

ADVANCING NATIVE MISSIONS
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Advancing Native Missions

We have audited the accompanying financial statements of Advancing Native Missions (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Advancing Native Missions as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Advancing Native Missions' 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 16, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Cooley and Associates, PLC

Charlottesville, Virginia
June 22, 2018

ADVANCING NATIVE MISSIONS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017, WITH COMPARATIVE TOTALS FOR 2016

	<u>ASSETS</u>		<u>Total All Funds</u>	
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2017</u>	<u>Summarized 2016</u>
<u>CURRENT ASSETS</u>				
Cash and cash equivalents	\$ 92,607	\$ 1,471,078	\$ 1,563,685	\$ 1,460,314
Accounts receivable	578	-	578	7,806
Marketable securities	1,362	35,774	37,136	7,676
Inventory	84,365	-	84,365	188,052
Accrued receivables	-	-	-	27,815
Loans receivable	10,035	-	10,035	6,455
Prepaid expenses	7,908	-	7,908	8,113
Notes receivable - due within one year	1,099	-	1,099	901
Total Current Assets	<u>197,954</u>	<u>1,506,852</u>	<u>1,704,806</u>	<u>1,707,132</u>
<u>PROPERTY AND EQUIPMENT</u>				
Land	174,285	-	174,285	174,285
Building and improvements	1,127,980	-	1,127,980	1,127,980
Automobiles	145,509	-	145,509	183,540
Furniture, fixtures, and office equipment	189,749	-	189,749	230,664
Construction in progress	3,377	-	3,377	-
Total Property and Equipment	<u>1,640,900</u>	<u>-</u>	<u>1,640,900</u>	<u>1,716,469</u>
Less: Accumulated depreciation	563,498	-	563,498	576,160
Net Property and Equipment	<u>1,077,402</u>	<u>-</u>	<u>1,077,402</u>	<u>1,140,309</u>
<u>OTHER ASSETS</u>				
Notes receivable - due after one year	53,018	-	53,018	54,168
Investment in real estate	4,000	-	4,000	4,000
Total Other Assets	<u>57,018</u>	<u>-</u>	<u>57,018</u>	<u>58,168</u>
<u>TOTAL ASSETS</u>	<u>\$ 1,332,374</u>	<u>\$ 1,506,852</u>	<u>\$ 2,839,226</u>	<u>\$ 2,905,609</u>
<u>LIABILITIES AND NET ASSETS</u>				
<u>CURRENT LIABILITIES</u>				
Notes payable - due within one year	\$ 6,605	\$ -	\$ 6,605	\$ 12,636
Accounts payable	144,550	-	144,550	37,341
Accrued and withheld payroll taxes	2,210	-	2,210	1,006
Total Current Liabilities	<u>153,365</u>	<u>-</u>	<u>153,365</u>	<u>50,983</u>
<u>LONG-TERM LIABILITIES</u>				
Notes payable - due after one year	6,868	-	6,868	13,473
<u>TOTAL LIABILITIES</u>	<u>160,233</u>	<u>-</u>	<u>160,233</u>	<u>64,456</u>
<u>NET ASSETS</u>	<u>1,172,141</u>	<u>1,506,852</u>	<u>2,678,993</u>	<u>2,841,153</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 1,332,374</u>	<u>\$ 1,506,852</u>	<u>\$ 2,839,226</u>	<u>\$ 2,905,609</u>

