

IN NETWORK USA
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2009
(WITH COMPARATIVE TOTALS FOR 2008)

Meyaard Tolman & Venlet p.c.
Certified Public Accountants
Zeeland, Michigan

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*Meyaard Tolman
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INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
IN Network USA
Zeeland, Michigan

We have audited the accompanying statement of financial position of IN Network USA (a nonprofit organization) as of December 31, 2009 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 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 IN Network USA at December 31, 2009 and the changes in its net assets and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America. We previously audited the financial statements of the preceding year and expressed an unqualified opinion thereon. The totals presented for such year in the accompanying financial statements are extracted from such audited statements, and present summarized totals only, but do not include all information necessary for a fair presentation in accordance with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules of supplementary data are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Meyaard Tolman & Venlet p.c.

Meyaard Tolman & Venlet p.c.
Certified Public Accountants
August 12, 2010

IN NETWORK USA
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2009
(WITH COMPARATIVE TOTALS FOR 2008)

	2009	2008
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash in bank	\$ 575,368	\$ 590,166
Receivables	-	571
Prepaid expenses	9,420	12,505
Total Current Assets	584,788	603,242
PROPERTY AND EQUIPMENT:		
Leasehold improvements	6,289	6,289
Furniture and equipment	30,935	30,935
Computer equipment	48,185	46,292
	85,409	83,516
Less accumulated depreciation	(66,130)	(50,785)
Net Property and Equipment	19,279	32,731
TOTAL ASSETS	\$ 604,067	\$ 635,973
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 27,011	\$ 9,683
Accrued payroll	8,137	24,629
Payroll taxes withheld and accrued	5,834	9,842
Total Current Liabilities	40,982	44,154
TOTAL LIABILITIES	40,982	44,154
NET ASSETS		
Unrestricted	228,153	264,314
Temporarily restricted	334,932	327,505
Total Net Assets	563,085	591,819
TOTAL LIABILITIES AND NET ASSETS	\$ 604,067	\$ 635,973

See accompanying notes.

**IN NETWORK USA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2009
(WITH COMPARATIVE TOTALS FOR 2008)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2009 Total</u>	<u>2008 Total</u>
REVENUES:				
Contributions	\$ 759,614	\$ 1,508,766	\$2,268,380	\$ 2,137,839
Interest income	6,073	-	6,073	10,297
Net assets released from restrictions	<u>1,501,339</u>	<u>(1,501,339)</u>	<u>-</u>	<u>-</u>
Total Revenues	2,267,026	7,427	2,274,453	2,148,136
EXPENSES	<u>2,303,187</u>	<u>-</u>	<u>2,303,187</u>	<u>2,423,798</u>
CHANGE IN NET ASSETS	(36,161)	7,427	(28,734)	(275,662)
NET ASSETS, beginning	<u>264,314</u>	<u>327,505</u>	<u>591,819</u>	<u>867,481</u>
NET ASSETS, ending	<u>\$ 228,153</u>	<u>\$ 334,932</u>	<u>\$ 563,085</u>	<u>\$ 591,819</u>

See accompanying notes.

IN NETWORK USA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2009
(WITH COMPARATIVE TOTALS FOR 2008)

	USA Ministry	International Ministry Projects	International Ministry Office	Total Program	General and Admini- strative	Fund- raising	2009 Total	2008 Total
Special projects	\$ -	\$ 1,317,543	\$ -	\$ 1,317,543	\$ -	\$ -	\$ 1,317,543	\$ 1,475,910
Salaries, wages, and support	249,020	-	99,272	348,292	97,993	138,334	584,619	575,428
Payroll taxes and benefits	64,685	-	-	64,685	20,104	25,666	110,455	90,997
International levy	-	-	84,530	84,530	-	-	84,530	79,136
Occupancy	24,061	-	-	24,061	18,360	-	42,421	31,467
Promotional events/advertising	31,527	-	-	31,527	420	-	31,947	25,195
Travel and expenses	15,267	-	-	15,267	6,428	3,751	25,446	34,054
Postage	10,302	-	-	10,302	5,151	1,717	17,170	15,339
Printing	13,269	-	-	13,269	1,659	1,659	16,587	18,520
Depreciation	9,207	-	-	9,207	6,138	-	15,345	15,313
Supplies	9,088	-	-	9,088	4,543	1,514	15,145	13,768
Communications	5,091	-	-	5,091	3,394	-	8,485	10,264
Professional services	-	-	-	-	8,244	-	8,244	7,925
Bank fees	-	-	-	-	6,304	-	6,304	4,735
Ministry development	4,753	-	-	4,753	580	180	5,513	7,809
Miscellaneous	160	-	-	160	2,547	1,555	4,262	2,917
Insurance	1,757	-	-	1,757	1,171	-	2,928	2,928
Board and regional meetings	-	-	-	-	2,865	-	2,865	3,150
Repairs and maintenance	1,271	-	-	1,271	847	-	2,118	2,845
Training and development	882	-	-	882	378	-	1,260	2,598
Contract labor	-	-	-	-	-	-	-	3,500
Total	\$440,340	\$1,317,543	\$183,802	\$1,941,685	\$187,126	\$174,376	\$2,303,187	\$2,423,798

See accompanying notes.

