

**ADVANCING NATIVE MISSIONS
AFTON, VIRGINIA**

**FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2023**



ADVANCING NATIVE MISSIONS

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
Advancing Native Missions
Afton, Virginia

Opinion

We have audited the accompanying financial statements of ADVANCING NATIVE MISSIONS (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the ***Auditor's Responsibilities for the Audit of the Financial Statements*** section of our report. We are required to be independent of ADVANCING NATIVE MISSIONS and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ADVANCING NATIVE MISSIONS' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

To the Board of Directors
Advancing Native Missions

REPORT OF INDEPENDENT AUDITORS

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits 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 ADVANCING NATIVE MISSIONS' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ADVANCING NATIVE MISSIONS' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control related matters that we identified during the audits.

Hantzman Wiebel LLP

Charlottesville, Virginia
June 29, 2024

ADVANCING NATIVE MISSIONS

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2023 AND 2022

	ASSETS					
	2023			2022		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
CURRENT ASSETS						
Cash and cash equivalents	(\$ 906,366)	\$ 2,346,897	\$ 1,440,531	(\$ 880,960)	\$ 2,609,749	\$ 1,728,789
Marketable securities	31,009	65,081	96,090	11,340	66,458	77,798
Employee Retention Credit receivable .....	....	....	....	140,838	....	140,838
Loans receivable .....	....	....	....	500	....	500
Prepaid expenses and other current assets	29,944	....	29,944	14,896	....	14,896
Total current assets	<u>(845,413)</u>	<u>2,411,978</u>	<u>1,566,565</u>	<u>(713,386)</u>	<u>2,676,207</u>	<u>1,962,821</u>
PROPERTY AND EQUIPMENT						
Land	174,285	....	174,285	174,285	....	174,285
Building and improvements	1,154,715	....	1,154,715	1,154,715	....	1,154,715
Automobiles	50,545	....	50,545	50,545	....	50,545
Furniture, fixtures, and office equipment	218,230	....	218,230	218,230	....	218,230
Total property and equipment	1,597,775	....	1,597,775	1,597,775	....	1,597,775
Less: Accumulated depreciation	<u>(711,990)</u>	<u>....</u>	<u>(711,990)</u>	<u>(674,680)</u>	<u>....</u>	<u>(674,680)</u>
Net property and equipment	<u>885,785</u>	<u>....</u>	<u>885,785</u>	<u>923,095</u>	<u>....</u>	<u>923,095</u>
OTHER ASSETS						
Investment in real estate	4,000	....	4,000	4,000	....	4,000
Total other assets	<u>4,000</u>	<u>....</u>	<u>4,000</u>	<u>4,000</u>	<u>....</u>	<u>4,000</u>
Total assets	<u>\$ 44,372</u>	<u>\$ 2,411,978</u>	<u>\$ 2,456,350</u>	<u>\$ 213,709</u>	<u>\$ 2,676,207</u>	<u>\$ 2,889,916</u>
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Note payable - due within one year	\$ 4,207	\$	\$ 4,207	\$ 4,086	\$	\$ 4,086
Accounts payable	88,825	....	88,825	22,635	....	22,635
Accrued payroll liabilities	68,859	....	68,859	80,131	....	80,131
Total current liabilities	<u>161,891</u>	<u>....</u>	<u>161,891</u>	<u>106,852</u>	<u>....</u>	<u>106,852</u>
LONG-TERM LIABILITIES						
Note payable - due after one year .....	....	....	....	4,202	....	4,202
Total long-term liabilities	<u>....</u>	<u>....</u>	<u>....</u>	<u>4,202</u>	<u>....</u>	<u>4,202</u>
Total liabilities	161,891	....	161,891	111,054	....	111,054
NET ASSETS	<u>(117,519)</u>	<u>2,411,978</u>	<u>2,294,459</u>	<u>102,655</u>	<u>2,676,207</u>	<u>2,778,862</u>
Total liabilities and net assets	<u>\$ 44,372</u>	<u>\$ 2,411,978</u>	<u>\$ 2,456,350</u>	<u>\$ 213,709</u>	<u>\$ 2,676,207</u>	<u>\$ 2,889,916</u>

