

PROJECT MEDSEND
INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS
JUNE 30, 2011

PROJECT MEDSEND

CONTENTS

JUNE 30, 2011

	PAGE
Independent auditor's report	3
 FINANCIAL STATEMENTS	
Statements of financial position	4
Statements of activities	5
Statements of cash flow	6
Notes to financial statements	7-10
 SUPPLEMENTARY SCHEDULE	
Schedules of functional expenses	11-12



INDEPENDENT AUDITOR'S REPORT

Venman & Co. LLC
Certified Public Accountants

October 21, 2011

375 Bridgeport Avenue
Shelton, Connecticut 06484
203-929-9945
Fax 203-929-9095
www.venmanllc.com

Board of Directors
Project MedSend
999 Oronoque Road
Stratford, CT 06614

Members

- Bernhard F. Bruder, CPA
- James G. Woods, CPA
- Janet Barillari, CPA

We have audited the accompanying statements of financial position of Project MedSend as of June 30, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Project MedSend's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Of Counsel

- Russell P. Stockman, CPA

We conducted our audits in accordance with U.S. generally accepted auditing standards. 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 audits provide a reasonable basis for our opinion.

Services

- Financial Statements
- Federal and State Tax Compliance
- Income Tax Planning
- Compensation & Benefit Planning
- Banking Relationships
- Investment Alternatives
- Estate Planning & Valuation
- Management Transition
- Mergers & Acquisitions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Project MedSend as of June 30, 2011 and 2010 and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules of functional expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Affiliations

- American Institute of Certified Public Accountants
- Connecticut Society of Certified Public Accountants

Venman & Co. LLC

PROJECT MEDSEND
STATEMENTS OF FINANCIAL POSITION

	June 30,	
	2011	2010
ASSETS		
Cash, including interest bearing accounts	\$ 1,157,967	\$ 1,200,510
Investments - other, certificates of deposit	105,636	501,483
Prepaid expenses	8,953	-
Equipment		
Office equipment	37,310	36,399
Less accumulated depreciation	33,958	31,515
Net equipment	3,352	4,884
TOTAL ASSETS	\$ 1,275,908	\$ 1,706,877
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 8,475	\$ 7,391
Deferred rent	1,900	2,646
Total liabilities	10,375	10,037
NET ASSETS		
Unrestricted		
Designated by governing board as mission boards associates	516,476	509,424
Undesignated	709,198	1,187,416
Total unrestricted	1,225,674	1,696,840
Temporarily restricted	39,859	-
Total net assets	1,265,533	1,696,840
TOTAL LIABILITIES AND NET ASSETS	\$ 1,275,908	\$ 1,706,877

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

PROJECT MEDSEND
STATEMENTS OF ACTIVITIES

	<u>Year Ended June 30, 2011</u>			<u>Year Ended June 30, 2010</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue						
Contributions	\$1,262,514	39,859	\$1,302,373	\$1,196,066	\$ -	\$1,196,066
Investment income	6,702	-	6,702	25,144	-	25,144
Net realized gain on investments	-	-	-	72,596	-	72,596
Net unrealized loss on investments	-	-	-	(24,003)	-	(24,003)
Net assets released from restrictions - Satisfaction of purpose restrictions	-	-	-	1,633	(1,633)	-
Total support and revenues	<u>1,269,216</u>	<u>39,859</u>	<u>1,309,075</u>	<u>1,271,436</u>	<u>(1,633)</u>	<u>1,269,803</u>
Expenses						
Program services						
Grant recipients	1,147,590	-	1,147,590	1,241,163	-	1,241,163
Educational functions	64,948	-	64,948	78,725	-	78,725
Total program services	<u>1,212,538</u>	<u>-</u>	<u>1,212,538</u>	<u>1,319,888</u>	<u>-</u>	<u>1,319,888</u>
Supporting services						
Management and general	310,606	-	310,606	292,086	-	292,086
Fund raising	217,238	-	217,238	159,749	-	159,749
Total supporting services	<u>527,844</u>	<u>-</u>	<u>527,844</u>	<u>451,835</u>	<u>-</u>	<u>451,835</u>
Total expenses	<u>1,740,382</u>	<u>-</u>	<u>1,740,382</u>	<u>1,771,723</u>	<u>-</u>	<u>1,771,723</u>
Increase (decrease) in net assets	(471,166)	39,859	(431,307)	(500,287)	(1,633)	(501,920)
Net assets at beginning of year	1,696,840	-	1,696,840	2,197,127	1,633	2,198,760
NET ASSETS AT END OF YEAR	<u><u>\$1,225,674</u></u>	<u><u>\$39,859</u></u>	<u><u>\$1,265,533</u></u>	<u><u>\$1,696,840</u></u>	<u><u>\$ -</u></u>	<u><u>\$1,696,840</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

