

LESLIE R. BAKER, CPA

J. ROB MUNDY, CPA



P.O. BOX 2929
657 WEST KYTLE STREET
CLEVELAND, GA 30528
CLEVELAND (706) 865-7796
DAHLONEGA (706) 864-7433
FAX (706) 865-6638
WWW.BAKERMUNDY.COM

Independent Auditor's Report

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

We have audited the accompanying statement of financial position of Adventures in Missions, Inc. (a nonprofit organization) as of September 30, 2009, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Adventures in Missions, Inc. as of September 30, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

BAKER & MUNDY, LLC
Cleveland, GA
January 6, 2010

Adventures in Missions, Inc.
Statement of Financial Position
September 30, 2009

ASSETS

Current Assets	
Cash and cash equivalents (Note 1)	\$115,782
Prepaid expenses	129,310
Credit card receivable	182,871
Accounts receivable	98,936
Project advances	312,866
Inventory	<u>18,323</u>
Total Current Assets	\$858,088
Property & Equipment (Note 1)	
Office & Computer Equipment	273,881
Furniture & Fixtures	77,504
Land and Improvements	277,513
Building	1,842,377
Vehicles	372,816
Building Improvements	31,357
Less: Accumulated Depreciation	<u>(935,390)</u>
Net Property and Equipment	<u>1,940,058</u>
Other Assets	
Restricted cash	<u>2,222,300</u>
Net Other Assets	<u>2,222,300</u>
TOTAL ASSETS	<u><u>\$5,020,446</u></u>

LIABILITIES & NET ASSETS

Current Liabilities	
Accounts payable	\$137,829
Deferred revenue (Net of allowance for trip cancellations \$10,000)	<u>92,820</u>
Total Current Liabilities	\$230,649
Long Term liabilities	
Total Liabilities	230,649
Net Assets	
Unrestricted	2,567,497
Temporarily restricted (Note 8)	<u>2,222,300</u>
Total Net Assets	<u>4,789,797</u>
TOTAL LIABILITIES & NET ASSETS	<u><u>\$5,020,446</u></u>

The accompanying notes are an integral part of these financial statements

Adventures in Missions, Inc.
Statement of Activities
For the year ended September 30, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE:				
Project Revenue	\$2,003,258	\$0	-	\$2,003,258
Contributions	383,502	6,403,079	-	6,786,581
IDM Application fees	29,211	-	-	29,211
Other Revenue	465,859	-	-	465,859
Rental Income	1,586	-	-	1,586
Exchange Rate Gain/(Loss)	(3,901)	-	-	(3,901)
Gain/(Loss) on disposal of asset	(1,082)	-	-	(1,082)
Interest/Dividend Income	6,641	-	-	6,641
Total Support And Revenue	2,885,074	6,403,079	-	9,288,153
Net Assets released from restrictions:	5,945,921	(5,945,921)		
Total Support and net assets released from restrictions	\$8,830,995	\$457,158		\$9,288,153
EXPENSES:				
Program services	7,883,173			7,883,173
Support services:				
General & Administrative	495,633			495,633
Total expenses	8,378,806	-	-	8,378,806
Change in Net assets	452,189	457,158	-	909,347
NET ASSETS, beginning of the year	2,115,308	1,765,142	-	3,880,450
NET ASSETS, end of the year	<u>\$2,567,497</u>	<u>\$2,222,300</u>	<u>\$0</u>	<u>\$4,789,797</u>

The accompanying notes are an integral part of these financial statements

Adventures in Missions, Inc.
Statement of Functional Expenses
For the year ended September 30, 2009

	Program Services	Support Services	
	<u>Ministry Support</u>	<u>General & Administrative</u>	<u>Total Expenses</u>
Salary	\$2,910,058	\$323,340	\$3,233,398
Payroll taxes	205,718	22,857	228,575
Direct project expenses	3,598,679	-	3,598,679
Advertising/promotion	61,099	-	61,099
Background checks	1,440	-	1,440
Bank charges	83,147	9,239	92,386
Benevolence	43,661	-	43,661
Commissions	8,000	-	8,000
Communications	112,122	-	112,122
Contract services	34,284	-	34,284
Contributions	15,971	-	15,971
Depreciation	122,753	13,639	136,392
Discipleship training	19,955	-	19,955
Dues & subscriptions	12,095	-	12,095
Entertainment & meals	22,352	-	22,352
Evangelism	5,575	-	5,575
Facility rental	44,720	-	44,720
Insurance	38,805	6,605	45,410
Licenses & permits	5,045	-	5,045
Medical reimbursement	62,280	6,920	69,200
Ministry development	37,832	-	37,832
Multimedia	2,600	-	2,600
Organizational development	-	791	791
Postage & delivery	65,412	7,268	72,680
Professional fees	-	27,376	27,376
Repairs & maintenance	72,589	19,447	92,036
Security	-	2,884	2,884
Staff counseling & relations	-	11,174	11,174
Summer staff	28,630	-	28,630
Supplies	76,814	19,203	96,017
Travel	10,526	3,644	14,170
Training & conferences	21,162	-	21,162
Utilities	47,659	21,246	68,905
Web development	2,410	-	2,410
Worship leader speaker	10,605	-	10,605
Vehicle rental	99,175	-	99,175
Total functional expenses	<u>\$7,883,173</u>	<u>\$495,633</u>	<u>\$8,378,806</u>