IN NETWORK USA
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2009
(WITH COMPARATIVE TOTALS FOR 2008)

	2009	2008
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in net assets	\$ (28,734)	\$ (275,662)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	15,345	15,313
(Increase) decrease in current assets:		
Receivables	571	4,174
Prepaid expenses	3,085	(9,283)
Increase (decrease) in current liabilities:		
Accounts payable	17,328	642
Accrued payroll and related withholdings	(20,500)	12,566
Net Cash Provided (Used) By Operating Activities	(12,905)	(252,250)
 <u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Purchase of property and equipment	(1,893)	(9,220)
Net Cash Provided (Used) By Investing Activities	(1,893)	(9,220)
 <u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Payments on lease payable	-	(5,270)
Change in short-term note payable	-	(2,392)
Net Cash Provided (Used) By Financing Activities	-	(7,662)
Net change in cash and cash equivalents	(14,798)	(269,132)
Cash and cash equivalents, beginning	590,166	859,298
Cash and cash equivalents, ending	\$ 575,368	\$ 590,166

Interest of \$0 and \$50 was paid for the years ended December 31, 2009 and 2008, respectively. There were no payments of income taxes.

IN NETWORK USA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2009

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature Of Activities - IN Network USA is an interdenominational Christian evangelistic organization that is classified as an exempt religious organization by the Internal Revenue Service. The purpose of the Organization is to provide ministry and financial assistance to affiliated organizations throughout the world in order to carry on Christian missionary work through evangelism, vocational training schools, orphanages, literature distribution and disaster relief. The ministry also supports individual missionaries and Bible college students. The ministry receives contributions from individuals and churches.

Major program descriptions are as follows:

USA Ministry - To raise the profile of IN Network in the United States; arrange national ministry visits; raise financial support for ministries; liaise with prayer partners, sponsors and donors; and participate in the world-wide partnership of the Organization.

International Ministry - To support the undertaking of numerous ministries worldwide including church planting, schools, medical clinics, care for the handicapped, vocational training, orphanage care, Christian publishing and linking with other groups of similar concerns.

Income Tax Exemption - IN Network USA is a non-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

Basis of Presentation - The accompanying financial statements have been prepared on the accrual basis of accounting. The financial statements are presented in accordance with the provisions of FASB ASC 958 (formerly SFAS Nos. 116, *Accounting for Contributions Received and Contributions Made* and 117, *Financial Statements of Not-for-Profit Organization*), and the AICPA Audit and Accounting Guide for Not-for-Profit Organizations (the "Guide").

Under the provisions of FASB ASC 958 and the Guide, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization are classified and reported as follows:

Unrestricted net assets - net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or passage of time.

Permanently restricted net assets - net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. The Organization had no permanently restricted net assets at December 31, 2009.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (ie., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Cash and Cash Equivalents - The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Comparative 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 the Organization's financial statements for the year ended December 31, 2008, from which the summarized information was derived.

Uninsured cash balance - The Organization maintains cash balances at one financial institution. At times, the balances in these accounts may exceed federally insured limits. The Organization has not experienced any losses in these accounts and believe they are not exposed to any significant credit risk with respect to cash.

Compensated absences - The Organization has not accrued compensated absences since the amount is deemed to be immaterial.

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.

Property, Equipment and Depreciation - Property and equipment are stated at cost or, if donated, at the fair market value at the date of the gift. Depreciation is computed using a straight-line method over estimated useful lives of the assets. Repair and maintenance expenditures which do not extend productive life are expensed as incurred.

Advertising - All advertising costs are expensed as incurred.

Allocation of expenses - The costs of providing the various programs and supporting activities of the Organization have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the program and supporting activities.

The Organization generally allocates 15% of contributions received to the supporting activities expenditures of the USA national office. The Organization generally allocates 5% of contributions to the International Ministry Fund. Monies allocated for supporting activities may later be designated for program services by the Board of Directors. No allocation to supporting activities of the International Ministry Fund is made from contributions received which are donor-restricted for staff support.

Fundraising expenses - The Organization incurs certain costs that include elements of both administration and fundraising activities. These joint costs are allocated to the applicable activities.

DEFINED CONTRIBUTION RETIREMENT PLAN

The Organization sponsors a defined contribution pension plan covering the executive director. Contributions to the plan were \$1,000 for each of the years ended December 31, 2009 and 2008.

RELATED PARTY TRANSACTIONS

During 2009, \$1,290,693 was transferred to the Inter-National Needs Network Incorporated in Canada (New Zealand through April 2009) for disbursements to international ministries. The amount transferred in 2008 was \$1,447,612.

