

ADVENTURES IN MISSIONS, INC.

Gainesville, Georgia

Report on Audit of Financial Statements

September 30, 2020

Adventures in Missions, Inc.

Independent Audit Report

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Mundy & Company LLC

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Adventures in Missions, Inc. (a non-profit organization), which comprise the statement of financial position as of September 30, 2020, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Mundy & Co., LLC". The signature is written in a cursive, flowing style.

Cleveland, GA
April 13, 2021

Adventures in Missions, Inc.
Statement of Financial Position
September 30, 2020

ASSETS

Current Assets

Cash and cash equivalents	\$2,470,314
Prepaid expenses	81,235
Accounts receivable (Net of allowance for trip cancellations \$6,557)	67,253
Promise to give	518,500
Rental deposits	9,511
Project advances	244,133
Inventory	49,590

Total Current Assets	3,440,536
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Property & Equipment

Office & computer equipment	1,427,362
Furniture and fixtures	719,495
Buildings & building improvements	3,906,317
Land and improvements	7,512,173
Vehicles	829,611
Less: Accumulated depreciation	(3,260,138)

Net Property & Equipment	11,134,820
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Other Assets

Restricted investment securities	2,144,159
Promise to give (Long term portion)	2,701,376
Restricted cash and cash equivalents	387,482

Net Other Assets	5,233,017
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TOTAL ASSETS	\$19,808,373
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LIABILITIES & NET ASSETS

Current Liabilities

Accounts payable & accrued expenses	\$67,976
Proceeds from Payroll Protection Program	\$1,150,000
Note Payable - Hamilton State Bank	248,961
Note Payable - Ally Bank	17,021
Deferred revenue	47,955

Total Current Liabilities	1,531,913
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Long-Term Liabilities

Note payable - Rio Grande Foundation	1,690,000
Note payable - Hamilton State Bank	4,346,441
Note payable - Ally Bank	32,665

Total Liabilities	7,601,019
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NET ASSETS

With donor restrictions	3,153,186
Without donor restrictions	9,054,168

Total Net Assets	12,207,354
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TOTAL LIABILITIES & NET ASSETS	\$19,808,373
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See accompanying notes and Independent Auditors' Report

Adventures in Missions, Inc.
Statement of Activities
September 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT & REVENUE:			
Project Revenue	\$4,037,816	\$4,746,604	\$8,784,420
Other Revenue	94,387	-	94,387
Rental Income	5,563	-	5,563
Product sales	24,287	-	24,287
Staff/Missionary support	-	2,782,948	2,782,948
Exchange Rate Gain/(Loss)	(29,997)	-	(29,997)
Interest/Dividend Income	47,247	-	47,247
Unrealized Gain/(Loss)	83,066	-	83,066
	<u>4,262,369</u>	<u>7,529,552</u>	<u>11,791,921</u>
Total Support and Revenue			
Net assets released from Donor Restrictions	<u>7,629,565</u>	<u>(7,629,565)</u>	<u>-</u>
Total Support & Net assets released from Donor Restrictions	11,891,934	(100,013)	11,791,921
EXPENSES:			
Program Services	11,821,878	-	11,821,878
Support Services:			
Fundraising	229,663	-	229,663
General & Administrative	1,940,894	-	1,940,894
	<u>13,992,435</u>	<u>-</u>	<u>13,992,435</u>
Total Expenses			
Change in Net Assets	(2,100,501)	(100,013)	(2,200,514)
Net Assets, beginning of the year	<u>11,154,669</u>	<u>3,253,199</u>	<u>14,407,868</u>
Net Assets, end of the year	<u>\$9,054,168</u>	<u>\$3,153,186</u>	<u>\$12,207,354</u>

See accompanying notes and Independent Auditors' Report

Adventures in Missions, Inc.
Reporting of Expenses by Nature and Function
September 30, 2020

