

ADVANCING NATIVE MISSIONS
AFTON, VIRGINIA

FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2022



ADVANCING NATIVE MISSIONS

CONTENTS

PAGE

Report of independent auditors	1
Statements of financial position	3
Statements of activities	4
Statement of functional expenses - 2022	5
Statement of functional expenses - 2021	6
Statements of cash flows	7
Notes to financial statements	8



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, 2022 and 2021, 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, 2022 and 2021, 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.

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.

Hantzmon Wiebel, LLP

Charlottesville, Virginia
June 24, 2023

ADVANCING NATIVE MISSIONS

STATEMENTS OF FINANCIAL POSITION **DECEMBER 31, 2022 AND 2021**

	ASSETS					
	2022			2021		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
CURRENT ASSETS						
Cash and cash equivalents	(\$ 880,960)	\$2,609,749	\$1,728,789	\$ 988,314	\$2,229,740	\$3,218,054
Marketable securities	11,340	66,458	77,798	75,600	1,880	77,480
Inventory .....	....	....	....	6,294	....	6,294
Employee retention credit receivable	140,838	....	140,838	....	....	....
Loans receivable	500	....	500	1,997	....	1,997
Prepaid expenses and other current assets	14,896	....	14,896	14,331	....	14,331
Note receivable - due within one year .....	....	....	....	1,376	....	1,376
Total current assets	(713,386)	2,676,207	1,962,821	1,087,912	2,231,620	3,319,532
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	(674,680)	....	( 674,680)	(637,370)	....	( 637,370)
Net property and equipment	923,095	....	923,095	960,405	....	960,405
OTHER ASSETS						
Note receivable - due after one year .....	....	....	....	49,985	....	49,985
Investment in real estate	4,000	....	4,000	4,000	....	4,000
Total other assets	4,000	....	4,000	53,985	....	53,985
Total assets	<u>\$ 213,709</u>	<u>\$2,676,207</u>	<u>\$2,889,916</u>	<u>\$2,102,302</u>	<u>\$2,231,620</u>	<u>\$4,333,922</u>
	LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES						
Notes payable - due within one year	\$ 4,086	\$	\$ 4,086	\$ 3,972	\$	\$ 3,972
Accounts payable	22,635	....	22,635	18,319	....	18,319
Accrued payroll liabilities	80,131	....	80,131	79,309	....	79,309
Total current liabilities	106,852	....	106,852	101,600	....	101,600
LONG-TERM LIABILITIES						
Notes payable - due after one year	4,202	....	4,202	8,286	....	8,286
Total long-term liabilities	4,202	....	4,202	8,286	....	8,286
Total liabilities	111,054	....	111,054	109,886	....	109,886
NET ASSETS	102,655	2,676,207	2,778,862	1,992,416	2,231,620	4,224,036
Total liabilities and net assets	<u>\$ 213,709</u>	<u>\$2,676,207</u>	<u>\$2,889,916</u>	<u>\$2,102,302</u>	<u>\$2,231,620</u>	<u>\$4,333,922</u>

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

ADVANCING NATIVE MISSIONS
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUES, GAINS, AND OTHER SUPPORT						
Support:						
Contributions	\$ 2,545,878	\$ 6,640,372	\$ 9,186,250	\$ 2,412,893	\$ 8,083,737	\$ 10,496,630
Paycheck Protection Program loan forgiveness .....	....	....	....	306,008	....	306,008
Employee Retention Credit income	140,838	....	140,838	....	....	....
Gift in-kind contributions .....	....	....	....	310,995	....	310,995
Total support	2,686,716	6,640,372	9,327,088	3,029,896	8,083,737	11,113,633
Investment income:						
Interest and dividend income	10,138	....	10,138	13,389	....	13,389
Net gain (loss) on sale of assets .....	....	....	....	( 882)	....	( 882)
Unrealized gain (loss) on marketable securities	117	....	117	(7,729)	....	( 7,729)
Net gain (loss) on sale of marketable securities	201	....	201	....	....	....
Total investment income	10,456	....	10,456	4,778	....	4,778
Other income (loss):						
Sale of books and media (net)	(6,968)	....	( 6,968)	2,464	....	2,464
Other income	309	4,563	4,872	3,191	556	3,747
Total other income (loss)	(6,659)	4,563	(2,096)	5,655	556	6,211
Net assets released from restrictions/transfers	6,200,348	(6,200,348)	....	8,217,684	(8,217,684)	....
Total revenues, gains, and other support	8,890,861	444,587	9,335,448	11,258,013	(133,391)	11,124,622
EXPENSES						
Missions projects	8,741,156	....	8,741,156	7,994,630	....	7,994,630
Support services:						
General and administrative	1,167,914	....	1,167,914	1,359,787	....	1,359,787
Fund-raising	871,552	....	871,552	569,003	....	569,003
Total support services	2,039,466	....	2,039,466	1,928,790	....	1,928,790
Total expenses	10,780,622	....	10,780,622	9,923,420	....	9,923,420
CHANGE IN NET ASSETS	(1,889,761)	444,587	(1,445,174)	1,334,593	(133,391)	1,201,202
NET ASSETS, BEGINNING OF YEAR	1,992,416	2,231,620	4,224,036	657,823	2,365,011	3,022,834
NET ASSETS, END 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>