LEASE

The Organization had a five year non-cancelable operating lease for office space expiring the end of March 2010, with monthly payments of \$1,800. Effective August 2008, the Organization signed an updated five year non-cancelable operating lease, providing additional space for the Organization. Current monthly payments are \$3,000. The lease has a five year renewal option. Future minimum lease payments for years ending December 31 are as follows:

2010	\$ 36,000
2011	36,000
2012	36,000
2013	24,000
Total	<u>\$ 132,000</u>

Total rent expense paid during 2009 was \$36,000. Total rent expense paid during 2008 was \$27,600. Through mid-year 2008, the Organization sublet a portion of the building to other organizations. Total rental income for the year ended December 31, 2008 was \$900.

SUBSEQUENT EVENTS

Subsequent events were evaluated through August 12, 2010, which is the date the financial statements were available to be issued.

**IN NETWORK USA
SCHEDULE OF TEMPORARILY
RESTRICTED NET ASSETS
DECEMBER 31, 2009
(WITH COMPARATIVE TOTALS FOR 2008)**

	<u>2009</u>	<u>2008</u>
International ministry fund	\$ 25,873	\$ 26,623
General international	-	6,572
International ministry travel (work teams)	16,560	930
Africa		
Egypt	25,025	17,239
Ethiopia	2,188	1,853
Ghana	86,596	59,771
Kenya	9,384	20,168
Uganda	4,381	6,891
Zambia	28,379	15,199
Asia		
Bangladesh	5,550	4,135
India	1,879	8,917
India/WINN	15,242	16,873
Indonesia	400	400
Nepal	8,997	5,999
Sri Lanka	11,861	13,768
Philippines	2,477	2,844
Vietnam	1,016	-
New Zealand	14,327	15,228
Eastern Europe		
Central and Eastern European Coordinator	10,718	13,994
Czech Republic	3,252	4,724
Romania	8,248	2,805
Slovakia	4,942	4,972
Turkey	17,680	28,425
South America		
Colombia	6,066	2,906
Vision Tours	8,852	24,793
Special offering	12,029	18,840
Staff support	3,010	2,636
	<u>\$ 334,932</u>	<u>\$ 327,505</u>
Total Temporarily Restricted Net Assets		

**IN NETWORK USA
SCHEDULE OF CONTRIBUTIONS
YEAR ENDED DECEMBER 31, 2009
(WITH COMPARATIVE TOTALS FOR 2008)**

	2009	2008
International ministry fund	\$ 83,779	\$ 81,969
General international	(2,884)	5,327
International ministry travel (work teams)	105,389	90,003
Africa		
Egypt	62,752	17,546
Ethiopia	6,335	6,038
Ghana	306,615	313,255
Kenya	25,100	4,667
Morocco	34,480	41,793
Uganda	55,506	63,426
Zambia	67,651	46,409
Asia		
Bangladesh	23,786	28,629
India	15,084	19,926
India/WINN	34,800	30,034
Indonesia	4,800	4,800
Nepal	87,082	98,174
Sri Lanka	19,405	23,541
Philippines	17,884	10,343
Vietnam	16,016	18,000
New Zealand	29,093	33,088
Eastern Europe		
Central and Eastern Europe Coordinator	75,324	76,834
Czech Republic	56,100	48,588
Romania	65,706	34,668
Slovakia	80,927	90,831
Turkey	103,980	117,766
South America		
Colombia	29,644	8,606
Vision Tours	48,743	75,218
Staff support	32,018	36,549
Other restricted	600	2,350
Special offering	23,051	17,369
USA Ministry and Unrestricted	759,614	692,092
Total Contributions	\$ 2,268,380	\$ 2,137,839

IN NETWORK USA
SCHEDULE OF INTERNATIONAL MINISTRY EXPENSES
YEAR ENDED DECEMBER 31, 2009
(WITH COMPARATIVE TOTALS FOR 2008)

	<u>2009</u>	<u>2008</u>
International ministry fund	\$ 84,529	\$ 79,136
International ministry travel (work teams)	89,759	89,073
General international	3,688	4,100
Africa		
Egypt	54,966	26,070
Ethiopia	6,000	6,000
Ghana	279,790	468,642
Kenya	35,884	24,499
Morocco	34,480	41,793
Uganda	58,016	57,136
Zambia	54,471	40,772
Asia		
Bangladesh	22,371	26,084
India	22,122	26,400
India/WINN	36,431	25,243
Indonesia	4,800	4,800
Nepal	84,084	92,175
Sri Lanka	21,312	30,072
Philippines	18,251	10,799
Vietnam	15,000	18,000
New Zealand	29,994	40,279
Eastern Europe		
Central and Eastern European Coordinator	78,600	88,895
Czech Republic	57,572	52,555
Romania	60,263	79,786
Slovakia	80,957	96,781
Turkey	114,725	105,373
South America		
Colombia	26,484	5,700
Staff support	31,644	45,772
Vision Tours	64,684	57,552
Special offering	29,862	26,798
Other	600	2,350
	<u> </u>	<u> </u>
Total International Ministry Expenses	<u>\$ 1,501,339</u>	<u>\$ 1,672,635</u>