

statement of activities and changes in net assets

Year ended December 31, 2000 with summarized information for 1999

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2000	Total 1999
Public support and revenue					
<i>Public support</i>					
Contributions	\$6,089,831	\$36,701	-	\$6,126,532	\$6,006,815
Income from outside trusts	139,987	-	-	139,987	166,020
Legacies and bequests	1,500,427	-	-	1,500,427	986,497
Total public support	<u>7,730,245</u>	<u>36,701</u>	<u>-</u>	<u>7,766,946</u>	<u>7,159,332</u>
<i>Revenue</i>					
Investment income, net of expenses	87,351	-	-	87,351	147,745
Realized gain (loss) on investment transactions	4,952	-	-	4,952	75,001
Other	8,102	-	-	8,102	7,676
Total revenue	<u>100,405</u>	<u>-</u>	<u>-</u>	<u>100,405</u>	<u>230,422</u>
Total support and revenue	<u>7,830,650</u>	<u>36,701</u>	<u>-</u>	<u>7,867,351</u>	<u>7,389,754</u>
Expenses					
<i>Program services</i>					
Bringing cure, care, to those with leprosy and disabilities					
Rehabilitation	1,518,203	-	-	1,518,203	1,295,311
Finding and Curing Patients	1,011,939	-	-	1,011,939	1,115,829
Training of Professionals	1,224,909	-	-	1,224,909	1,264,699
	<u>3,755,051</u>	<u>-</u>	<u>-</u>	<u>3,755,051</u>	<u>3,675,839</u>
Patient Education and Research					
Patient Education	475,892	-	-	475,892	645,369
Research	292,043	-	-	292,043	151,426
	<u>767,935</u>	<u>-</u>	<u>-</u>	<u>767,935</u>	<u>796,795</u>
Total program services	<u>4,522,986</u>	<u>-</u>	<u>-</u>	<u>4,522,986</u>	<u>4,472,634</u>
<i>Supporting services</i>					
Fund-raising	2,045,041	-	-	2,045,041	1,978,427
Management and general	566,905	-	-	566,905	534,491
Total supporting services	<u>2,611,946</u>	<u>-</u>	<u>-</u>	<u>2,611,946</u>	<u>2,512,918</u>
Total expenses	<u>7,134,932</u>	<u>-</u>	<u>-</u>	<u>7,134,932</u>	<u>6,985,552</u>
Other changes in net assets					
Actuarial gain on annuity and uni-trust obligations	-	184,452	-	184,452	4,153
Net unrealized gains (losses) on long-term investments	(408,011)	(60,126)	-	(468,137)	493,232
Change in beneficial interest in perpetual trusts	-	-	(346,318)	(346,318)	619,671
Total other changes	<u>(408,011)</u>	<u>124,326</u>	<u>(346,318)</u>	<u>(630,003)</u>	<u>1,117,056</u>
Changes in net assets	<u>287,707</u>	<u>161,027</u>	<u>(346,318)</u>	<u>102,416</u>	<u>1,521,258</u>
Net assets					
Beginning of year	7,353,781	620,461	5,394,743	13,368,985	11,847,727
End of year	<u>\$7,641,488</u>	<u>\$781,488</u>	<u>\$5,048,425</u>	<u>\$13,471,401</u>	<u>\$13,368,985</u>

See notes to financial statements.



