

ADVENTURES IN MISSIONS, INC.

Gainesville, Georgia

Report on Audit of Financial Statements

September 30, 2010

Adventures in Missions, Inc.

Audit Report

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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, 2010, 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, 2010, 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

December 8, 2010

Adventures in Missions, Inc.
Statement of Financial Position
September 30, 2010

ASSETS

Current Assets	
Cash and cash equivalents (Note 1)	\$520,374
Prepaid expenses	241,105
Credit card receivable	37,462
Accounts receivable	46,105
Project advances	287,232
Inventory	<u>33,055</u>
Total Current Assets	\$1,165,333
Property & Equipment (Note 1)	
Office & Computer Equipment	296,256
Furniture & Fixtures	99,122
Land and Improvements	294,593
Building	1,842,377
Vehicles	369,053
Building Improvements	39,707
Less: Accumulated Depreciation	<u>(1,046,578)</u>
Net Property and Equipment	<u>1,894,530</u>
Other Assets	
Restricted cash	<u>2,018,440</u>
Net Other Assets	<u>2,018,440</u>
TOTAL ASSETS	<u><u>\$5,078,303</u></u>

LIABILITIES & NET ASSETS

Current Liabilities	
Accounts payable	\$19,614
Accrued expenses	102,584
Deferred revenue (Net of allowance for trip cancellations \$10,000)	<u>95,867</u>
Total Current Liabilities	\$218,065
Long Term liabilities	
Total Liabilities	218,065
Net Assets	
Unrestricted	2,242,466
Temporarily restricted (Note 8)	<u>2,617,772</u>
Total Net Assets	<u>4,860,238</u>
TOTAL LIABILITIES & NET ASSETS	<u><u>\$5,078,303</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, 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE:				
Project Revenue	\$2,060,604	\$0	\$0	\$2,060,604
Contributions	513,296	8,535,402		9,048,698
IDM Application fees	51,519	-		51,519
Other Revenue	760,096	-		760,096
Rental Income	10,127	-		10,127
Exchange Rate Gain/(Loss)	(2,541)	-		(2,541)
Gain/(Loss) on disposal of assets	4,000	-		4,000
Interest/Dividend Income	2,044	-		2,044
Total Support And Revenue	3,399,145	8,535,402		11,934,547
Net Assets released from restrictions:	8,139,930	(8,139,930)		
Total Revenue and net assets released from restrictions	\$11,539,075	\$395,472		\$11,934,547
EXPENSES:				
Program services	10,639,115			10,639,115
Support services:				
Fundraising	64,957			64,957
General & Administrative	1,160,034			1,160,034
Total expenses	11,864,106	-		11,864,106
Change in Net Assets	(325,031)	395,472		70,441
NET ASSETS, beginning of the year	2,567,497	2,222,300		4,789,797
NET ASSETS, end of the year	\$2,242,466	\$2,617,772	\$0	\$4,860,238

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, 2010

	Program Services	Support Services		Total Expenses
	Ministry Support	General & Administrative	Fundraising	
Salary	\$2,499,142	\$640,176	\$23,608	\$3,162,926
Payroll taxes	202,055	25,782		227,837
Direct project expenses	6,286,752			6,286,752
Advertising/promotion	95,309	41,563		136,872
Fundraising			41,349	41,349
Background checks	6,363	360		6,723
Bank charges	137,285	13,468		150,753
Benevolence	64,204	115		64,319
Communications	126,058	23,529		149,587
Contract services	15,880	87,640		103,520
Contributions	38,142			38,142
Depreciation	70,754	58,066		128,820
Discipleship training	13,895			13,895
Dues & subscriptions	7,140	5,529		12,669
Entertainment & meals	18,930			18,930
Evangelism	6,752	2,870		9,622
Facility rental	34,990	266		35,256
Insurance	51,447	9,848		61,295
Licenses & permits	4,796	595		5,391
Medical reimbursement	47,520			47,520
Ministry development	46,288			46,288
Multimedia	1,016			1,016
Organizational development	2,346			2,346
Postage & delivery	28,582	36,541		65,123
Repairs & maintenance	196,395	73,527		269,922
Security	2,574			2,574
Staff counseling & relations	10,257	7,870		18,127
Summer staff	4,396			4,396
Supplies	194,122	20,447		214,569
Travel	80,611	96,118		176,729
Training & conferences	46,058	7,798		53,856
Uncollectable participant funds	25,927			25,927
Utilities	54,826	7,926		62,752
Web development	2,820			2,820
Worship leader speaker	16,366			16,366
Vehicle rental	199,117			199,117
Total functional expenses	<u>\$10,639,115</u>	<u>\$1,160,034</u>	<u>\$64,957</u>	<u>\$11,864,106</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, 2010

Cash Flows from operating activities:

Excess revenue over expenses		\$70,441
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities:		
Depreciation	128,820	
(Increase) Decrease in accounts receivable	52,831	
(Increase) Decrease in prepaid expenses	(111,795)	
Increase (Decrease) in deferred revenue	3,047	
(Increase) Decrease in credit card receivable	91,848	
(Increase) Decrease in project advances	25,634	
(Increase) Decrease in inventory	(14,732)	
Increase (Decrease) in accounts payable	(118,215)	
Increase (Decrease) in accrued expenses	<u>102,583</u>	
Total adjustments		<u>160,021</u>
Net cash provided by operating activities		230,462

Cash flows from investing activities:

Decrease in restricted cash	203,860	
Net increase in fixed assets	<u>(29,730)</u>	
Net cash provided by investing activities		174,130

Cash flows from financing activities:

Net increase (decrease) in cash and cash equivalents		404,592
Cash and cash equivalents at beginning of year		<u>115,782</u>
Cash and cash equivalents at end of year		<u><u>\$520,374</u></u>

The accompanying notes are an integral part of these financial statements

Adventures in Missions, Inc.
Notes to the Financial Statements
For the year ended September 30, 2010

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 and mission trip participants in the United States of America and globally. The organization is headquartered in Gainesville, GA in the United States of America.

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, 2010 equals \$1,894,530.

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, money market 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, 2010

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 \$136,872.

NOTE 2: CONCENTRATION OF CREDIT RISK

The balance of cash and cash equivalents as of September 30, 2010 was \$520,374. 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, 2010.

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 certain short-term 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 or launched.

NOTE 7: RENT EXPENSE

The organization has 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, 2010

of one year as of September 30, 2010 are:

2011: \$845

NOTE 8: TEMPORARILY RESTRICTED NET ASSETS

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

Real Life Program	\$95,375
World Race	1,976,934
AIM Staff Support	420,095
Education Swazi	58,272
Mission Training Institute	6,820
Short Term Missions	34,784
Other Ministries	<u>25,492</u>
Total:	\$2,617,772

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 general operations until the project is ongoing. For the year ending September 30, 2010 AIM had a balance of restricted cash of:

Various Mission Projects	<u>\$2,018,440</u>
Total	\$2,018,440