

**ADVANCING NATIVE MISSIONS
AFTON, VIRGINIA**

**FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2018**



ADVANCING NATIVE MISSIONS

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
Advancing Native Missions
Afton, Virginia

We have audited the accompanying financial statements of ADVANCING NATIVE MISSIONS, which comprise the statement of financial position as of December 31, 2018, 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.

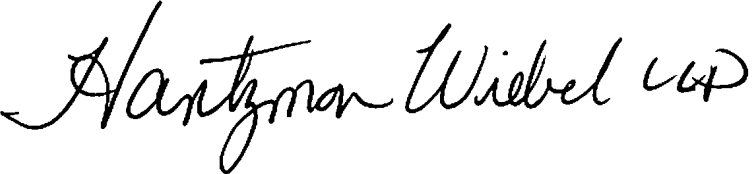
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Directors
Advancing Native Missions

REPORT OF INDEPENDENT AUDITORS

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, 2018, 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 "Hantzman Wiebel CPA". The signature is written in a cursive style with a large initial 'H' and a stylized 'W'.

Charlottesville, Virginia
August 13, 2019

ADVANCING NATIVE MISSIONS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

| ASSETS | | | |
|---|---|------------------------------------|---------------------|
| | WITHOUT DONOR RESTRICTIONS | WITH DONOR RESTRICTIONS | TOTAL |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | \$ 48,575 | \$ 1,896,170 | \$ 1,944,745 |
| Marketable securities ..... | .... | 5,665 | 5,665 |
| Inventory | 72,552 | .... | 72,552 |
| Loans receivable | 3,588 | .... | 3,588 |
| Prepaid expenses and other current assets | 11,662 | .... | 11,662 |
| Notes receivable - due within one year | 1,150 | .... | 1,150 |
| | <hr/> | <hr/> | <hr/> |
| Total current assets | 137,527 | 1,901,835 | 2,039,362 |
| PROPERTY AND EQUIPMENT | | | |
| Land | 174,285 | .... | 174,285 |
| Building and improvements | 1,127,980 | .... | 1,127,980 |
| Automobiles | 84,715 | .... | 84,715 |
| Furniture, fixtures, and office equipment | 218,230 | .... | 218,230 |
| Construction in progress | 7,410 | .... | 7,410 |
| | <hr/> | <hr/> | <hr/> |
| Total property and equipment | 1,612,620 | .... | 1,612,620 |
| Less: Accumulated depreciation | (563,088) | .... | ( 563,088) |
| | <hr/> | <hr/> | <hr/> |
| Net property and equipment | 1,049,532 | .... | 1,049,532 |
| OTHER ASSETS | | | |
| Notes receivable - due after one year | 52,149 | .... | 52,149 |
| Investment in real estate | 4,000 | .... | 4,000 |
| | <hr/> | <hr/> | <hr/> |
| Total other assets | 56,149 | .... | 56,149 |
| | <hr/> | <hr/> | <hr/> |
| Total assets | <u>\$ 1,243,208</u> | <u>\$ 1,901,835</u> | <u>\$ 3,145,043</u> |
| LIABILITIES AND NET ASSETS | | | |
| CURRENT LIABILITIES | | | |
| Notes payable - due within one year | \$ 4,122 | \$ | \$ 4,122 |
| Accounts payable | 44,327 | .... | 44,327 |
| Accrued and withheld payroll taxes | 2,054 | .... | 2,054 |
| | <hr/> | <hr/> | <hr/> |
| Total current liabilities | 50,503 | .... | 50,503 |
| LONG-TERM LIABILITIES | | | |
| Notes payable - due after one year | 2,747 | .... | 2,747 |
| | <hr/> | <hr/> | <hr/> |
| Total liabilities | 53,250 | .... | 53,250 |
| NET ASSETS | | | |
| | <hr/> | <hr/> | <hr/> |
| Total liabilities and net assets | <u>\$ 1,243,208</u> | <u>\$ 1,901,835</u> | <u>\$ 3,145,043</u> |

The accompanying notes are an integral part of this financial statement.