	Program Expenses	General & Administrative	Fundraising	Total Expenses
Salary	\$4,135,244	\$1,138,897	\$162,676	\$5,436,817
Payroll taxes	245,325	75,424	14,812	335,561
Advertising/promotion	25,188	8,419	-	33,607
Background checks	28,341	-	-	28,341
Bank charges	201,411	(599)	-	200,812
Communications	52,366	65,863	1,248	119,477
Contract services	835,818	199,326	533	1,035,677
Depreciation	395,809	28,436	8,448	432,693
Discipleship training	7,091	-	-	7,091
Dues & subscriptions	51,409	126,787	1,164	179,360
Entertainment & meals	998,048	2,789	838	1,001,675
Facility rental	120,499	715	-	121,214
Gifts	285,792	22,659	1,444	309,895
Insurance	338,902	15,000	-	353,902
Interest	3,301	177,301	-	180,602
Licenses & taxes	4,545	27,620	13,313	45,478
Organizational development	4,255	-	-	4,255
Postage/printing	5,847	2,365	19,127	27,339
Repairs & maintenance	54,944	550	193	55,687
Staff counseling & relations	9,072	1,861	51	10,984
Supplies	198,421	11,290	63	209,774
Travel	2,815,171	7,371	848	2,823,390
Training & conferences	55,867	3,808	-	59,675
Utilities	99,924	-	4,768	104,692
Worship leader speaker	7,545	-	-	7,545
Vehicle/equipment rental	29,227	-	137	29,364
Other trip expenses	184,956	25,012	-	209,968
Other expenses	627,560	-	-	627,560
Total expenses	\$11,821,878	\$1,940,894	\$229,663	\$13,992,435

See accompanying notes and Independent Auditors' Report

Adventures in Missions, Inc.
Statement of Cash Flows
September 30, 2020

Cash flows from operating activities:

Change in Net Assets		(\$2,200,514)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	\$432,693	
(Increase) Decrease in accounts receivable	6,774	
(Increase) Decrease in prepaid expenses	583,029	
Increase (Decrease) in deferred revenue	3,067	
(Increase) Decrease in unconditional promise to give	402,001	
(Increase) Decrease in project advances	201,568	
(Increase) Decrease in inventory	(475)	
Increase (Decrease) in accounts payable & accrued expenses	(39,445)	
Total adjustments		1,589,212
Net cash provided (used) by operating activities		(611,302)

Cash flows from investing activities:

Net (increase) decrease in restricted cash and cash equivalents	224,744	
Net (increase) decrease in investment securities	220,405	
Fixed asset additions	(109,746)	
Net cash provided (used) by investing activities		335,403

Cash flows from financing activities:

Proceeds from Payroll Protection Program	1,150,000	
Principal payments to Ally Bank	(16,374)	
Principal payments to Hamilton State Bank	(212,701)	
Net cash provided (used) by financing activities		920,925

Net increase (decrease) in unrestricted cash and cash equivalents		645,026
Unrestricted cash and cash equivalents at beginning of year		1,825,288
Unrestricted cash and cash equivalents at end of year		\$2,470,314

Interest Expense: \$180,602

See accompanying notes and Independent Auditors' Report

Adventures in Missions, Inc.

Notes to the Financial Statements

For the year ending September 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Adventures in Missions, Inc. (Adventures) was organized in 1989. Adventures is a non-profit organization and is dedicated to spreading the Gospel through missionaries and mission trip participants in the United State 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.

Financial Statement Presentation

Adventures in Missions, Inc. presents its financial statements in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for Profit Entities* (ASC 958). Under ASC 958, the contributions received, including unconditional promises to give, must be recognized as revenues in the period received at their fair values. Under ASC 958, Adventures in Missions, Inc. is required to report information regarding its financial position and activities according to classes of net revenues and net assets with Donor Restrictions, and net revenues and net assets without donor restrictions. The organization reports donor-restricted support whose restrictions are met in the same reporting period as support within net assets without donor restrictions. Adventures in Missions, Inc. is also required to present a statement of cash flows and reporting of expenses by nature and function.

Fair Value of Financial Instruments

Adventures in Missions, Inc. presents certain fair value disclosures for all financial assets and liabilities and for non-financial assets and liabilities recognized or disclosed at fair value in the financial statements on a recurring basis in accordance with FASB ASC 820, *Fair Value Measurements and Disclosures* (ASC 820). ASC 820 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.

Advertising

The cost of advertising is expensed as incurred.

