

ASIAN ACCESS LIFE MINISTRIES

FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

**BYEMAN & CLEARY**  
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Asian Access Life Ministries

We have audited the accompanying statements of financial position of Asian Access Life Ministries (a nonprofit corporation) as of September 30, 2009 and 2008 and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the management of Asian Access Life Ministries. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 audits provide 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 Asian Access Life Ministries as of September 30, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Byeman & Cleary*

February 1, 2010

ASIAN ACCESS LIFE MINISTRIES  
STATEMENTS OF FINANCIAL POSITION  
SEPTEMBER 30, 2009 and 2008

<u>ASSETS</u>		
	2009	2008
<u>Current Assets</u>		
Cash and cash equivalents	\$ 520,857	\$ 561,176
Advances receivable	7,205	9,329
Accounts receivable	36,729	86,532
Pledges receivable	-	35,000
Deposits & prepaid expense	7,722	9,013
Total current assets	572,513	701,050
 <u>Property and equipment</u>		
Land in Japan	438,000	438,000
Building in Japan	531,590	531,590
Furniture & equipment in: USA	183,098	175,254
Japan	201,436	227,479
	1,354,124	1,372,323
Less accumulated depreciation	(603,007)	(570,909)
Net property and equipment	751,117	801,414
Total assets	\$1,323,630	\$1,502,464

LIABILITIES AND NET ASSETS

<u>Current Liabilities</u>		
Accounts payable	\$ 78,170	\$ 39,423
Accrued expense	251,162	268,061
Note payable to bank	283,447	240,964
Total current liabilities	612,779	548,448
 <u>Net Assets</u>		
Unrestricted	201,991	258,661
Temporarily restricted	508,860	695,355
Total net assets	710,851	954,016
Total liabilities and net assets	\$1,323,630	\$1,502,464

The accompanying notes are an integral part of these financial statements.

ASIAN ACCESS LIFE MINISTRIES  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED SEPTEMBER 30, 2009 and 2008

	2009			2008		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<u>Support and Revenue</u>						
<u>Public Support</u>						
- Contributions	\$ 918,746	\$2,947,429	\$3,866,175	\$1,229,349	\$2,922,918	\$4,152,267
<u>Revenue</u>						
Honorariums	59,527	-	59,527	56,911	-	56,911
Enrollment fees	237,916	-	237,916	165,963	-	165,963
Sales and royalties	576	-	576	1,073	-	1,073
Foreign exchange gain	3,084	-	3,084	8,967	-	8,967
Gain (loss) on disposal of assets	(888)	-	(888)	(736)	-	(736)
Interest and other income	35,243	-	35,243	31,918	-	31,918
	<u>335,458</u>	<u>-</u>	<u>335,458</u>	<u>264,096</u>	<u>-</u>	<u>264,096</u>
Net assets released from restriction due to satisfaction of purpose	<u>3,133,924</u>	<u>(3,133,924)</u>	<u>-</u>	<u>3,098,130</u>	<u>(3,098,130)</u>	<u>-</u>
Total Support and Revenue	<u>4,388,128</u>	<u>(186,495)</u>	<u>4,201,633</u>	<u>4,591,575</u>	<u>(175,212)</u>	<u>4,416,363</u>
<u>Expenses</u>						
<u>Program Services</u>	3,648,766	-	3,648,766	3,617,516	-	3,617,516
<u>Supporting Activities</u>						
Management	621,507	-	621,507	573,221	-	573,221
Fundraising	174,525	-	174,525	144,900	-	144,900
Total supporting	<u>796,032</u>	<u>-</u>	<u>796,032</u>	<u>718,121</u>	<u>-</u>	<u>718,121</u>
Total expenses	<u>4,444,798</u>	<u>-</u>	<u>4,444,798</u>	<u>4,335,637</u>	<u>-</u>	<u>4,335,637</u>
Change in net assets	(56,670)	(186,495)	(243,165)	255,938	(175,212)	80,726
Net assets, beginning of year	<u>258,661</u>	<u>695,355</u>	<u>954,016</u>	<u>2,723</u>	<u>870,567</u>	<u>873,290</u>
Net assets, end of year	<u>\$ 201,991</u>	<u>\$ 508,860</u>	<u>\$ 710,851</u>	<u>\$ 258,661</u>	<u>\$ 695,355</u>	<u>\$ 954,016</u>

The accompanying notes are an integral part of these financial statements.

