

**ADVANCING NATIVE MISSIONS
AFTON, VIRGINIA**

**FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2019**



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 statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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.

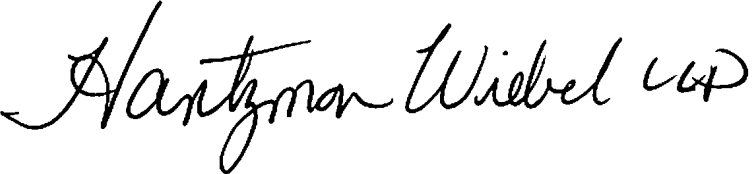
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2019 and 2018, and the changes in its net assets and its cash flows for the years 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, flowing style.

Charlottesville, Virginia
June 27, 2020

ADVANCING NATIVE MISSIONS
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

	ASSETS					
	2019			2018		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
CURRENT ASSETS						
Cash and cash equivalents	(\$ 372,398)	\$ 1,923,934	\$ 1,551,536	\$ 48,575	\$ 1,896,170	\$ 1,944,745
Accounts receivable	81,507	....	81,507	....	....	....
Marketable securities .....	....	7,208	7,208	....	5,665	5,665
Inventory	16,692	....	16,692	72,552	....	72,552
Loans receivable	2,953	....	2,953	3,588	....	3,588
Prepaid expenses and other current assets	24,772	....	24,772	11,662	....	11,662
Notes receivable - due within one year	1,221	....	1,221	1,150	....	1,150
Total current assets	<u>(245,253)</u>	<u>1,931,142</u>	<u>1,685,889</u>	<u>137,527</u>	<u>1,901,835</u>	<u>2,039,362</u>
PROPERTY AND EQUIPMENT						
Land	174,285	....	174,285	174,285	....	174,285
Building and improvements	1,154,715	....	1,154,715	1,127,980	....	1,127,980
Automobiles	62,045	....	62,045	84,715	....	84,715
Furniture, fixtures, and office equipment	218,230	....	218,230	218,230	....	218,230
Construction in progress .....	....	....	....	7,410	....	7,410
Total property and equipment	1,609,275	....	1,609,275	1,612,620	....	1,612,620
Less: Accumulated depreciation	<u>(564,835)</u>	<u>....</u>	<u>(564,835)</u>	<u>(563,088)</u>	<u>....</u>	<u>(563,088)</u>
Net property and equipment	<u>1,044,440</u>	<u>....</u>	<u>1,044,440</u>	<u>1,049,532</u>	<u>....</u>	<u>1,049,532</u>
OTHER ASSETS						
Notes receivable - due after one year	51,419	....	51,419	52,149	....	52,149
Investment in real estate	4,000	....	4,000	4,000	....	4,000
Total other assets	<u>55,419</u>	<u>....</u>	<u>55,419</u>	<u>56,149</u>	<u>....</u>	<u>56,149</u>
Total assets	<u>\$ 854,606</u>	<u>\$ 1,931,142</u>	<u>\$ 2,785,748</u>	<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	\$ 6,474	\$	\$ 6,474	\$ 4,122	\$	\$ 4,122
Accounts payable	180,378	....	180,378	44,327	....	44,327
Accrued and withheld payroll taxes	946	....	946	2,054	....	2,054
Total current liabilities	187,798	....	187,798	50,503	....	50,503
LONG-TERM LIABILITIES						
Notes payable - due after one year	16,117	....	16,117	2,747	....	2,747
Total long-term liabilities	16,117	....	16,117	2,747	....	2,747
Total liabilities	203,915	....	203,915	53,250	....	53,250
NET ASSETS	<u>650,691</u>	<u>1,931,142</u>	<u>2,581,833</u>	<u>1,189,958</u>	<u>1,901,835</u>	<u>3,091,793</u>
Total liabilities and net assets	<u>\$ 854,606</u>	<u>\$ 1,931,142</u>	<u>\$ 2,785,748</u>	<u>\$ 1,243,208</u>	<u>\$ 1,901,835</u>	<u>\$ 3,145,043</u>

(The accompanying notes are an integral part of these financial statements)