The accompanying notes are an integral part of these financial statements

ADVANCING NATIVE MISSIONS
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017, WITH COMPARATIVE TOTALS FOR 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total All Funds</u>	
			<u>2017</u>	<u>Summarized 2016</u>
<u>REVENUES, GAINS AND OTHER SUPPORT</u>				
Support				
Contributions	\$ 1,894,802	\$ 5,991,291	\$ 7,886,093	\$ 8,209,428
Gift in kind contributions	8,037	2,265,461	2,273,498	4,363,564
Total support	<u>1,902,839</u>	<u>8,256,752</u>	<u>10,159,591</u>	<u>12,572,992</u>
Investment income (loss)				
Interest income	4,742	-	4,742	5,312
Dividend income	32	-	32	-
Gain (loss) on sale of assets	-	-	-	27,665
Gain (loss) on sale of marketable securities	(1,420)	-	(1,420)	486
Unrealized gain (loss) on marketable securities	101	-	101	365
Total investment income (loss)	<u>3,455</u>	<u>-</u>	<u>3,455</u>	<u>33,828</u>
Other income (loss)				
Sale of CDs, tapes, t-shirts and videos (net)	(80)	-	(80)	(1,398)
Sale of books (net)	(13,438)	-	(13,438)	11,895
Vacation bible school (net)	317	-	317	1,568
Shipping (net)	80	-	80	1,996
Other income	2,775	-	2,775	4,984
Total other income (loss)	<u>(10,346)</u>	<u>-</u>	<u>(10,346)</u>	<u>19,045</u>
Net assets released from restrictions	<u>8,242,446</u>	<u>(8,242,446)</u>	<u>-</u>	<u>-</u>
<u>TOTAL REVENUES, GAINS AND OTHER SUPPORT</u>	<u>10,138,394</u>	<u>14,306</u>	<u>10,152,700</u>	<u>12,625,865</u>
<u>EXPENSES</u>				
Missions projects	<u>8,939,751</u>	<u>-</u>	<u>8,939,751</u>	<u>11,037,296</u>
Support Services				
General and administrative	950,146	-	950,146	928,380
Fundraising	424,963	-	424,963	436,434
Total Support Services	<u>1,375,109</u>	<u>-</u>	<u>1,375,109</u>	<u>1,364,814</u>
<u>TOTAL EXPENSES</u>	<u>10,314,860</u>	<u>-</u>	<u>10,314,860</u>	<u>12,402,110</u>
<u>CHANGE IN NET ASSETS</u>	<u>(176,466)</u>	<u>14,306</u>	<u>(162,160)</u>	<u>223,755</u>
<u>NET ASSETS, BEGINNING OF YEAR</u>	<u>1,348,607</u>	<u>1,492,546</u>	<u>2,841,153</u>	<u>2,617,398</u>
<u>NET ASSETS, END OF YEAR</u>	<u>\$ 1,172,141</u>	<u>\$ 1,506,852</u>	<u>\$ 2,678,993</u>	<u>\$ 2,841,153</u>

The accompanying notes are an integral part of these financial statements

ADVANCING NATIVE MISSIONS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017, WITH COMPARATIVE TOTALS FOR 2016

	<u>Program Services</u>	<u>Support Services</u>			<u>Total Expenses</u>	
	<u>Missions Projects</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>	<u>2017</u>	<u>Summarized 2016</u>
Direct project disbursements	\$ 7,571,898	\$ -	\$ -	\$ -	\$ 7,571,898	\$ 9,596,180
Automobile expense	3,294	8,600	-	8,600	11,894	9,276
Bank charges	19,667	46,904	-	46,904	66,571	60,823
Bibles, books, magazines	-	1,741	-	1,741	1,741	2,748
Casual labor	-	10,697	-	10,697	10,697	12,297
Depreciation	28,501	27,989	9,793	37,782	66,283	69,424
Dues and subscriptions	-	-	18,856	18,856	18,856	16,321
Education	-	18,683	-	18,683	18,683	18,400
Equipment and software	-	10,749	-	10,749	10,749	16,926
Gifts	-	-	6,231	6,231	6,231	7,855
Housing allowance	109,595	32,792	20,447	53,239	162,834	166,572
Insurance	8,340	20,739	2,131	22,870	31,210	35,983
Insurance - health	-	-	-	-	-	-
Interest	1,014	-	-	-	1,014	324
Meals and entertainment	1,694	10,490	-	10,490	12,184	13,915
Meetings	-	-	111,504	111,504	111,504	89,103
Miscellaneous expenses	-	6	-	6	6	384
Office expense	4,928	4,839	1,693	6,532	11,460	11,366
Photographs	-	748	-	748	748	-
Postage	7,196	18,090	18,090	36,180	43,376	48,218
Printing	8,029	24,594	24,594	49,188	57,217	71,628
Professional services	-	92,854	-	92,854	92,854	81,749
Publicity and displays	-	-	12,427	12,427	12,427	1,577
Repairs and maintenance	-	12,383	-	12,383	12,383	10,458
Salaries and wages	683,182	491,680	174,595	666,275	1,349,457	1,423,817
Supplies	-	3,400	-	3,400	3,400	5,247
Taxes - payroll	49,813	35,850	12,730	48,580	98,393	104,040
Taxes - other	4,819	4,581	1,448	6,029	10,848	12,461
Telephone	20,321	19,956	6,982	26,938	47,259	29,599
Travel - out of town	14,046	41,943	-	41,943	55,989	60,720
Travel - overseas	393,396	-	-	-	393,396	400,748
Utilities	10,018	9,838	3,442	13,280	23,298	23,951
Total	\$ 8,939,751	\$ 950,146	\$ 424,963	\$ 1,375,109	\$ 10,314,860	\$ 12,402,110

