

**ABWE MINISTRIES, INC.**  
**HARRISBURG, PENNSYLVANIA**

***COMBINED FINANCIAL STATEMENTS AND  
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS***

**DECEMBER 31, 2009 AND 2008**

# ABWE MINISTRIES, INC.

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# TAIT, WELLER & BAKER LLP

*Certified Public Accountants*

## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

**Board of Trustees  
ABWE Ministries, Inc.  
Harrisburg, Pennsylvania**

We have audited the accompanying combined statement of financial position of ABWE Ministries, Inc., (“ABWE”) as of December 31, 2009, and the related combined statements of activities and changes in net assets and of cash flows for the year then ended. These financial statements are the responsibility of ABWE’s management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the ABWE’s 2008 financial statements and, in our report dated April 2, 2009, we expressed an unqualified opinion.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ABWE as of December 31, 2009, the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

*Tait, Weller & Baker LLP*

**Philadelphia, Pennsylvania  
April 16, 2010**

# ABWE MINISTRIES, INC.

## COMBINED STATEMENTS OF FINANCIAL POSITION

December 31, 2009 and 2008

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	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Cash and cash equivalents (including \$2,936,057 and \$2,400,251 held in foreign currencies at December 31, 2009 and 2008, respectively)	\$ 2,939,193	\$ 2,457,712
Accounts receivable	994,671	1,032,275
Missionary staff advances	1,128,588	1,341,882
Investments ( <i>Note 3</i> )	219,040	148,370
Inventories	140,819	135,717
Property and equipment – net ( <i>Note 5</i> )	<u>5,959,154</u>	<u>6,176,154</u>
<b>Total assets</b>	<u>\$11,381,465</u>	<u>\$11,292,110</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 639,932	\$ 481,695
Due to Foundation	757,077	1,486,665
Other liabilities	<u>957,884</u>	<u>977,165</u>
<b>Total liabilities</b>	<u>2,354,893</u>	<u>2,945,525</u>
<b>NET ASSETS</b>		
Unrestricted		
Undesignated	3,042,418	2,145,431
Equity in property and equipment	<u>5,959,154</u>	<u>6,176,154</u>
<b>Total unrestricted</b>	9,001,572	8,321,585
Permanently restricted ( <i>Note 7</i> )	<u>25,000</u>	<u>25,000</u>
<b>Total net assets</b>	<u>9,026,572</u>	<u>8,346,585</u>
<b>Total liabilities and net assets</b>	<u>\$11,381,465</u>	<u>\$11,292,110</u>

# ABWE MINISTRIES, INC.

## COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Years Ended December 31, 2009 and 2008

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	
			<u>2009</u>	<u>2008</u>
<b>Support and Revenue</b>				
Contributions	\$40,916,568	\$ -	\$40,916,568	\$42,451,042
Royalty income	65,793	-	65,793	123,327
Interest and dividends	3,001	-	3,001	8,108
Net realized and unrealized gains (losses) on investments	<u>67,478</u>	<u>-</u>	<u>67,478</u>	<u>(37,915)</u>
<b>Total support and revenue</b>	<u>41,052,840</u>	<u>-</u>	<u>41,052,840</u>	<u>42,544,562</u>
<b>Expenses</b>				
Program Services				
Evangelism and church growth	23,348,870	-	23,348,870	23,964,338
Bible training	4,714,936	-	4,714,936	4,784,772
Communication	435,616	-	435,616	666,317
Compassion	3,056,426	-	3,056,426	2,735,624
Child education	1,576,389	-	1,576,389	1,752,989
Linguistics	379,457	-	379,457	469,310
Field support	<u>2,469,256</u>	<u>-</u>	<u>2,469,256</u>	<u>3,051,388</u>
<b>Total program services</b>	<u>35,980,950</u>	<u>-</u>	<u>35,980,950</u>	<u>37,424,738</u>
Supporting Services				
General and administrative	1,742,547	-	1,742,547	3,316,231
Fund raising	<u>2,649,356</u>	<u>-</u>	<u>2,649,356</u>	<u>2,969,280</u>
<b>Total supporting services</b>	<u>4,391,903</u>	<u>-</u>	<u>4,391,903</u>	<u>6,285,511</u>
<b>Total expenses</b>	<u>40,372,853</u>	<u>-</u>	<u>40,372,853</u>	<u>43,710,249</u>
<b>Change in net assets</b>	679,987	-	679,987	(1,165,687)
<b>Net Assets</b>				
Beginning of year	<u>8,321,585</u>	<u>25,000</u>	<u>8,346,585</u>	<u>9,512,272</u>
<b>End of year</b>	<u>\$ 9,001,572</u>	<u>\$25,000</u>	<u>\$ 9,026,572</u>	<u>\$ 8,346,585</u>

