

**ANDREW WOMMACK  
MINISTRIES, INC.**

**FINANCIAL STATEMENTS**

**September 30, 2010 and 2009**

# **ANDREW WOMMACK MINISTRIES, INC.**

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## ***ACCOUNTANTS' REVIEW REPORT***

Board of Directors  
**Andrew Wommack Ministries, Inc.**  
Colorado Springs, Colorado

We have reviewed the accompanying statements of financial position of **Andrew Wommack Ministries, Inc.** (a not-for-profit organization) as of September 30, 2010 and 2009, and the related statements of activities, functional expenses and cash flows for the years then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of **Andrew Wommack Ministries, Inc.**

A review consists principally of inquiries of Organization personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with U.S. generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with U.S. generally accepted accounting principles.

***Erickson, Brown & Kloster, P.C.***

Colorado Springs, Colorado  
January 26, 2011

**ANDREW WOMMACK MINISTRIES, INC.**  
**Statements of Financial Position**  
**September 30, 2010 and 2009**

	2010	2009
<b>Assets</b>		
Cash	\$ 2,742,376	\$ 2,916,310
Investments	758,157	31,785
Accounts receivable	78,942	55,171
Inventory	189,235	221,709
Prepaid expenses	22,790	6,850
Cash restricted for capital improvements	1,419,644	206,924
Property and equipment, net	11,940,687	11,480,226
Debt issuance costs, net	10,420	13,107
	\$ 17,162,251	\$ 14,932,082
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 728,140	\$ 635,293
Accrued expenses	292,995	204,033
Deferred revenue	101,292	102,335
Notes payable	5,121,564	5,439,497
	6,243,991	6,381,158
<b>Net assets:</b>		
Unrestricted net assets	8,990,579	7,791,304
Temporarily restricted net assets	1,927,681	759,620
	10,918,260	8,550,924
	\$ 17,162,251	\$ 14,932,082

The accompanying notes and accountants' review report  
should be read with these financial statements.

**ANDREW WOMMACK MINISTRIES, INC.**  
**Statements of Activities**  
**Years ended September 30, 2010 and 2009**

	2010			2009		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Support and revenue:</b>						
Offerings	\$ 17,359,824	\$ 1,225,430	\$ 18,585,254	\$ 16,055,217	\$ 344,932	\$ 16,400,149
Meetings and conferences offerings	668,097	-	668,097	726,822	-	726,822
Product offerings	387,051	-	387,051	350,348	-	350,348
Bible colleges	2,470,901	-	2,470,901	1,648,770	-	1,648,770
Other revenue	107,292	-	107,292	73,763	-	73,763
Investment income	56,979	-	56,979	60,618	-	60,618
Net assets released from restrictions	57,369	(57,369)	-	32,846	(32,846)	-
<b>Total support and revenue</b>	<b>21,107,513</b>	<b>1,168,061</b>	<b>22,275,574</b>	<b>18,948,384</b>	<b>312,086</b>	<b>19,260,470</b>
<b>Expenses:</b>						
<b>Program:</b>						
Teaching ministry	14,891,923	-	14,891,923	12,839,197	-	12,839,197
Bible colleges	2,573,573	-	2,573,573	1,847,937	-	1,847,937
<b>Total program</b>	<b>17,465,496</b>	<b>-</b>	<b>17,465,496</b>	<b>14,687,134</b>	<b>-</b>	<b>14,687,134</b>
General and administrative	859,000	-	859,000	802,631	-	802,631
Fundraising	1,583,742	-	1,583,742	1,420,024	-	1,420,024
<b>Total expenses</b>	<b>19,908,238</b>	<b>-</b>	<b>19,908,238</b>	<b>16,909,789</b>	<b>-</b>	<b>16,909,789</b>
<b>Change in net assets</b>	<b>1,199,275</b>	<b>1,168,061</b>	<b>2,367,336</b>	<b>2,038,595</b>	<b>312,086</b>	<b>2,350,681</b>
<b>Net assets, beginning of year</b>	<b>7,791,304</b>	<b>759,620</b>	<b>8,550,924</b>	<b>5,752,709</b>	<b>447,534</b>	<b>6,200,243</b>
<b>Net assets, end of year</b>	<b>\$ 8,990,579</b>	<b>\$ 1,927,681</b>	<b>\$ 10,918,260</b>	<b>\$ 7,791,304</b>	<b>\$ 759,620</b>	<b>\$ 8,550,924</b>

The accompanying notes and accountants' review report  
should be read with these financial statements.