The accompanying notes are an integral part of these financial statements

ADVANCING NATIVE MISSIONS
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2017, WITH COMPARATIVE TOTALS FOR 2016

	2017	2016
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ (162,160)	\$ 223,755
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	66,283	69,424
Gifts of marketable securities	(108,570)	(58,983)
(Gain) loss on sale of assets	-	(27,665)
(Gain) loss on sale of marketable securities	1,420	(486)
Unrealized (gain) loss on marketable securities	(101)	(365)
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	7,228	(6,831)
Inventory	103,687	76,008
Accrued receivables	27,815	(27,815)
Prepaid expenses	205	204
Increase (decrease) in:		
Accounts payable	107,209	(131,931)
Accrued and withheld payroll taxes	1,204	554
Net Cash Provided by (Used in) Operating Activities	44,220	115,869
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Collections (payments) on loans receivable, net	(3,580)	3,552
Collections (payments) on notes receivable, net	952	8,210
Purchase of property and equipment	(3,377)	(16,575)
Proceeds from sale of assets	-	47,604
Proceeds from sale of marketable securities	77,792	60,405
Net Cash Provided by (Used in) Investing Activities	71,787	103,196
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Curtailement of notes payable	(12,636)	(13,951)
Net Cash Provided by (Used in) Financing Activities	(12,636)	(13,951)
<u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	103,371	205,114
<u>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</u>	1,460,314	1,255,200
<u>CASH AND CASH EQUIVALENTS, END OF YEAR</u>	\$ 1,563,685	\$ 1,460,314
<u>ADDITIONAL CASH INFORMATION</u>		
Interest paid	\$ 1,014	\$ 324

The accompanying notes are an integral part of these financial statements

ADVANCING NATIVE MISSIONS
NOTES TO FINANCIAL STATEMENTS

ORGANIZATION

Nature of Activities

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

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

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

Mission Statement

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

Vision Statement

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Basis of Presentation

ANM reports information regarding its financial position and activities according to three classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets are resources available to support operations. The only limits on the use of unrestricted net assets 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.

ADVANCING NATIVE MISSIONS
NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Basis of Presentation (cont.)

Temporarily restricted net assets are resources that are restricted by a donor for use for a specific purpose (such as a specified program or missionary) or in a particular future period. The Organization's unspent contributions are reported in this class if the donor limited their use, as are promised contributions that are not due yet.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from temporarily restricted net assets to unrestricted net assets.

Permanently restricted net assets are resources whose use is limited to donor-imposed restrictions that neither expire by being used in accordance with donor's restriction nor by the passage of time. ANM has no permanently restricted assets as of December 31, 2017.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with ANM's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

Income Tax Status

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

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks, certificates of deposit, and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Investments

Investments in marketable securities with readily determinable fair values 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 restricted by donors are reported as increases in unrestricted net assets 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.

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.

ADVANCING NATIVE MISSIONS
NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

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:

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

Restricted and Unrestricted Revenue

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

Donated Assets

ANM received noncash donations from individuals who support ANM's mission. Donated investments and other noncash donations are recorded as contributions at their fair values as of the date of donation. In 2017 and 2016, \$108,570 and \$58,983, respectively, was included in the financial statements for donated marketable securities.

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 unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment, are reported as restricted support. If donors specify a length of time over which the property or equipment must be used, the restrictions expire evenly over the required period. Absent that type of restriction for use, the Organization considers the restriction met when the assets are placed in service. In 2017 and 2016, \$0 and \$0, respectively, was included in the financial statements for donated vehicles, equipment, and furniture.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by ANM. ANM generally pays for services requiring specific expertise. In 2017 and 2016, \$1,170 and \$500, respectively, was included in the financial statements for maintenance and computer programming. Many individuals volunteer their time and perform a variety of tasks throughout the year 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.

Functional Expenses

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

ADVANCING NATIVE MISSIONS
NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

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.

Date of Management's Review

Management has evaluated subsequent events through June 23, 2018, the date the financial statements were available to be issued.

CONCENTRATIONS OF CREDIT RISK

ANM maintains its cash and cash equivalents balances in one financial institution. Account balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each institution. At December 31, 2017 and 2016, ANM's cash and cash equivalents exceeded federally insured limits by \$934,968 and \$893,777, respectively.

