

ADVANCING NATIVE MISSIONS
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

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FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

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Cooley and Associates, PLC
Certified Public Accountants

Gregory J. Cooley, CPA, CFP, PFS
gcooley@gjccpa.com

(434) 975-2663
Facsimile (434) 975-3584

Member American Institute of
Certified Public Accountants

Mailing address: Post Office Box 7967
Charlottesville, Virginia 22906

Office location: 889A Rio East Court
Charlottesville, Virginia 22901

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Advancing Native Missions

We have audited the accompanying financial statements of Advancing Native Missions (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, 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.

Auditors' 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 auditors' 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 organization'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 organization'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 Advancing Native Missions as of December 31, 2015, 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.

Report on Summarized Comparative Information

We have previously audited Advancing Native Missions' 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 25, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Cooley and Associates, PLC

Charlottesville, Virginia
June 21, 2016

ADVANCING NATIVE MISSIONS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015, WITH COMPARATIVE TOTALS FOR 2014

	<u>ASSETS</u>		Total All Funds	
	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>2015</u>	<u>Summarized 2014</u>
<u>CURRENT ASSETS</u>				
Cash and cash equivalents	\$ 849	\$ 1,254,351	\$ 1,255,200	\$ 1,776,869
Accounts receivable	975	-	975	1,758
Marketable securities	8,247	-	8,247	9,658
Inventory	264,060	-	264,060	132,225
Loans receivable	10,007	-	10,007	6,214
Prepaid expenses	8,317	-	8,317	9,093
Notes receivable - due within one year	8,464	-	8,464	9,013
Total Current Assets	<u>300,919</u>	<u>1,254,351</u>	<u>1,555,270</u>	<u>1,944,830</u>
<u>PROPERTY AND EQUIPMENT</u>				
Land	185,959	-	185,959	185,959
Building and improvements	1,127,980	-	1,127,980	1,033,077
Automobiles	203,070	-	203,070	152,871
Furniture, fixtures, and office equipment	230,793	-	230,793	219,314
Construction in progress	-	-	-	36,236
Total Property and Equipment	<u>1,747,802</u>	<u>-</u>	<u>1,747,802</u>	<u>1,627,457</u>
Less: Accumulated depreciation	534,705	-	534,705	471,120
Net Property and Equipment	<u>1,213,097</u>	<u>-</u>	<u>1,213,097</u>	<u>1,156,337</u>
<u>OTHER ASSETS</u>				
Notes receivable - due after one year	54,815	-	54,815	62,810
Investment in real estate	4,000	-	4,000	4,000
Total Other Assets	<u>58,815</u>	<u>-</u>	<u>58,815</u>	<u>66,810</u>
<u>TOTAL ASSETS</u>	<u>\$ 1,572,831</u>	<u>\$ 1,254,351</u>	<u>\$ 2,827,182</u>	<u>\$ 3,167,977</u>
<u>LIABILITIES AND NET ASSETS</u>				
<u>CURRENT LIABILITIES</u>				
Notes payable - due within one year	\$ 13,951	\$ -	\$ 13,951	\$ 12,396
Accounts payable	169,272	-	169,272	40,487
Accrued and withheld payroll taxes	452	-	452	2,198
Total Current Liabilities	<u>183,675</u>	<u>-</u>	<u>183,675</u>	<u>55,081</u>
<u>LONG-TERM LIABILITIES</u>				
Notes payable - due after one year	26,109	-	26,109	20,825
<u>TOTAL LIABILITIES</u>	<u>209,784</u>	<u>-</u>	<u>209,784</u>	<u>75,906</u>
<u>NET ASSETS</u>	<u>1,363,047</u>	<u>1,254,351</u>	<u>2,617,398</u>	<u>3,092,071</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 1,572,831</u>	<u>\$ 1,254,351</u>	<u>\$ 2,827,182</u>	<u>\$ 3,167,977</u>