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statement of cash flow

Years ended December 31, 2000 and 1999

	2000	1999
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash flows from operating activities		
Cash received from contributors	\$7,117,517	\$8,550,590
Interest and dividends received	175,389	261,846
Grants paid	(3,646,035)	(3,720,654)
Cash paid for other expenditures	(3,397,356)	(3,070,541)
Net cash provided by operating activities	249,515	2,021,241
Cash flows from investing activities		
Purchase of equipment	(198,522)	(84,126)
Purchase of investments	(873,221)	(3,749,872)
Proceeds from sale of real estate held for investment, net	-	585,000
Proceeds from sale of investments	818,327	1,651,551
Proceeds from mortgages receivable	1,603	2,456
Net cash used for investing activities	(251,813)	(1,594,991)
Cash flows from financing activities		
Payments made to annuitants	(94,203)	(94,733)
Payments made under trust agreements	(101,718)	(79,811)
Payments made on capital lease	(15,739)	(14,571)
Proceeds from contributions restricted for: Investment subject to annuity agreement	83,000	60,500
Net cash used for financing activities	(128,660)	(128,615)
Net increase (decrease) in cash and cash equivalents	(130,958)	297,635
Cash and cash equivalents		
Beginning of year	1,260,490	962,855
End of year	\$1,129,532	\$1,260,490

	2000	1999
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Change in net assets	\$102,416	\$1,521,258
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities		
Depreciation	179,551	161,136
Gain on sale of investments	(4,952)	(75,001)
Actuarial gain on annuity obligations	(184,452)	(4,153)
Non-cash contributions – net of obligation assumed	(275,161)	(67,298)
Non-cash interest and dividends	(844)	(2,331)
Change in unrealized appreciation	468,137	(493,232)
Contributions restricted for long-term investment	(36,701)	(30,910)
Change in beneficial interest in perpetual trusts	346,318	(619,671)
Interest and dividends restricted for long-term investment	90,378	109,342
Increase in cash value of life insurance policies held	(991)	(102)
(Increase) decrease in:		
Accrued interest receivable	(1,496)	7,090
Accounts receivable and advances	(50,990)	(261)
Legacy receivable	(456,800)	1,605,026
Pledges receivable	112,122	(123,134)
Prepaid expenses and deposits	26,421	46,689
Decrease in:		
Accounts payable	(63,441)	(13,207)
Net cash provided by operating activities	\$249,515	\$2,021,241

statement of functional expenses

Year ended December 31, 2000 with summarized information for 1999

program services

	bringing cure and care to those with leprosy and disabilities			patient education and research			supporting services			total expenses	
	Rehabilitation	Finding and curing	Training of professionals	Patient education	Research	Total 2000	Fund-raising	Mgmt. and general	Total 2000	2000	1999
Salaries	\$146,059	\$97,354	\$117,842	\$45,784	\$28,096	\$435,135	\$401,926	\$263,389	\$665,315	\$1,100,450	\$954,471
Employee health, retirement, and other benefits	42,033	28,017	33,913	13,176	8,085	125,224	125,067	58,793	183,860	309,084	236,747
Payroll taxes	11,055	7,368	8,919	3,465	2,127	32,934	30,345	19,703	50,048	82,982	7 0,982
Total salaries and related expenses	199,147	132,739	160,674	62,425	38,308	593,293	557,338	341,885	899,223	1,492,516	1,262,200
Occupancy	20,763	13,839	16,752	6,508	3,994	61,856	41,308	45,131	86,439	148,295	139,445
Office supplies and program materials	1,600	1,066	1,291	501	308	4,766	6,210	5,403	11,613	16,379	16,816
Professional fees and contract service payments	3,962	2,640	3,195	1,240	762	11,799	34,323	41,535	75,858	87,657	88,918
Travel, conferences, conventions and meetings	36,616	24,406	29,542	11,478	7,043	109,085	99,878	27,054	126,932	236,017	224,507
Printing, postage and publications	2,021	1,347	1,630	633	389	6,020	519,492	3,159	522,651	528,671	589,240
Awards and grants	1,223,839	815,736	987,416	383,624	235,420	3,646,035	-	-	-	3,646,035	3,720,712
Media	-	-	-	-	-	-	326,964	29	326,993	326,993	398,043
New donor costs	-	-	-	-	-	-	405,937	-	405,937	405,937	316,962
Depreciation	27,584	18,386	22,255	8,647	5,306	82,178	43,572	53,801	97,373	179,551	161,136
Miscellaneous	2,671	1,780	2,154	836	513	7,954	10,019	48,908	58,927	66,881	67,573
	\$1,518,203	\$1,011,939	\$1,224,909	\$475,892	\$292,043	\$4,522,986	\$2,045,041	\$566,905	\$2,611,946	\$7,134,932	\$6,985,552