INVENTORY

Inventory consists of the following:

	<u>2017</u>	<u>2016</u>
Blankets	\$ 9,483	\$ -
Books and media	17,511	31,112
Clothing	3,218	-
Educational materials	11,806	10,660
Equipment - Office	-	455
Furniture	18,325	-
Medical equipment and supplies	16,524	6,813
Prepared shipping container	-	113,081
Transport / Bicycles	-	25,235
Miscellaneous	7,498	696
	<u>7,498</u>	<u>696</u>
Total	<u>\$ 84,365</u>	<u>\$ 188,052</u>

NOTES RECEIVABLE

Notes receivable by ANM at December 31, 2017 and 2016 consist of the following:

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

ADVANCING NATIVE MISSIONS
NOTES TO FINANCIAL STATEMENTS

NOTES PAYABLE

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

<i>Long-Term Debt</i>	2017	2016
Note payable with Toyota Financial Services on two 2013 Toyotas, payable in 60 monthly installments of \$710, including principal and interest at 0.00% per annum, commencing April 26, 2013. The note is collateralized by the vehicles.	\$ 2,483	\$ 10,997
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.	10,990	15,112
	13,473	26,109
Less: Amount included in current liabilities	6,605	12,636
Total long-term debt	\$ 6,868	\$ 13,473

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

2018	\$ 6,605
2019	4,122
2020	2,746
Total	\$ 13,473

NET REVENUES FROM SALES AND SPECIAL EVENTS

Net revenues from sales consist of:

	2017	2016
Sale of CDs, tapes, t-shirts and videos	\$ -	\$ 69
Less: Cost of CDs, tapes, t-shirts and videos	80	1,467
Net revenue (loss)	\$ (80)	\$ (1,398)
Sale of books	\$ 24,566	\$ 53,517
Less: Cost of books	38,004	41,622
Net revenue (loss)	\$ (13,438)	\$ 11,895
Sale of vacation bible school materials	\$ 634	\$ 2,446
Less: Cost of vacation bible school materials	317	878
Net revenue (loss)	\$ 317	\$ 1,568

ADVANCING NATIVE MISSIONS
NOTES TO FINANCIAL STATEMENTS

NET REVENUES FROM SALES AND SPECIAL EVENTS – (Continued)

Net revenues from sales consist of:

	<u>2017</u>	<u>2016</u>
Receipts for shipping	\$ 4,564	\$ 10,045
Less: Cost of shipping	<u>4,484</u>	<u>8,049</u>
Net revenue (loss)	<u>\$ 80</u>	<u>\$ 1,996</u>

RELATED PARTY TRANSACTIONS

During 2017 and 2016 ANM staff members, volunteers, and individual members of the Organization's Board of Directors made contributions to ANM totaling \$653,322 and \$482,823, respectively.

During 2011 ANM entered into an agreement to produce a music CD by the sister of one of its officers. ANM paid all costs associated with the recording, production, and replication of the CD, which totaled \$20,772 during 2011, and retains the exclusive right to distribute the CD. The recording artist does not retain the right to receive royalties or any other compensation in relation to the production and sale of the CD, and did not receive any compensation related to this project during 2017 or 2016.

During 2009 an individual who is both a director and officer of ANM agreed to be the co-signer of U.S. bank accounts opened by a missionary supported by ANM who is not a U.S. citizen and therefore was not allowed to open bank accounts without a co-signer who is a U.S. citizen. During 2017 and 2016 ANM made payments to this missionary, however no payments were deposited into the co-owned bank account.

An ANM officer serves on the board of directors of a company in which ANM owns shares of stock. The value of the investment was \$541 and \$151 at December 31, 2017 and 2016, respectively.

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

ANM supports several ministries in the Philippines whose management includes direct family members of an ANM officer. During 2017 and 2016, total support of \$46,545 and \$62,944, 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 2017 and 2016 total support of \$75,666 and \$97,875, 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 2017 and 2016 total support of \$37,679 and \$130,882, 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 2017 and 2016, ANM made contributions to AIM totaling \$26,856 and \$33,502, respectively. During 2017 and 2016, ANM received contributions from AIM totaling \$74,104 and \$56,475, respectively.

ADVANCING NATIVE MISSIONS
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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 (UBIT). 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, 2017.

DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES

Program Services – Missions Projects

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

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

ANM prepares educational and informational materials and mailings for specific native missionaries and missionary organizations for the purpose of raising awareness, updating information and raising funds to disburse in support of their work. ANM considers program services to include the foregoing activities and all others that result in goods and services being provided to beneficiaries that fulfill the purposes or mission for which ANM exists.

General and Administrative

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

Fundraising

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