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 three to ten years, and 39 years for buildings and improvements. Net property and equipment for the fiscal year ending September 30, 2020 equals \$11,134,820.

Income Taxes

Adventures in Missions, Inc.

Notes to the Financial Statements

For the year ending September 30, 2020

The organization is exempt from federal and state income taxes under section 501(c) 3 of the Internal Revenue Code, and is recognized as a church by the Internal Revenue Service.

FASB ASC 740, *Income Taxes* (ASC 740), requires the organization to measure and recognize tax benefits taken or expected to be taken in a tax return and disclosures regarding uncertainties in income tax positions. This standard does not have a material impact on the financial statements as of September 30, 2020.

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 ASC No. 830, "Foreign Currency Matters" 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

Fees received for short-term mission projects are recognized as project revenue when the mission project occurs. The organization requires participants to make nonrefundable advance deposits to reserve space on a mission team.

Deputized Fundraising

Adventures utilizes the accepted practice called "deputized fundraising" to raise donations to support many of its activities. Individuals, who desire to participate in certain of its mission trips, become fundraisers for Adventures with the mutual intention of participating, under Adventures' direction, in carrying out the purpose(s) for which they are appealing for donations. Such donations are recognized as contributions revenue when received because they are irrevocable.

NOTE 2: CONCENTRATION OF CREDIT RISK

The balance of unrestricted cash and cash equivalents as of September 30, 2020 was \$2,470,314. Restricted cash and cash equivalents was \$387,482. Cash equivalents are spread among various banks such that these amounts are covered by FDIC insurance. Federal Depository Insurance coverage is currently limited to \$250,000 at each bank. Amounts in certain accounts were in excess of insured limits as of September 30, 2020. This credit risk is closely monitored by management.

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.

Adventures in Missions, Inc.

Notes to the Financial Statements

For the year ending September 30, 2020

NOTE 4: ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized by nature and function in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 5: 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 the trip has occurred.

NOTE 6: PROJECT REVENUE

Fee received for short-term mission projects are recognized as project revenue when the mission project occurs. The organization requires participants to make nonrefundable advance deposits to reserve space on a mission team.

NOTE 7: LEASE COMMITMENTS

The organization has ongoing immaterial operating leases, primarily for various forms of short-term housing, which expire at various dates. Certain leases sometimes contain renewal options and require the organization to pay costs such as utilities, maintenance, and insurance.

NOTE 8: CHANGES IN ADVANCE REVENUE AND OTHER NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Adventures utilizes the accepted practice called “deputized fundraising” to raise donations to support many of its activities. Individuals, who desire to participate in certain of its mission trips, become fundraisers for Adventures with the mutual intention of participating, under Adventures’ direction, in carrying out the purpose(s) for which they are appealing for donations. Under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for Profit Entities* (ASC 958), such donations are recognized as contributions revenue when received because they are irrevocable. However, as properly reflected in Adventures’ measurement of net assets released from restrictions, restricted cash, and cash equivalents described in Notes 1 and 9, most of such revenue will be utilized for costs to be incurred on particular trips. Likewise, Adventures believes it is useful to understand the effect of the increases or decreases in this Advance Revenue, together with changes in other net assets, on the measurement of each periods GAAP based Change in Net Assets, and to realize that such portions of this change are not available for alternative appropriate uses such as facilities expansion, program expansion, reserves, etc.

Adventures in Missions, Inc.

Notes to the Financial Statements

For the year ending September 30, 2020

NOTE 9: NET ASSETS RESTRICTED BY DONORS

Net assets that are restricted by Donors are available for the following purposes:

Staff Support	\$1,282,679
World Race	801,878
Gap Year	364,907
Passport	368,350
Church Planting	96,298
Global University	50,121
CGA	45,526
LTM	113,507
Ambassador	<u>29,920</u>
Total:	\$3,153,186

NOTE 10: RESTRICTED CASH

The organization receives contributions in support of the various programs from the general public that are to be specifically disbursed for particular purposes. These funds are restricted from general operations until the purposes are fulfilled. Certain disbursements are made as advances, prepaid expenses, etc. that reduce the amount of cash restricted even though such net assets remain restricted until charged to expense. For the year ending September 30, 2020, Adventures had restricted cash and cash equivalents of \$387,482 for the types of purposes described above in NOTE 8.

