

ADVENTURES IN MISSIONS, INC

FINANCIAL STATEMENTS

For the Years Ended September 30, 2007 and 2006

Adventures in Missions, Inc.

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ROE & ASSOCIATES, P.C.

Certified Public Accountants



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of financial position of Adventures in Missions Inc. (a nonprofit corporation), as of September 30, 2007 and 2006, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Adventures in Missions' 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, 2007 and 2006, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Roe & Associates, P.C. CPAs

Norcross, Georgia
January 22, 2008

ADVENTURES IN MISSIONS, INC.

STATEMENTS OF FINANCIAL POSITION
September 30, 2007 and 2006

	2007			2006		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	\$ 719,419	\$ 1,272,406	\$ 1,991,825	\$ 279,223	\$ 762,282	\$ 1,041,505
Accounts receivable, net of allowance for doubtful accounts of \$10,000 in 2007 and 2006	42,882	-	42,882	44,272	-	44,272
Project advances	240,234	-	240,234	81,445	-	81,445
Employee receivable	2,511	-	2,511	13,136	-	13,136
Prepaid expenses	36,344	-	36,344	104,888	-	104,888
Total current assets	1,041,390	1,272,406	2,313,796	522,964	762,282	1,285,246
PROPERTY, BUILDING AND EQUIPMENT, net of accumulated depreciation of \$698,609 in 2007 and \$781,449 in 2006						
	1,652,354	-	1,652,354	1,739,555	-	1,739,555
INVESTMENTS, at FMV, with a cost basis of \$0 in 2007 and \$326,624 in 2006						
	-	-	-	-	363,147	363,147
TOTAL ASSETS	<u>2,693,744</u>	<u>1,272,406</u>	<u>3,966,150</u>	<u>2,262,519</u>	<u>1,125,429</u>	<u>3,387,948</u>
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accounts payable	121,554	-	121,554	66,544	-	66,544
Accrued expenses	20,519	-	20,519	2,242	-	2,242
Deferred revenue, net of allowance for trip cancellations of \$10,000 in 2007 and 2006	90,513	-	90,513	95,380	-	95,380
Total current liabilities	232,586	-	232,586	164,166	-	164,166
NET ASSETS						
Unrestricted	2,461,158	-	2,461,158	2,098,353	-	2,098,353
Temporarily restricted	-	1,272,406	1,272,406	-	1,125,429	1,125,429
Total net assets	<u>2,461,158</u>	<u>1,272,406</u>	<u>3,733,564</u>	<u>2,098,353</u>	<u>1,125,429</u>	<u>3,223,782</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,693,744</u>	<u>\$ 1,272,406</u>	<u>\$ 3,966,150</u>	<u>\$ 2,262,519</u>	<u>\$ 1,125,429</u>	<u>\$ 3,387,948</u>

See accompanying notes.

ADVENTURES IN MISSIONS, INC.

STATEMENTS OF ACTIVITIES AND NET ASSETS
For the Years Ended September 30, 2007 and 2006

	2007			2006		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
CONTRIBUTIONS, REVENUES AND SUPPORT						
Project revenue	\$ 2,754,988	\$ -	\$ 2,754,988	\$ 2,699,907	\$ -	\$ 2,699,907
Contributions and support	177,451	5,530,256	5,707,707	407,712	4,331,420	4,739,132
Other operating income	241,316		241,316	107,749		107,749
Interest and dividend income	43,189		43,189	42,653		42,653
Net assets released from restriction	5,383,279	(5,383,279)	-	3,633,610	(3,633,610)	-
Total contributions, revenue and support	8,600,223	146,977	8,747,200	6,891,631	697,810	7,589,441
EXPENSES						
Program expenses						
Short-term missions	2,457,420	-	2,457,420	2,243,944	-	2,243,944
International discipleship ministries	4,312,680	-	4,312,680	3,006,794	-	3,006,794
Mission Training	144,568	-	144,568	305,570	-	305,570
General and Administrative	1,178,992	-	1,178,992	1,118,280	-	1,118,280
Fund Raising	143,758	-	143,758	164,490	-	164,490
Total expenses	8,237,418	-	8,237,418	6,839,078	-	6,839,078
Change in net assets	362,805	146,977	509,782	52,553	697,810	750,363
NET ASSETS, beginning of year	2,098,353	1,125,429	3,223,782	2,045,800	427,619	2,473,419
NET ASSETS, end of year	\$ 2,461,158	\$ 1,272,406	\$ 3,733,564	\$ 2,098,353	\$ 1,125,429	\$ 3,223,782

See accompanying notes.