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

ADVANCING NATIVE MISSIONS
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023			2022		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUES, GAINS, AND OTHER SUPPORT						
Support:						
Contributions	\$ 2,775,811	\$ 5,993,777	\$ 8,769,588	\$ 2,545,878	\$ 6,640,372	\$ 9,186,250
Employee Retention Credit income .....	....	....	....	140,838	....	140,838
Total support	<u>2,775,811</u>	<u>5,993,777</u>	<u>8,769,588</u>	<u>2,686,716</u>	<u>6,640,372</u>	<u>9,327,088</u>
Investment income:						
Interest and dividend income	18,647	....	18,647	10,138	....	10,138
Unrealized gain (loss) on marketable securities	(845)	....	( 845)	117	....	117
Net gain (loss) on sale of marketable securities	(532)	....	( 532)	201	....	201
Total investment income	<u>17,270</u>	<u>....</u>	<u>17,270</u>	<u>10,456</u>	<u>....</u>	<u>10,456</u>
Other income (loss):						
Sale of books and media (net)	2,754	2,637	5,391	(6,968)	....	( 6,968)
Rental income	20,150	....	20,150	....	....	....
Other income	6,837	2,680	9,517	309	4,563	4,872
Total other income (loss)	<u>29,741</u>	<u>5,317</u>	<u>35,058</u>	<u>(6,659)</u>	<u>4,563</u>	<u>(2,096)</u>
Net assets released from restrictions/transfers	<u>6,263,323</u>	<u>(6,263,323)</u>	<u>....</u>	<u>6,200,348</u>	<u>(6,200,348)</u>	<u>....</u>
Total revenues, gains, and other support	<u>9,086,145</u>	<u>(264,229)</u>	<u>8,821,916</u>	<u>8,890,861</u>	<u>444,587</u>	<u>9,335,448</u>
EXPENSES						
Missions projects	7,397,071	....	7,397,071	8,741,156	....	8,741,156
Support services:						
General and administrative	1,034,382	....	1,034,382	1,167,914	....	1,167,914
Fund-raising	874,866	....	874,866	871,552	....	871,552
Total support services	<u>1,909,248</u>	<u>....</u>	<u>1,909,248</u>	<u>2,039,466</u>	<u>....</u>	<u>2,039,466</u>
Total expenses	<u>9,306,319</u>	<u>....</u>	<u>9,306,319</u>	<u>10,780,622</u>	<u>....</u>	<u>10,780,622</u>
CHANGE IN NET ASSETS	(220,174)	(264,229)	(484,403)	(1,889,761)	444,587	(1,445,174)
NET ASSETS, BEGINNING OF YEAR	<u>102,655</u>	<u>2,676,207</u>	<u>2,778,862</u>	<u>1,992,416</u>	<u>2,231,620</u>	<u>4,224,036</u>
NET ASSETS, END OF YEAR	<u>(\$ 117,519)</u>	<u>\$ 2,411,978</u>	<u>\$ 2,294,459</u>	<u>\$ 102,655</u>	<u>\$ 2,676,207</u>	<u>\$ 2,778,862</u>

