



**NATIONAL AMBUCS, INC.
AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

Year Ended December 31, 2022

**NATIONAL AMBUCS, INC.
AND SUBSIDIARY**

December 31, 2022

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Financial Position	Exhibit A
Consolidated Statement of Activities	Exhibit B
Consolidated Statement of Functional Expenses	Exhibit C
Consolidated Statement of Cash Flows	Exhibit D
Notes to Consolidated Financial Statements	Pages 1-11

CONSOLIDATING SUPPLEMENTARY INFORMATION

Consolidating Schedule of Financial Position	Schedule 1
Consolidating Schedule of Activities	Schedule 2
Consolidating Schedule of Cash Flows	Schedule 3



INDEPENDENT AUDITOR'S REPORT

The Board of Directors
National AMBUCS, Inc. and Subsidiary
High Point, North Carolina

Qualified Opinion

We have audited the accompanying consolidated financial statements of National AMBUCS, Inc. and Subsidiary (“the Organization”), which comprise the consolidated statement of financial position, as of December 31, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, except for the possible effects on the statement of activities, functional expenses, and cash flows of the matter described in the ***Basis for Qualified Opinion*** section of our report, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization, as of December 31, 2022, and the results of its operations and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

We did not observe the physical inventory (stated at \$253,187) taken as of December 31, 2021, since that date was prior to our initial engagement as auditors for the Organization, and the Organization’s records do not permit adequate retroactive tests of inventory quantities. Consequently, we were unable to determine whether any adjustments were necessary in the statements of financial position, activities, functional expenses or cash flows.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the ***Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements*** section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about the Organization’s ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Reporting on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements, as a whole. The accompanying Schedules 1 through 3 are presented for purposes of additional analysis of the financial statements, and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the financial statements, as a whole.

DMQPS PLLC

Certified Public Accountants
Greensboro, North Carolina

January 5, 2024

**NATIONAL AMBUCS, INC.
AND SUBSIDIARY**

CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2022

NATIONAL AMBUCS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2022

ASSETS

Current Assets

Cash	\$ 1,369,855
Accounts receivable	596,866
Dues receivable	29,811
Investments	4,193,668
Inventory	711,252
Prepaid expenses	4,270
Other current assets	24,098

Total Current Assets	<u>6,929,820</u>
-----------------------------	------------------

Noncurrent Assets

Property and equipment, net	601,653
Cash value life insurance	83,705

Total Noncurrent Assets	<u>685,358</u>
--------------------------------	----------------

Total Assets	<u><u>\$ 7,615,178</u></u>
---------------------	----------------------------

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 938,962
Other current liabilities	5,574
Line of credit	311,544

Total Liabilities	<u>1,256,080</u>
--------------------------	------------------

Net Assets

Without donor restrictions:	
Board designated endowment	1,192,843
Unrestricted	660,689
With donor restrictions	4,505,566

Total Net Assets	<u>6,359,098</u>
-------------------------	------------------

Total Liabilities and Net Assets	<u><u>\$ 7,615,178</u></u>
---	----------------------------

See auditor's report and notes to consolidated financial statements.

NATIONAL AMBUCS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Support			
Product sales	\$ 1,414,498	\$ -	\$ 1,414,498
Cost of goods sold	<u>1,082,017</u>	<u>-</u>	<u>1,082,017</u>
Gross Profit	<u>332,481</u>	<u>-</u>	<u>332,481</u>
Contributions	40,878	433,946	474,824
Membership dues	117,655	-	117,655
Investment loss	(128,576)	(541,864)	(670,440)
Conference income	183,017	-	183,017
Dividend and interest income	42,357	65,786	108,143
Other income, net	8,309	-	8,309
	<u>263,640</u>	<u>(42,132)</u>	<u>221,508</u>
Net assets released from restrictions	<u>351,196</u>	<u>(351,196)</u>	<u>-</u>
Total Revenue, Gains, and Support	<u>947,317</u>	<u>(393,328)</u>	<u>553,989</u>
Expenses			
Program	656,006	-	656,006
General and administrative	246,487	-	246,487
Membership	412,051	-	412,051
Fundraising	74,867	-	74,867
Total Expenses	<u>1,389,411</u>	<u>-</u>	<u>1,389,411</u>
Change in Net Assets	(442,094)	(393,328)	(835,422)
Net Assets, beginning	<u>2,295,626</u>	<u>4,898,894</u>	<u>7,194,520</u>
Net Assets, ending	<u>\$ 1,853,532</u>	<u>\$ 4,505,566</u>	<u>\$ 6,359,098</u>

See auditor's report and notes to consolidated financial statements.