ADVENTURES IN MISSIONS, INC.

STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received for mission projects	\$ 2,754,354	\$ 2,752,666
Cash received from contributions	5,707,707	4,764,132
Interest and investment income received	43,190	27,409
Other cash receipts	241,307	107,749
Payments for programs, general & administrative and fund raising expenses	(5,500,058)	(4,543,572)
Payments to employees, employee benefits and payroll taxes	<u>(2,646,018)</u>	<u>(2,255,556)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>600,482</u>	<u>852,828</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	416,990	28,538
Purchases of investments	-	(10,842)
(Increase) decrease in employee receivable	7,783	(13,136)
Cash paid for equipment and furniture	<u>(74,935)</u>	<u>(306,691)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>349,838</u>	<u>(302,131)</u>
Net increase in cash and cash equivalents	950,320	550,697
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,041,505</u>	<u>490,808</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 1,991,825</u>	<u>\$ 1,041,505</u>

See accompanying notes.

ADVENTURES IN MISSIONS, INC.

STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
RECONCILIATION OF CHANGES IN NET ASSET TO CASH PROVIDED BY OPERATING ACTIVITIES		
Increase in net asset	\$ 509,782	\$ 750,363
Adjustments to reconcile increase (decrease) in net asset to net cash provided by operating activities:		
Provision for bad debts	-	11,017
Depreciation	108,292	116,683
Unrealized gain from investments	-	(15,244)
(Increase) decrease:		
Accounts receivable, trade	4,233	75,776
Pledge receivable	-	25,000
Project advances	(158,789)	(23,410)
Prepaid expenses	68,544	(102,827)
Increase (decrease)		
Accounts payable	55,010	40,355
Accrued payroll liabilities	18,277	(1,868)
Deferred revenue	<u>(4,867)</u>	<u>(23,017)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 600,482</u>	<u>\$ 852,828</u>

See accompanying notes.

ADVENTURES IN MISSIONS, INC.

Notes To Financial Statements
For the Years Ended September 30, 2007 and 2006

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 the Church 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 Years Ended September 30, 2007 and 2006

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

The Church receives a substantial amount of services donated by its members in carrying out the Church'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 \$1,000 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 \$63,710 in 2007 and \$105,581 in 2006.

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 Years Ended September 30, 2007 and 2006

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

Income Taxes

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

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

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, 2007 and 2006, there were no permanently restricted net assets.

Temporarily restricted net assets are available for the following purposes:

	2007	2006
Ambassador Program	\$ 630	\$ -
Disaster Relief	52,156	81,846
First year missionaries	219,269	369,208
Swaziland Base	-	8,894
Real Life	103,657	9,947
World Race	500,597	217,929
Kenya	42,840	66,743
Capital projects	171,064	88,685
Orphanage	1,431	2,862
MTI	-	56,421
Employee Support	180,762	222,894
TOTAL	<u>\$1,272,406</u>	<u>\$1,125,429</u>

ADVENTURES IN MISSIONS, INC.

Notes To Financial Statements
For the Years Ended September 30, 2007 and 2006

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. The allowance for doubtful accounts was \$10,000 in 2007 and 2006.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	2007	2006
Land	\$ 252,814	\$ 252,814
Buildings & Improvements	1,421,419	1,505,840
Equipment & Vehicles	<u>676,730</u>	<u>762,350</u>
	2,350,963	2,521,004
Less accumulated depreciation	<u>698,609</u>	<u>781,449</u>
	1,652,354	1,739,555
Construction in progress	<u>-</u>	<u>-</u>
	<u>\$1,652,354</u>	<u>\$1,739,555</u>

Depreciation expense was \$108,292 in 2007 and \$116,683 in 2006.

NOTE 5 – EMPLOYEE BENEFIT PLAN

On April 21, 1995 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 Church 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 \$100,000, except for those deposits held in Mexico. The Church's uninsured cash balances total \$1,814,033 in 2007 and \$1,163,505 in 2006.