statement of financial position

Year ended December 31, 2000 with summarized information for 1999

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2000</u>	<u>Total 1999</u>
Current assets					
Cash and cash equivalents	\$1,062,302	\$56,462	\$10,768	\$1,129,532	\$1,260,490
Accrued interest receivable	-	22,729	-	22,729	21,233
Accounts receivable and advances	54,323	-	-	54,323	3,333
Bequest receivable	684,600	-	-	684,600	227,800
Pledges receivable	218,672	-	-	218,672	330,794
Prepaid expenses and deposits	105,009	-	-	105,009	129,326
Mortgages receivable	-	1,760	-	1,760	1,602
Due from other net assets	123,822	-	-	<i>i</i>	<i>i</i>
Total current assets	<u>2,248,728</u>	<u>80,951</u>	<u>10,768</u>	<u>2,216,625</u>	<u>1,974,578</u>
Other assets					
Mortgages receivable	-	86,709	-	86,709	88,470
Real estate held for investment	296,484	-	-	296,484	296,484
Land, building and equipment (Note 2)	1,300,083	-	-	1,300,083	1,281,112
Long-term investments (Note 3)	3,923,741	1,849,305	375,299	6,148,345	6,280,631
Beneficial interest in perpetual trusts (Note 5)	-	-	4,694,132	4,694,132	5,040,450
Other	31,973	-	-	31,973	33,086
Total other assets	<u>5,552,281</u>	<u>1,936,014</u>	<u>5,069,431</u>	<u>12,557,726</u>	<u>13,020,233</u>
Total assets	<u>\$7,801,009</u>	<u>\$2,016,965</u>	<u>\$5,080,199</u>	<u>\$14,774,351</u>	<u>\$14,994,811</u>
Current liabilities					
Accounts payable	\$120,695	\$-	\$-	\$120,695	\$184,136
Leases payable (Note 4)	38,826	-	-	38,826	54,565
Due to other net assets	-	92,048	31,774	<i>i</i>	<i>i</i>
Total current liabilities	<u>159,521</u>	<u>92,048</u>	<u>31,774</u>	<u>159,521</u>	<u>238,701</u>
Other liabilities					
Refundable advance	-	92,996	-	92,996	160,055
Uni-trust and annuity obligations	-	1,050,433	-	1,050,433	1,227,070
Total other liabilities	<u>-</u>	<u>1,143,429</u>	<u>-</u>	<u>1,143,429</u>	<u>1,387,125</u>
Net assets					
Unrestricted					
Operating	2,332,473	-	-	2,332,473	2,104,550
Reserve	5,058,569	-	-	5,058,569	4,863,479
Pledges receivable	218,672	-	-	218,672	330,794
Quasi-endowment	31,774	-	-	31,774	54,958
Temporarily restricted (Note 5)					
Life Income Agreements					
Segregated Gift Annuity Agreements	-	709,530	-	709,530	590,956
Uni-trust and Annuity Agreements	-	71,958	-	71,958	29,505
Permanently restricted (Note 5)	-	-	5,048,425	5,048,425	5,394,743
Total net assets	<u>7,641,488</u>	<u>781,488</u>	<u>5,048,425</u>	<u>13,471,401</u>	<u>13,368,985</u>
Total liabilities and net assets	<u>\$7,801,009</u>	<u>\$2,016,965</u>	<u>\$5,080,199</u>	<u>\$14,774,351</u>	<u>\$14,994,811</u>

i Interfund balances eliminated in combination

Board of Directors American Leprosy Missions, Inc. Greenville, South Carolina

We have audited the accompanying statement of financial position of American Leprosy Missions, Inc. (ALM International) as of December 31, 2000, and the related statements of activities and changes in net assets, of functional expenses and of 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. The prior year summarized comparative information has been derived from American Leprosy Missions, Inc. (ALM International) 1999 financial statements and, in our report dated February 19, 2000, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with generally accepted auditing standards. 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 American Leprosy Missions, Inc. (ALM International) at December 31, 2000, and the changes in its net assets and its cash flows for the year then ended, in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements referred to in the first paragraph taken as a whole. The accompanying supplemental information for program service grants 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 financial statements taken as a whole.

