VENTURE EXPEDITIONS

Burnsville, Minnesota

Financial Statements

Years Ended December 31, 2013 and 2012

VENTURE EXPEDITIONS

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BOULAY

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Venture Expeditions
Burnsville, Minnesota

We have audited the accompanying financial statements of Venture Expeditions (a nonprofit organization), which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Venture Expeditions as of December 31, 2013 and 2012, 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.

Boulay PLLP

Certified Public Accountants

Minneapolis, Minnesota
May 30, 2014

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Statements of Financial Position

ASSETS	December 31 2013	December 31 2012
Current Assets		
Cash	$ 346,721	$ 158,410
Total current assets	346,721	158,410
Furniture and Equipment		
Vehicles	38,770	38,770
Furniture and equipment	15,355	15,355
Computers	12,073	12,073
Totals	66,198	66,198
Less accumulated depreciation	44,386	36,763
Net furniture and equipment	21,812	29,435
Total assets	$ 368,533	$ 187,845

LIABILITIES AND NET ASSETS	2013	2012
Current Liabilities		
Accounts payable	$ 18,434	$ 16,252
Accrued compensation	22,967	20,521
Grants payable	75,512	37,221
Total current liabilities	116,913	73,994
Commitments		
Net Assets		
Unrestricted	94,246	13,213
Temporarily restricted	157,374	100,638
Total net assets	251,620	113,851
Total liabilities and net assets	$ 368,533	$ 187,845

Notes to Financial Statements are an integral part of this Statement.

VENTURE EXPEDITIONS

Statements of Activities

Year Ended December 31, 2013

	Unrestricted	Temporarily Restricted	Total
Revenue and Support			
Contributions	$ 486,763	$ 739,419	**$ 1,226,182**
Special events (net of costs of direct benefits to donors of $16,661)	19,168	-	**19,168**
Gifts-in-kind	6,080	340,960	**347,040**
Net assets released from restrictions	1,023,643	(1,023,643)	**-**
Total revenue and support	1,535,654	56,736	**1,592,390**
Expenses			
Program services:			
Missions and missionary programs	733,604	-	**733,604**
Expeditions	579,462	-	**579,462**
Supporting services:			
General and administrative	141,555	-	**141,555**
Total expenses	1,454,621	-	**1,454,621**
Change in Net Assets	81,033	56,736	**137,769**
Net Assets - Beginning of Year	13,213	100,638	**113,851**
Net Assets - End of Year	$ 94,246	$ 157,374	**$ 251,620**

Notes to Financial Statements are an integral part of this Statement.

VENTURE EXPEDITIONS

Statements of Activities

Year Ended December 31, 2012

	Unrestricted	Temporarily Restricted	Total
Revenue and Support			
Contributions	$ 270,970	$ 715,564	**$ 986,534**
Gifts-in-kind	480	73,145	**73,625**
Net assets released from restrictions	783,808	(783,808)	**-**
Total revenue and support	1,055,258	4,901	**1,060,159**
Expenses			
Program services:			
Missions and missionary programs	419,390	-	**419,390**
Expeditions	483,636	-	**483,636**
Supporting services:			
General and administrative	133,947	-	**133,947**
Total expenses	1,036,973	-	**1,036,973**
Change in Net Assets	18,285	4,901	**23,186**
Net Assets - Beginning of Year	(5,072)	95,737	**90,665**
Net Assets - End of Year	$ 13,213	$ 100,638	**$ 113,851**

Notes to Financial Statements are an integral part of this Statement.

VENTURE EXPEDITIONS

Statements of Cash Flows

Years Ended December 31,	2013	2012
Cash Flows from Operating Activities		
Change in net assets	$ 137,769	$ 23,186
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	7,623	8,127
Change in assets and liabilities		
Accounts payable	2,182	14,215
Accrued compensation	2,446	7,238
Grants payable	38,291	4,446
Net cash from operating activities	188,311	57,212
Cash Flows from Investing Activities		
Purchase of furniture and equipment	-	(4,168)
Net cash used for investing activities	-	(4,168)
Net Increase in Cash	188,311	53,044
Cash – Beginning of Year	158,410	105,366
Cash – End of Year	$ 346,721	$ 158,410

Notes to Financial Statements are an integral part of this Statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Venture Expeditions (the Organization) is a nonprofit corporation organized under the laws of the State of Minnesota. The Organization's stated mission is "To empower people to benefit the world and discover their souls through adventure-driven humanitarian efforts." The Organization fosters a community of people who actively respond to the Gospel through a physical sacrifice, in community, with Christ, for Biblical Justice. The Organization accomplishes its mission by using endurance challenges and physical sacrifice to raise funds to help get clean water to Africa, fight human trafficking in Asia, help refugees in Burma and raise awareness for other causes. Physical challenges, including biking across continents, running across states, eating rice and beans for a week or climbing five mountains in five days, have raised financial support and reoriented the lives of participants around Christ's mission to the poor and vulnerable. In addition, the Organization sends and supports well prepared missionaries to focus areas, providing opportunities for people to give financial support to missionaries, nationals and projects. The Organization was founded in 1992 and was formerly named AFC Global. In 2008, the Organization's name was changed to Venture Expeditions. The Organization may also conduct activities under AFC Global as it filed the name with the State of Minnesota as an assumed name.

Accounting Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the reported support, revenues and expenses. Actual results could differ from those estimates.

Significant management estimates include the estimate of the fair value of gifts in kind and the allocation of expenses between program services and supporting services. It is at least reasonably possible that these estimates could change in the near term.

Basis of Presentation

The Organization presents its financial statements on the accrual basis of accounting. The Organization reports its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, based on the existence or absence of donor-imposed restrictions. The Organization has no permanently restricted net assets as of December 31, 2013 and 2012.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes.