The accompanying notes are an integral part of these financial statements

ADVANCING NATIVE MISSIONS
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015, WITH COMPARATIVE TOTALS FOR 2014

	Unrestricted	Temporarily Restricted	Total All Funds	
			2015	Summarized 2014
<u>REVENUES, GAINS AND OTHER SUPPORT</u>				
Support				
Contributions	\$ 2,043,929	\$ 6,005,040	\$ 8,048,969	\$ 7,577,994
Gift in kind contributions	22,116	4,425,429	4,447,545	5,970,300
Total support	<u>2,066,045</u>	<u>10,430,469</u>	<u>12,496,514</u>	<u>13,548,294</u>
Investment income (loss)				
Interest income	4,916	-	4,916	4,783
Dividend income	93	-	93	-
Gain (loss) on sale of assets	38	-	38	-
Loss on sale of marketable securities	(1,385)	-	(1,385)	(2,278)
Unrealized loss on marketable securities	(413)	-	(413)	(1,519)
Total investment income (loss)	<u>3,249</u>	<u>-</u>	<u>3,249</u>	<u>986</u>
Other income (loss)				
Sale of CDs, tapes, t-shirts and videos (net)	(1,218)	-	(1,218)	(3,843)
Sale of books (net)	9,836	-	9,836	(1,369)
Vacation bible school (net)	2,100	-	2,100	3,795
Shipping (net)	1,032	-	1,032	(98)
Other income	11,413	-	11,413	8,155
Total other income (loss)	<u>23,163</u>	<u>-</u>	<u>23,163</u>	<u>6,640</u>
Net assets released from restrictions	<u>10,763,016</u>	<u>(10,763,016)</u>	<u>-</u>	<u>-</u>
<u>TOTAL REVENUES, GAINS AND OTHER SUPPORT</u>	<u>12,855,473</u>	<u>(332,547)</u>	<u>12,522,926</u>	<u>13,555,920</u>
<u>EXPENSES</u>				
Missions projects	<u>11,536,689</u>	<u>-</u>	<u>11,536,689</u>	<u>12,297,881</u>
Support Services				
General and administrative	845,884	-	845,884	900,345
Fundraising	615,026	-	615,026	486,523
Total Support Services	<u>1,460,910</u>	<u>-</u>	<u>1,460,910</u>	<u>1,386,868</u>
<u>TOTAL EXPENSES</u>	<u>12,997,599</u>	<u>-</u>	<u>12,997,599</u>	<u>13,684,749</u>
<u>CHANGE IN NET ASSETS</u>	(142,126)	(332,547)	(474,673)	(128,829)
<u>NET ASSETS, BEGINNING OF YEAR</u>	<u>1,505,173</u>	<u>1,586,898</u>	<u>3,092,071</u>	<u>3,220,900</u>
<u>NET ASSETS, END OF YEAR</u>	<u>\$ 1,363,047</u>	<u>\$ 1,254,351</u>	<u>\$ 2,617,398</u>	<u>\$ 3,092,071</u>

The accompanying notes are an integral part of these financial statements

ADVANCING NATIVE MISSIONS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2015, WITH COMPARATIVE TOTALS FOR 2014

	<u>Program Services</u>	<u>Support Services</u>			<u>Total Expenses</u>	
	<u>Missions Projects</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>	<u>2015</u>	<u>Summarized 2014</u>
Direct project disbursements	\$ 10,103,981	\$ -	\$ -	\$ -	\$ 10,103,981	\$ 10,732,713
Automobile expense	7,672	9,662	9,662	19,324	26,996	21,868
Bank charges	-	51,576	-	51,576	51,576	42,137
Bibles, books, magazines	-	4,795	-	4,795	4,795	5,479
Casual labor	-	5,949	-	5,949	5,949	2,000
Depreciation	31,610	19,166	14,077	33,243	64,853	56,944
Dues and subscriptions	-	19,919	-	19,919	19,919	14,714
Education	-	-	-	-	-	38,600
Equipment and software	-	20,269	-	20,269	20,269	19,774
Gifts	-	10,705	-	10,705	10,705	6,074
Housing allowance	124,689	27,792	28,208	56,000	180,689	199,237
Insurance	9,689	20,688	3,259	23,947	33,636	32,327
Insurance - health	-	5,921	-	5,921	5,921	142,370
Interest	-	810	-	810	810	208
Meals and entertainment	430	10,053	10,053	20,106	20,536	15,250
Meetings	-	-	123,614	123,614	123,614	96,204
Miscellaneous expenses	-	(133)	-	(133)	(133)	1,000
Office expense	8,034	4,871	3,578	8,449	16,483	16,497
Photographs	-	650	-	650	650	156
Postage	18,946	19,033	19,033	38,066	57,012	62,857
Printing	11,320	37,089	37,089	74,178	85,498	76,379
Professional services	1,000	65,342	12,700	78,042	79,042	91,900
Publicity and displays	-	-	23,313	23,313	23,313	26,600
Repairs and maintenance	-	6,739	-	6,739	6,739	7,988
Salaries and wages	758,412	412,124	255,104	667,228	1,425,640	1,291,379
Supplies	-	452	-	452	452	262
Taxes - payroll	55,291	30,045	18,598	48,643	103,934	91,974
Taxes - other	6,087	3,690	2,710	6,400	12,487	10,956
Telephone	16,327	9,900	7,271	17,171	33,498	37,240
Travel - out of town	19,487	41,172	41,172	82,344	101,831	106,269
Travel - overseas	351,171	-	-	-	351,171	412,084
Utilities	12,543	7,605	5,585	13,190	25,733	25,309
Total	<u>\$ 11,536,689</u>	<u>\$ 845,884</u>	<u>\$ 615,026</u>	<u>\$ 1,460,910</u>	<u>\$ 12,997,599</u>	<u>\$ 13,684,749</u>