**ANDREW WOMMACK MINISTRIES, INC.**  
**Statement of Functional Expenses**  
**Year ended September 30, 2010**

	Program Services			Supporting Services		Total Functional Expenses
	Teaching Ministry	Bible Colleges	Total Program Services	General and Administrative	Fundraising	
Salaries and wages	\$ 3,373,005	\$ 900,430	\$ 4,273,435	\$ 637,885	\$ 307,228	\$ 5,218,548
Employee benefits	166,439	112,065	278,504	22,131	34,143	334,778
Payroll taxes	241,933	64,584	306,517	45,753	22,037	374,307
<b>Total salaries and related expenses</b>	3,781,377	1,077,079	4,858,456	705,769	363,408	5,927,633
Professional fees	80,761	21,560	102,321	15,273	7,356	124,950
Supplies	368,584	168,906	537,490	3,468	70,771	611,729
Telephone	38,207	14,544	52,751	7,225	3,480	63,456
Postage and shipping	733,554	60,341	793,895	6,903	140,848	941,646
Occupancy	77,408	79,155	156,563	9,107	4,553	170,223
Equipment rental and maintenance	105,268	74,761	180,029	12,385	6,192	198,606
Printing and publications	569,673	17,056	586,729	-	158,800	745,529
Travel	197,558	336,051	533,609	850	4,629	539,088
Interest	251,928	12,441	264,369	31,102	15,551	311,022
Broadcast air time	6,410,812	-	6,410,812	-	641,825	7,052,637
Cost of multi-media materials	764,481	201,722	966,203	-	-	966,203
Auto expense	18,520	-	18,520	2,179	1,090	21,789
Honorariums	77,064	103,364	180,428	-	-	180,428
Meeting rooms	178,435	31,559	209,994	-	-	209,994
Public relations	58,186	19,072	77,258	-	-	77,258
Consulting	68	-	68	-	-	68
Contributions	657,404	-	657,404	-	-	657,404
Dues, fees and subscriptions	81,680	57,698	139,378	11,669	140,023	291,070
Education	355	-	355	-	-	355
Insurance	15,928	13,998	29,926	1,874	937	32,737
Employee morale	19,426	6,750	26,176	3,674	1,769	31,619
Mission outreach	-	252,562	252,562	-	-	252,562
<b>Total expenses before depreciation and amortization</b>	14,486,677	2,548,619	17,035,296	811,478	1,561,232	19,408,006
Depreciation and amortization	405,246	24,954	430,200	47,522	22,510	500,232
<b>Total expenses</b>	<b>\$ 14,891,923</b>	<b>\$ 2,573,573</b>	<b>\$ 17,465,496</b>	<b>\$ 859,000</b>	<b>\$ 1,583,742</b>	<b>\$ 19,908,238</b>

The accompanying notes and accountants' review report should be read with these financial statements.

