

ADVENTURES IN MISSIONS, INC.

**FINANCIAL STATEMENTS
For the Year Ending September 30, 2008**

ADVENTURES IN MISSIONS, INC.

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Collins & Bull, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Members Georgia Society of Certified Public Accountants
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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Adventures in Missions, Inc.

We have audited the accompanying consolidated statement of financial position of Adventures in Missions, Inc. as of September 30, 2008, and the related statement of activities, cash flows and expenses for the year then ended. These financial statements are the responsibility of the Adventures in Missions, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Adventures in Missions, Inc. as of September 30, 2008, and the changes in its net assets and its cash flows for the year then ended.

Collins & Bull

January 5, 2009

ADVENTURES IN MISSIONS, INC.

STATEMENTS OF FINANCIAL POSITION

September 30, 2008

	2008		
	Unrestricted	Temporarily Restricted	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 304,800	\$ 1,765,142	\$ 2,069,942
Accounts receivable, net of allowance for doubtful accounts of \$10,000 in 2008	11,779	-	11,779
Inventory	690	-	690
Project advances	244,243	-	244,243
Prepaid expenses	14,831	-	14,831
Total current assets	576,343	1,765,142	2,341,485
PROPERTY, BUILDING AND EQUIPMENT, net of accumulated depreciation of \$810,065	1,692,598	-	1,692,598
TOTAL ASSETS	<u>2,268,941</u>	<u>1,765,142</u>	<u>4,034,083</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$ 117,176	\$ -	\$ 117,176
Accrued expenses	1,041	-	1,041
Employee payable	14,726	-	14,726
Deferred revenue, net of allowance for trip cancellations of \$10,000 in 2008	20,690	-	20,690
Total current liabilities	153,633	-	153,633
NET ASSETS			
Unrestricted	2,115,308	-	2,115,308
Temporarily restricted	-	1,765,142	1,765,142
Total net assets	2,115,308	1,765,142	3,880,450
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,268,941</u>	<u>\$ 1,765,142</u>	<u>\$ 4,034,083</u>

See accompanying notes and auditors' report.

ADVENTURES IN MISSIONS, INC.

STATEMENTS OF ACTIVITIES AND NET ASSETS
For the Year Ending September 30, 2008

	2008		
	Unrestricted	Temporarily Restricted	Total
CONTRIBUTIONS, REVENUES AND SUPPORT			
Project Revenue	\$ 2,470,976	\$ -	\$ 2,470,976
Contributions and support	162,973	6,003,619	6,166,592
Other operating income	294,300	-	294,300
Interest and dividend income	53,505	-	53,505
Net assets released from restriction	5,510,883	(5,510,883)	-
 Total contributions, revenue and support	 8,492,637	 492,736	 8,985,373
EXPENSES			
Program expenses			
Short-term missions	2,400,683	-	2,400,683
International discipleship ministries	3,077,778	-	3,077,778
Mission Training	702,228	-	702,228
World Race	1,346,672	-	1,346,672
General and Administrative	1,311,126	-	1,311,126
 Total expenses	 8,838,487	 -	 8,838,487
 Change in net assets	 (345,850)	 492,736	 146,886
 NET ASSETS, beginning of year	 <u>2,461,158</u>	 <u>1,272,406</u>	 <u>3,733,564</u>
 NET ASSETS, end of year	 <u>\$ 2,115,308</u>	 <u>\$ 1,765,142</u>	 <u>\$ 3,880,450</u>

See accompanying notes and auditors' report.

ADVENTURES IN MISSIONS, INC.

STATEMENTS OF CASH FLOWS
For the Year Ending September 30, 2008

	<u>2008</u>
RECONCILIATION OF CHANGES IN NET ASSET TO CASH PROVIDED BY OPERATING ACTIVITIES	
Increase in net asset	\$ 146,886
Adjustment to reconcile increase (decrease) in net asset to net cash provided by operating activities:	
Gain on sale of fixed assets	(14,144)
Depreciation	122,342
(Increase) in inventory	(690)
(Increase) decrease:	
Accounts receivable, trade	31,103
Project advances	(4,009)
Prepaid expenses	21,513
Increase (decrease):	
Accounts payable	(4,378)
Accrued payroll liabilities	(19,478)
Deferred revenue	(69,823)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 209,322</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sale of fixed assets	\$ 124,774
(Increase) decrease in employee payable	17,237
Cash paid for equipment and furniture	<u>(273,216)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(131,205)</u>
Net increase in cash and cash equivalents	78,117
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,991,825</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 2,069,942</u>

See accompanying notes and auditors' report.

ADVENTURES IN MISSIONS, INC.

Notes to Financial Statements
For the Year Ending September 30, 2008

NOTE 1 – NATURE OF ACTIVITIES SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the organization's significant accounting policies applied in the preparation of the accompanying financial statements follows.

Nature of Activities

Adventures in Missions, Inc. (AIM) was organized on 1989. AIM is a nonprofit organization and is dedicated to spreading the Gospel through missionaries in the United States of America, Africa, Central America, South America, Europe and China. The organization has three locations in the United States of America and one location in Mexico.

Basis of Accounting

The financial statements of AIM have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Foreign Currency Translation

AIM applies *FASB No. 52, "Foreign Currency Translation"* for its bank accounts outside the United States. Assets and liabilities denominated in foreign functional currencies are translated at the weighted average exchange rate for the period.