ASIAN ACCESS LIFE MINISTRIES  
STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED SEPTEMBER 30, 2009 and 2008

	Program Services	Supporting Services			Total 2009
		Management	Fundraising	Total Supporting	
Salaries & benefits	\$2,549,763	\$413,980	\$129,044	\$543,024	\$3,092,787
Travel & conferences	190,446	57,941	6,493	64,434	254,880
Leadership development	574,875	-	-	-	574,875
Staff development	73,888	16,162	-	16,162	90,050
Depreciation	64,264	8,997	933	9,930	74,194
Interest	2,297	1,529	-	1,529	3,826
Miscellaneous	3,272	1	-	1	3,273
Office expense	42,909	26,033	2,431	28,464	71,373
Outside services	26,804	56,219	4,369	60,588	87,392
Publications & promotion	47,997	6,586	25,787	32,373	80,370
Rent & utilities	72,251	34,059	5,468	39,527	111,778
<b>Total 2009</b>	<b>\$3,648,766</b>	<b>\$621,507</b>	<b>\$174,525</b>	<b>\$796,032</b>	<b>\$4,444,798</b>
					<b>Total 2008</b>
Salaries & benefits	\$2,408,802	\$347,166	\$ 86,609	\$433,775	\$2,842,577
Travel & conferences	208,246	58,003	3,794	61,797	270,043
Leadership development	524,864	-	-	-	524,864
Staff development	205,344	19,378	-	19,378	224,722
Depreciation	81,519	10,115	996	11,111	92,630
Interest	4,327	454	-	454	4,781
Miscellaneous	68	5,184	-	5,184	5,252
Office expense	36,759	37,219	1,204	38,423	75,182
Outside services	36,049	55,258	10,487	65,745	101,794
Publications & promotion	33,206	13,687	38,978	52,665	85,871
Rent & utilities	78,332	26,757	2,832	29,589	107,921
<b>Total 2008</b>	<b>\$3,617,516</b>	<b>\$573,221</b>	<b>\$144,900</b>	<b>\$718,121</b>	<b>\$4,335,637</b>

The accompanying notes are an integral part of these financial statements.

ASIAN ACCESS LIFE MINISTRIES  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED SEPTEMBER 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<u>Operating Activities</u>		
Change in net assets	\$(243,165)	\$ 80,726
Adjustments to reconcile above to net cash provided by operating activities:		
Depreciation	74,194	92,630
Loss on disposal of equipment	888	736
Changes in operating assets and liabilities:		
(Increase) Decrease in:		
Advances receivable	2,124	15,430
Accounts receivable	49,803	(50,918)
Pledges receivable	35,000	226,000
Deposits & prepaid expense	1,291	3,855
Increase (Decrease) in:		
Accounts payable	38,747	(52,116)
Accrued expense	(16,899)	34,234
Net cash provided by (used by) operating activities	<u>(58,017)</u>	<u>350,577</u>
<u>Investing Activities</u>		
Proceeds from sale of equipment	7,415	-
Purchase of furniture and equipment	(32,200)	(22,394)
Net cash used by investing activities	<u>(24,785)</u>	<u>(22,394)</u>
<u>Financing Activities</u>		
Proceeds from bank loan	283,447	240,964
Principal payments on bank loan	(240,964)	(309,133)
Net cash provided by (used by) financing activities	<u>42,483</u>	<u>(68,169)</u>
Increase (decrease) in cash and cash equivalents	(40,319)	260,014
Cash and cash equivalents:		
Beginning of year	<u>561,176</u>	<u>301,162</u>
End of year	<u>\$ 520,857</u>	<u>\$ 561,176</u>
Supplemental disclosures:		
Interest paid	<u>\$3,826</u>	<u>\$4,781</u>

The accompanying notes are an integral part of these financial statements.

ASIAN ACCESS LIFE MINISTRIES  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

1. NATURE OF ORGANIZATION

Asian Access Life Ministries (Asian Access) is incorporated in California under the Nonprofit Religious Corporation Law, exclusively for religious purposes. It is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code.

Asian Access exists to identify, develop, and release emerging kingdom leaders to unite the church, multiply leaders and congregations, and extend the transforming power of the Gospel of Jesus Christ. Leadership Development and Church Multiplication are the two major programs operated by the Organization.

The operations of an affiliate of Asian Access in British Columbia, Canada are not included in these financial statements. This affiliate has an independent board of directors and operations. As a result, management lacks sufficient control to warrant consolidation of the activity in these financial statements.

The organization is supported primarily through donor contributions solicited by missionary staff and charitable foundation grants. Grants and contributions are received from donors throughout the United States. Contributions raised as support for projects and by missionaries were 81.3% and 79.5% of total support and revenue in the years ended September 30, 2009 and 2008 respectively. Foundation grants are also a large source of income representing 10.8% in 2009 and 14.6% in 2008.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Cash and Cash Equivalents

Cash consists of balances in deposit accounts at financial institutions, primarily a credit union. All unrestricted highly liquid investments with an initial maturity of three months or less are considered to be cash equivalents.