**ANDREW WOMMACK MINISTRIES, INC.**  
**Statement of Functional Expenses**  
**Year ended September 30, 2009**

	Program Services			Supporting Services		Total Functional Expenses
	Teaching Ministry	Bible Colleges	Total Program Services	General and Administrative	Fundraising	
Salaries and wages	\$ 2,859,026	\$ 663,193	\$ 3,522,219	\$ 604,551	\$ 181,675	\$ 4,308,445
Employee benefits	156,544	131,026	287,570	22,202	31,612	341,384
Payroll taxes	205,309	47,624	252,933	43,413	13,046	309,392
<b>Total salaries and related expenses</b>	3,220,879	841,843	4,062,722	670,166	226,333	4,959,221
Professional fees	70,340	16,316	86,656	14,874	4,470	106,000
Supplies	331,785	152,098	483,883	1,215	67,150	552,248
Bad debt	-	200	200	-	-	200
Telephone	29,912	10,800	40,712	6,325	1,900	48,937
Postage and shipping	690,961	39,967	730,928	2,531	139,844	873,303
Occupancy	105,681	65,058	170,739	12,433	6,217	189,389
Equipment rental and maintenance	105,443	15,918	121,361	12,405	6,203	139,969
Printing and publications	601,801	22,722	624,523	-	209,057	833,580
Travel	125,979	214,664	340,643	8,951	4,379	353,973
Interest	110,110	5,438	115,548	13,594	6,797	135,939
Broadcast air time	5,559,314	-	5,559,314	-	607,637	6,166,951
Cost of multi-media materials	657,282	150,879	808,161	-	-	808,161
Auto expense	26,507	-	26,507	3,119	1,559	31,185
Honorariums	74,696	68,593	143,289	-	-	143,289
Meeting rooms	170,577	28,286	198,863	-	-	198,863
Public relations	19,551	9,640	29,191	-	-	29,191
Consulting	3,287	-	3,287	-	-	3,287
Contributions	478,191	-	478,191	-	-	478,191
Dues, fees and subscriptions	67,374	9,034	76,408	9,625	115,498	201,531
Education	235	-	235	-	-	235
Insurance	15,587	16,691	32,278	1,834	917	35,029
Employee morale	16,993	3,143	20,136	3,593	1,080	24,809
Mission outreach	-	157,986	157,986	-	-	157,986
<b>Total expenses before depreciation and amortization</b>	12,482,485	1,829,276	14,311,761	760,665	1,399,041	16,471,467
Depreciation and amortization	356,712	18,661	375,373	41,966	20,983	438,322
<b>Total expenses</b>	<b>\$ 12,839,197</b>	<b>\$ 1,847,937</b>	<b>\$ 14,687,134</b>	<b>\$ 802,631</b>	<b>\$ 1,420,024</b>	<b>\$ 16,909,789</b>

The accompanying notes and accountants' review report should be read with these financial statements.

**ANDREW WOMMACK MINISTRIES, INC.**  
**Statements of Cash Flows**  
**Years ended September 30, 2010 and 2009**

	2010	2009
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 2,367,336	\$ 2,350,681
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	497,545	431,268
Amortization	2,687	7,054
Loss on disposition of property and equipment	392	10,444
Noncash contributions of investments	(123,559)	-
Net realized and unrealized (gains) losses on investments	3,362	(526)
Decrease (increase) in assets:		
Accounts receivable	(23,771)	(7,206)
Inventory	32,474	25,783
Prepaid expenses	(15,940)	(2,348)
Increase (decrease) in liabilities:		
Accounts payable	92,847	71,045
Accrued expenses	88,962	(1,051)
Deferred revenue	(1,043)	36,197
<b>Net cash provided by operating activities</b>	<b>2,921,292</b>	<b>2,921,341</b>
<b>Cash flows from investing activities:</b>		
Purchases of investments	(655,722)	(646)
Proceeds from sale of investments	49,547	-
Purchases of property and equipment	(958,398)	(1,651,868)
Decrease (increase) in cash restricted for capital improvements	(1,212,720)	28,352
<b>Net cash used in investing activities</b>	<b>(2,777,293)</b>	<b>(1,624,162)</b>
<b>Cash flows from financing activities:</b>		
Principal payments on notes payable	(317,933)	(224,133)
Payment of debt issuance costs	-	(13,107)
<b>Net cash used in financing activities</b>	<b>(317,933)</b>	<b>(237,240)</b>
<b>Net increase (decrease) in cash</b>	(173,934)	1,059,939
<b>Cash, beginning of year</b>	2,916,310	1,856,371
<b>Cash, end of year</b>	<b>\$ 2,742,376</b>	<b>\$ 2,916,310</b>

The accompanying notes and accountants' review report should be read with these financial statements.