The accompanying notes are an integral part of these financial statements

ADVANCING NATIVE MISSIONS
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2015, WITH COMPARATIVE TOTALS FOR 2014

	2015	2014
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ (474,673)	\$ (128,829)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	64,853	56,944
Gifts of marketable securities	(177,582)	(170,641)
Gain (loss) on sale of assets	(38)	-
Loss on sale of marketable securities	1,385	2,278
Unrealized loss on marketable securities	413	1,519
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	783	11,898
Inventory	(131,835)	(19,297)
Accrued interest receivable	-	704
Prepaid expenses	776	(442)
Increase (decrease) in:		
Accounts payable	128,785	(22,453)
Accrued and withheld payroll taxes	(1,746)	1,320
Other accrued expenses	-	(10,047)
	(588,879)	(277,046)
<u>Net Cash Provided by (Used in) Operating Activities</u>		
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Collections (payments) on loans receivable, net	(3,793)	(932)
Collections (payments) on notes receivable, net	8,544	26,049
Purchase of property and equipment	(122,075)	(36,237)
Proceeds from sale of assets	500	-
Proceeds from sale of marketable securities	177,195	167,521
	60,371	156,401
<u>Net Cash Provided by (Used in) Investing Activities</u>		
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Proceeds from notes payable	20,608	-
Curtailement of notes payable	(13,769)	(12,288)
	6,839	(12,288)
<u>Net Cash Provided by (Used in) Financing Activities</u>		
<u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	(521,669)	(132,933)
<u>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</u>	1,776,869	1,909,802
<u>CASH AND CASH EQUIVALENTS, END OF YEAR</u>	\$ 1,255,200	\$ 1,776,869
<u>ADDITIONAL CASH INFORMATION</u>		
Interest paid	\$ 810	\$ 255

The accompanying notes are an integral part of these financial statements

ADVANCING NATIVE MISSIONS
NOTES TO FINANCIAL STATEMENTS

ORGANIZATION

Nature of Activities

Advancing Native Missions (“ANM” or “the Organization”) is a U.S. nonprofit religious organization called to raise and disburse financial, prayer, and material support for indigenous Christian missionary organizations throughout the world. Based in Afton, Virginia, ANM is an interdenominational, evangelical missions organization that serves as a bridge between native missionaries and the body of Christ in North America. ANM staff members travel to the frontiers of world evangelization to personally survey and evaluate ministries that are reaching unreached peoples. ANM seeks ministries that have a well-defined evangelical statement of faith, demonstrate financial accountability, and show solid evidence of spiritual fruitfulness, among other criteria.

ANM was incorporated under the laws of the State of Texas as Soul Winners International, and is registered under the Virginia Solicitation of Contributions laws of the Commonwealth of Virginia.