ADVANCING NATIVE MISSIONS

STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2018

| | WITHOUT DONOR RESTRICTIONS | WITH DONOR RESTRICTIONS | TOTAL |
|---|----------------------------------|----------------------------|---------------------|
| REVENUES, GAINS, AND OTHER SUPPORT | | | |
| Support: | | | |
| Contributions | \$ 1,256,769 | \$ 7,679,814 | \$ 8,936,583 |
| Gift in-kind contributions ..... | .... | 1,392,749 | 1,392,749 |
| | <u>1,256,769</u> | <u>9,072,563</u> | <u>10,329,332</u> |
| Investment income: | | | |
| Interest and dividend income | 5,462 | .... | 5,462 |
| Net gain on sale of assets | 9,209 | .... | 9,209 |
| Net gain on sale of marketable securities | 805 | .... | 805 |
| | <u>15,476</u> | <u>....</u> | <u>15,476</u> |
| Other income (loss): | | | |
| Media sales and shipping (net) | (7,302) | .... | ( 7,302) |
| Sale of books and media (net) | (155) | .... | ( 155) |
| Other income | 16,258 | .... | 16,258 |
| | <u>8,801</u> | <u>....</u> | <u>8,801</u> |
| Net assets released from restrictions | 8,677,580 | (8,677,580) | .... |
| | <u>9,958,626</u> | <u>394,983</u> | <u>10,353,609</u> |
| EXPENSES | | | |
| Missions projects | 8,436,386 | .... | 8,436,386 |
| Support services: | | | |
| General and administrative | 1,145,878 | .... | 1,145,878 |
| Fund-raising | 358,545 | .... | 358,545 |
| | <u>1,504,423</u> | <u>....</u> | <u>1,504,423</u> |
| | <u>9,940,809</u> | <u>....</u> | <u>9,940,809</u> |
| CHANGE IN NET ASSETS | 17,817 | 394,983 | 412,800 |
| NET ASSETS, BEGINNING OF YEAR | 1,172,141 | 1,506,852 | 2,678,993 |
| NET ASSETS, END OF YEAR | <u>\$ 1,189,958</u> | <u>\$ 1,901,835</u> | <u>\$ 3,091,793</u> |

The accompanying notes are an integral part of this financial statement.

ADVANCING NATIVE MISSIONS

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2018

| | PROGRAM SERVICES | SUPPORT SERVICES | | TOTAL SUPPORT | TOTAL EXPENSES |
|------------------------------------|----------------------|-------------------------------|-------------------|---------------------|---------------------|
| | MISSIONS PROJECTS | GENERAL AND ADMINISTRATIVE | FUND-RAISING | | |
| Direct project disbursements | \$ 6,918,328 | \$ | \$ | \$ | \$ 6,918,328 |
| Automobile expenses | 2,139 | 9,376 | .... | 9,376 | 11,515 |
| Bank charges | 29,684 | 46,466 | .... | 46,466 | 76,150 |
| Casual labor ..... | .... | 17,521 | .... | 17,521 | 17,521 |
| Communications | 14,157 | 14,769 | 4,860 | 19,629 | 33,786 |
| Depreciation | 24,257 | 25,310 | 8,326 | 33,636 | 57,893 |
| Dues and subscriptions ..... | .... | 38,936 | .... | 38,936 | 38,936 |
| Employee benefit programs | 12,625 | 7,853 | 3,612 | 11,465 | 24,090 |
| Equipment and software ..... | .... | 23,379 | .... | 23,379 | 23,379 |
| Gifts | 26,599 | 11,083 | .... | 11,083 | 37,682 |
| Housing allowance | 86,462 | 70,320 | 26,627 | 96,947 | 183,409 |
| Insurance | 2,542 | 16,300 | 782 | 17,082 | 19,624 |
| Interest ..... | .... | 327 | .... | 327 | 327 |
| Marketing ..... | .... | .... | 17,680 | 17,680 | 17,680 |
| Meals and entertainment | 619 | 16,696 | .... | 16,696 | 17,315 |
| Meetings ..... | .... | .... | 20,082 | 20,082 | 20,082 |
| Miscellaneous ..... | .... | 1,150 | .... | 1,150 | 1,150 |
| Office expense | 5,551 | 5,792 | 1,905 | 7,697 | 13,248 |
| Postage | 19,329 | 20,167 | 6,634 | 26,801 | 46,130 |
| Printing | 23,898 | 24,932 | 8,204 | 33,136 | 57,034 |
| Professional services | 3,035 | 84,517 | 22,350 | 106,867 | 109,902 |
| Repairs and maintenance ..... | .... | 14,638 | .... | 14,638 | 14,638 |
| Salaries and wages | 706,149 | 574,307 | 217,467 | 791,774 | 1,497,923 |
| Supplies ..... | .... | 5,903 | .... | 5,903 | 5,903 |
| Taxes - other ..... | .... | 9,931 | .... | 9,931 | 9,931 |
| Taxes - payroll | 51,967 | 42,263 | 16,003 | 58,266 | 110,233 |
| Travel - out of town | 9,232 | 51,741 | .... | 51,741 | 60,973 |
| Travel - overseas | 488,120 | .... | .... | .... | 488,120 |
| Utilities | 11,693 | 12,201 | 4,013 | 16,214 | 27,907 |
| Total | <u>\$ 8,436,386</u> | <u>\$ 1,145,878</u> | <u>\$ 358,545</u> | <u>\$ 1,504,423</u> | <u>\$ 9,940,809</u> |

The accompanying notes are an integral part of this financial statement.