# **ANDREW WOMMACK MINISTRIES, INC.**

## ***Notes to Financial Statements***

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### ***Nature of activities***

The vision of **Andrew Wommack Ministries, Inc.** (AWMI) is to take the life-changing truths that the Lord has shown Andrew Wommack to people around the world. This is done through radio, television, audio and video tapes, compact discs, books, the Internet, conferences, and personal speaking engagements. Substantially all the revenue is generated through these activities by Andrew Wommack. AWMI is based in Colorado Springs, Colorado, but ministers to people around the world. AWMI also has bible colleges which are a unique blend of the teaching of God's word and practical on-the-job ministry training. The bible colleges are located in Colorado, Florida, Illinois, Georgia, Missouri, Texas, Indiana, Massachusetts and Arizona. In addition, AWMI operates an online bible college. AWMI supports bible colleges in Russia, Belize, Uganda and India through its world outreach activities.

#### ***Basis of accounting***

The accounts of AWMI are maintained, and the financial statements are prepared, on the accrual basis of accounting. Accordingly, revenues are recognized when earned, and expenses are recognized when incurred.

#### ***Basis of presentation***

Under U.S. generally accepted accounting principles (GAAP), AWMI is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

#### ***Use of estimates***

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

#### ***Cash and cash equivalents***

For purposes of the statements of cash flows, AWMI considers all undesignated and unrestricted highly liquid investments with an original maturity of three months or less to be cash equivalents.

#### ***Accounts receivable***

Accounts receivable are recorded at the amount AWMI expects to collect on balances outstanding at year-end. AWMI closely monitors outstanding balances and considers accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts is required.

## 1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### ***Investments***

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for discussion of fair value measurements. Unrealized gains and losses are included in the change in net assets.

Investment income and gains restricted by the donor are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the income and gains are recognized.

### ***Inventory***

Inventory is recorded at the lower of cost or market, using the specific identification method, and consists of a variety of multi-media Christian outreach materials.

### ***Property and equipment***

Property and equipment is stated at cost or, if donated, at the estimated fair value at the date of donation. Depreciation is provided using the straight-line method over the following estimated useful lives:

Buildings and improvements	40 Years
Furniture and equipment	5 - 10 Years
Vehicles	5 Years

AWMI's policy is to capitalize acquisitions of property and equipment costing in excess of \$2,000 and having a useful life exceeding one year.

### ***Debt issuance costs***

Debt issuance costs are shown net of accumulated amortization which is calculated using the straight line method over five years.

### ***Contributions***

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted assets, depending on the existence and/or nature of any donor restrictions. Contributions which are restricted by the donor are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Donated assets are recorded at their fair market value on the date of donation.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### ***Contributed services***

Many individuals volunteer their time and perform a variety of tasks that assist AWMI; however, these services are not reflected in the financial statements since they do not meet the criteria for recognition as contributed services.

### ***Bible colleges revenue***

Revenue from student tuition is reported in the year when substantially earned. The prepaid portion of tuition which is to be recognized in future periods is reflected as deferred revenue on the statements of financial position.

### ***Expense allocation***

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

### ***Income taxes***

AWMI is a not-for-profit organization exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). In addition, AWMI qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

As of October 1, 2009, AMWI adopted the provisions of accounting for uncertainty in income taxes as required under GAAP. AMWI has evaluated all of its outstanding tax positions as of September 30, 2010 and determined that they meet the more-likely-than-not recognition threshold. Accordingly, AMWI has not recorded a liability, cumulative-effect adjustment or income tax expense for any unrecognized tax benefits in the accompanying financial statements.

## 2. INVESTMENTS

Investments consist of the following:

	2010	2009
Cash and cash equivalents	\$ 1,605	\$ 1,270
Certificate of deposit	655,322	-
Mutual funds	2,915	2,769
Stock	47,067	27,746
Gold coins	51,248	-
	<u>\$ 758,157</u>	<u>\$ 31,785</u>

Investment income consists of the following:

	2010	2009
Interest and dividends	\$ 60,341	\$ 60,092
Realized and unrealized gains (losses)	(3,362)	526
	<u>\$ 56,979</u>	<u>\$ 60,618</u>

### 3. FAIR VALUE MEASUREMENTS

*Financial Accounting Standards Board: Accounting Standards Codification (FASB ASC) 820, Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

- |         |  |
|---------|--|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that AMWI has the ability to access.  |
| Level 2 | Inputs to the valuation methodology include <ul style="list-style-type: none"><li>• quoted prices for similar assets or liabilities in active markets;</li><li>• quoted prices for identical or similar assets or liabilities in inactive markets;</li><li>• inputs other than quoted prices that are observable for the asset or liability;</li><li>• inputs derived principally from or corroborated by observable market data by correlation or other means.</li></ul> <p>If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.</p> |
| Level 3 | Inputs to the valuation methodology are unobservable and significant to the fair value measurement.  |

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2010 and 2009.