NOTE 11: INVESTMENT SECURITIES

The organization invests in various marketable equity securities. These amounts are recorded in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for Profit Entities* (ASC 958). The board of directors designates only a portion of cumulative investment return for support of current operations; the remainder is retained to support operations of future years and to offset potential market declines. The amount is computed and appropriated under the organization's investment policy. All amounts are recorded at fair market value as of September 30, 2020 net of investment expenses.

Fund Types

Cash & Equivalents Fund	\$111,835
Fixed Income Funds	1,581,460
Equity Funds	<u>450,864</u>
Total	\$2,144,159

Adventures in Missions, Inc.

Notes to the Financial Statements

For the year ending September 30, 2020

NOTE 12: PROMISES TO GIVE

On March 31, 2015, Adventures in Missions entered into a charitable gift agreement with Barry G. Conner. This gift was given for the purpose of assisting Adventures in servicing a loan in the principal amount of \$4,770,000. Mr. Conner will give Adventures \$28,809.23 per month for the life of the loan.

On June 16, 2016, Adventures entered into a charitable gift agreement with Barry G. Conner. The gift was given for the purpose of assisting Adventures in servicing a loan from Hamilton State Bank. The principal amount of the loan is \$730,000. Mr. Conner will give \$4,423.66 per month for the life of the loan.

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for Profit Entities* (ASC 958), the amount is to be recorded as an unconditional promise to give. Unconditional promises to give are recognized as revenue when the donor's commitment is received. The promise to give is included in the financial statements as contributions receivable and revenue after discounting to the present value of the expected future cash flows.

Total Promise to give:

Amount to be received within one year	\$518,500
Amount to be received more than one year	<u>2,701,376</u>
	\$3,219,876

NOTE 13: NOTE PAYABLE

On March 31, 2015, Adventures in Missions purchased four tracts of real estate in Hall County Georgia. In order to purchase this property, the organization obtained a loan of \$4,770,000 from Hamilton State Bank. The total note payable as of 9/30/20 is \$3,831,896. The interest rate on this loan is a fixed rate of 4.00% for 60 payments, with a current monthly payment amount as of September 30, 2020 of \$29,057.66. The total interest paid in 2020 totaled \$145,210.

On August 23, 2016, Adventures purchased 28 acres in Flowery Branch, GA. A loan of \$730,000 was obtained from Hamilton State Bank. The total note payable as of 9/30/20 is \$624,945. The interest rate on this loan is a fixed rate of 4.00% for 60 payments, with a current monthly payment amount as of September 30, 2020 of \$4,450.15. The total interest paid in 2020 totaled \$25,602.

On December 31, 2015, Adventures purchased property located at 5375 Clarks Bridge Rd in Gainesville, Georgia. A loan of \$184,000 from Hamilton State Bank. The total note payable as of 9/30/20 is \$138,560. The interest rate on this loan is a fixed rate of 4.5% for 60 payments, with a current monthly payment amount as of September 30, 2020 of \$1,413.89. The total interest paid in 2020 totaled \$6,491.

Adventures in Missions, Inc.

Notes to the Financial Statements

For the year ending September 30, 2020

On June 1, 2018, Adventures purchased bought two Ford passenger vans. Two loans from Ally Bank were obtained. The loans total \$84,619. The total note payable as of 9/30/20 is \$49,687. The interest rate on these loans is a fixed rate of 5.99% for 60 payments, with a current monthly payment amount as of September 30, 2020 of \$799.06 and \$840.53 respectively. The total interest paid in 2020 totaled \$1,454 and \$1,511 respectively.

On November 22, 2018, Adventures purchased land in the country of Swaziland for future projects. This land is financed through a promissory note with Rio Grande Foundation. The total loan balance is \$1,690,000. This amount will be repaid in periods subsequent to September 30, 2020. The interest rate on this loan is a fixed rate of 2%.