NATIONAL AMBUCS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2022

	Program Services	Supporting Services			Total
		General and Administrative	Membership	Fundraising	
Payroll	\$ 218,169	\$ 67,434	\$ 71,401	\$ 39,667	\$ 396,671
Payroll taxes	17,181	5,310	5,623	3,124	31,238
Employee benefits	36,940	9,235	9,235	6,157	61,567
Awards	268,738	-	23,368	-	292,106
Conferences	-	-	205,345	-	205,345
Travel	2,755	564	-	-	3,319
Supplies	4,860	18,360	3,780	-	27,000
Office expense	-	868	-	-	868
Postage and delivery	-	48	2,346	-	2,394
Taxes, dues and fees	-	9,030	-	-	9,030
Professional fees	-	75,519	-	-	75,519
Publications and promotion	-	-	31,101	1,985	33,086
Insurance	22,013	6,604	15,409	-	44,026
Repairs and maintenance	2,509	13,172	-	-	15,681
Rent	37,468	-	-	-	37,468
Computer	-	16,288	21,592	-	37,880
Utilities	11,475	2,648	5,296	2,648	22,067
Training	-	4,475	1,193	298	5,966
Bank fees	22,451	4,490	6,735	11,226	44,902
Interest expense	24,850	6,401	3,765	2,636	37,652
Fundraising	-	-	-	4,195	4,195
Intercompany sales elimination	(26,105)	-	-	-	(26,105)
Miscellaneous	-	3,110	-	-	3,110
	<u>643,304</u>	<u>243,556</u>	<u>406,189</u>	<u>71,936</u>	<u>1,364,985</u>
Depreciation	12,702	2,931	5,862	2,931	24,426
Total	<u>\$ 656,006</u>	<u>\$ 246,487</u>	<u>\$ 412,051</u>	<u>\$ 74,867</u>	<u>\$ 1,389,411</u>

See auditor's report and notes to consolidated financial statements.

NATIONAL AMBUCS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended December 31, 2022

Cash Flows from Operating Activities	
Change in net assets	\$ (835,422)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	24,426
Loss on investments	670,440
Loss on disposal of property and equipment	2,103
Contributions restricted for endowment	(126,755)
Other	
(Increase) decrease in operating assets:	
Accounts receivable	(335,679)
Dues receivable	(8,186)
Inventory	(458,065)
Prepaid expenses	(4,270)
Other current assets	(30,344)
Increase (decrease) in operating liabilities:	
Accounts payable	797,651
Other current liabilities	682
	<u>(303,419)</u>
Net Cash Used in Operating Activities	
Cash Flows from Investing Activities	
Proceeds from sale of investments	408,276
Purchase of investments	(253,042)
Premiums paid on life insurance	(3,650)
	<u>151,584</u>
Net Cash Provided by Investing Activities	
Cash Flows from Financing Activities	
Payments on notes payable	(8,774)
Contributions restricted for endowment	126,755
	<u>117,981</u>
Net Cash Provided by Financing Activities	
Net Decrease in Cash, Cash Equivalents, and Restricted Cash	(33,854)
Cash, Cash Equivalents, and Restricted Cash, beginning	<u>1,403,709</u>
Cash, Cash Equivalents, and Restricted Cash, ending	<u><u>\$ 1,369,855</u></u>
Supplemental Disclosure of Cash Flow Information	
Cash paid during the year for interest	<u><u>\$ 37,652</u></u>

See auditor's report and notes to consolidated financial statements.

NATIONAL AMBUCS, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Activity

National AMBUCS, Inc. (“AMBUCS”) is a 501(c)(3) nonprofit charitable organization with a diverse membership dedicated to the mission of creating mobility and independence for people with disabilities. Currently, there are approximately five thousand (5,000) AMBUCS members nationwide, with over one hundred and fifty (150) chapters in thirty-five (35) states. These volunteer members put the mission into action in their own communities by:

- Providing therapeutic tricycles to individuals unable to operate a traditional bike.
- Awarding academic scholarships for therapists in the fields of physical and occupational therapy, speech and language pathology, and audiology.
- Performing various other forms of community service for people with disabilities, including the construction of handicapped ramps and accessible playgrounds, and sponsorship of sports leagues for individuals with special needs.