PROJECT MEDSEND
STATEMENTS OF CASH FLOWS

	Year Ended June 30,	
	2011	2010
Operating activities		
Decrease in net assets	\$ (431,307)	\$ (501,920)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation	2,443	2,532
Net realized gain on sale of investments	-	(72,596)
Net unrealized loss on investments	-	24,003
Increase in prepaid expenses	(8,953)	-
Increase in accounts payable and accrued expenses	1,084	765
Increase (decrease) in deferred rent	(746)	2,646
	(437,479)	(544,570)
Investing activities		
Purchase of investments	-	(1,783,631)
Proceeds from sale of investments	-	3,600,345
Net proceeds (purchases) of investments - other, certificates of deposit	395,847	(501,483)
Purchase of equipment	(911)	(1,725)
	394,936	1,313,506
Net cash provided by investing activities		
Increase (decrease) in cash for the year	(42,543)	768,936
Cash, including interest bearing accounts, at beginning of year	1,200,510	431,574
CASH, INCLUDING INTEREST BEARING ACCOUNTS, AT END OF YEAR	\$ 1,157,967	\$ 1,200,510

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENT

PROJECT MEDSEND

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 1. ORGANIZATION AND NATURE OF ACTIVITIES

Project MedSend (MedSend) was incorporated under the laws of the State of Texas as a not-for-profit entity organized exclusively for religious purposes as follows: (1) to conduct activities which are of assistance to healthcare workers encumbered by educational debt who wish to devote themselves to full-time service in an underserved community; (2) explore biblically holistic approaches to the provision of therapeutic and preventive aspects of health care services in the context of Christian health programs; and, (3) work with training programs to increase the number of healthcare workers in service in underserved communities.

MedSend is located in Stratford, Connecticut and has Board Missions and agencies that are in agreement with MedSend's purpose and mission as member associates. The member associates participate in the organization through the payment of a one-time associate fee that allows them to recommend individuals to participate in the student loan repayment grant program.

MedSend's revenues consist of contributions and investment income.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

To ensure observance of limitations and restrictions placed on the use of resources available to MedSend, the accounts of MedSend are maintained in the following net asset categories:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations and may be spent at the discretion of the Board of Directors.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that will either expire with the passage of time (time restriction) or will be met by actions of MedSend pursuant to the restrictions (purpose restriction).

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained in perpetuity and as applicable that only the income earned thereon will be available for operations. MedSend has no permanently restricted net assets.

SUPPORT AND REVENUE

Contributions – Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and nature of any donor restrictions. Donor restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time ends or purpose 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 restrictions. MedSend's policy is to present temporarily restricted net assets received during the year whose restrictions are met during the current year as unrestricted net assets.

PROJECT MEDSEND

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Services – MedSend recognizes contributions of services received if they create or enhance nonfinancial assets or require specialized skills and would typically need to be purchased if not provided by donation. General volunteer services do not meet the criteria for recognition in the financial statements; however, a number of volunteers have donated significant amounts of time to MedSend’s activities.