ADVANCING NATIVE MISSIONS

STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|---|----------------|
| Change in net assets | \$ 412,800 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Depreciation | 57,893 |
| Gifts of marketable securities | (63,572) |
| (Gain) loss on sale of assets | (9,209) |
| (Gain) loss on sale of marketable securities | (805) |
| Changes in operating assets and liabilities: | |
| (Increase) decrease in: | |
| Inventory | 11,813 |
| Prepaid expenses and other current assets | (3,176) |
| Increase (decrease) in: | |
| Accounts payable | (100,223) |
| Accrued and withheld payroll taxes | (156) |
| Net cash provided by operating activities | <u>305,365</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|---|---------------|
| Collections (payments) on loans receivable, net | 6,447 |
| Collections (payments) on notes receivable, net | 818 |
| Purchase of property and equipment | (32,513) |
| Proceeds from sale of assets | 11,700 |
| Proceeds from sale of marketable securities | 95,848 |
| Net cash provided by investing activities | <u>82,300</u> |

CASH FLOWS FROM FINANCING ACTIVITIES

| | |
|---|-----------------|
| Curtailment of notes payable | (6,605) |
| Net cash used in financing activities | <u>(6,605)</u> |

NET INCREASE IN CASH AND CASH EQUIVALENTS

381,060

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR

1,563,685

CASH AND CASH EQUIVALENTS, END OF YEAR

\$ 1,944,745

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

| | |
|---------------------|---------------|
| Interest paid | <u>\$ 327</u> |
|---------------------|---------------|

The accompanying notes are an integral part of this financial statement.

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.

ADVANCING NATIVE MISSIONS

NOTES TO FINANCIAL STATEMENTS

Basis of Presentation

ANM classifies net assets into two categories - net assets without donor restrictions and net assets with donor restrictions, as defined below:

Net assets without donor restrictions include funds from contributions and other inflows of assets whose use is not restricted by the donor.

Net assets with donor restrictions include funds from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled by the actions of the organization. This category also includes funds resulting from contributions or other inflows of assets whose use is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled by the actions of the organization. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Net assets without donor restrictions are resources available to support operations. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

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 are reported at fair value 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 from stock contributions with donor restrictions are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated period of time ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

ADVANCING NATIVE MISSIONS

NOTES TO FINANCIAL STATEMENTS

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 net realizable value. The basis used for determining the cost of donated items is the fair market value of comparable items. Cost is determined by the first-in, first-out method. When evidence exists that the net realizable value of inventory is lower than its cost, the difference is recognized as a loss in the statement of activities in the period in which it occurs.

Property and Equipment

ANM capitalizes all expenditures for or donations of property and equipment in excess of \$5,000. Purchased property and equipment are carried at cost. Donated property and equipment are carried at fair value at the date of donation. The cost of maintenance and repairs is charged to operations as incurred. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

| | YEARS |
|-------------------------------------|--------------|
| Building and improvements..... | 15 - 39 |
| Vehicles..... | 5 |
| Furniture and office equipment..... | 3 - 10 |

Construction in Progress

Construction in progress relates to surveys and land studies related to potential land use. The Organization has made no commitments of future funds related to this project.

Donated Property and Equipment

Donations of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service.

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. Many individuals volunteer their time and perform a variety of tasks throughout the year that are not recognized as contributions in the financial statements, since the recognition criteria are not met. Since much of the work is done on a voluntary basis, salaries and wages are kept to a minimum.

ADVANCING NATIVE MISSIONS

NOTES TO FINANCIAL STATEMENTS

Advertising Costs

Advertising costs are expensed as incurred, and approximated \$17,680 during the year ended December 31, 2018.

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. Directly identifiable expenses are charged to programs and support services. Expenses related to more than one function are charged to programs and support services on the basis of periodic time and expense studies. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through August 13, 2019, the date the financial statements were available to be issued.

Recent Accounting Pronouncement

In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The statement aims to improve nonprofit financial statements in an effort to provide more useful information to donors, grantors, creditors, and other users. Major components of this standard include changes to net asset classifications, disclosures regarding liquidity and availability of resources and improved expense reporting. Net asset classifications have been reduced from three classes (unrestricted, temporarily restricted, and permanently restricted) to two: net assets with donor restrictions and net assets without donor restrictions. Updated disclosure requirements have been presented regarding liquidity and availability of resources for short-term use. Expenses have been reported by both their natural and functional classification to aid in the usefulness of financial statements. This standard is effective for years beginning after December 15, 2017, and early adoption is permitted. There was no impact on total net assets as a result of the adoption of ASU 2016-14.