Tait, Weller & Baker, CPAs
Philadelphia, Pennsylvania
February 17, 2001

notes to financial statements

Years ended December 31, 2000 and 1999

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND PURPOSE: American Leprosy Missions, Inc. ("ALM") is incorporated pursuant to the provisions of the Membership Corporation Law of the State of New York. As a non-profit organization, it is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The mission of ALM is to serve as a channel of the love of Christ to persons with Hansen's Disease (Leprosy) and to those with disabilities, helping them to be healed in body and spirit, and to be restored to lives of dignity and usefulness within their communities.

ACCOUNTING ESTIMATES: In preparing financial statements in conformity with generally accepted accounting principles, management makes estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

CASH EQUIVALENTS: All highly liquid investments purchased with a maturity of three months or less are considered to be cash equivalents.

CONCENTRATION OF CREDIT RISK: ALM occasionally maintains deposits in excess of federally insured limits. Statement of Financial Accounting Standards No. 105 identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by maintaining all deposits in high quality financial institutions.

REAL ESTATE HELD FOR INVESTMENT: Donated real estate held for investment is stated at estimated fair market value at date of receipt plus subsequent capitalized expenses and betterments at cost.

BUILDING AND EQUIPMENT: Building and equipment is recorded at cost. Equipment acquired prior to January 1, 1974 is recorded at estimated fair market value. Depreciation is provided on the straight-line method over the estimated life of the asset - 3 to 10 years for equipment and 30 years for building.

LONG-TERM INVESTMENTS: Long-term investments consist of marketable securities which are stated at market.

LIFE INCOME AGREEMENTS: The funds held subject to life income provisions include amounts held subject to the payment to life beneficiaries of stated amounts in the case of gift annuities and uni-trusts. On maturity, the remainder interests revert to the organization. In accordance with provisions of the New York State Insurance Laws and the U.S. Internal Revenue Code, the assets of the segregated gift annuity are segregated from other assets of the organization. The agreements with the donors of the revocable gift fund provide that the excess income from the investment of the fund assets, over stated interest rate payments to beneficiaries, is to be available for unrestricted use unless stated to the contrary. Under the terms of the gift agreements, the donors may request the return of the principal. The actuarial valuations of the gift annuities and uni-trusts are recorded as annuity/uni-trust obligations and the entire revocable trust is recorded as a refundable advance due to the right of return of funds to the donor. The present value of the segregated gift annuities and other annuities and uni-trust agreements was determined using a discount rate of 6% and 7%, respectively.

CONTRIBUTIONS: ALM reports gifts of cash and other assets as unrestricted support if they are received with donor stipulations that limit the use of the donated assets and these donor stipulations are met in the same reporting period. However, contributions for life income agreements are recorded as restricted support. When the donor restriction expires, that is, when the stipulated time restriction ends, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

PLEDGES RECEIVABLE: Unconditional promises to give are included in the financial statements as pledges receivable and the related contribution revenue is recorded in the unrestricted net assets. Pledges are recorded net of an allowance for uncollectible pledges. All pledges receivable at December 31, 2000 are expected to be received within one year.

FUNCTIONAL ALLOCATION OF EXPENSES: The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

PRIOR YEAR 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 ALM's audited financial statements for the year ended December 31, 1999, from which the summarized information was derived.

RECLASSIFICATIONS: Certain reclassifications have been made to the 1999 financial statements to conform to the 2000 presentation.