INVESTMENT – OTHER

Certificates of deposit held for investment that are not debt securities are included in “investments – other.”

EQUIPMENT

Office equipment is recorded at cost and includes expenditures that materially increase values or extend useful lives. Upon disposition of office equipment, the cost and related accumulated depreciation is eliminated from the respective accounts and the resulting gain or loss is included in the statement of activities. Expenditures in the nature of normal repairs and maintenance are charged to operations as incurred.

Depreciation of office equipment is provided by the straight-line method over the estimated useful lives of the assets.

USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

FUNCTIONAL EXPENSES

The costs of providing programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 3. CONCENTRATION OF CREDIT RISK

CASH

During the year and at the statement of financial position date, MedSend maintained cash balances at a bank in excess of the insurance limit (\$250,000) of the Federal Deposit Insurance Corporation. However, MedSend has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

PROJECT MEDSEND

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 4. PROGRAM ACTIVITIES

Grants – The Board of Directors continues to make commitments to repay the educational loans of healthcare professionals during their terms of service. Approved candidates and renewal candidates are reviewed and voted upon by the Board. Grants in the form of loan repayments totaled \$1,023,035 in 2011 and \$1,115,818 in 2010.

Education – Part of MedSend’s program goals is to educate healthcare students and trainees on how to avoid excessive educational debt so that they will be free to minister among the underserved. This is an essential part of MedSend’s program as the organization works to reduce the size of future grants, thus making more grants possible. To meet its educational role, MedSend publishes articles and informs and counsels applicants and inquirers. MedSend’s net expenses, after grant related expenses, that are devoted to educational functions amounted to approximately 11% in 2011 and 15% in 2010.

NOTE 5. UNRESTRICTED – NET ASSETS BOARD DESIGNATED

Board designated assets represent a one-time non-refundable participation fee for mission boards that agree to collaborate with MedSend as “associates.”

NOTE 6. PENSION PLAN

MedSend has a Simplified Employee Pension Plan (SEP IRA) that covers all employees meeting minimum requirements and made discretionary contributions to it in the amount of \$21,584 in 2011 and \$17,894 in 2010.

NOTE 7. INCOME TAXES

MedSend, a tax exempt organization under Internal Revenue Code Section 501(c)(3), is not subject to federal and state income taxes and is subject to examinations by federal and state taxing authorities for years 2007 and thereafter.

NOTE 8. COMMITMENTS

MedSend is committed to fund the educational loan repayments of grant recipients for as long as they remain in the field of service. Based on the service terms of the original agreement, this amounted to \$2,316,560 as of June 30, 2011; however, a liability has not been recorded since grant recipients may terminate their service at any time and, therefore, the actual amount to be paid is not subject to reasonable estimation.

NOTE 9. TEMPORARILY RESTRICTED NET ASSETS

At year-end, temporarily restricted net assets consisted of the following:

Miriam Fountain Memorial Fund	\$ 29,186
Tom Little Memorial Fund	<u>10,673</u>
	<u>\$ 39,859</u>

PROJECT MEDSEND

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 10. LEASE COMMITMENTS

MedSend leases office space in Stratford, Connecticut under a noncancelable operating lease that expires in December 2014.

MedSend is required to pay electrical utilities as additional rent.

Rent amounted to \$17,513 in 2011 and \$18,577 in 2010.

Future minimum rental payments under the noncancelable operating lease, excluding utilities, by year and in the aggregate are as follows:

<u>Year Ending June 30,</u>	
2012	\$ 15,670
2013	15,670
2014	15,670
2015	<u>7,123</u>
	<u>\$ 54,133</u>

NOTE 11. CONTINGENCY

During the current year MedSend entered into an employment contract with an employee that requires payment of six months' salary if terminated prior to September 2012.

NOTE 12. RECLASSIFICATION

Certain items in the prior year financial statements have been reclassified to conform to the current year's presentation. The reclassification had no effect on previously reported net income.