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

ADVANCING NATIVE MISSIONS

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2022

	PROGRAM SERVICES	SUPPORT SERVICES			TOTAL EXPENSES
	MISSIONS PROJECTS	GENERAL AND ADMINISTRATIVE	FUND-RAISING	TOTAL SUPPORT	
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

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2021

	PROGRAM SERVICES	SUPPORT SERVICES			TOTAL EXPENSES
	MISSIONS PROJECTS	GENERAL AND ADMINISTRATIVE	FUND-RAISING	TOTAL SUPPORT	
Direct project disbursements ...	\$ 3,152,667	\$	\$	\$	\$ 3,152,667
Grants to other organizations ..	3,666,046	....	....	....	3,666,046
Automobile expenses .....	....	1,480	....	1,480	1,480
Bank charges	7,463	67,745	....	67,745	75,208
Casual labor .....	....	116,712	....	116,712	116,712
Communications	4,479	4,802	3,093	7,895	12,374
Depreciation	15,918	17,065	7,366	24,431	40,349
Dues and subscriptions .....	....	9,843	....	9,843	9,843
Employee benefit programs	11,015	9,023	2,218	11,241	22,256
Equipment .....	....	8,927	8,927	17,854	17,854
Gifts	5,398	1,799	....	1,799	7,197
Hardware and software	74,259	79,607	34,361	113,968	188,227
Housing allowance	6,376	5,613	2,284	7,897	14,273
Insurance	6,234	14,640	2,234	16,874	23,108
Marketing and advertising .....	....	....	135,679	135,679	135,679
Meals and entertainment .....	....	3,438	....	3,438	3,438
Meetings .....	....	....	31,857	31,857	31,857
Miscellaneous .....	....	3,564	....	3,564	3,564
Office expense	3,156	3,382	1,460	4,842	7,998
Postage	15,181	16,275	7,025	23,300	38,481
Printing	17,482	18,741	8,089	26,830	44,312
Professional services .....	....	133,349	....	133,349	133,349
Repairs and maintenance .....	....	7,877	....	7,877	7,877
Salaries and wages	832,243	732,716	298,202	1,030,918	1,863,161
Supplies .....	....	1,444	....	1,444	1,444
Taxes - other .....	....	14,800	....	14,800	14,800
Taxes - payroll	59,808	52,655	21,430	74,085	133,893
Travel - out of town	12,824	23,220	....	23,220	36,044
Travel - overseas	93,754	....	....	....	93,754
Utilities	10,327	11,070	4,778	15,848	26,175
Total	<u>\$ 7,994,630</u>	<u>\$ 1,359,787</u>	<u>\$ 569,003</u>	<u>\$ 1,928,790</u>	<u>\$ 9,923,420</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, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	(\$ 1,445,174)	\$ 1,201,202
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	37,310	40,349
Paycheck Protection Program loan forgiveness .....	....	( 306,008)
Contributions of marketable securities not converted to cash .....	....	( 75,600)
(Gain) loss on sale of assets .....	....	882
(Gain) loss on sale of marketable securities	(201)	....
Unrealized (gain) loss on marketable securities	(117)	7,729
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Inventory	6,294	673
Employee Retention Credit receivable	(140,838)	....
Prepaid expenses and other current assets	(565)	9,129
Increase (decrease) in:		
Accounts payable	4,316	(47,134)
Accrued payroll liabilities	822	(2,948)
Net cash provided by (used in) operating activities	(1,538,153)	828,274
CASH FLOWS FROM INVESTING ACTIVITIES		
Collections on loans receivable	44,974	27,123
Increases in loans receivable	(43,477)	(23,650)
Collections on note receivable, net	51,361	1,201
Proceeds from the sale of investment in real estate .....	....	29,118
Net cash provided by investing activities	52,858	33,792
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Paycheck Protection Program loan .....	....	( 68,992)
Payments on notes payable	(3,970)	(3,859)
Net cash used in financing activities	(3,970)	(72,851)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,489,265)	789,215
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,218,054	2,428,839
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,728,789	\$ 3,218,054
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Paycheck Protection Program loan forgiveness	\$	\$ 306,008
Interest paid	\$ 303	\$ 3,468

(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

Recently Adopted Accounting Guidance

During the year ended December 31, 2022, the Organization adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The amendments in this Update modify the disclosure requirements for contributions of nonfinancial assets.