The accompanying notes are an integral part of these financial statements

Adventures in Missions, Inc.
Statement of Cash Flows
For the year ended September 30, 2009

Cash Flows from operating activities:

Excess revenue over expenses \$909,347

Adjustments to reconcile change in unrestricted net assets
to net cash provided by operating activities:

Depreciation	136,392	
(Increase) Decrease in accounts receivable	(87,157)	
(Increase) Decrease in prepaid expenses	(114,479)	
Increase (Decrease) in deferred revenue	72,130	
(Increase) Decrease in credit card receivable	(182,871)	
(Increase) Decrease in project advances	(68,623)	
(Increase) Decrease in inventory	(17,633)	
Increase (Decrease) in accounts payable	20,653	
Increase (Decrease) in accrued expenses	<u>(15,767)</u>	
 Total adjustments		 <u>(257,355)</u>

Net cash provided by operating activities 651,992

Cash flows from investing activities:

Increase in restricted cash	(457,158)	
Net increase in fixed assets	<u>(383,852)</u>	
 Net cash provided by investing activities		 (841,010)

Cash flows from financing activities:

Net increase (decrease) in cash and cash equivalents		(189,018)
Cash and cash equivalents at beginning of year		<u>304,800</u>
Cash and cash equivalents at end of year		<u><u>\$115,782</u></u>

Adventures in Missions, Inc.
Notes to the Financial Statements
For the year ended September 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

Contributions

The organization has adopted Statement of Financial Accounting Standards (SFAS) No. 116. "Accounting for Contributions Made." Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Financial Statement Presentation

The organization has adopted 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 permitted by the statement, the organization does not use fund accounting.

Property and Equipment

Equipment purchased is carried at cost. Equipment donated is carried at estimated fair value at time of donation. Depreciation expense is computed using the straight-line method over the estimated useful life of the asset. The principal life used for the depreciation of equipment and furniture is five or seven years, and 39 years for buildings and improvements. Net property and equipment for the fiscal year ending September 30, 2009 equals \$1,940,058.

Income Taxes

The organization is exempt from federal and state income taxes under section 501 (c) 3 of the Internal Revenue Code.

Cash and Cash Equivalents

Cash and cash equivalents consist of checking accounts, savings accounts and cash on hand. The organization considers all highly liquid investments with initial maturity of 3 months or less to be available for current use.

Foreign Currency Translation

The organization has implemented 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.

Project Revenue

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 a

Adventures in Missions, Inc.
Notes to the Financial Statements
For the year ended September 30, 2009

mission team.

Investments

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

Advertising and Promotion Costs

AIM follows the policy of charging costs of advertising and promotion to expense as incurred. AIM does not conduct any direct-response advertising. Advertising and promotion expense was \$61,099.

NOTE 2: CONCENTRATION OF CREDIT RISK

The balance of cash and cash equivalents as of September 30, 2009 was \$115,782. Of the total cash and cash equivalents in the bank, \$250,000 is covered by Federal Depository Insurance at each bank. No credit risk exists as of September 30, 2009.

NOTE 3: ESTIMATES

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

NOTE 4: 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 5: EMPLOYEE BENEFIT PLAN

AIM adopts 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: DEFERRED REVENUE

Participants are required to pay for the mission trips in advance. Therefore, the organization invoices 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 7: RENT EXPENSE

The organization has several ongoing non-cancelable operating leases, primarily for various forms of housing for mission projects and equipment, which expire at various dates. These leases generally contain renewal options for the period ranging from three to twelve months and require the organization to pay all costs such as taxes, maintenance, and insurance.

The future minimum lease payments under operating leases that have remaining terms in excess

Adventures in Missions, Inc.
Notes to the Financial Statements
For the year ended September 30, 2009

of one year as of September 30, 2009 are:

2010: \$2028
2011: 845

NOTE 8: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods:

Ambassadors:	\$5,645
Real Life Program	178,615
World Race	1,447,920
AIM Staff Support	470,892
American Indian Ministry	34,430
Education Kenya/Orphanage Kenya	13,929
Education Swazi	3,271
Mission Training Institute	26,099
General Orphanage Fund	11,234
Orphanage Nsoko	5,351
Orphanage Pakistan	226
Sound of Hope	6,325
World Race Ministry Fund	<u>18,363</u>

Total: \$2,222,300

NOTE 9: RESTRICTED CASH

The organization receives contributions in support of the various ministries from the general public that are to be specifically disbursed on a particular project. These funds are restricted from the general operating fund until the project is ongoing. For the year ending September 30, 2009 AIM had a balance of restricted cash of:

Various Mission Projects \$2,222,300

Total \$2,222,300