(2) LAND, BUILDING AND EQUIPMENT: Land, building and equipment at December 31 are summarized as follows:

	2000	1999
Land	\$285,675	\$285,675
Building and improvements	952,667	943,025
Equipment	<u>1,996,504</u>	<u>1,807,625</u>
	3,234,846	3,036,325
Less accumulated depreciation	<u>1,934,763</u>	<u>1,755,213</u>
	<u>\$1,300,083</u>	<u>\$1,281,112</u>

(3) LONG-TERM INVESTMENTS: Cost and market values at December 31 are summarized as follows:

	2000		1999	
	Cost	Market	Cost	Market
Net Assets				
Unrestricted	<u>\$3,801,835</u>	<u>\$3,923,741</u>	<u>\$3,575,519</u>	<u>\$4,077,550</u>
Temporarily Restricted				
Revocable Gift Agreements	72,291	90,789	112,971	150,344
Segregated Gift Annuity Agreements	1,067,258	1,094,940		1,114,286
Uni-trust and Annuity Agreements	<u>689,457</u>	<u>663,576</u>		<u>532,023</u>
	1,829,006	1,849,305	1,697,359	1,796,653
Permanently restricted	<u>358,545</u>	<u>375,299</u>	<u>362,159</u>	<u>406,428</u>
Total	<u>\$5,989,386</u>	<u>\$6,148,345</u>	<u>\$5,635,037</u>	<u>\$6,280,631</u>

The components of marketable securities at December 31 are:

	2000		1999	
	Cost	Market	Cost	Market
U.S. Government Treasury securities	\$618,310	\$648,364	\$669,985	\$675,232
Corporate bonds	484,058	481,147	457,972	448,014
Common and preferred stocks	3,360,133	3,528,506	3,051,943	3,716,049
Mutual funds	<u>1,526,885</u>	<u>1,490,328</u>	<u>1,455,137</u>	<u>1,441,336</u>
	<u>\$5,989,386</u>	<u>\$6,148,345</u>	<u>\$5,635,037</u>	<u>\$6,280,631</u>

At December 31, 2000 and 1999, the portfolio of marketable securities had unrealized gains of \$158,959 and \$645,594, respectively. Investment income in the statement of activities and changes in net assets is shown net of \$53,831 and \$35,721 of investment management fees for the years ended December 31, 2000 and 1999, respectively.

(4) LEASE COMMITMENTS: ALM leases office equipment under capital leases expiring in 2002 and 2003. The related property is included in equipment at December 31, 2000, at a cost of \$80,422. Depreciation expense of \$40,211 has been recognized on this property as of December 31, 1999. Future annual minimum lease payments under the capital leases together with the present value of the net minimum lease payments are as follows:

Year ending December 31,	2001	\$19,500
	2002	19,500
	2003	<u>3,348</u>
Total minimum lease payments		42,348
Less amount representing interest		<u>3,522</u>
Present value of minimum lease payments		<u>\$38,826</u>

(5) NET ASSETS: Temporarily restricted net assets are available for the following purposes:	2000	1999
Segregated Gift Annuity Agreements	\$709,530	\$590,956
Uni-trust and Annuity Agreements	<u>71,958</u>	<u>29,505</u>
	<u>\$781,488</u>	<u>\$620,461</u>

Permanently restricted net assets are available for the following purpose:

Investment in perpetuity, the income from which is expendable to support any activities of the organization	2000	1999
Beneficial interest in perpetual trusts	\$354,293	\$354,293
	<u>4,694,132</u>	<u>5,040,450</u>
	<u>\$5,048,425</u>	<u>\$5,394,743</u>

(6) PENSION PLANS: ALM contributes to a defined contribution plan covering substantially all of its employees. Contributions to the plan are based upon earnings and are accrued and funded on a current basis. Pension expense was approximately \$143,000 and \$110,500 for the years ended December 31, 2000 and 1999, respectively.