*Certificate of deposit:* Valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer.

*Mutual funds:* Valued at the net asset value (NAV) of shares held by AWMI at year end.

*Stocks:* Valued at the closing price reported in the active market in which the individual security is traded.

*Gold coins:* Valued at the closing price reported in the active market in which gold is traded.

### 3. FAIR VALUE MEASUREMENTS (continued)

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although AWMI believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, AWMI's assets at fair value as of September 30, 2010 and 2009:

	Fair Value Measurements Using:		
	Level 1	Level 2	Total
<b>September 30, 2010</b>			
Certificate of deposit	\$ -	\$ 655,322	\$ 655,322
Mutual funds	2,915	-	2,915
Stocks	47,067	-	47,067
Gold coins	51,248	-	51,248
Total assets at fair value	<u>\$ 101,230</u>	<u>\$ 655,322</u>	<u>\$ 756,552</u>
<b>September 30, 2009</b>			
Mutual funds	\$ 2,769	\$ -	\$ 2,769
Stocks	27,746	-	27,746
Total assets at fair value	<u>\$ 30,515</u>	<u>\$ -</u>	<u>\$ 30,515</u>

### 4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	2010	2009
Land	\$ 3,447,000	\$ 3,447,000
Buildings and improvements	8,376,160	8,206,941
Furniture and equipment	1,837,951	1,719,990
Vehicles	153,481	35,551
Construction in progress	534,994	-
	<u>14,349,586</u>	<u>13,409,482</u>
Less accumulated depreciation	<u>2,408,899</u>	<u>1,929,256</u>
	<u>\$11,940,687</u>	<u>\$11,480,226</u>

In 2010, AWMI began a capital campaign to raise funds for the construction of a new larger bible college in Woodland Park, Colorado. The construction in progress account consists primarily of engineering and architecture costs incurred for the new bible college.

## 5. NOTES PAYABLE

Notes payable consist of the following:

	<u>2010</u>	<u>2009</u>
Note payable to a financial institution, payable in 59 consecutive monthly installments of \$14,017, including interest at 5.5% with a balloon payment of accrued interest and unpaid principal due on August 1, 2014. The note is secured by all real and personal property of AWMI.	\$ 2,203,331	\$ 2,439,497
Note payable to a financial institution, payable in initial 60 monthly installments of \$21,204 consisting of principal and fixed interest rate of 5.75%, followed by 180 monthly payments of \$21,204 consisting of principal and variable interest based on the Wall Street Journal Prime rate (but at no less than a minimum rate of 5.75%). All unpaid principal and accrued interest due September 21, 2029. The note is secured by all current and future real and personal property owned by AWMI.	<u>2,918,233</u>	<u>3,000,000</u>
	<u>\$ 5,121,564</u>	<u>\$ 5,439,497</u>

The following schedule outlines principal amounts due on the notes:

2011	\$ 134,865
2012	141,983
2013	151,100
2014	2,153,780
2015	109,290
Thereafter	<u>2,430,546</u>
	<u>\$ 5,121,564</u>

Interest expense was \$311,022 and \$135,939, for the years ended September 30, 2010 and 2009, respectively.