To meet the growing demand for therapeutic trikes for children and adults with various disabilities, AMBUCS created AmTryke, LLC (“AmTryke”), which facilitates procurement, assembly, and sale of adaptive tricycles. Over 90% of AmTryke's sales are to sponsor AMBUCS chapters who then provide the therapeutic trikes to children with disabilities, wounded war veterans and others, free of charge.

The consolidated entity (“the Organization”) consists of AMBUCS and its 99% owned subsidiary, AmTryke. Through an agreement with the 1% minority owner of AmTryke, AMBUCS is allocated 100% of AmTryke's profits, losses, and capital.

Principles of Consolidation

The consolidated financial statements include the accounts of AMBUCS and its subsidiary, AmTryke. All material intercompany balances and transactions are eliminated in consolidation.

Method of Accounting

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, revenue is recognized when it is earned and realizable, and expenses are recognized when they are incurred.

Basis of Presentation

The consolidated financial statements are presented in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958, and the provisions of the American Institute of Certified Public Accountants’ *Audit and Accounting Guide for Not-for-Profit Organizations* (“the Guide”). Under the provisions of the Guide, net assets and revenue, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

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.

NATIONAL AMBUCS, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *[cont'd]***Basis of Presentation** *[cont'd]*

Net assets with donor restrictions: Net assets that are subject to stipulations imposed by the donor. Some restrictions are temporary in nature and are typically met by actions of the Organization or simply by the passage of time. Other restrictions are perpetual in nature and requires the donor stipulate that funds be maintained in perpetuity.

At December 31, 2022, the Organization has \$4,505,566 of net assets that contain donor-imposed restrictions. All other net assets, including board-designated or appropriated amounts, are legally unrestricted and are reported as part of the net assets without donor restrictions.

Net assets with donor restrictions also includes the cumulative investment earnings on donor restricted endowment net assets that are released when appropriated for expenditure.

Accounts Receivable

The Organization records accounts receivable at cost, which approximates fair value at the financial statement date. The allowance for doubtful accounts is based on a combination of historical and current information as it relates to individual accounts. The Organization determines past-due status on accounts receivable based on the contractual terms of the original sale. Specific accounts receivable that management believes to be uncollectible are written off upon such determination.

Estimates

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 amount of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Contributions Receivable

Unconditional promises to give that are expected to be collected in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are recorded at the present value of estimated future cash flows. The discounts on pledges receivable are computed using a rate commensurate with the risk of the pledge receivable, in accordance with fair value accounting standards. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met.

Investments

Investments are presented in the consolidated financial statements at fair value determined in accordance with Topic 820, *Fair Value Measurement*, of the FASB ASC. GAAP defines fair value as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

NATIONAL AMBUCS, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *[cont'd]***Investments** *[cont'd]*

The Organization's investments include various types of investment securities which 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 investment securities, it is possible that changes in risks in the near term could materially affect amounts reported in the consolidated financial statements.

Inventory

Inventory is stated at the lower of cost or net realizable value as determined by the first-in, first-out method.

Property and Equipment

Property and equipment are stated at cost. Donations of property and equipment are recorded as support at their estimated fair values at the date of receipt. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method.

Revenue Recognition

Sales revenue is recognized at the time of shipment of goods to a customer. Membership dues are recognized in conjunction with the lapse of the membership period, except life membership dues which are recognized at inception as there are no significant tangible services provided to life members over the life of the member.

Shipping and Handling Costs

Shipping and handling costs are included in cost of goods sold in the accompanying consolidated statement of activities.

Contributions

The Organization accounts for contributions in accordance with ASC 958-605, *Accounting for Contributions Received and Contributions Made*. In accordance with ASC 958-605, contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions.

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

NATIONAL AMBUCS, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *[cont'd]***Income Taxes**

AMBUCS is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (“IRC”). AmTryke is a limited liability company taxed as a pass-through entity.

The Organization accounts for uncertain income tax positions by prescribing a minimum probability threshold a tax position must meet before a financial statement income tax benefit is recognized. The minimum threshold is defined as a tax position, based solely on its technical merits, which would more likely than not be sustained upon examination by the relevant tax authority with knowledge of the same facts. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate resolution. Based on all known facts, circumstances, and current tax law, the Organization believes the total amount of uncertain income tax position liabilities and related accrued interest are not material to its financial position.

