27,121)
(Increase) Decrease in Assets		
Promises to Give	66,996	(307,596)
Other Receivables	(15,000)	-
Deposits	-	6,251
Prepaid Insurance	(18,016)	(7,390)
Increase (Decrease) in Liabilities		
Accounts Payable	(9,153)	57,286
Accrued Liabilities	(52,230)	49,316
Net Cash Provided (Used) By Operating Activities	1,085,319	300,447
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of Investments	442,935	57,423
Purchase of Investments	(900,000)	(10,997)
Proceeds from Disposition of Property	-	474,103
Purchase of Property and Equipment	(212,281)	(379,076)
Net Cash Provided (Used) By Investing Activities	(669,346)	141,453
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions due to Affiliate	-	(27,957)
Net Cash Provided (Used) By Financing Activities	-	(27,957)
NET INCREASE (DECREASE) IN CASH	415,973	413,943
CASH - BEGINNING	3,659,097	3,245,154
CASH - ENDING	4,075,070	3,659,097
Cash Paid for Interest	\$ -	\$ -
Cash Paid for Income Taxes	\$ -	\$ -

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

REMOTE AREA MEDICAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 1 - Summary of Significant Accounting Policies

Operations - Remote Area Medical, Inc. (RAM) is a nonprofit organization with headquarters in Knoxville, Tennessee, and is committed to providing mobile medical services in medically deprived areas throughout the world and the United States. RAM provides medical, dental, veterinary and ophthalmic services through a volunteer corps of doctors, veterinarians, nurses, and technicians. These volunteers go on expeditions mostly at their own expense, treating hundreds of patients a day. In addition to the services provided by medical volunteers, RAM is dependent upon the volunteer services of expedition support staff, contributions of supplies, equipment and medicines, and monetary support to fulfill its objectives.

In addition, RAM conducts a year round project in Guyana, South America, with primary emphasis on free air ambulance service for isolated villages in the wilderness interior. RAM conducts several medical missions to the region every year utilizing volunteer medical and support personnel. Some teams, usually surgical teams, work at a local hospital and others travel to small communities throughout the rainforest.

Income Tax Status – The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is made in the accompanying financial statements as the Organization has no net unrelated business income.

The Organization has adopted the authoritative guidance related to accounting for uncertainty in income taxes included in the ASC Topic *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity’s financial statements and prescribe a threshold of “more likely than not” for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Organization performed an evaluation of uncertain tax positions for the year ended December 31, 2018, and determined that there were no matters that would require recognition in the financial statements or which may have any effect on its tax-exempt status. As of December 31, 2018, the statute of limitations for tax years 2015 through 2017 remains open with the U.S. federal jurisdiction or the various states and local jurisdictions in which the Organization files tax returns. It is the Organization’s policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense. As of December 31, 2018, the Organization had no accruals for interest and/or penalties.

Basis of Presentation - Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Statement of Financial Accounting Standards ASU 2016-14. The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, such as those that the donor stipulates that resources be

maintained in perpetuity. The Organization has donations with donor restrictions at December 31, 2018 approximating \$661,000.

The Organization's unspent contributions are reported in net assets with donor contributions if the donor limited their use, as are promised contributions that are not yet due. Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Use of Estimates - The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities 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.

Significant Estimates related to Inventory – During 2017, the Organization increased the level of its medical supplies inventory and began purchasing in larger quantities to obtain cost savings. Because a physical inventory of supplies was not taken at December 31, 2017, management estimated the supplies on hand based on the result of an inventory in June, 2018. Consequently the balance at December 31, 2017 is an estimate. The Organization implemented a tracking system in 2018. The inventory balance at December 31, 2018 is derived from the tracking system.

Expense Allocation - The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Recognition of Donor Restrictions - Support that is restricted by the donor is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When the purpose of the restriction has been accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the Statement of Activities as "Net Assets Released from Restrictions."

Cash and Cash Equivalents – The Organization's cash and cash equivalents include money market funds and certificates of deposit held at various financial institutions. For purposes of the statement of cash flows, the Organization considers certificates of deposits and highly liquid debt instruments to be cash equivalents, unless permanently restricted. The fair value of cash equivalents does not differ materially from the carrying value due to the short maturities of the instruments.

Property and Equipment - Purchased property and equipment is recorded at cost. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as restricted support. Unless the donor has stipulated how long donated assets must be maintained, RAM reports the expiration of donor restrictions when the donated or acquired assets are placed in service; at that time, the assets are transferred from restricted net assets to unrestricted net assets.

Donated Services - The accomplishment of the Organization's mission is entirely dependent upon volunteers.

RAM requires a staff of medical professionals who provide specialized treatment to patients. These professionals include physicians, registered nurses, dentists, veterinarians, and optometrists. The value of the services provided by such individuals is recorded in the financial statements based on national averages established by the United States Department of Labor.