ADVANCING NATIVE MISSIONS
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019			2018		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUES, GAINS, AND OTHER SUPPORT						
Support:						
Contributions	\$ 2,446,451	\$ 6,968,207	\$ 9,414,658	\$ 1,256,769	\$ 7,679,814	\$ 8,936,583
Gift in-kind contributions	91,833	....	91,833	....	1,392,749	1,392,749
Total support	2,538,284	6,968,207	9,506,491	1,256,769	9,072,563	10,329,332
Investment income:						
Interest and dividend income	12,313	....	12,313	5,462	....	5,462
Net gain on sale of assets	14,248	....	14,248	9,209	....	9,209
Net gain on sale of marketable securities	239	....	239	805	....	805
Total investment income	26,800	....	26,800	15,476	....	15,476
Other income (loss):						
Media sales and shipping (net)	692	....	692	(7,302)	....	( 7,302)
Sale of books and media (net)	2,011	....	2,011	(155)	....	( 155)
Other income	5,489	4,666	10,155	16,258	....	16,258
Total other income (loss)	8,192	4,666	12,858	8,801	....	8,801
Net assets released from restrictions	6,943,566	(6,943,566)	....	8,677,580	(8,677,580)	....
Total revenues, gains, and other support	9,516,842	29,307	9,546,149	9,958,626	394,983	10,353,609
EXPENSES						
Missions projects	8,124,615	....	8,124,615	8,436,386	....	8,436,386
Support services:						
General and administrative	1,357,930	....	1,357,930	1,145,878	....	1,145,878
Fund-raising	573,564	....	573,564	358,545	....	358,545
Total support services	1,931,494	....	1,931,494	1,504,423	....	1,504,423
Total expenses	10,056,109	....	10,056,109	9,940,809	....	9,940,809
CHANGE IN NET ASSETS	(539,267)	29,307	(509,960)	17,817	394,983	412,800
NET ASSETS, BEGINNING OF YEAR	1,189,958	1,901,835	3,091,793	1,172,141	1,506,852	2,678,993
NET ASSETS, END OF YEAR	\$ 650,691	\$ 1,931,142	\$ 2,581,833	\$ 1,189,958	\$ 1,901,835	\$ 3,091,793

(The accompanying notes are an integral part of these financial statements)

ADVANCING NATIVE MISSIONS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	PROGRAM SERVICES	SUPPORT SERVICES		TOTAL SUPPORT	TOTAL EXPENSES
	MISSIONS PROJECTS	GENERAL AND ADMINISTRATIVE	FUND-RAISING		
Direct project disbursements	\$ 6,571,218	\$	\$	\$	\$ 6,571,218
Automobile expenses	500	4,178	....	4,178	4,678
Bank charges	29,684	57,429	....	57,429	87,113
Casual labor .....	....	10,297	....	10,297	10,297
Communications	10,893	14,461	5,771	20,232	31,125
Depreciation	16,616	22,057	8,802	30,859	47,475
Dues and subscriptions .....	....	24,561	....	24,561	24,561
Employee benefit programs	12,110	6,245	4,816	11,061	23,171
Equipment and software	5,074	13,781	....	13,781	18,855
Gifts	7,500	4,597	....	4,597	12,097
Housing allowance	63,148	64,529	34,157	98,686	161,834
Insurance	6,529	7,933	3,485	11,418	17,947
Marketing .....	....	....	24,072	24,072	24,072
Meals and entertainment	2,643	10,571	....	10,571	13,214
Meetings .....	....	....	38,398	38,398	38,398
Miscellaneous .....	....	17,728	....	17,728	17,728
Office expense	3,742	4,967	1,982	6,949	10,691
Postage	20,024	26,581	10,608	37,189	57,213
Printing	29,368	38,985	15,558	54,543	83,911
Professional services	2,635	158,538	22,350	180,888	183,523
Repairs and maintenance	404	35,604	....	35,604	36,008
Salaries and wages	705,738	699,714	370,379	1,070,093	1,775,831
Supplies .....	....	2,522	....	2,522	2,522
Taxes - other .....	....	15,002	....	15,002	15,002
Taxes - payroll	51,715	52,846	27,973	80,819	132,534
Travel - out of town	8,369	51,741	....	51,741	60,110
Travel - overseas	566,864	....	....	....	566,864
Utilities	9,841	13,063	5,213	18,276	28,117
Total	<u>\$ 8,124,615</u>	<u>\$ 1,357,930</u>	<u>\$ 573,564</u>	<u>\$ 1,931,494</u>	<u>\$ 10,056,109</u>

