

ADVENTURES IN MISSIONS, INC.

Gainesville, Georgia

Report on Audit of Financial Statements

September 30, 2014

**Adventures in Missions, Inc.**

**Independent Audit Report**

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## 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 nonprofit organization), which comprise the statement of financial position as of September 30, 2014, and the related statements of activities, functional expenses, 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

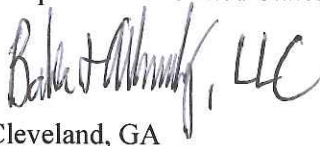
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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, 2014, 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.

  
Cleveland, GA

November 19, 2014

**Adventures in Missions, Inc.**  
**Statement of Financial Position**  
**September 30, 2014**

**ASSETS**

<b>Current Assets</b>	
Cash and cash equivalents	\$1,371,699
Prepaid expenses	679,734
Credit card receivables	79,447
Accounts receivable (Net of allowance for trip cancellations \$6,557)	44,221
Rental deposits	5,675
Project advances	520,890
Inventory	<u>503</u>
Total Current Assets	\$2,702,169
<b>Property &amp; Equipment (Note 1)</b>	
Office and Computer Equipment	591,788
Furniture and Fixtures	300,576
Buildings	2,628,400
Building Improvements	228,380
Land and Improvements	294,593
Equipment	180,449
Vehicles	434,683
Less: Accumulated Depreciation	<u>(1,448,564)</u>
Net Property and Equipment	<u>3,210,305</u>
<b>Other Assets</b>	
Restricted Long-Term Marketable CDs, at market value	521,730
Restricted cash and cash equivalents	<u>3,820,411</u>
Net Other Assets	<u>4,342,141</u>
<b>TOTAL ASSETS</b>	<b><u><u>\$10,254,615</u></u></b>

**LIABILITIES & NET ASSETS**

<b>Current Liabilities</b>	
Accounts payable	\$344,997
Accrued expenses	52,203
Deferred revenue	<u>64,480</u>
Total Current Liabilities	\$461,680
Total Liabilities	461,680
<b>Net Assets</b>	
Unrestricted	4,184,803
Temporarily restricted	<u>5,608,132</u>
Total Net Assets	<u>9,792,935</u>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b><u><u>\$10,254,615</u></u></b>

The accompanying notes are an integral part of these financial statements

**Adventures in Missions, Inc.**  
**Statement of Activities**  
**For the year ended September 30, 2014**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>SUPPORT AND REVENUE:</b>				
Project Revenue	\$3,735,015	\$13,709,397	\$0	\$17,444,412
Contributions	683,668	-		683,668
IDM Application fees	116,220	-		116,220
Other Revenue	1,470,083	-		1,470,083
Rental Income	34,819	-		34,819
Exchange Rate Gain/(Loss)	(13,653)	-		(13,653)
Interest/Dividend Income	6,897	-		6,897
<b>Total Support And Revenue</b>	<b>6,033,050</b>	<b>13,709,397</b>		<b>19,742,447</b>
Net Assets released from restrictions:	<u>13,346,094</u>	<u>(13,346,094)</u>		
<b>Total Revenue and net assets released from restrictions</b>	<b>\$19,379,144</b>	<b>\$363,303</b>		<b>\$19,742,447</b>
<b>EXPENSES:</b>				
Program	17,077,427			17,077,427
Support services:				
Fundraising	399,358			399,358
General & Administrative	1,414,651			1,414,651
<b>Total expenses</b>	<u>18,891,436</u>	-		<u>18,891,436</u>
<b>Change in Net Assets</b>	<b>487,708</b>	<b>363,303</b>		<b>851,011</b>
<b>NET ASSETS, beginning of the year</b>	<u>3,697,095</u>	<u>5,244,829</u>		<u>8,941,924</u>
<b>NET ASSETS, end of the year</b>	<u><u>\$4,184,803</u></u>	<u><u>\$5,608,132</u></u>	<u><u>\$0</u></u>	<u><u>\$9,792,935</u></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, 2014**

	Support Services			Total Expenses
	Program Expenses	General & Administrative	Fundraising	
Salary	\$4,003,689	\$975,365	\$273,044	\$5,252,098
Payroll taxes	262,684	63,963	14,332	340,979
Advertising/promotion	68,032	694	41,616	110,342
Background checks	34,517	-	-	34,517
Bank charges	346,165	31,840	7	378,012
Benevolence	14,183	200	100	14,483
Communications	202,505	14,213	2,410	219,128
Contract services	237,351	67,971	6,328	311,650
Depreciation	86,151	85,062	684	171,897
Discipleship training	74,189	-	-	74,189
Dues & subscriptions	18,375	9,985	2,335	30,695
Entertainment & meals	32,387	-	-	32,387
Evangelism	45,918	-	-	45,918
Facility rental	6,272	1,365	370	8,007
(Gain) Loss on disposal of assets	8,039	-	-	8,039
Insurance	934,773	48,906	9,426	993,105
Licenses & permits	2,164	68,542	10,224	80,930
Medical reimbursement	10,794	-	-	10,794
Ministry development	23,574	-	-	23,574
Multimedia	39,423	-	-	39,423
Organizational development	3,627	4,841	701	9,169
Postage & delivery	24,625	4,767	21,114	50,506
Repairs & maintenance	81,791	40	-	81,831
Security	2,668	-	-	2,668
Staff counseling & relations	46,384	6,142	1,229	53,755
Summer staff	2,183	-	-	2,183
Supplies	170,323	25,008	975	196,306
Travel	6,097,695	5,747	14,463	6,117,905
Training & conferences	174,690	-	-	174,690
Unrealized (Gain) Loss on investments	(4,479)	-	-	(4,479)
Utilities	97,306	-	-	97,306
Worship leader speaker	8,809	-	-	8,809
Vehicle rental	100,476	-	-	100,476
Other trip expenses	3,246,632	-	-	3,246,632
Other expenses	573,512	-	-	573,512
<b>Total functional expenses</b>	<b><u>\$17,077,427</u></b>	<b><u>\$1,414,651</u></b>	<b><u>\$399,358</u></b>	<b><u>\$18,891,436</u></b>