5-Year Maturity:

2021:	1,415,982
2022:	267,533
2023:	276,617
2024:	270,330
2025:	284,248
After	4,970,378

NOTE 14: COMMITMENTS AND CONTINGENCIES

The organization is dependent upon the project revenue and contributions received in order to operate. The ability of organization's contributors to continue giving amounts consistent and comparable with prior years may be dependent upon current and future economic conditions and the continued deductibility for income tax purposes of contributions to Adventures. Though the Board of Directors believes the organization has the resources to continue its programs, its ability to do so, and the extent to which it continues, may be dependent on the above factors.

NOTE 15: SIGNIFICANT RELATIONSHIPS

In order for any organization to be successful, the organization must establish relationships with various individuals and companies. One individual that has been a supporter of Adventures and its mission is Barry Conner. Mr. Conner is involved with Adventures through transactions involving charitable giving arrangements. As of September 30, 2020, 16% of Adventures' total assets involve Mr. Conner. Those transactions are the promises to give detailed in Note 12.

NOTE 16: SUBSEQUENT EVENTS

During testing for subsequent events, procedures were implemented that provide evidence about conditions that *did not exist* at the date of the statement of financial position, but arose after that date. As of April 13, 2021, no subsequent events were discovered that would be misleading in regard to the financial statements for the year ending September 30, 2020.

NOTE 17: ALLOCATION OF EXPENSES

Adventures in Missions, Inc.

Notes to the Financial Statements

For the year ending September 30, 2020

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, all costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis according to time and effort.

NOTE 18: AVAILABILITY AND LIQUIDITY

The following represents Adventures in Missions, Inc.'s financial assets at September 30, 2020.

<u>Financial assets at year-end:</u>	<u>2020</u>
Cash and cash equivalents	\$2,470,314
Accounts receivable	67,253
Promises to Give	<u>518,500</u>
Total financial assets	\$3,056,067
Financial assets available to meet general Expenditures over the next twelve months	<u>\$3,056,067</u>

Adventures in Missions, Inc.'s goal is to maintain financial assets to meet operating expenses based on budgetary needs. Based on part of Adventures in Missions, Inc.'s liquidity plan, excess cash is invested in short term investments including money market accounts. Decisions to invest are at the discretion of the board of directors.

Adventures in Missions, Inc.
Schedule of Accounting - Swaziland
September 30, 2020

	<u>Primary Donor Source</u>	<u>Other Sources</u>	<u>Total</u>
REVENUE:			
General contributions	\$584,926	\$743,211	\$1,328,137
Participant support	11,557	-	11,557
Exchange gain/loss	(27,399)	(130)	(27,529)
Admin fees	6,743	-	6,743
Total Revenue	\$575,827	\$743,081	\$1,318,908
EXPENSES:			
Subsidized Salary	47,408	-	47,408
Subsidized Housing Allowance	16,968	-	16,968
Subsidized Payroll taxes	1,147	-	1,147
Admin services	82,129	-	82,129
Allowance	1,126	21,376	22,502
Bank charges	5,818	6,943	12,761
Cash gifts	13,129	8,349	21,478
Communications	4,867	8,207	13,074
Construction	80,380	43,394	123,774
Contract services	101,007	138,749	239,756
Depreciation	63,571	-	63,571
Discipleship training & materials	-	5,405	5,405
Dues	1,517	-	1,517
Education/tuition	36,585	44,839	81,424
Entertainment & meals	109,300	90,437	199,737
Equipment	189	-	189
Facility rental	5,490	9,015	14,505
Insurance	3,761	1,849	5,610
Janitorial	-	345	345
Licenses & permits	1,611	-	1,611
Lost/Stolen \$	-	2,116	2,116
Medical	5,734	6,188	11,922
Organizational development	1,544	2,711	4,255
Printing	40	-	40
Repairs & maintenance	4,431	-	4,431
Security	7,808	-	7,808
Setup	123	757	880
Staff relations	255	636	891
Supplies	18,572	6,276	24,848
Training & conferences	8,901	10,007	18,908
Translator	-	85	85
Transportation	21,641	33,097	54,738
Travel & lodging	(12,914)	24,135	11,221
Utilities	5,938	2,644	8,582
Visa passports	433	77	510
Total expenses	638,509	467,637	1,106,146
Net Surplus (Deficit)	(\$62,682)	\$275,444	\$212,762