ANM’s programs are funded primarily by contributions. ANM is committed to being open and transparent before both God and man in the stewardship of the gifts the Lord’s people entrust to ANM; toward this end ANM is a member of the Evangelical Council of Financial Accountability. ANM receives contributions through participation in the Combined Federal Campaign and the Commonwealth of Virginia Campaign.

Mission Statement

To further the cause of world evangelization and to initiate and develop meaningful relationships, ANM seeks out, evaluates and supports native missions groups working among the world’s unreached peoples.

Vision Statement

ANM has been called to seek out, evaluate and support native missions groups that have a clear and defined evangelical statement of faith, are open and transparent in their finances, and are working among unreached people groups. ANM shares information about these native missions with evangelical churches and individuals in North America who are willing to pray and give for the advancement of God’s Kingdom through these ministries. Visiting native mission leaders work with ANM to declare God’s Word to the churches of North America and to inspire them to be actively involved in missions at home and abroad.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of ANM have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

ANM 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. Accordingly, ANM reports gifts of cash and other assets as restricted support if there is a time restriction or they are received with donor stipulations that limit the use of the donated assets, and as unrestricted support if received without explicit donor stipulations.

ADVANCING NATIVE MISSIONS
NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with ANM's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

Income Tax Status

ANM is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, ANM qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks, certificates of deposit, 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.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Inventory

ANM's inventory consists primarily of donated religious books and media, medical supplies, equipment, office supplies, clothing, and ANM materials. Inventory is valued at the lower of cost or market. The basis used for determining the cost of donated items is the fair market value of comparable items.

Property and Equipment

ANM capitalizes purchases or donations of property and equipment in excess of \$1,500. Property and equipment are recorded at cost if purchased or fair value if donated. The cost of maintenance and repairs is charged to operations as incurred. Depreciation is provided for by the straight-line method according to the estimated useful lives:

	<u>Years</u>
Building and improvements	15-39
Vehicles	5
Furniture and office equipment	3-10

ADVANCING NATIVE MISSIONS
NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Such contributions are then reclassified to unrestricted net assets upon satisfaction of the donor-imposed restriction.

Donated Assets

ANM received noncash donations from individuals who support ANM's mission. Donated marketable securities and other noncash donations are recorded as contributions and corresponding assets at estimated fair values as of the date of donation. In 2015 and 2014, \$177,582 and \$170,641, respectively, was included in the financial statements for donated marketable securities.

Donated Property and Equipment

Donations of property and equipment are recorded at their estimated fair value at the date of donation. In 2015 and 2014, \$0 and \$0, respectively, was included in the financial statements for donated vehicles, equipment, and furniture. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, ANM reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. ANM reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by ANM. ANM generally pays for services requiring specific expertise. In 2015 and 2014, \$6,000 and \$0, respectively, was included in the financial statements for maintenance and computer programming. Many individuals volunteer their time and perform a variety of tasks throughout the year but their time is not recognized as contributions in the financial statements since the recognition criteria are not met. Due to the fact that much of the work is done on a voluntary basis, salaries and wages are kept to a minimum.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and detailed in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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 amounts could differ from these estimates.

ADVANCING NATIVE MISSIONS
NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Date of Management's Review

Management has evaluated subsequent events through June 21, 2016, the date the financial statements were available to be issued.

CONCENTRATIONS OF CREDIT RISK

ANM maintains cash balances in financial institutions with headquarters located in Richmond, Virginia and San Francisco, California. Account balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each institution. The maximum loss that could have resulted from the excess of the deposit liabilities reported by the banks over the amounts that would have been covered by the FDIC totaled \$691,552 at December 31, 2015 and \$1,271,305 at December 31, 2014.

INVENTORY

Inventory consists of the following:

	<u>2015</u>	<u>2014</u>
Books and media	\$ 35,906	\$ 28,206
Cabinets	109,611	-
Clothing	-	653
Educational materials	11,730	17,582
Medical equipment and supplies	3,560	180
Prepared shipping container	98,815	83,659
Miscellaneous	4,437	1,945
Total	<u>\$ 264,060</u>	<u>\$ 132,225</u>

NOTES RECEIVABLE

Notes receivable by ANM at December 31, 2015 and 2014 consist of the following:

Promissory note, dated October 21, 1996, with interest at 6% per annum and secured by a mortgage on real estate. Payments in the amount of \$180.00 per month were payable December 1, 1997 through November 1, 1998; \$270.00 per month December 1, 1998 through November 1, 1999; and \$359.73 per month December 1, 1999 until the balance of remaining principal and accrued interest is fully paid.