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, 2014**

**Cash Flows from operating activities:**

Excess revenue over expenses		\$851,011
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	171,897	
Loss on disposal of assets	(8,039)	
(Increase) Decrease in accounts receivable	(18,818)	
(Increase) Decrease in prepaid expenses	(30,718)	
Increase (Decrease) in deferred revenue	1,349	
(Increase) Decrease in credit card receivable	(14,135)	
(Increase) Decrease in rental deposits	7,350	
(Increase) Decrease in project advances	(136,689)	
(Increase) Decrease in inventory	2,813	
Increase (Decrease) in accounts payable	299,268	
Increase (Decrease) in accrued expenses	<u>(29,702)</u>	
Total adjustments		<u>244,577</u>
Net cash provided (used) by operating activities		1,095,588

**Cash flows from investing activities:**

Net decrease in restricted cash and cash equivalents	54,096	
Net (increase) in restricted long-term marketable CDs	(4,492)	
Proceeds from fixed asset sale	5,351	
Fixed asset additions	<u>(1,280,286)</u>	
Net cash provided (used) by investing activities		(1,225,331)

**Cash flows from financing activities:**

Net increase (decrease) in unrestricted cash and cash equivalents		(129,743)
Unrestricted Cash and cash equivalents at beginning of year		<u>1,501,442</u>
Unrestricted Cash and cash equivalents at end of year		<u><u>\$1,371,699</u></u>

**Adventures in Missions, Inc.**  
Notes to the Financial Statements  
For the year ended September 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Adventures in Missions, Inc. (Adventures) was organized in 1989. Adventures 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 three to ten years, and 39 years for buildings and improvements. Net property and equipment for the fiscal year ending September 30, 2014 equals \$3,210,305.

Income Taxes

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.

Cash and Cash Equivalents

Cash and cash equivalents consist of checking accounts, money market accounts, FDIC insured certificates of deposits, and cash on hand. The organization considers all highly liquid investments with initial maturity of one year 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

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.



## **Adventures in Missions, Inc.**

### Notes to the Financial Statements

For the year ended September 30, 2014

#### 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.

#### Investments

Investments in marketable equity securities with readily determinable fair values are stated at fair market value. This includes long-term certificates of deposit with maturities of over one year. As of September 30, 2014, restricted marketable certificates of deposit was \$521,730.

#### Advertising and Promotion Costs

Adventures follows the policy of charging costs of advertising and promotion to expense as incurred. Advertising and promotion expense was \$110,342.

#### NOTE 2: CONCENTRATION OF CREDIT RISK

The balance of unrestricted cash and cash equivalents as of September 30, 2014 was \$1,371,699. Restricted cash and cash equivalents was \$3,820,411. Cash equivalents are spread among various banks such that these amounts as well as long-term marketable certificates of deposits are covered by FDIC insurance. Federal Depository Insurance coverage is currently limited to \$250,000 at each bank. No credit risk exists as of September 30, 2014.

#### 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: 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: RENT EXPENSE

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 7: CHANGES IN ADVANCE REVENUE AND OTHER TEMPORARILY RESTRICTED NET ASSETS

**Adventures in Missions, Inc.**  
Notes to the Financial Statements  
For the year ended September 30, 2014

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 Generally Accepted Accounting Principles (GAAP), such donations are recognized as contributions revenue when received because they are irrevocable. However, as properly reflected in Adventures' measurement of Temporarily Restricted Net Assets, Restricted Cash, cash equivalents and marketable certificates of deposit described in Notes 8 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 Temporarily Restricted 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.

**NOTE 8: TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

World Race Program	\$4,647,226
AIM Staff Support	455,618
Long-Term Missionaries Support	142,680
Swaziland	151,979
Other Projects	<u>210,629</u>
Total:	<u>\$5,608,132</u>

**NOTE 9: 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, 2014, Adventures had restricted cash and cash equivalents and long-term marketable CDs of \$4,342,141, for the types of purposes described above in NOTE 8.

**NOTE 10: DEFERRED COMPENSATION**

The organization has established a memorandum of understanding (MOU) with certain employees to defer part of their compensation. This MOU does not constitute an employment contract or any commitment to terms for continuation or termination of employment. It exclusively covers a portion of compensation that will be deferred over the period of such employment, and agreed terms of its possible payout. The ultimate likelihood of payment of such deferred compensation is based solely on the credit worthiness of the Employer. No funds will be set aside or invested by the Employer on behalf of Employees. Employees shall have no right to, or expectation of, any investment or other return on such amounts deferred. \$31,148 in deferred compensation was included in accrued expenses as of September 30, 2014.

**Adventures in Missions, Inc.**  
Notes to the Financial Statements  
For the year ended September 30, 2014

NOTE 11: 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 November 19, 2014, no subsequent events were discovered that would cause these financial statements for the year ending September 30, 2014 to be misleading.