# ABWE MINISTRIES, INC.

## COMBINED STATEMENTS OF CASH FLOWS

Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<i>Change in net assets</i>	\$ 679,987	\$(1,165,687)
<i>Adjustments to reconcile changes in net assets to net cash provided by operating activities</i>		
Depreciation	217,000	215,000
Unrealized (gains)/losses on investments	(67,478)	37,915
(Increase) decrease in		
Accounts receivable	37,604	(129,269)
Missionary staff advances	213,294	(729,348)
Inventories	(5,102)	38,175
Increase (decrease) in		
Accounts payable	158,237	16,791
Due to Foundation	(729,588)	954,579
Other liabilities	<u>(19,281)</u>	<u>357,633</u>
<b>Net cash provided by (used in) operating activities</b>	<u>484,673</u>	<u>(404,211)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(3,192)	(3,207)
Purchase of property	<u>-</u>	<u>(40,818)</u>
<b>Net cash used in investing activities</b>	<u>(3,192)</u>	<u>(44,025)</u>
<b>Increase (decrease) in cash and cash equivalents</b>	481,481	(448,236)
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>2,457,712</u>	<u>2,905,948</u>
<b>End of year</b>	<u>\$2,939,193</u>	<u>\$ 2,457,712</u>

# ABWE MINISTRIES, INC.

## NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2009 and 2008

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### (1) ORGANIZATION

The combined financial statements includes the operations of ABWE Ministries, Inc., ABWE International, Inc., (“*International*”), Association of Baptists for World Evangelism – North America, Inc. (“*North America*”), (*collectively* “*Ministries*”). These entities comprise a group of worldwide Christian missionary organizations operating as not-for-profit religious corporations, which are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Property and business of the corporations are managed by the Board of Trustees of each organization. Trustees for International and North America are elected by Trustees of ABWE Ministries, Inc.

All intercompany balances and transactions have been eliminated.

### (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *CLASSES OF NET ASSETS*

The financial statements report amounts separately by class of net assets as follows:

*Unrestricted* amounts are those currently available at the discretion of the board for use in operations and those resources invested in property and equipment

*Temporarily restricted* amounts are those which are stipulated by donors for specific operating purposes or for the acquisition of property or equipment

*Permanently restricted* amounts that are subject to donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or removed by actions of Ministries.

All contributions are considered available for unrestricted use, unless specifically restricted by the donor, or subject to other legal restrictions. Donor restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted contributions in the accompanying financial statements.

#### *CASH AND CASH EQUIVALENTS*

Cash consists of interest bearing checking and money market accounts. Ministries considers all highly liquid investment instruments purchased with a maturity of three months or less to be cash and cash equivalents. Total cash and cash equivalents held in foreign accounts were \$2,936,057 and \$2,400,251 at December 31, 2009 and 2008 respectively.

#### *ACCOUNTING ESTIMATES*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### *SUBSEQUENT EVENTS*

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance, April 16, 2010, have been evaluated in the preparation of the financial statements.

# ABWE MINISTRIES, INC.

## NOTES TO COMBINED FINANCIAL STATEMENTS – (Continued)

December 31, 2009 and 2008

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### **INVESTMENTS**

Investments in equity securities with readily determinable fair values and all debt securities are reported at fair value with gains and losses included in the combined statements of activities.

Non-readily marketable securities are carried at estimated fair value.

### **CONCENTRATION OF CREDIT AND OTHER RISKS**

Ministries places substantially all of its cash and liquid investments with high-quality financial institutions and limits the amount of exposure to any one financial institution. These accounts, from time to time, may exceed federally insured limits. Accounting Standards Codification (“ASC”) 825, “*Financial Instruments*”, formerly known as Statement of Financial Accounting Standards (“SFAS”) No. 107, identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by monitoring the financial institutions in which deposits are made.

Additionally, Ministries operates in many foreign countries, many of which do not have stable governments or economies. To the extent adverse events occur in these countries, Ministries foreign cash accounts may decline sharply or such accounts may not be able to be recovered or removed from these countries.