Promissory note to officer, dated April 27, 2010, with an initial balance of \$28,000, interest-only payments, and payable in full in 36 months. This note was restructured on April 27, 2013, maintaining an initial balance of \$28,000. The restructured note term is 48 months, with interest at 3% per annum, payable in monthly payments of interest only in the amount of \$70.00 per month. As long as the officer remains in good standing with ANM, the principal will be forgiven at a rate of \$7,000 per year, beginning December 31, 2013. The note is unsecured.

ADVANCING NATIVE MISSIONS
NOTES TO FINANCIAL STATEMENTS

NOTES RECEIVABLE – (Continued)

Promissory note to employee, dated June 14, 2013, with an initial balance of \$3,000. The note term is 24 months, with interest at 3% per annum, payable in monthly payments of \$125.00 per month beginning July 1, 2013. The note is secured by a vehicle.

NOTES PAYABLE

The Organization's obligation under notes payable consists of the following:

<i>Long-Term Debt</i>	2015	2014
Note payable with Toyota Financial Services on a 2010 Toyota, payable in 60 monthly installments of \$332, including principal and interest at 2.90% per annum, commencing April 20, 2011. The note is collateralized by the vehicle.	\$ 1,314	\$ 5,196
Note payable with Toyota Financial Services on two 2013 Toyotas, payable in 60 monthly installments of \$710, including principal and interest at 0.00% per annum, commencing April 26, 2013. The note is collateralized by the vehicle.	19,511	28,025
Note payable with TD Ameritrade on a 2015 Honda CRV, payable in 60 monthly installments of \$343, including principal and interest at 0.00% per annum, commencing September 2, 2015. The note is collateralized by the vehicle.	19,234	-
Less: Amount included in current liabilities	40,060 13,951	33,221 12,396
Total long-term debt	\$ 26,109	\$ 20,825

The future scheduled maturities of long-term debt are as follows:

2016	\$ 13,951
2017	12,636
2018	6,605
2019	4,122
2020	2,746
Total	\$ 40,060

ADVANCING NATIVE MISSIONS
NOTES TO FINANCIAL STATEMENTS

NET REVENUES FROM SALES AND SPECIAL EVENTS

Net revenues from sales consist of:

	<u>2015</u>	<u>2014</u>
Sale of CDs, tapes, t-shirts and videos	\$ (101)	\$ 878
Less: Cost of CDs, tapes, t-shirts and videos	<u>1,117</u>	<u>4,721</u>
Net revenue (loss)	<u>\$ (1,218)</u>	<u>\$ (3,843)</u>
Sale of books	\$ 21,789	\$ 32,796
Less: Cost of books	<u>11,953</u>	<u>34,165</u>
Net revenue (loss)	<u>\$ 9,836</u>	<u>\$ (1,369)</u>
Sale of vacation bible school materials	\$ 3,751	\$ 4,627
Less: Cost of vacation bible school materials	<u>1,651</u>	<u>832</u>
Net revenue (loss)	<u>\$ 2,100</u>	<u>\$ 3,795</u>
Receipts for shipping	\$ 9,442	\$ 7,898
Less: Cost of shipping	<u>8,410</u>	<u>7,996</u>
Net revenue (loss)	<u>\$ 1,032</u>	<u>\$ (98)</u>

RELATED PARTY TRANSACTIONS

During 2015 and 2014 ANM staff members, volunteers, and individual members of the Organization's Board of Directors made contributions to ANM totaling \$477,927 and \$583,343, respectively.

During 2011 ANM entered into an agreement to produce a music CD by the sister of one of its officers. ANM paid all costs associated with the recording, production, and replication of the CD, which totaled \$20,772 during 2011, and retains the exclusive right to distribute the CD. The recording artist does not retain the right to receive royalties or any other compensation in relation to the production and sale of the CD, and did not receive any compensation related to this project during 2015 or 2014.