## 6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are restricted for the following purposes:

	<u>2010</u>	<u>2009</u>
Capital improvements	\$ 1,419,644	\$ 206,924
Programs	<u>508,037</u>	<u>552,696</u>
	<u>\$ 1,927,681</u>	<u>\$ 759,620</u>

## 6. TEMPORARILY RESTRICTED NET ASSETS (continued)

Temporarily restricted net assets released from restrictions during the year were comprised of the following:

	2010	2009
Capital improvements	\$ -	\$ 28,352
Programs	57,369	4,494
	<u>\$ 57,369</u>	<u>\$ 32,846</u>

## 7. LEASES

AWMI leases classroom space, office equipment and vehicles under operating leases. The following is a schedule by years of future minimum rental payments required under these leases as of September 30, 2010:

2011	\$ 274,190
2012	189,912
2013	94,698
2014	10,769
	<u>\$ 569,569</u>

Total rent expense under operating leases was approximately \$216,000 and \$136,000, for the years ended September 30, 2010 and 2009, respectively.

## 8. JOINT COSTS

AWMI has allocated joint costs (for broadcasting and informational materials that include fundraising appeals) among program, general and administrative and fundraising as follows:

	Program	General and Administrative	Fundraising	Total
<b>September 30, 2010</b>				
Broadcast air time	\$6,410,812	\$ -	\$ 641,825	\$7,052,637
Printing and publications	586,729	-	158,800	745,529
Postage and shipping	793,895	6,903	140,848	941,646
	<u>\$7,791,436</u>	<u>\$ 6,903</u>	<u>\$ 941,473</u>	<u>\$8,739,812</u>
<b>September 30, 2009</b>				
Broadcast air time	\$5,559,314	\$ -	\$ 607,637	\$6,166,951
Printing and publications	624,523	-	209,057	833,580
Postage and shipping	730,928	2,531	139,844	873,303
	<u>\$6,914,765</u>	<u>\$ 2,531</u>	<u>\$ 956,538</u>	<u>\$7,873,834</u>

## 9. RETIREMENT PLAN

AWMI sponsors a 403(b) retirement plan covering eligible employees which allows participants to make elective salary deferral contributions. Participant contributions vest immediately. AWMI did not make any contributions to the 403(b) retirement plan during the years ended September 30, 2010 and 2009.

## 10. CONCENTRATION OF CREDIT RISK

AWMI maintains bank deposit accounts at a credit union. The National Credit Union Association (NCUA) insures up to \$250,000 of deposits at any one credit union. At times, AWMI balances may exceed the NCUA insurance limits. Cash exceeding NCUA insured limits totaled \$4,588,420 at September 30, 2010. In addition, AWMI also maintains a cash account and a certificate of deposit at a financial institution. The Federal Deposit Insurance Corporation (FDIC) insures up to \$250,000 of deposits at any one financial institution. AWMI's deposit balance exceeding the FDIC insured limits totaled \$401,347 at September 30, 2010. AWMI has not experienced any losses in its accounts and believes it is not exposed to any significant credit risk on cash.

## 11. CASH FLOW STATEMENT DISCLOSURES

### *Supplemental disclosures of cash flow information:*

Cash paid during the year for:

	<u>2010</u>	<u>2009</u>
Interest (none capitalized)	<u>\$ 300,970</u>	<u>\$ 148,861</u>
Income taxes	<u>\$ -</u>	<u>\$ -</u>

### *Supplemental schedule of noncash investing and financing activities:*

In 2010, noncash contributions of investments totaled \$123,559.

The following information relates to the acquisition of land and buildings though the assumption of long-term debt during the year ended September 30, 2009:

Cost of land and buildings	\$ 4,000,000
Note payable	<u>(3,000,000)</u>
Cash down payment for land and buildings	<u>\$ 1,000,000</u>

Refinancing of a note payable:

In August 2009, a note payable obligation of \$2,467,537 was incurred when AWMI refinanced an existing note payable obligation of \$2,467,537.

## 12. COMMITMENTS AND CONTINGENCIES

AWMI has radio and television airtime contracts extending through the next fiscal year. These contracts may be terminated with a four week notification. The average monthly cost of these contracts is approximately \$660,000.

## 13. SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 26, 2011, the date which the financial statements were available for issue. There were no subsequent events that provided evidence about conditions that did not exist as of September 30, 2010 that required disclosure in the notes in order to keep the financial statements from being misleading. There were no material subsequent events that existed as of September 30, 2010 that were not reflected in the accompanying financial statements.