### **PROPERTY AND EQUIPMENT**

Land and buildings are stated at cost. Post-1985 acquisitions are stated at cost. Pre-1985 furnishings and equipment were not capitalized. Building improvements and furnishings and equipment are capitalized when total costs exceed \$30,000 and \$15,000, respectively. Real estate and equipment owned in foreign and national fields are not reflected on the balance sheet, as they are recorded as expenses when purchased. The capitalizing of these assets are not material to the financial statements.

Depreciation is recorded on property and equipment using the straight-line method based on estimated lives as follows:

Buildings and Improvements	40 - 50 Years
Equipment	5 - 20 Years

### **CONTRIBUTIONS**

Ministries records unconditional promises to give (pledges) as a receivable and revenue in the year pledged. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of the restriction is accomplished, temporarily restricted net assets are then classified to unrestricted net assets. Substantially all contributions are received from an affiliated organization, ABWE Foundation, Inc. (“*Foundation*”).

### **FUNCTIONAL ALLOCATION OF EXPENSES**

Ministries’ costs of program and support activities have been summarized on a functional basis in the statement of activities and changes in net assets. The costs of certain multipurpose activities have been allocated based on level of effort among program and support ministry categories.

# ABWE MINISTRIES, INC.

## NOTES TO COMBINED FINANCIAL STATEMENTS – (Continued)

December 31, 2009 and 2008

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### (3) INVESTMENTS

Investments at December 31, 2009 and 2008 consist of the following:

	<u>2009</u>	<u>2008</u>
Money Market	\$ 20,236	\$ 17,242
Common Stock	178,286	114,626
Mutual Fund	<u>20,518</u>	<u>16,502</u>
Total Investments	<u>\$ 219,040</u>	<u>\$ 148,370</u>

### (4) FAIR VALUE MEASUREMENTS

The Ministries utilized various methods to measure the fair value of its investments on a recurring basis. Generally accepted accounting principles established a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are described below:

Level 1 – quoted prices in active markets for identical securities

Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)

Level 3 – significant unobservable inputs (including the Ministries' own assumptions in determining the fair value of investments)

The inputs methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

For the years ended 2009 and 2008, all Ministries investments are level 1.

### (5) PROPERTY AND EQUIPMENT

The following is a summary of property and equipment as of December 31:

	<u>2009</u>	<u>2008</u>
Office furniture and equipment	\$ 1,251,960	\$ 1,251,960
Land/building	<u>7,058,276</u>	<u>7,058,276</u>
	8,310,236	8,310,236
Less: accumulated depreciation and amortization	<u>2,351,082</u>	<u>2,134,082</u>
Net property and equipment	<u>\$ 5,959,154</u>	<u>\$ 6,176,154</u>

Depreciation and amortization for the years ended December 31, 2009 and 2008 was \$217,000 and \$215,000, respectively.

# ABWE MINISTRIES, INC.

## NOTES TO COMBINED FINANCIAL STATEMENTS – (Continued)

December 31, 2009 and 2008

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### (6) PENSION PLANS

Ministries participate in pension plans which provide retirement benefits for qualified full-time missionaries and staff. The ABWE Missionary Retirement Trust and ABWE Staff Retirement Plan are qualified defined benefit plans. Both plans are administered by the ABWE Foundation, Inc. For the years ended December 31, 2009 and 2008, missionary pension expense was \$1,049,751 and \$1,007,367, respectively, and staff pension expense was \$236,657 and \$232,716, respectively. These amounts were paid to the Foundation, which by agreement with Foundation assumes all liability for payment of future retirement benefits based on qualifying service of its employees covered by the plans.

The financial statements of the ABWE Missionary Retirement Trust and the ABWE Staff Retirement Plan are audited separately.

### (7) NET ASSETS

Permanently restricted net assets are funds to provide for the perpetual care of a cemetery on the Ministries property.

## **SUPPLEMENTAL INFORMATION**

# *TAIT, WELLER & BAKER LLP*

*Certified Public Accountants*

## **REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON SUPPLEMENTAL INFORMATION**

**Board of Trustees  
ABWE Ministries, Inc.  
Harrisburg, Pennsylvania**

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole of ABWE Ministries, Inc. as of and for the year ended December 31, 2009 which are presented in the preceding section of this report. The accompanying supplemental combining statement of financial position and combining statement of activities is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is fairly stated in all material respects in relation to the basic combined financial statements taken as a whole.