ASIAN ACCESS LIFE MINISTRIES  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

Classes of Net Assets

Unrestricted amounts are those currently available at the discretion of the board of directors and management for use in the organization's 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 equipment.

All contributions are considered available for unrestricted use, unless specifically restricted by the donor or subject to other legal restrictions.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are carried at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Pledges Receivable

Contribution revenue is recognized when a donor makes a pledge to give to the organization that is, in substance, unconditional. Unconditional pledges expected to be collected within one year are reported at net realizable value. Those expected to be collected in more than one year are reported at the present value of their estimated future cash flows.



ASIAN ACCESS LIFE MINISTRIES  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

Property and Equipment

Property and equipment is recorded at cost or estimated fair value if received by donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Absent donor directions regarding how long those donated assets must be maintained, the organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. Property and equipment are depreciated on the straight-line method over estimated useful lives of 3 to 7 years for furniture and equipment and 40 years for buildings.

Revenues and Expenses

Unrestricted contributions are recognized when cash or ownership of donated assets is unconditionally promised to the organization.

Temporarily restricted contributions are recognized as contribution income when cash or ownership of donated assets is unconditionally promised to the organization and subsequently released to unrestricted net assets when expenses have been incurred in satisfaction of donor stipulated restrictions. When a restricted donation is recognized a portion is allocated to unrestricted net assets to offset the cost of processing the transaction.

3. Note Payable to Bank

The note payable is due to a bank in Japan on December 30, 2009. Interest only is payable monthly at the rate of 3.00%. The note is secured with real property in Japan and was paid off at maturity.

4. Retirement Plan

A defined contribution retirement plan is maintained for qualifying employees. The contribution of Asian Access is 4% of eligible salaries. An insurance company acts as trustee. Employees fully vest in the employer contributions when made. Expense for the years ended September 30, 2009 and 2008 was \$54,366 and \$50,668 respectively.

ASIAN ACCESS LIFE MINISTRIES  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

5. Office Rental

Office space for headquarters facilities is leased in Glendora, California under a lease which expires October 31, 2010. It calls for monthly base rent payments plus a pro rata share of any increase in building operating costs. In Japan, an office in Yamagata and housing for some missionaries is leased at varying rates under leases that run through August, 2011. Most of these leases may be cancelled with one to six months notice to the landlord.

Annual rental payments required under the leases in the years ended September 30 are:

	<u>Glendora</u>	<u>Japan</u>	<u>Total</u>
2010	\$67,781	\$57,821	\$125,602
2011	5,662	20,460	26,122
Total	<u>\$73,443</u>	<u>\$78,281</u>	<u>\$151,724</u>

6. Equipment Leases

The Organization rents copying and mailing equipment in Japan and in the Glendora, California office under terms of operating leases. Future minimum lease payments under these operating leases in the years ended September 30 are:

2010	\$ 9,117
2011	7,188
2012	7,188
2013	7,188
	<u>\$30,681</u>

7. Allocation of Joint Costs

There has been no allocation of joint costs of activities containing elements of program, management and general, and fundraising. Fundraising activities conducted in conjunction with program or management and general activities were incidental and did not require an allocation.

8. Investment Income

Investment income consisted of \$2,422 and \$5,375 of interest earned in the years ended September 30, 2009 and 2008 respectively.

ASIAN ACCESS LIFE MINISTRIES  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

9. Restrictions on Net Assets

The temporarily restricted net assets represent unspent contributions received with donor-imposed stipulations. These restrictions are removed when funds are expended for the purposes specified. The restrictions consist of the following at September 30:

	<u>2009</u>	<u>2008</u>
Leadership Development	\$ 376	\$ 47,983
Alpha Japan	-	528
Missionaries	508,484	646,844
	<u>\$508,860</u>	<u>\$695,355</u>

10. Concentration of Cash

At September 30, 2009, cash was held in accounts at a credit union in which every account is insured up to \$250,000. This insurance is provided by a private insurance company that does not have the ability to draw on the full faith and credit of the United States government. Only the reserves of the insurance company are available to pay any claims. At times during the year bank deposits may exceed insured limits. At September 30, 2009 no bank accounts in the United States exceeded the limits of deposit insurance. Cash balances held in bank accounts in Japan at September 30, 2009 exceeded the insurance limits of the Deposit Insurance Corporation of Japan (DICJ) by \$104,008.

11. Management's Plans

The Organization's temporarily restricted net assets exceeded available cash and cash equivalents at September 30, 2008 by \$134,179. This excess amount varied throughout the year. However, at September 30, 2009 cash and cash equivalents exceeded temporarily restricted net assets by \$11,997.

In the past, management initiated plans and actions to increase the Organization's cash and cash equivalents balance to equal or exceed temporarily restricted net assets. The goal was met at September 30, 2009.