(The accompanying notes are an integral part of this financial statement)

ADVANCING NATIVE MISSIONS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE 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

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	(\$ 509,960)	\$ 412,800
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	47,475	57,893
Gifts of marketable securities	(76,102)	(63,572)
(Gain) loss on sale of assets	(14,248)	(9,209)
(Gain) loss on sale of marketable securities	(239)	(805)
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable.....	(81,507)	....
Inventory	55,860	11,813
Prepaid expenses and other current assets	(13,110)	(3,176)
Increase (decrease) in:		
Accounts payable	136,051	(100,223)
Accrued and withheld payroll taxes	(1,108)	(156)
Net cash provided by (used in) operating activities	<u>(456,888)</u>	<u>305,365</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Collections on loans receivable, net	635	6,447
Collections on notes receivable, net	659	818
Purchase of property and equipment	(26,735)	(32,513)
Proceeds from sale of assets	17,294	11,700
Proceeds from sale of marketable securities	75,948	95,848
Net cash provided by (used in) investing activities	<u>67,801</u>	<u>82,300</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on notes payable	(4,122)	(6,605)
Net cash provided by (used in) financing activities	<u>(4,122)</u>	<u>(6,605)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(393,209)	381,060
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,944,745</u>	<u>1,563,685</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,551,536</u>	<u>\$ 1,944,745</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Purchase of property financed through debt, net of trade in value.....	<u>\$ 19,844</u>	<u>\$</u>
Interest paid	<u>\$</u>	<u>\$ 327</u>

(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.

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 statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements 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
Automobiles.....	5
Furniture, fixtures, and office equipment.....	3 - 10

Construction in Progress

Construction in progress at December 31, 2018 was related to surveys and land studies related to potential land use for a parking lot expansion. The construction in progress was placed in service in April 2019.

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 increases in net assets with donor restrictions until the asset is 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 Organization's 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 totaled \$24,072 and \$17,680 during the years ended December 31, 2019 and 2018, respectively.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and detailed in the statements of functional expenses. Directly identifiable expenses are charged to program and support services. Expenses related to more than one function are charged to program 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 June 27, 2020, the date the financial statements were available to be issued.

On March 11, 2020, the World Health Organization officially declared the coronavirus (COVID-19) outbreak a pandemic, resulting in federal, state, and local governments mandating various restrictions, including travel restrictions, restrictions on public gatherings, and stay-at-home orders. The extent of the pandemic's impact on the Organization's financial condition and cash flows will depend on future developments, which are highly uncertain and cannot be predicted at this time.

On May 28, 2020, the Board of Directors approved a severance package for a founding partner of \$72,000 to be paid out monthly through December 31, 2021. At December 31, 2019, the Board of Directors had agreed to pay a minimum of \$21,000. This amount was accrued and is included in accounts payable on the statements of financial position.

ADVANCING NATIVE MISSIONS

NOTES TO FINANCIAL STATEMENTS

CASH AND CASH EQUIVALENTS

During the year ended December 31 2018, Advancing Native Missions had a change in the leadership team. The new leadership team restructured operations to meet a goal of doubling revenues in five years. As of December 31, 2019, this restructuring resulted in a significant increase in the operational overhead from the levels during the year ended December 31, 2018. To cover the anticipated shortfall, in late 2019, the leadership team started a targeted fund-raising campaign to raise \$600,000 for the Organization's overhead by the end of the year. Although the Organization fell short in the cash and cash equivalents without donor restrictions raised during 2019 by approximately \$372,000, ANM received intentions by donors of nearly \$500,000 by December 31, 2019 to cover the shortfall. Of these donor intentions that were received in 2019, a substantial amount was paid during the first five months of 2020. In addition, the administrative fee charged to most donations was increased from 10% to 15% beginning in late 2019. The combination of the targeted fund-raising, the increased administrative fee, and a stabilization of the overhead at a level similar to 2019, has eliminated, as of May 2020, the cash and cash equivalents without donor restrictions shortfall of approximately \$372,000 at December 31, 2019, and has resulted in a healthy cash flow for operations going forward in 2020.