*Tait, Weller & Baker LLP*

**Philadelphia, Pennsylvania  
April 16, 2010**

# ABWE MINISTRIES, INC.

## COMBINING STATEMENT OF FINANCIAL POSITION

December 31, 2009

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	<u>International</u>	<u>North America</u>	<u>Ministries</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,938,057	\$ 636	\$ 500	\$ 2,939,193
Accounts receivable	994,671	-	-	994,671
Missionary staff advances	1,127,513	575	500	1,128,588
Investments	-	-	219,040	219,040
Inventories	-	140,819	-	140,819
Property and equipment less accumulated depreciation of \$2,351,082	-	5,959,154	-	5,959,154
<b>Total assets</b>	<u>\$ 5,060,241</u>	<u>\$ 6,101,184</u>	<u>\$220,040</u>	<u>\$ 11,381,465</u>
<b>LIABILITIES AND NET ASSETS</b>				
Liabilities				
Accounts payable and accrued expenses	\$ 173,269	\$ 466,053	\$ 610	\$ 639,932
Due to (from) Foundation/Affiliates	2,403,541	(1,819,425)	172,961	757,077
Other liabilities	931,055	26,769	60	957,884
<b>Total liabilities</b>	<u>3,507,865</u>	<u>(1,326,603)</u>	<u>173,631</u>	<u>2,354,893</u>
<b>NET ASSETS</b>				
Unrestricted				
Undesignated	1,552,376	1,443,633	46,409	3,042,418
Equity in property and equipment	-	5,959,154	-	5,959,154
<b>Total unrestricted</b>	<u>1,552,376</u>	<u>7,402,787</u>	<u>46,409</u>	<u>9,001,572</u>
Permanently restricted	-	25,000	-	25,000
<b>Total net assets</b>	<u>1,552,376</u>	<u>7,427,787</u>	<u>46,409</u>	<u>9,026,572</u>
<b>Total liabilities and net assets</b>	<u>\$ 5,060,241</u>	<u>\$ 6,101,184</u>	<u>\$220,040</u>	<u>\$ 11,381,465</u>

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# ABWE MINISTRIES, INC.

## COMBINING STATEMENT OF ACTIVITIES

Year Ended December 31, 2009

	<u>International</u>	<u>North America</u>	<u>Ministries</u>	<u>Total</u>
<b>Support and Revenue</b>				
Contributions	\$38,778,386	\$ 1,537,431	\$600,751	\$ 40,916,568
Royalty income	-	65,793	-	65,793
Interest and dividends	300	260	2,441	3,001
Net realized and unrealized (losses)	<u>-</u>	<u>-</u>	<u>67,478</u>	<u>67,478</u>
<b>Total support and revenue</b>	<u>38,778,686</u>	<u>1,603,484</u>	<u>670,670</u>	<u>41,052,840</u>
<b>Expenses</b>				
Program Services				
Evangelism and church growth	23,032,500	236,226	80,144	23,348,870
Bible training	4,686,305	(4,803)	33,434	4,714,936
Communication	244,890	157,292	33,434	435,616
Compassion	2,984,996	71,430	-	3,056,426
Child education	1,539,509	3,446	33,434	1,576,389
Linguistics	346,023	-	33,434	379,457
Field support	<u>2,382,251</u>	<u>87,005</u>	<u>-</u>	<u>2,469,256</u>
	<u>35,216,474</u>	<u>550,596</u>	<u>213,880</u>	<u>35,980,950</u>
Supporting Activities				
General and administrative	277,431	1,086,338	378,778	1,742,547
Fund raising	<u>2,440,020</u>	<u>150,446</u>	<u>58,890</u>	<u>2,649,356</u>
	<u>2,717,451</u>	<u>1,236,784</u>	<u>437,668</u>	<u>4,391,903</u>
<b>Total expenses</b>	<u>37,933,925</u>	<u>1,787,380</u>	<u>651,548</u>	<u>40,372,853</u>
<b>Change in net assets</b>	844,761	(183,896)	19,122	679,987
<b>Net Assets</b>				
Beginning of year	<u>707,615</u>	<u>7,611,683</u>	<u>27,287</u>	<u>8,346,585</u>
End of year	<u>\$ 1,552,376</u>	<u>\$ 7,427,787</u>	<u>\$ 46,409</u>	<u>\$ 9,026,572</u>