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

ADVANCING NATIVE MISSIONS

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2023

	PROGRAM	SUPPORT SERVICES			TOTAL EXPENSES
	SERVICES			TOTAL	
	MISSIONS PROJECTS	GENERAL AND ADMINISTRATIVE	FUND-RAISING	SUPPORT	
Direct project disbursements	\$ 2,598,716	\$	\$	\$	\$ 2,598,716
Grants to other organizations ...	3,255,195	.....	.....	.....	3,255,195
Bank charges	11,352	80,519	.....	80,519	91,871
Casual labor	90,796	57,463	32,785	90,248	181,044
Communications	6,966	5,051	2,357	7,408	14,374
Depreciation .....	.....	37,310	.....	37,310	37,310
Dues and subscriptions	575	1,473	1,382	2,855	3,430
Employee benefit programs	5,516	4,336	1,557	5,893	11,409
Equipment .....	.....	1,484	.....	1,484	1,484
Gifts	2,770	130	.....	130	2,900
Hardware and software	65,979	69,702	27,284	96,986	162,965
Insurance	16,419	10,633	5,279	15,912	32,331
Marketing and advertising .....	.....	.....	290,567	290,567	290,567
Meals and entertainment .....	.....	1,650	.....	1,650	1,650
Meetings	14,313	14,940	894	15,834	30,147
Miscellaneous	79	361	.....	361	440
Office expense	51	4,490	395	4,885	4,936
Postage	4,649	118	44,811	44,929	49,578
Printing	656	2,328	93,000	95,328	95,984
Professional services .....	.....	95,979	79,844	175,823	175,823
Repairs and maintenance .....	.....	10,620	.....	10,620	10,620
Salaries and wages	842,226	545,416	270,804	816,220	1,658,446
Supplies	688	122	.....	122	810
Taxes - other .....	.....	13,793	.....	13,793	13,793
Taxes - payroll	59,109	38,278	19,005	57,283	116,392
Travel - out of town	228,190	9,619	.....	9,619	237,809
Travel - overseas	180,973	16,045	.....	16,045	197,018
Utilities	11,853	12,522	4,902	17,424	29,277
Total	<u>\$ 7,397,071</u>	<u>\$ 1,034,382</u>	<u>\$ 874,866</u>	<u>\$ 1,909,248</u>	<u>\$ 9,306,319</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, 2022

	PROGRAM SERVICES	SUPPORT SERVICES		TOTAL SUPPORT	TOTAL EXPENSES
	MISSIONS PROJECTS	GENERAL AND ADMINISTRATIVE	FUND-RAISING		
Direct project disbursements	\$ 3,687,807	\$	\$	\$	\$ 3,687,807
Grants to other organizations ...	3,659,522	.....	.....	.....	3,659,522
Automobile expenses .....	.....	10,167	.....	10,167	10,167
Bank charges	23,063	56,205	.....	56,205	79,268
Casual labor	30,000	27,174	25,174	52,348	82,348
Communications	3,474	3,155	1,736	4,891	8,365
Depreciation	16,007	14,538	6,764	21,302	37,309
Dues and subscriptions .....	.....	7,802	.....	7,802	7,802
Employee benefit programs	4,841	6,934	2,335	9,269	14,110
Equipment	2,000	2,027	.....	2,027	4,027
Gifts	2,774	1,492	.....	1,492	4,266
Hardware and software	61,481	55,837	25,980	81,817	143,298
Insurance	6,408	17,086	3,090	20,176	26,584
Marketing and advertising .....	.....	.....	214,463	214,463	214,463
Meals and entertainment .....	.....	2,508	.....	2,508	2,508
Meetings	36,587	.....	136,628	136,628	173,215
Miscellaneous .....	.....	6,940	.....	6,940	6,940
Office expense	4,713	4,283	1,993	6,276	10,989
Postage	21,232	19,283	8,972	28,255	49,487
Printing	45,503	41,326	19,228	60,554	106,057
Professional services .....	.....	94,502	.....	94,502	94,502
Repairs and maintenance .....	.....	27,897	.....	27,897	27,897
Salaries and wages	803,433	651,276	387,483	1,038,759	1,842,192
Supplies .....	.....	26,417	.....	26,417	26,417
Taxes - other .....	.....	17,773	.....	17,773	17,773
Taxes - payroll	54,751	44,382	26,406	70,788	125,539
Travel - out of town	120,444	18,104	6,272	24,376	144,820
Travel - overseas	145,218	.....	.....	.....	145,218
Utilities	11,898	10,806	5,028	15,834	27,732
Total	<u>\$ 8,741,156</u>	<u>\$ 1,167,914</u>	<u>\$ 871,552</u>	<u>\$ 2,039,466</u>	<u>\$10,780,622</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, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	(\$ 484,403)	(\$ 1,445,174)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	37,310	37,310
Contributions of marketable securities not converted to cash	(19,669)	....
(Gain) loss on sale of marketable securities	532	(201)
Unrealized (gain) loss on marketable securities	845	(117)
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Inventory .....	....	6,294
Employee Retention Credit receivable	140,838	(140,838)
Prepaid expenses and other current assets	(15,048)	(565)
Increase (decrease) in:		
Accounts payable	66,190	4,316
Accrued payroll liabilities	(11,272)	822
Net cash used in operating activities	<u>(284,677)</u>	<u>(1,538,153)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Collections on loans receivable	500	44,974
Increases in loans receivable .....	....	( 43,477)
Collections on note receivable, net .....	....	51,361
Net cash provided by investing activities	<u>500</u>	<u>52,858</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on notes payable	(4,081)	(3,970)
Net cash used in financing activities	<u>(4,081)</u>	<u>(3,970)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(288,258)	(1,489,265)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,728,789</u>	<u>3,218,054</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,440,531</u>	<u>\$ 1,728,789</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	<u>\$ 186</u>	<u>\$ 303</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.