CONCENTRATIONS OF CREDIT RISK

The Organization manages deposit concentration risk by placing cash accounts, 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.

INVENTORY

Inventory at December 31, 2019 and 2018 consists of the following:

	2019	2018
Books and media	\$ 13,156	\$ 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>3,536</u>	<u>2,783</u>
Total.....	<u>\$ 16,692</u>	<u>\$ 72,552</u>

ACCOUNTS RECEIVABLE

The amounts reported in accounts receivable at December 31, 2019 and 2018 represent donor contributions received by a third party that had not been remitted to the Organization.

ADVANCING NATIVE MISSIONS

NOTES TO FINANCIAL STATEMENTS

NOTES RECEIVABLE

Notes receivable by ANM at December 31, 2019 and 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 was \$52,640 and \$53,299 at December 31, 2019 and 2018, respectively.

Loans receivable are stated at the amount management expects to be collected from the outstanding balances. As of December 31, 2019 and 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, 2019 and 2018:

	2019	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 \$3,761 at December 31, 2019	\$ 2,748	\$ 6,869
Note payable with CMA's Valley Honda on a 2019 Honda CRV, payable in 60 monthly installments of \$356, including principal and interest at 2.90% per annum, commencing January 11, 2020. The note is collateralized by the vehicle, which has a net book value of \$26,370 at December 31, 2019	<u>19,843</u>	<u>....</u>
Total	22,591	6,869
Less: Amount included in current liabilities	<u>6,474</u>	<u>4,122</u>
Total long-term debt.....	<u>\$ 16,117</u>	<u>\$ 2,747</u>

The future scheduled maturities of long-term debt at December 31, 2019 are as follows:

2020.....	\$ 6,474
2021.....	3,859
2022.....	3,972
2023.....	4,089
2024.....	<u>4,197</u>
Total	<u>\$ 22,591</u>

ADVANCING NATIVE MISSIONS

NOTES TO FINANCIAL STATEMENTS

NET ASSETS WITH DONOR RESTRICTIONS

For the years ended December 31, 2019 and 2018, net assets with donor restrictions are restricted for the following purpose:

	2019	2018
Subject to appropriation and expenditure when a specified event occurs:		
Restricted for program services.....	<u>\$1,931,142</u>	<u>\$1,901,835</u>
Total net assets with donor restrictions ...	<u>\$1,931,142</u>	<u>\$1,901,835</u>

RELATED PARTY TRANSACTIONS

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 2019 and 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 2019 and 2018, total support of \$39,054 and \$42,273, 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 2019 and 2018, total support of \$51,729 and \$57,192, respectively, 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 2019 and 2018, total support of \$12,061 and \$32,507, 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 2019 and 2018, ANM made contributions to AIM totaling \$11,569 and \$58,940, respectively. During 2019 and 2018, ANM received contributions from AIM totaling \$18,514 and \$48,685, respectively.

During the years ended December 31, 2019 and 2018, ANM staff members, volunteers, and individual members of the Organization's Board of Directors made contributions to ANM totaling \$801,913 and \$1,043,790, respectively.

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.

ADVANCING NATIVE MISSIONS

NOTES TO FINANCIAL STATEMENTS

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, 2019 or 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 operations to be available to meet cash needs for general expenditures. General expenditures include program services, general and administrative 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:

	2019	2018
Cash and cash equivalents.....	\$	\$ 55,568
Receivables	85,681	4,738
Other current assets	<u>4,312</u>	<u>11,662</u>
Total available for general expenditure	<u>\$ 89,993</u>	<u>\$ 71,968</u>

ADVANCING NATIVE MISSIONS

NOTES TO FINANCIAL STATEMENTS

DESCRIPTION OF PROGRAM AND SUPPORT 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.

Support Services

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, 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.