As of December 31, 2022, and including the previous three (3) years considering extensions, the Organization’s income tax returns are open and subject to examination by tax authorities with relevant jurisdiction. Should such an examination take place, management does not anticipate any significant issues related to the open years.

Functional Allocation of Expenses

The costs of providing programs and activities have been summarized on a functional basis in the consolidated statement of functional expenses. Accordingly, certain costs, such as depreciation, insurance and departmental expenses charged to human resources, service center, office support and corporate departments, have been allocated among the program and supporting services benefited based on personnel time. Cost of goods sold related to product sales is considered a program expense.

Subsequent Events

The Organization has evaluated its subsequent events through January 5, 2024, which represents the date the consolidated financial statements were available to be issued.

2. DUES RECEIVABLE

As of December 31, 2022, dues receivable consists of dues owed to the Organization by various member chapters.

3. INVESTMENTS

The composition of investments at December 31, 2022, is as follows:

Cash funds	\$ 144,089
Stocks	2,758,818
Corporate fixed income	170,478
Government securities	590,616
Mutual funds	<u>529,667</u>
Total	<u>\$ 4,193,668</u>

NATIONAL AMBUCS, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022

3. INVESTMENTS *[cont'd]*

Investment income is comprised of the following for the year ended December 31, 2022:

Dividends and interest	\$ 98,647
Net depreciation in fair value	<u>(670,440)</u>
Total Investment Income	<u><u>\$ (571,793)</u></u>

4. PROPERTY AND EQUIPMENT

Property and equipment are comprised of the following, as of December 31, 2022:

Land	\$ 227,327
Building and improvements	653,466
Vehicles	41,604
Furniture and equipment	<u>83,583</u>
	1,005,980
Less: accumulated depreciation	<u>(404,327)</u>
Total	<u><u>\$ 601,653</u></u>

5. LINE OF CREDIT

The Organization has a line of credit with a financial institution in the amount of \$260,000. The line of credit is secured by substantially all of the assets of the Organization. The interest rate on the line of credit, as of December 31, 2022, is 8.0%. At December 31, 2022, there were borrowings of \$211,544 on this line of credit.

The Organization has a line of credit with a financial institution in the amount of \$100,000. The line of credit is secured by substantially all of the assets of the Organization. The interest rate on the line of credit, as of December 31, 2022, is 8.5%. At December 31, 2022, there were borrowings of \$100,000 on this line of credit.

6. CONCENTRATION OF CREDIT RISK

The Organization routinely maintains demand deposits with financial institutions in amounts that exceed federally insured limits. In addition, investments held by the Organization are uninsured or exceed federally insured limits. The Organization has not suffered any credit losses related to such deposits and investments.

7. BOARD-DESIGNATED NET ASSETS

The Board of Directors has designated a portion of net assets without donor restrictions for endowment purposes. At December 31, 2022, this board-designated net asset fund totaled \$1,192,843.

NATIONAL AMBUCS, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022

8. NET ASSETS WITH DONOR RESTRICTIONS

The following is a summary of net assets with donor restrictions, as of December 31, 2022:

Restricted for purpose and/or time:	
Scholars	\$ 175,200
Ability	254,701
Veterans Initiative	601,714
Cornerstone	208,784
Capital Campaign	<u>273,752</u>
	1,514,151
Restricted for transfer to endowment	548,908
Restricted by endowment	<u>2,442,507</u>
	<u>\$ 4,505,566</u>

During the year ended December 31, 2022, net assets with donor restrictions, restricted for purpose and/or time, were released from restrictions as follows:

Restricted for purpose and/or time:	
Scholars	\$ 179,241
Ability	64,820
Veterans Initiative	24,557
Cornerstone	33,847
Capital Campaign	<u>48,731</u>
	<u>\$ 351,196</u>

9. LIQUIDITY

The Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To achieve this, the Organization forecasts its future cash flows and monitors its liquidity on a monthly basis. In addition to the available financial assets, the Organization has two (2) line of credit agreements in place which can be drawn upon in the event of immediate liquidity needs.