In February 2016, the FASB issued Accounting Standards Codification (ASC) 842, *Leases*, to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

ADVANCING NATIVE MISSIONS

NOTES TO FINANCIAL STATEMENTS

The Organization adopted the standard effective January 1, 2022. There were no operating leases required to be recognized under this standard.

The Organization elected the available practical expedients to account for the existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

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.

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).

ADVANCING NATIVE MISSIONS

NOTES TO FINANCIAL STATEMENTS

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.

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

ADVANCING NATIVE MISSIONS

NOTES TO FINANCIAL STATEMENTS

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 placed 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.

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 24, 2023, the date the financial statements were available to be issued.

ADVANCING NATIVE MISSIONS

NOTES TO FINANCIAL STATEMENTS

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 has 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 is 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.

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:

ADVANCING NATIVE MISSIONS

NOTES TO FINANCIAL STATEMENTS

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, 2022 are as follows:

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

The fair values of the Organization's assets measured on a recurring basis at December 31, 2021 are as follows:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Investments:				
Stocks.....	\$ 1,059	\$ 76,421	\$	\$ 77,480

NOTES PAYABLE

The Organization's obligation under notes payable consists of the following at December 31, 2022 and 2021:

	2022	2021
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 \$10,280 at December 31, 2022.....	\$ 8,288	\$ 12,258
Total.....	8,288	12,258
Less: Amount included in current liabilities	4,086	3,972
Total long-term debt.....	\$ 4,202	\$ 8,286

The future scheduled maturities of long-term debt at December 31, 2022 are as follows:

2023.....	\$ 4,086
2024.....	4,202
Total	\$ 8,288

ADVANCING NATIVE MISSIONS

NOTES TO FINANCIAL STATEMENTS

PAYCHECK PROTECTION PROGRAM LOAN AND FORGIVENESS

On April 24, 2020, the Organization received \$375,000 from the Small Business Administration (SBA) under the Paycheck Protection Program (PPP) established under the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) of 2020. The proceeds of this loan would be fully forgiven if at least 60% was used for payroll and the balance for utilities within the first 24 weeks of receipt of the proceeds. The term of the Paycheck Protection Program loan, less any forgiven portion, was for two years at an annual rate of interest of 1%. The PPP loan was partially forgiven on March 3, 2021 for \$306,008 and the balance of \$69,612 (including \$620 of interest) was repaid on March 4, 2021.

CONTINGENCY

The Paycheck Protection Program loan and forgiveness of the loan are subject to audit by the SBA for six years after the date the loan is forgiven or repaid in full. The possible disallowance by the SBA of any item charged to the program cannot be determined until such time when an audit occurs. Therefore, no provision for any potential disallowances that may result from such audit has been made in the accompanying financial statements. Management is of the opinion that disallowances, if any, will not be material to the accompanying financial statements.

NET ASSETS WITH DONOR RESTRICTIONS

For the years ended December 31, 2022 and 2021, net assets with donor restrictions are restricted for the following purpose:

	2022	2021
Subject to appropriation and expenditure for a specified purpose:		
Restricted for U. S. and international missionary purposes.....	<u>\$2,676,207</u>	<u>\$2,231,620</u>
Total net assets with donor restrictions ...	<u>\$2,676,207</u>	<u>\$2,231,620</u>

CONTRIBUTED NONFINANCIAL ASSETS

The Organization received a significant nonfinancial contribution during the year ended December 31, 2021. The contribution was a piece of real estate. The value was determined based on the selling price as the property was sold within a month of ownership transfer. The contribution revenue was utilized for operations.

RELATED PARTY TRANSACTIONS

ANM supports several ministries in the Philippines whose management includes direct family members of an ANM employee. During 2022 and 2021, total support of \$29,703, and \$46,131, respectively, was provided to ANM through contributions designated for these ministries and were distributed by ANM in the normal course of its operations.

ADVANCING NATIVE MISSIONS

NOTES TO FINANCIAL STATEMENTS

ANM supports a ministry in India whose trustee and Director of Programs is also an ANM employee and officer. During 2022 and 2021, total support of \$94,750 and \$74,969, 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 2022 and 2021, total support of \$3,800 and \$34,710, 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 2022 and 2021, total support of \$5,436 and \$47,368, 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 2022 and 2021, ANM made contributions to AIM totaling \$9,783 and \$16,464, respectively. During 2022 and 2021, ANM received contributions from AIM totaling \$12,053 and \$49,090, respectively.

During the years ended December 31, 2022 and 2021, ANM staff members, volunteers, and individual members of the Organization's Board of Directors made contributions to ANM totaling \$675,699 and \$935,564, 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.

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, 2022 or 2021.

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.

ADVANCING NATIVE MISSIONS

NOTES TO FINANCIAL STATEMENTS

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:

	2022	2021
Cash and cash equivalents.....	\$	\$988,314
Receivables	500	3,470
Employer Retention Credit receivable	<u>140,838</u>	<u>....</u>
Total available for general expenditure	<u>\$141,338</u>	<u>\$991,784</u>