Until his death in August 2018 the Organization's Founder and President served the Organization virtually around the clock without compensation. He was an internationally known speaker and television personality whose services would be extremely valuable in a commercial market. However, the President would not accept compensation for his efforts on the Organization's behalf. Because it is impossible to place a monetary value on his services, the value of his time which had been donated to lead expeditions, recruit volunteers, and to raise funds for the Organization has not been reflected in these financial statements.

RAM also utilizes other volunteers to assist the medical professionals in the treatment of patients and in support of office operations. These donated services are not reflected in the financial statements but have an estimated value of approximately \$577,000 and \$475,000 for the years ended December 31, 2018 and 2017, respectively.

Donated Materials - Other noncash donations totaling \$418,909 and \$69,306 for the years ended December 31, 2018 and 2017, respectively, have been recorded as contributions in-kind and expenses in the financial statements. The value of donated medical supplies and medicines are not reflected in the accompanying financial statements since there is no objective basis available to measure the value of such materials, many of which are perishable.

Travel In-Kind - The Organization's expeditions periodically require volunteers to travel to remote locations. In most situations, the volunteers are responsible for providing their own transportation resulting in an in-kind donation of travel costs. The value of these contributions is not reflected in the accompanying financial statements because information is not currently available to compute the amount of the expenses incurred.

Promises to Give - Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Fair Value Measurement – In determining fair value, FASB ASC 820-10 (formerly FASB No. 157, "*Fair Value Measurements*"), provides guidance for measuring fair value and required additional disclosures.

New Accounting Pronouncement – On August 18, 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The new standards change the following aspects of the Organization's financial statements.

Unrestricted Net Assets have been renamed Net Assets Without Donor Restrictions.

The financial statements include a new disclosure about liquidity and availability of resources (Note 3).

Accordingly, certain reclassifications have been made to the prior year financial statements in order to conform with the current year presentation.

Note 2 – Information Regarding Availability and Liquidity

The Organization strives to maintain liquid financial assets sufficient to cover approximately 600 days of general expenditures. Financial assets in excess of daily cash requirements are may be invested in certificates of deposit, money market funds and other short-term investments.

The following table reflects the Organization’s financial assets as of December 31, 2018, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations. In the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution.

	<u>December 31,</u>	
	<u>2018</u>	<u>2017</u>
Financial Assets at Year End:		
Cash and Cash Equivalents	\$ 4,075,070	\$ 3,659,097
Accounts Receivable	15,000	-
Pledges - Unrestricted	531,243	598,239
Investments	<u>2,807,606</u>	<u>2,422,593</u>
Total Financial Assets	7,428,919	6,679,929
Less amounts not available to be used within one year:		
None	<u>-</u>	<u>-</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 7,428,919</u>	<u>\$ 6,679,929</u>

Note 3 – Cash and Investments

The balances in Cash and Cash Equivalents and Investments at December 31 include:

	<u>2018</u>	<u>2017</u>
Cash and Cash Equivalents		
Bank Accounts and Certificates of Deposit	\$ 3,550,027	\$ 2,775,105
Securities Firm Cash	525,043	883,992
Total Cash and Cash Equivalents	<u>\$ 4,075,070</u>	<u>\$ 3,659,097</u>
Investments		
Municipal and Corporate Bonds	\$ 37,216	\$ 55,261
Common Stocks and Options	120,651	57,710
Mutual Funds and Exchange Traded Funds	<u>2,649,739</u>	<u>2,309,622</u>
Total Investments	<u>\$ 2,807,606</u>	<u>\$ 2,422,593</u>

Cash held in bank accounts in excess of the Federal Deposit Insurance (FDIC) limit totaled approximately \$2,853,000 and \$2,041,000 at December 31, 2018 and 2017, respectively. In addition, cash and cash equivalents held in Securities Firms at December 31, 2018 and 2017 totaling approximately \$525,000 and \$884,000 respectively were not federally insured. The Securities Firms are members of the Securities Investor Protection Corporation (SIPC) which protects securities accounts up to a maximum of \$500,000 per customer, including

\$250,000 in cash balances. Investments are reported at fair value in the accompanying balance sheet. The fair value framework described in FASB ASC 820-10 requires the categorization of assets and liabilities into three levels based upon the assumptions (inputs) used to value the assets or liabilities. Level 1 provides the most reliable measure of fair value, whereas Level 3 generally requires significant management judgment. The three levels are defined as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities.
- Level 2: Observable inputs other than those included in Level 1. For example, quoted prices for similar assets or liabilities in active markets or quoted prices for identical assets or liabilities in inactive markets. The fair value for Savings Certificates and Money Funds is the value reported to the Organization by the Securities Firms.
- Level 3: Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability.