During 2009 an individual who is both a director and officer of ANM agreed to be the co-signer of U.S. bank accounts opened by a missionary supported by ANM who is not a U.S. citizen and therefore was not allowed to open bank accounts without a co-signer who is a U.S. citizen. During 2015 and 2014 ANM made payments to this missionary, however no payments were deposited into the co-owned bank account.

An ANM officer serves on the board of directors of a company in which ANM owns shares of stock. The value of the investment was \$130 and \$364 at December 31, 2015 and 2014, respectively.

ANM has automobile leasing agreements with two of its officers. An annual amount is calculated based on the number of personal miles driven and the standard mileage rate set by the IRS; the result of the calculation is reported as income to the officer.

ADVANCING NATIVE MISSIONS
NOTES TO FINANCIAL STATEMENTS

RELATED PARTY TRANSACTIONS – (Continued)

On April 27, 2010 ANM received a promissory note from one of its officers, which was restructured during 2013. The principal amount is \$28,000 and the restructured loan matures December 31, 2017. A second note was extended to this officer in 2012, with an initial principal amount of \$2,400 and maturing July 1, 2014. During 2015 and 2014 interest payments totaling \$0 and \$628, respectively, were received.

ANM supports several ministries in the Philippines whose management includes direct family members of an ANM officer. During 2015 and 2014 total support of \$46,804 and \$84,439, respectively, was provided to ANM through contributions designated for these ministries and were distributed by ANM in the normal course of its operations.

ANM supports a ministry in India whose trustee and Director of Programs is also an ANM employee and officer. During 2015 and 2014 total support of \$70,805 and \$49,732, respectively, was provided to ANM through contributions designated for this ministry and was distributed by ANM in the normal course of its operations.

On January 27, 2004, ANM entered into a Joint Ministry Agreement with Advancing Indigenous Missions, Canada (AIM) to cooperate in various aspects of the respective ministries. During 2015 and 2014 ANM made contributions to AIM totaling \$8,437 and \$17,156, respectively. During 2015 and 2014 ANM received contributions from AIM totaling \$60,268 and \$76,100, respectively.

ACCOUNTING FOR UNCERTAIN TAX POSITIONS

On January 1, 2009, ANM adopted FASB ASC Topic 740 of the Codification (ASC 740). ANM has analyzed the tax positions taken in its filings with the Internal Revenue Service and believes that its income tax filing positions will be sustained upon examination. ANM does not anticipate any adjustments that would result in a material adverse affect on its financial condition, results of operations or cash flows. Accordingly, ANM has not recorded any reserves, or related accruals for interest and penalties for uncertain tax positions at December 31, 2015.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES

Program Services – Missions Projects

ANM raises and disburses funding for the work of indigenous Christian missions endeavoring to evangelize their own lands and their own people. In addition, ANM provides funding for other work of the missionaries, such as orphanages and children's homes, literacy training for children and adults, vocational training and basic health care and information for native churches and others.

In addition, ANM raises and disburses funds to support schools for the poor and low-caste, training and reconciliation programs for ethnic and religious conflict, financial and material assistance and aid to victims of natural and political disasters. ANM also raises and disburses funds for medical clinics and services, orphanages, children's homes and children's sponsorship opportunities that help provide orphanages, children's homes, and schools for deaf children, blind children and those whose parents have leprosy.

ANM prepares educational and informational materials and mailings for specific native missionaries and missionary organizations for the purpose of raising awareness, updating information and raising funds to disburse in support of their work.

ADVANCING NATIVE MISSIONS
NOTES TO FINANCIAL STATEMENTS

DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES - Continued

Program Services – Missions Projects (continued)

ANM considers program services to include the foregoing activities and all others that result in goods and services being provided to beneficiaries that fulfill the purposes or mission for which ANM exists.

General and Administrative

General and administrative expenses include activities that are indispensable to conduct ANM's programs and to its existence as an organization. These include the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of ANM's program strategy through the administration; secure proper administrative functioning of the Board of Directors; maintain competent legal and financial services for the program administration of ANM; and manage the financial and budgetary responsibilities of ANM.

Fundraising

Fundraising expenses include expenses of activities undertaken to induce potential and existing donors to make contributions toward General and Administrative activities. These fundraising expenses provide the structure necessary to encourage and secure private financial support from individuals, foundations, and corporations.