NOTE 13. SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 21, 2011, the date that the financial statements were available for issue.

PROJECT MEDSEND
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2011

	<u>Program Services</u>			<u>Supporting Services</u>		<u>Total Supporting Services</u>	<u>TOTAL</u>
	<u>Grant Recipients</u>	<u>Educational Functions</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>		
Program grants	\$ 1,023,035	\$ -	\$ 1,023,035	\$ -	\$ -	\$ -	\$ 1,023,035
Salaries and benefits	95,076	49,802	144,878	158,460	149,404	307,864	452,742
Payroll taxes	7,079	3,708	10,787	11,799	11,125	22,924	33,711
Supplies	154	154	308	154	154	308	616
Dues and subscriptions	-	-	-	235	288	523	523
Entertainment	-	-	-	205	-	205	205
Computer expenses	8,518	-	8,518	8,508	6,957	15,465	23,983
Mailing and postage	786	590	1,376	2,359	196	2,555	3,931
Publications and printing	2,574	2,574	5,148	2,574	18,016	20,590	25,738
Professional fees	-	1,499	1,499	40,667	15,077	55,744	57,243
Depreciation	-	-	-	2,443	-	2,443	2,443
Rent and utilities	1,751	1,751	3,502	12,259	1,752	14,011	17,513
Bank fees	1,017	-	1,017	1,016	-	1,016	2,033
Telephone	334	143	477	287	191	478	955
Travel and meetings	1,476	4,285	5,761	2,277	13,519	15,796	21,557
Miscellaneous	4,386	-	4,386	3,492	-	3,492	7,878
Education	-	-	-	61,937	-	61,937	61,937
State filing fees	697	-	697	697	-	697	1,394
Insurance	707	442	1,149	1,237	559	1,796	2,945
Total	\$ 1,147,590	\$ 64,948	\$ 1,212,538	\$ 310,606	\$ 217,238	\$ 527,844	\$ 1,740,382

PROJECT MEDSEND
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2010

	<u>Program Services</u>		<u>Total Program Services</u>	<u>Supporting Services</u>		<u>Total Supporting Services</u>	<u>TOTAL</u>
	<u>Grant Recipients</u>	<u>Educational Functions</u>		<u>Management and General</u>	<u>Fund Raising</u>		
Program grants	\$ 1,115,818	\$ -	\$ 1,115,818	\$ -	\$ -	\$ -	\$ 1,115,818
Salaries and benefits	92,854	58,033	150,887	162,495	73,513	236,008	386,895
Payroll taxes	6,670	4,169	10,839	11,672	5,279	16,951	27,790
Supplies	632	632	1,264	632	630	1,262	2,526
Dues and subscriptions	-	-	-	38	47	85	85
Entertainment	-	-	-	690	-	690	690
Computer expenses	14,277	-	14,277	9,974	10,065	20,039	34,316
Mailing and postage	988	741	1,729	2,963	246	3,209	4,938
Publications and printing	2,143	2,143	4,286	2,143	14,998	17,141	21,427
Professional fees	-	4,960	4,960	55,513	29,385	84,898	89,858
Depreciation	-	-	-	2,532	-	2,532	2,532
Rent and utilities	1,858	1,858	3,716	13,004	1,857	14,861	18,577
Bank fees	1,012	-	1,012	1,013	-	1,013	2,025
Telephone	433	185	618	371	247	618	1,236
Travel and meetings	584	5,662	6,246	3,281	23,050	26,331	32,577
Miscellaneous	2,816	-	2,816	3,538	-	3,538	6,354
Education	-	-	-	20,739	-	20,739	20,739
Payroll service fees	38	24	62	67	30	97	159
State filing fees	532	-	532	532	-	532	1,064
Insurance	508	318	826	889	402	1,291	2,117
Total	\$ 1,241,163	\$ 78,725	\$ 1,319,888	\$ 292,086	\$ 159,749	\$ 451,835	\$ 1,771,723