The following table summarizes the Organization's financial assets for general expenditures within one year after December 31, 2022:

Financial assets:	
Cash	\$ 1,369,855
Accounts receivable	596,865
Dues receivable	29,811
Investments at fair value	4,193,668
Cash value of life insurance	<u>83,705</u>
	<u>6,273,904</u>
Less: amounts not available to be used within one year:	
Donor restricted financial assets	(4,505,566)
Board-designated endowment	<u>(1,192,843)</u>
	<u>(5,698,409)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 575,495</u>

NATIONAL AMBUCS, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022

9. LIQUIDITY *[cont'd]*

The Organization has an endowment with a maximum annual spending limit equal to 4% of the prior three (3) years' average ending market value of the endowment assets, or approximately \$156,416, as of December 31, 2022, which is available in the next twelve (12) months. Although the Organization's intent is to limit spending from its board-designated endowment other than amounts appropriated for general expenditures as part of its annual budget approval and appropriation process, amounts from its board-designated endowment could be made available if necessary.

At December 31, 2022, cash with donor restrictions totaled \$1,039,192.

10. FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board Statement, *Fair Value Measurements* (ASC 820-10), establishes a framework for measuring fair value that provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three (3) levels of the fair value hierarchy under ASC 820-10 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets, or liabilities in active markets, that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets, or liabilities in active markets;
- Quoted prices for identical or similar assets, or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the assets or liabilities;
- Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value:

Money funds, corporate stocks, and registered investment companies: Securities are listed on national markets or exchanges are valued at the last sales price, or if there is no sale and the market is considered active, at the mean of the last bid and asked prices on such exchange. Such securities are classified within Level 1 of the valuation hierarchy.

NATIONAL AMBUCS, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022

10. FAIR VALUE MEASUREMENTS [cont'd]

Corporate bonds and government securities: Securities listed on national markets or exchanges and are valued at the last sales price, or if there is no sale and the market is considered active, at the mean of the last bid and asked prices on such exchange. Such securities are classified within Level 1 of the valuation hierarchy. All other fixed income investments are valued using market observable data, such as reported sales of similar securities, broker quotes, yields, bids, offers and reference data, and classified within Level 2 of the hierarchy.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value, or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies, or assumptions to determine the fair value of certain financial instruments, could result in a different fair value measurement at the reporting date.

The following table sets forth by level, the Organization's assets presented within the fair value hierarchy, at fair value, as of December 31, 2022:

	Level 1	Level 2	Level 3	Total
Cash funds	\$ 144,089	\$ ---	\$ ---	\$ 144,089
Stocks	2,758,818	---	---	2,758,818
Corporate fixed income	---	170,478	---	170,478
Government securities	---	590,616	---	590,616
Mutual funds	529,667	---	---	529,667
	<u>\$ 3,432,574</u>	<u>\$ 761,094</u>	<u>\$ ---</u>	<u>\$ 4,193,668</u>

11. ENDOWMENT FUNDS

The Organization's endowment consists of various funds established to support general activities and programs. The endowment consists of funds designated by the Board of Directors and donor-restricted funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted the North Carolina enacted version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies net assets with donor restrictions as endowment corpus: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as endowment corpus represents the fair value of assets associated with individual donor-restricted endowment funds over the corpus that the donor or UPMIFA requires, until appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

NATIONAL AMBUCS, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022

11. ENDOWMENT FUNDS *[cont'd]***Return Objective and Risk Parameters**

The Organization's objective is to earn a respectable, long-term, risk-adjusted total rate of return to support the designated programs. The Organization recognizes and accepts that pursuing a respectable rate of return involves risk and potential volatility. The generation of current income will be a secondary consideration. The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. The Organization has established a policy portfolio, or normal asset allocation. While the policy portfolio can be adjusted from time to time, it is designed to serve for long-time horizons based upon long-term expected returns.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and Investment Objective Relations

The Organization will appropriate for expenditure in its annual budget a maximum of 4% of the average of the prior three (3) years' ending market value of the endowment assets. There may be times when the Organization may opt not to take the maximum spending rate, but rather reinvest some of the annual return. This spending rate is based on the long-term assumption of an average annual total return (net of fees) of at least 4% plus inflation.