ADVENTURES IN MISSIONS, INC.

Notes To Financial Statements
For the Years Ended September 30, 2007 and 2006

NOTE 7 – INTENTIONS TO GIVE

Each year, the Church solicits individuals to submit pledge cards indicating the donations the individuals intend to give for various projects during the upcoming year. The pledge cards clearly indicate that the information is to be used only for the Church's budgetary purposes and that the individuals may rescind the pledges at any time. Since these pledges do not meet the criteria for revenue recognition under *SFAS No. 116*, they are not reflected as contributions in the statement of activities until the pledges are collected. As of September 30, 2007 the church's management estimated total intentions to give were \$5,100,000.

NOTE 8 – 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 9 – 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. The allowance for trip cancellations at September 30, 2007 and 2006 was \$10,000.

NOTE 10 – OPERATING LEASE

The Church has several non-cancelable operating leases, primarily for various forms of housing for mission projects and equipment, that 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. Rental expenses for those leases were \$68,261 in 2007 and \$52,573 in 2006.


Future minimum lease payments under operating leases that have remaining terms in excess of one year as of September 30, 2007, are:

September 30, 2008	\$2,028
September 30, 2009	2,028
September 30, 2010	2,028
September 30, 2011	845
Total	<u>\$6,929</u>



ROE & ASSOCIATES, P.C.

Certified Public Accountants



**Independent Auditors' Report
On Additional Information**

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

Our report on our audit of the financial statements Adventures in Missions, Inc. for the Year ended September 30, 2007 and 2006 appears on page 1. The audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information in the following schedule is presented for 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.

Roe + Associates, P.C. CPAs

Norcross, Georgia
January 22, 2008

ADVENTURES IN MISSIONS, INC

SCHEDULE OF EXPENSES BY CATEGORY
For the Years Ended September 30, 2007 and 2006

	2007	2006	Increase (decrease)	As a Percent
Direct Project expenses	3,219,780	2,436,645	783,135	32.1%
Salaries and wages	2,447,291	2,041,772	405,519	19.9%
Housing allowance	236,005	213,782	22,223	10.4%
Rent	215,933	52,573	163,360	310.7%
Payroll taxes	198,725	156,981	41,744	26.6%
Supplies	194,878	67,956	126,922	186.8%
Auto	192,000	67,874	124,126	182.9%
Project labor	187,786	108,290	79,496	73.4%
Repairs and maintenance	173,894	175,507	(1,613)	-0.9%
Communication	146,115	117,652	28,463	24.2%
Office and computer equipment	124,793	47,940	76,853	160.3%
Utilities	119,501	84,498	35,003	41.4%
Contributions	108,338	38,657	69,681	180.3%
Depreciation	108,292	116,683	(8,391)	-7.2%
General insurance	86,253	47,144	39,109	83.0%
Evangelism	70,934	280,041	(209,107)	-74.7%
Marketing	63,711	105,583	(41,872)	-39.7%
Honorarium	61,866	91,928	(30,062)	-32.7%
Professional fee expenses	55,549	176,159	(120,610)	-46.1%
Medical reimbursement	49,550	37,547	12,003	32.0%
Postage and shipping	37,338	34,134	3,204	9.4%
Bank fees	30,466	18,786	11,680	62.2%
Employee cost	28,565	4,625	23,940	517.6%
Meals	19,207	-	19,207	100.0%
Employee relations	15,736	20,883	(5,147)	-24.6%
Fundraising	13,292	12,217	1,075	8.8%
Dues & subscriptions	10,966	24,275	(13,309)	-54.8%
Staff conference	8,552	68,854	(60,302)	-87.6%
Employee recruiting	5,405	5,413	(8)	-0.1%
Employee travel (not assigned to project)	5,213	147,078	(141,865)	-96.5%
Manuals and reference materials	1,484	14,912	(13,428)	-90.0%
Bad debt expense	-	9,025	(9,025)	100.0%
Employee insurance	-	11,862	(11,862)	-100.0%
Miscellaneous	-	2,914	(2,914)	-100.0%
Exchange rate fluctuations	-	(1,112)	1,112	-100.0%
	<u>\$ 8,237,418</u>	<u>\$ 6,839,078</u>	<u>\$ 1,398,340</u>	<u>20.4%</u>