When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Cash

The Organization maintains its accounts primarily at one financial institution. At times throughout the year, the Organization's cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation.

Long-Lived Assets

Furniture and equipment are stated at cost. Maintenance and repairs are expensed as incurred. Major improvements and betterments are capitalized. Depreciation is provided over estimated useful lives by use of the straight line method. Estimated useful lives for furniture and equipment are as follows:

	Estimated Useful Life
Computers	5 years
Furniture and equipment	7 - 10 years
Vehicles	5 years

Long-lived assets, such as furniture and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset be tested for possible impairment, the Organization first compares undiscounted cash flows expected to be generated by an asset to the carrying value of the asset. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including, but not limited to, discounted cash flow models, quoted market values and third-party independent appraisals.

Income Taxes

The Organization is a nonprofit entity and, therefore, is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state statutes. Due to its exempt status, the Organization does not have any significant tax uncertainties that would require disclosure. Management of the Organization believes it is no longer subject to tax examinations for the years prior to 2010.

Basis of Allocating Functional Expenses

The costs of providing various program services and supporting activities of the Organization have been summarized on the functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program services and supporting activities.

Fair Value

The Organization's accounting for fair value measurements of assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring or nonrecurring basis adhere to the Financial Accounting Standards Board (FASB) 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 measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability
- Level 3 inputs are unobservable inputs for the asset or liability

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Subsequent Events

The Organization has evaluated subsequent events through May 30, 2014, the date which the financial statements were available to be issued.

2. NET ASSETS

Temporarily restricted net assets are available for the following purposes at December 31:

	2013	2012
Expeditions	**$ 11,759**	$ 3,417
Missions and Missionary programs	**145,615**	97,221
Totals	**$ 157,374**	$ 100,638

Temporarily restricted net assets were released from restrictions as follows for 2013 and 2012, as a result of incurring the expenses satisfying their restricted purpose:

	2013	2012
Expeditions	**$ 317,506**	$ 481,530
Missions and Missionary programs	**706,137**	302,278
Totals	**$ 1,023,643**	$ 783,808

3. GIFTS-IN-KIND

Donated services are recognized as contributions in accordance with accounting principles generally accepted in the United States of America if the services require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization has estimated the approximate fair value of professional services provided at no charge by two related parties (Note 5) to be $3,000 and $480 for 2013 and 2012, respectively. In addition, the Organization has estimated the approximate fair value of professional services provided at no charge by two unrelated parties to be $3,080 for 2013.The approximate fair value of professional services is included in gifts-in-kind contributions and expenses in the statement of activities.

The Organization receives a significant amount of donated services from unpaid volunteers who assist in various activities and which do not meet the criteria above. No amounts have been recognized in the statement of activities because these services do not qualify for recognition under accounting principles generally accepted in the United States of America.

The Organization purchases airfare from related corporations as described in Note 5. These related corporations contribute airfare commissions and other airfare costs to the Organization. The Organization has estimated the approximate fair value of these amounts to be $32,000 and $13,270 for 2013 and 2012, respectively, which is included in gifts-in-kind contributions and expenses in the statement of activities.

The Organization also receives food donations for its missions programs and expeditions. The Organization has estimated the approximate fair value of these donations to be $308,960 and $59,875 for 2013 and 2012, respectively. The approximate fair value of food donations is included in gifts-in-kind contributions and expenses in the statement of activities.

4. GRANTS PAYABLE

Grants which were authorized but unpaid at year-end are reported as liabilities. Grants to be paid in more than one year are discounted to their present value. Grants payable are $75,512 and $37,221 at December 31, 2013 and 2012, respectively, and are payable in 2014 and 2013, respectively.

5. TRANSACTIONS WITH RELATED PARTIES

The Organization is related to three other corporations under common management control. The existence of that control could result in financial position and changes in net assets of the Organization that are significantly different from those that would have been obtained if the entities were autonomous.

The Organization received contributions (exclusive of gifts-in-kind) totaling $219,057 and $145,375 from two of the corporations during 2013 and 2012, respectively. In addition as described in Note 3, the Organization received donations of services and airfare costs from the three corporations. The Organization was indebted to one of the corporations for accounts payable of approximately $900 and $4,900 at December 31, 2013 and 2012, respectively. The Organization has reimbursed the three corporations for the following during the year ended December 31:

	2013	2012
Airfare	**$ 11,599**	$ 16,316
Health insurance	**35,836**	29,372
Postage and delivery	**3,297**	783
Office supplies	**2,591**	2,186
Rent	**14,669**	15,165
Other expenses	**10,224**	7,987
Totals	**$ 78,216**	$ 71,809

The Organization subleases office space from one of the related corporations. The terms of this sublease require the Organization to pay minimum rents of $1,000 per month plus certain common area maintenance costs. The sublease expires November 2014. Rent expense, which includes costs of common area maintenance, was $14,669 and $15,165 in 2013 and 2012, respectively.

At December 31, 2013, the Organization had the following minimum commitments (exclusive of payments for common maintenance, real estate taxes and utilities) for payments under the sublease with the related corporation:

	Operating Leases
2014	11,000
Total minimum lease commitments	$ 11,000

6. CONCENTRATIONS

The Organization has received contributions and gifts-in-kind from two corporations under common control with the Organization that comprised 14.0% and 15.2% of the Organization's support and revenue in 2013 and 2012, respectively, as discussed in Notes 3 and 5.

The Organization maintains one vehicle in a foreign country located in Southeast Asia. The vehicle has a net book value of approximately $4,800 and $6,600 at December 31, 2013 and 2012, respectively.