Endowment net asset composition by type of fund, as of December 31, 2022, is as follows:

	Without Donor Restrictions	With Donor Restrictions		Total
		Corpus	Fair Value Over Corpus	
Board-designated	\$ 1,192,873	\$ ---	\$ ---	\$ 1,192,873
Donor-restricted:				
W.L. White Scholars	---	1,752,818	145,252	1,898,070
Ambility Ambassadors	---	334,959	132,267	467,226
Lovellace	---	28,600	5,214	33,814
	<u>\$ 1,192,873</u>	<u>\$ 2,116,377</u>	<u>\$ 282,733</u>	<u>\$ 3,591,983</u>

NATIONAL AMBUCS, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022

11. ENDOWMENT FUNDS *[cont'd]*

Changes in endowment net assets for the year ended December 31, 2022, is as follows:

	Without Donor Restrictions	<u>With Donor Restrictions</u>		
		Corpus	Fair Value Over Corpus	Total
Endowment net assets, beginning	\$ 1,416,309	\$ 1,694,224	\$ 1,152,172	\$ 4,262,705
Investment income:				
Dividends and interest	32,867	---	65,786	98,653
Net depreciation in fair value	(245,044)	---	(490,475)	(735,519)
Management fees	(11,289)	---	(22,597)	(33,886)
Appropriated for expenditure	---	---	---	---
	<u>\$ 1,192,843</u>	<u>\$ 1,694,224</u>	<u>\$ 704,886</u>	<u>\$ 3,591,953</u>

12. VENDOR CONCENTRATION

The Organization purchased substantially all of its inventory from a single foreign vendor during the year ended December 31, 2022.

13. EMPLOYEE BENEFIT PLAN

The Organization has a Simplified Employee Pension plan covering all employees who meet eligibility requirements regarding term of service and age. The Organization contributes 5% of each participating employee's annual salary to the plan. Retirement benefit expense for the year ended December 31, 2022, was \$11,816.

14. OPERATING LEASES

The Organization leases warehouse space and equipment under various operating leases on a month-to-month or other short-term basis. Lease expense under operating lease agreements for the year ended December 31, 2022, was \$37,468. Future minimum lease payments required under the operating lease agreements for the years ending December 31, are as follows:

<i>Years Ending December 31:</i>	
2023	\$ 5,753
2024	5,753
2025	5,753
2026	<u>2,397</u>
Total	<u>\$ 19,656</u>

NATIONAL AMBUCS, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022

15. GOVERNMENT GRANTS

The Organization applied for, and was approved for, a \$184,622 Employee Retention Credit (ERC) created as part of relief efforts related to COVID-19. The Organization has recognized the credit as a reduction to the applicable expenses recognized during the year ended December 31, 2021. At December 31, 2022, the ERC was included in accounts receivable on the consolidated statement of financial position.

16. ACCOUNTING PRONOUNCEMENT RECENTLY ADOPTED

Effective January 1, 2022, the Organization adopted FASB ASC 842, *Leases*. The new standard establishes a right-of-use (“ROU”) model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than twelve (12) months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. Leases with a term of less than twelve (12) months will not record a ROU asset and lease liability and the payments will be recognized into profit or loss on a straight-line basis over the lease term. The Organization did not have any leases requiring transition during the year ended December 31, 2022.

CONSOLIDATING SUPPLEMENTARY INFORMATION

NATIONAL AMBUCS, INC. AND SUBSIDIARY

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

December 31, 2022

	National AMBUCS, Inc.	AmTryke, LLC	Eliminating Entries	Consolidated Total
ASSETS				
Cash	\$ 1,150,672	\$ 219,183	\$ -	\$ 1,369,855
Accounts receivable	631,613	404,237	(438,984)	596,866
Dues receivable	29,811	-	-	29,811
Investments	4,193,668	-	-	4,193,668
Inventory	-	711,252	-	711,252
Prepaid expenses	4,270	-	-	4,270
Other current assets	24,098	-	-	24,098
Life insurance	83,705	-	-	83,705
Property and equipment, net	599,827	1,826	-	601,653
Total Assets	\$ 6,717,664	\$ 1,336,498	\$ (438,984)	\$ 7,615,178
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable	\$ 35,036	\$ 1,342,910	\$ (438,984)	\$ 938,962
Other current liabilities	4,564	1,010	-	5,574
Line of credit	211,544	100,000	-	311,544
Total Liabilities	251,144	1,443,920	(438,984)	1,256,080
Net Assets				
Without donor restrictions	1,960,954	-	-	1,960,954
With donor restrictions	4,505,566	-	-	4,505,566
Members' equity	-	(107,422)	-	(107,422)
Total Net Assets	6,466,520	(107,422)	-	6,359,098
Total Liabilities and Net Assets	\$ 6,717,664	\$ 1,336,498	\$ (438,984)	\$ 7,615,178

See auditor's report.