Revenue Recognition

Revenue from mission projects is recognized at the completion of the mission project. The organization requires participants to make nonrefundable advance deposits to reserve space on the project team.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

ADVENTURES IN MISSIONS, INC.

Notes to Financial Statements
For the Year Ending September 30, 2008

NOTE 1 – NATURE OF ACTIVITIES SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

All donor-restricted contributions are 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 restriction 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.

Contributed Services

AIM receives a substantial amount of services donated by its donors in carrying out the organization's ministry. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under *SFAS No. 116, Accounting for Contributions Received and Contributions Made*.

Property and Equipment

Acquisitions of property and equipment in excess of \$5,000 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

Use of Estimates

The preparation of financial statements in conformity with 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.

Advertising and Promotion Costs

AIM follows the policy of charging costs of advertising and promotion to expense as incurred. It does not conduct any direct-response advertising. Advertising and promotion expense was approximately \$67,756 in 2008.

Investments

Investments in marketable equity securities with readily determinable fair values are stated at fair market value.

ADVENTURES IN MISSIONS, INC.

Notes to Financial Statements
For the Year Ending September 30, 2008

NOTE 1 – NATURE OF ACTIVITES SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Income Taxes

AIM is exempt from federal and state income taxes under Internal Revenue Code Section 501 (c)(3).

NOTE 2 – FINANCIAL STATEMENT PRESENTATION

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its *Statement of Financial Accounting Standards SFAS No 117, Financial Statements of Not-for-Profit Organizations*. Under *SFAS No.117*, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

As of September 30, 2008 there were no permanently restricted net assets.

Temporarily restricted net assets are available for the following purposes:

Orphanage	\$ 150,819
Base (Kenya/Swaziland)	(142,400)
Education (Kenya/Swaziland)	57,785
Hurricane Katrina	7,282
Training Center	138,505
Mexico Cap/Ministry IC	36,781
Peru quake 2007	6,617
World Race Ministry	709,146
Real Life	45,716
FYM	149,956
Commlife	5,531
Ambassador	1,079
Employee Support	<u>598,325</u>
TOTAL	<u>\$ 1,765,142</u>

ADVENTURES IN MISSIONS, INC.

Notes to Financial Statements
For the Year Ending September 30, 2008

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

Land	\$ 403,917
Buildings & Improvements	1,333,732
Equipment & Vehicles	<u>680,170</u>
	2,417,819
Less accumulated depreciation	<u>810,065</u>
	1,607,754
Construction in progress	<u>84,844</u>
	<u>\$ 1,692,598</u>

Depreciation expense was \$122,342 in 2008.

NOTE 5 – EMPLOYEE BENEFIT PLAN

AIM adopted a salary deferral plan covering substantially all employees. The terms of the plan provide that eligible employees may elect to defer their salary up to the maximum amount allowed for plans organized under Internal Revenue Code 403(b).

**NOTE 6 – CONCENTRATIONS OF CREDIT RISK ARISING FROM CASH DEPOSITS
IN EXCESS OF INSURED LIMITS**

The Organization maintains cash balances at several financial institutions located in the United States and Mexico. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000 except for those deposits held in Mexico. The Organization's uninsured cash balances total \$1,029,455 in 2008.

ADVENTURES IN MISSIONS, INC.

Notes to Financial Statements
For the Year Ending September 30, 2008

NOTE 7 – FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various 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 8 – DEFERRED REVENUE

Participants are required to pay for the mission trip in advance. Therefore, the organization bills the participants several months in advance of the actual mission trip. The total amount of the invoice is recorded as deferred revenue. Revenue is not recognized until after the trip is completed.

NOTE 9 – OPERATING LEASE

AIM has several non-cancelable operating leases, primarily for various forms of housing for mission projects and equipment, which expire at various dates through February 28, 2011. Those leases generally contain renewal options for periods ranging from three to twelve months and require the Organization to pay all costs such as taxes, maintenance, and insurance.

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of September 30, 2008, are:

September 20, 2009	\$2,028
September 30, 2010	2,028
September 30, 2011	<u>845</u>
Total	<u>\$4,901</u>



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To the Board of Directors of
Adventures in Missions, Inc.

Our report on our audit of the financial statements of Adventures in Missions, Inc. for the year ended September 30, 2008 appears on page 1. The audit was made for the purpose of forming and opinion on the financial statements taken as a whole. The information in the following schedule is presented for the purposes of additional analysis of the financial statements rather than to present the financial position, results of operations, and cash flows. Such information has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Collins & Bull

Gainesville, Georgia
January 5, 2009

ADVENTURES IN MISSIONS, INC.

SCHEDULE OF EXPENSES BY CATEGORY
For the Year Ending September 30, 2008

	<u>2008</u>
Direct Project expenses	\$ 3,861,068
Salaries and wages	2,877,413
Housing allowance	243,101
Rent	108,179
Payroll taxes	235,791
Supplies	107,095
Auto	211,155
Project labor	132,643
Repairs and maintenance	54,003
Communication	128,094
Office and computer equipment	90,792
Utilities	64,266
Contributions	125,241
Depreciation	122,342
General insurance	53,616
Evangelism	55,234
Marketing	67,756
Honorarium	62,254
Professional fee expenses	12,212
Medical reimbursement	54,949
Postage and shipping	43,601
Bank fees	46,975
Employee cost	23,299
Meals	22,436
Employee relations	12,017
Fundraising	8,302
Dues & subscriptions	5,861
Staff conference	7,763
Employee recruiting	<u>1,029</u>
	<u>\$ 8,838,487</u>