	Fair Value	Fair Value Measurement Using:		
		Level 1	Level 2	Level 3
<u>December 31, 2018</u>				
Bonds	\$ 37,216	\$ 37,216	\$ -	\$ -
Common Stocks	120,651	120,651	-	-
Mutual Funds and Exchange Traded Funds	<u>2,649,739</u>	<u>2,649,739</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,807,606</u>	<u>\$ 2,807,606</u>	<u>\$ -</u>	<u>\$ -</u>
<u>December 31, 2017</u>				
Bonds	\$ 55,261	55,261		
Common Stocks	57,710	57,710	-	-
Mutual Funds	<u>2,309,622</u>	<u>2,309,622</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,422,593</u>	<u>\$ 2,422,593</u>	<u>\$ -</u>	<u>\$ -</u>

Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of the investments securities, it is at least reasonably possible that changes in market values in the near term would materially affect the fair value of the investments reported in the balance sheet at December 31, 2018.

The following summarizes the investment income in the statement of activities:

	December 31,	
	2018	2017
Interest and dividends	\$ 97,806	\$ 69,152
Realized/Unrealized (losses) gains	<u>(153,041)</u>	<u>29,586</u>
Total Investment Return	(55,235)	\$ 98,738
Interest on Cash and Cash Equivalents	<u>2,601</u>	<u>1,891</u>
Total Investment Income (Loss)	<u>\$ (52,634)</u>	<u>\$ 100,629</u>

Note 4 - Receivables

Promises to give at December 31, 2018 and 2017 are currently due and considered fully collectible.

Note 5 - Property and Equipment

Property and equipment are depreciated using the straight-line method over forty years for real property and five to ten years for other property. It is the Organization's policy to expense additions to property and equipment with individual costs of less than \$1,000.

The Organization also had access to the use of three aircraft for a minimal yearly lease payment. These assets are not included in property and equipment as title is retained by the donors.

A recreational vehicle owned by a board member is kept on RAM's premises. It is used for housing at away clinics.

Property and equipment consisted of the following:

	December 31,	
	2018	2017
Aircraft	\$ 2,072,765	\$ 2,072,765
Medical Equipment	2,010,838	1,926,098
Buildings	1,942,663	1,885,765
Land and Improvements	1,377,532	1,377,532
Vehicles and Mobile Equipment	1,398,415	1,388,915
Furniture	34,025	21,675
Property Held for Sale	-	-
Construction in Progress	27,566	9,138
Total	8,863,804	8,681,888
Less: Accumulated Depreciation	(3,991,885)	(3,426,463)
Net Book Value of Property and Equipment	<u>\$ 4,871,919</u>	<u>\$ 5,255,425</u>

Total property and equipment includes assets totaling \$12,453 and \$27,500 donated in fiscal years December 31, 2018 and 2017, respectively. The value of donated medical equipment is estimated by the medical professionals who work with RAM. The value of all other donated assets is determined with reference to published sources.

Note 6 – Related Party Transactions

The Organization uses companies owned by Board members to service aircraft and purchase certain supplies. Amounts paid to these companies totaled approximately \$26,000 and \$25,000 during the years ended December 31, 2018 and 2017.

The Organization works with local groups to facilitate its Mobile Clinics. These local groups ordinarily are not organized as independent entities, but are included under the auspices of local nonprofit entities. Should the local group organize as a distinct entity, it will sign an Affiliation Agreement with the Organization, under which it will be authorized to conduct activities as the Organization's representative within the local area. The Organization may accept contributions for the Affiliate. Each affiliate is expected to contribute 10% of its cash undesignated donations

to the Organization. During the years ended December 31, 2017 and 2016, there was one active affiliate. The Organization collected contributions for the Affiliate totaling approximately \$88,000 and \$37,000 during the years ended December 31, 2017 and 2016, respectively. The Organization remitted to the Affiliate approximately \$40,000 and \$57,000 during the years ended December 31, 2017 and 2016, respectively.

Subsequent to December 31, 2017, the Affiliation Agreement was terminated. The Organization took over the operations of the Affiliate.

Note 7 – Donor Restrictions on Assets

Donor restricted net assets consist of cash equivalents and investments. They were available to be used for the following purposes:

	December 31,	
	2018	2017
USA Reach Across America	23,121	\$ 508,177
Disaster	171,233	255,837
Veterinary Services and Equipment	166,733	249,102
Appalachia	117,647	228,744
Dental and Vision Supplies	38,941	-
RAM Rangers	44,338	85,440
Haiti	87,869	54,462
Philippines	-	4,102
Miscellaneous Designations	11,219	681
Africa Expedition	200	200
	\$ 661,301	\$ 1,386,745

Note 8 – Risks and Uncertainties Related to Foreign Operations

The Organization’s foreign operations are subject to various risks, including: compliance with foreign laws, economic or political uncertainties, oversight of the Organization’s activities, and oversight of Organization representatives.

Note 9 – Concentration

Approximately 30% and 16% of contributions during the years ended December 31, 2018 and 2017, respectively, were from five donors.

Note 10 – Retirement Plan

The Organization has established a Simple IRA defined contribution pension plan. Employees are eligible to participate immediately upon employment. The Organization matches employee contributions up to 3% of compensation. Pension expense for the year ended December 31, 2018 and 2017 totaled \$36,058 and \$20,661 , respectively.

Note 11 - Subsequent Events

Management has evaluated subsequent events through November 26, 2019, the date the financial statements were available to be issued.