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.

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.

ADVANCING NATIVE MISSIONS

NOTES TO FINANCIAL STATEMENTS

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.

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 and payables and other liabilities.

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.

ADVANCING NATIVE MISSIONS

NOTES TO FINANCIAL STATEMENTS

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.

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 either 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.

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.

Contributions

Contributions received are recorded as net assets with or without donor restrictions depending on the existence or nature of any donor restrictions. An administrative fee of 15-25% is assessed on contributions given to selected restricted projects. These assessed fees are used for general operations of the Organization. The fees are presented as a transfer from net assets with donor restrictions to net assets without donor restrictions in the revenue section of the statements of activities.

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

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

Donated Assets

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 place in service.

Contributions of marketable securities are recorded as contributions at their fair values at the date of the donation. It is the Organization's policy to sell donated securities as soon as possible after they are received.

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.

Advertising Costs

Advertising costs are expensed as incurred.

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 program and support services. Expenses related to more than one function are charged to program and support services on the basis of time and effort estimates. 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.

ADVANCING NATIVE MISSIONS

NOTES TO FINANCIAL STATEMENTS

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 29, 2024, the date the financial statements were available to be issued.

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.

EMPLOYEE RETENTION CREDIT RECEIVABLE

The Employee Retention Credit receivable represents the estimated funds due at December 31, 2022 from the application for the Employee Retention Credit (ERC).

The ERC, a credit against certain payroll taxes allowed to an eligible employer for qualifying wages, was established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and further amended by the Consolidated Appropriations Act (CAA) and the American Rescue Plan (ARP). The maximum credit is based on a qualified-wages ceiling for each employee. Salary and wage amounts that were used as allowable expense under the Paycheck Protection Program forgiveness application are not eligible for the ERC. An entity may qualify for the ERC if it experienced a significant decline in gross receipts compared to the applicable reference quarter or under the safe harbor election.

The total income recognized under the ERC program for the year ended December 31, 2022 amounted to \$140,838, which is reported separately in the statement of activities under the caption "Employee Retention Credit income." The Organization received payment of this amount during 2023.

NOTE RECEIVABLE

The Organization had a promissory note receivable 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 from December 1, 1999 until the balance of remaining principal and accrued interest was fully paid. The balance on this note was \$51,361 at December 31, 2021. The property was sold in July 2022 and the mortgage was paid off at that time.

ADVANCING NATIVE MISSIONS

NOTES TO FINANCIAL STATEMENTS

FAIR VALUE MEASUREMENTS

The Organization follows FASB ASC 820, *Fair Value Measurements and Disclosures*, which defines fair value, establishes guidelines for measuring fair value, and establishes a framework for measuring fair value. This standard provides clarification that fair value of certain assets and liabilities is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Fair value of a financial instrument is the current amount that would be exchanged between willing parties, other than in a forced liquidation.

FASB ASC 820 prioritizes, within the measure of fair value, the use of market-based information over entity-specific information and establishes a three-level hierarchy of fair value measurements based on the nature of the inputs used in the valuation of an asset or liability as of the measurement date. Level 1 provides the most reliable measure of fair value, whereas Level 3 generally requires significant management or fund manager judgment. The three-level hierarchy is defined as follows:

Level 1 Valuation is based on quoted prices in active markets for identical assets and liabilities.