NATIONAL AMBUCS, INC. AND SUBSIDIARY
CONSOLIDATING SCHEDULE OF ACTIVITIES

Year Ended December 31, 2022

	National AMBUCS, Inc.	AmTryke, LLC	Eliminating Entries	Consolidated Total
Revenue, Gains, and Support				
Product sales	\$ -	\$ 1,440,603	\$ (26,105)	\$ 1,414,498
Cost of goods sold	-	1,082,017	-	1,082,017
Gross Profit on Product Sales	-	358,586	(26,105)	332,481
Contributions	474,824	-	-	474,824
Membership dues	117,655	-	-	117,655
Investment loss	(670,440)	-	-	(670,440)
Conference income	183,017	-	-	183,017
Dividend and interest income	108,143	-	-	108,143
Equity earnings (loss) of subsidiary	(288,837)	-	288,837	-
Other income, net	8,309	-	-	8,309
Total Revenue, Gains, and Support	(67,329)	358,586	262,732	553,989
Expenses				
Program	602,724	79,386	(26,105)	656,005
General and administrative	225,798	20,690	-	246,488
Membership	392,065	19,987	-	412,052
Fundraising	68,084	6,782	-	74,866
Intercompany expense allocation	(628,000)	628,000	-	-
Total Expenses	660,671	754,845	(26,105)	1,389,411
Change in Net Assets	(728,000)	(396,259)	288,837	(835,422)
Net Assets, beginning	7,194,520	288,837	(288,837)	7,194,520
Net Assets, ending	\$ 6,466,520	\$ (107,422)	\$ -	\$ 6,359,098

See auditor's report.

NATIONAL AMBUCS, INC. AND SUBSIDIARY
CONSOLIDATING SCHEDULE OF CASH FLOWS

Year Ended December 31, 2022

	National AMBUCS, Inc.	AmTryke, LLC	Eliminating Entries	Consolidated Total
Cash Flows from Operating Activities				
Change in net assets	\$ (728,000)	\$ (396,259)	\$ 288,837	\$ (835,422)
Adjustments to reconcile change in net assets to net cash used in operating activities:				
Depreciation	23,536	890	-	24,426
Loss on investments	670,440	-	-	670,440
Loss on disposal of property and equipment	2,103	-	-	2,103
Equity in earnings of subsidiary	288,837	-	(288,837)	-
Contributions restricted for endowment	(126,755)	-	-	(126,755)
Changes in operating assets and liabilities:				
Accounts receivable	(253,194)	(331,877)	249,392	(335,679)
Dues receivable	(8,186)	-	-	(8,186)
Inventory	-	(458,065)	-	(458,065)
Prepaid expenses	(4,270)	-	-	(4,270)
Other current assets	(30,344)	-	-	(30,344)
Accounts payable	22,435	1,024,608	(249,392)	797,651
Other current liabilities	227	455	-	682
Net Cash Used in Operating Activities	<u>(143,171)</u>	<u>(160,248)</u>	<u>-</u>	<u>(303,419)</u>
Cash Flows from Investing Activities				
Proceeds from the sale of investments	408,276	-	-	408,276
Purchase of investments	(253,042)	-	-	(253,042)
Premiums paid on life insurance	(3,650)	-	-	(3,650)
Net Cash Provided by Investing Activities	<u>151,584</u>	<u>-</u>	<u>-</u>	<u>151,584</u>
Cash Flows from Financing Activities				
Payments on notes payable	(8,774)	-	-	(8,774)
Contributions restricted for endowment	126,755	-	-	126,755
Net Cash Provided by Financing Activities	<u>117,981</u>	<u>-</u>	<u>-</u>	<u>117,981</u>
Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash	126,394	(160,248)	-	(33,854)
Cash, Cash Equivalents, and Restricted Cash, beginning	<u>1,024,279</u>	<u>379,430</u>	<u>-</u>	<u>1,403,709</u>
Cash, Cash Equivalents, and Restricted Cash, ending	<u>\$ 1,150,673</u>	<u>\$ 219,182</u>	<u>\$ -</u>	<u>\$ 1,369,855</u>

See auditor's report.