CONCENTRATIONS OF CREDIT RISK

The Organization manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced losses in any of these accounts.

ADVANCING NATIVE MISSIONS

NOTES TO FINANCIAL STATEMENTS

INVENTORY

Inventory at December 31, 2018 consists of the following:

| | |
|--------------------------------------|------------------|
| Books and media | \$ 16,730 |
| Clothing | 3,824 |
| Furniture and household | 11,456 |
| Medical equipment and supplies | 17,930 |
| Personal care and hygiene | 3,741 |
| Temporary shelter | 16,088 |
| Miscellaneous | <u>2,783</u> |
| Total..... | <u>\$ 72,552</u> |

NOTES RECEIVABLE

Notes receivable by ANM at December 31, 2018 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 per month were payable December 1, 1997 through November 1, 1998, \$270 per month December 1, 1998 through November 1, 1999, and \$360 per month December 1, 1999 until the balance of remaining principal and accrued interest is fully paid. The balance on this note at December 31, 2018 is \$53,299.

Receivables are stated at the amount management expects to be collected from the outstanding balance. As of December 31, 2018, management has determined, based on historical experience, that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

NOTES PAYABLE

The Organization's obligation under notes payable consists of the following at December 31, 2018:

| | |
|--|-----------------|
| 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, which has a net book value of \$8,931 at December 31, 2018 | \$ 6,869 |
| Less: Amount included in current liabilities | <u>4,122</u> |
| Total long-term debt..... | <u>\$ 2,747</u> |

ADVANCING NATIVE MISSIONS

NOTES TO FINANCIAL STATEMENTS

The future scheduled maturities of long-term debt at December 31, 2018 are as follows:

| | | |
|------------|----|--------------|
| 2019 | \$ | 4,122 |
| 2020 | | <u>2,747</u> |
| Total..... | \$ | <u>6,869</u> |

NET ASSETS WITH DONOR RESTRICTIONS

For the year ended December 31, 2018, net assets with donor restrictions are restricted for the following purpose:

Subject to appropriation and expenditure when
a specified event occurs:

| | |
|--|--------------------|
| Restricted for program services support..... | <u>\$1,901,835</u> |
| Total net assets with donor restrictions | <u>\$1,901,835</u> |

RELATED PARTY TRANSACTIONS

During 2018, ANM staff members, volunteers, and individual members of the Organization's Board of Directors made contributions to ANM totaling \$1,043,790.

During 2009, an individual who is an 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, required a co-signer who is a U. S. citizen. During 2018, ANM made payments to this missionary; however, no payments were deposited into the co-owned bank account.

ANM supports several ministries in the Philippines whose management includes direct family members of an ANM officer. During 2018, total support of \$42,273 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 2018, total support of \$57,192 was provided to ANM through contributions designated for this ministry and was distributed by ANM in the normal course of its operations.

ANM supports a second ministry in India whose trustee is also an ANM employee and officer. During 2018, total support of \$32,507 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 2018, ANM made contributions to AIM totaling \$58,940. During 2018, ANM received contributions from AIM totaling \$48,685.

ADVANCING NATIVE MISSIONS

NOTES TO FINANCIAL STATEMENTS

ACCOUNTING FOR UNCERTAIN TAX POSITIONS

ANM is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

ANM may recognize the tax benefit from a tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBTI). ANM has analyzed its tax positions taken for filings with the Internal Revenue Service and the Commonwealth of Virginia. ANM believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect 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, 2018.

LIQUIDITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

The Organization considers investment income without donor restrictions; contribution revenue without donor restrictions; and contribution revenue with donor restrictions for use in current programs that are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include program services, management and general expenses, and fund-raising expenses expected to be paid in the subsequent year.

The Organization manages its cash available to meet general expenditures under the following guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets to fund near-term operating needs, and
- Maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be met.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

| | |
|---|------------------|
| Cash and cash equivalents..... | \$ 55,568 |
| Receivables, net..... | 4,738 |
| Other current assets | <u>11,662</u> |
| Total available for general expenditure | <u>\$ 71,968</u> |

ADVANCING NATIVE MISSIONS

NOTES TO FINANCIAL STATEMENTS

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 socially disadvantaged, 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. 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.

Fund-Raising

Fund-raising expenses include expenses of activities undertaken to induce potential and existing donors to make contributions toward program services and general and administrative activities. These fund-raising expenses provide the structure necessary to encourage and secure private financial support from individuals, foundations, and corporations.