Level 2 Valuation is based on observable inputs for quoted prices for similar instruments. For example, quoted prices for similar assets or liabilities in active markets or quoted prices for identical assets or liabilities in inactive markets.

Level 3 Valuation is based on model-based techniques that use one or more significant inputs or assumptions that are unobservable in the market. Such instruments are valued based on the best available data, some of which is internally developed, and considers risk premiums that a market participant would require.

The fair values of the Organization's assets measured on a recurring basis at December 31, 2023 are as follows:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Investments:				
Stocks.....	<u>\$ 19,669</u>	<u>\$ 76,421</u>	<u>\$</u>	<u>\$ 96,090</u>

The fair values of the Organization's assets measured on a recurring basis at December 31, 2022 are as follows:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Investments:				
Stocks.....	<u>\$ 1,377</u>	<u>\$ 76,421</u>	<u>\$</u>	<u>\$ 77,798</u>

ADVANCING NATIVE MISSIONS

NOTES TO FINANCIAL STATEMENTS

NOTE PAYABLE

The Organization's note payable consists of the following at December 31, 2023 and 2022:

	2023	2022
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 \$4,916 at December 31, 2023	<u>\$ 4,207</u>	<u>\$ 8,288</u>
Total.....	4,207	8,288
Less: Amount included in current liabilities.....	<u>4,207</u>	<u>4,086</u>
Total long-term debt.....	<u>\$</u>	<u>\$ 4,202</u>

The future scheduled maturities of long-term debt at December 31, 2023 are as follows:

2024.....	<u>\$ 4,207</u>
Total	<u>\$ 4,207</u>

NET ASSETS WITH DONOR RESTRICTIONS

For the years ended December 31, 2023 and 2022, net assets with donor restrictions are restricted for the following purpose:

	2023	2022
Subject to appropriation and expenditure for a specified purpose:		
Restricted for U. S. and international missionary purposes	<u>\$2,411,978</u>	<u>\$2,676,207</u>
Total net assets with donor restrictions	<u>\$2,411,978</u>	<u>\$2,676,207</u>

OPERATING LEASES AS LESSOR

The Organization entered into a lease agreement with a local church during the year ended December 31, 2023. The original term of the lease was May 2023 through April 2024. The monthly fee was \$2,500.

Total rental income for the year ended December 31, 2023 for this lease was \$20,150.

ADVANCING NATIVE MISSIONS

NOTES TO FINANCIAL STATEMENTS

Minimum rents receivable under the terms of the leases are as follows:

YEAR ENDING	
DECEMBER 31,	
2024	<u>\$ 10,000</u>
	<u>\$ 10,000</u>

RETIREMENT PLAN

The Organization has a defined contribution retirement plan for employees who meet certain eligibility requirements. The Organization does not offer an employer match for employee contributions made toward the plan.

RELATED PARTY TRANSACTIONS

ANM supports several ministries in the Philippines whose management includes direct family members of an ANM employee. During 2023 and 2022, total support of \$1,783 and \$29,703, 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 2023 and 2022, total support of \$830 and \$94,750, 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 2023 and 2022, total support of \$1,613 and \$3,800, 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 third ministry in India whose trustee is also an ANM employee and officer. During 2023 and 2022, total support of \$100,050 and \$5,436, 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 2023 and 2022, ANM made contributions to AIM totaling \$760 and \$9,783, respectively. During 2023 and 2022, ANM received contributions from AIM totaling \$0 and \$12,053, respectively.

During the years ended December 31, 2023 and 2022, ANM staff members, volunteers, and individual members of the Organization’s Board of Directors made contributions to ANM totaling \$592,316 and \$675,699, respectively.

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, 2023 or 2022.

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:

	2023	2022
Cash and cash equivalents.....	\$1,440,531	\$1,728,789
Marketable securities.....	20,490	2,198
Receivables.....	....	500
Employee Retention Credit receivable	<u>.....</u>	<u>140,838</u>
Total available for general expenditure	<u>\$1,461,021</u>	<u>\$1,872,325</u>