

**AMERICAN LEPROSY MISSIONS, INC.
(ALM INTERNATIONAL)**

***FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS***

DECEMBER 31, 2007

AMERICAN LEPROSY MISSIONS, INC.
(ALM INTERNATIONAL)

TABLE OF CONTENTS

	<u>Page</u>
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	1
FINANCIAL STATEMENTS	
<i>Statement of Financial Position,</i> December 31, 2007 with summarized information for 2006	2
<i>Statement of Activities and Changes in Net Assets,</i> Year ended December 31, 2007 with summarized information for 2006	3
<i>Statement of Functional Expenses,</i> Year ended December 31, 2007 with summarized information for 2006	4
<i>Statement of Cash Flows,</i> Years ended December 31, 2007 and 2006	5
<i>Notes to Financial Statements</i>	7
SUPPLEMENTAL INFORMATION	
<i>Schedule of Program Service Grants and Other Disbursements</i> Year ended December 31, 2007 with summarized information for 2006	12

TAIT, WELLER & BAKER LLP

Certified Public Accountants

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

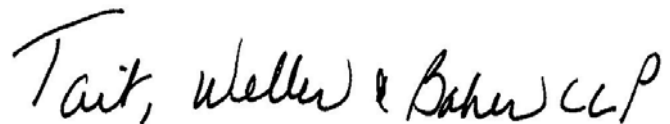
**Board of Directors
American Leprosy Missions, Inc.
(ALM International)
Greenville, South Carolina**

We have audited the accompanying statement of financial position of American Leprosy Missions, Inc. (ALM International) as of December 31, 2007, 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) 2006 financial statements and, in our report dated March 30, 2007, we expressed an unqualified opinion on those financial statements.

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 American Leprosy Missions, Inc. (ALM International) as of December 31, 2007, and the changes in its net assets and its cash flows for the year then ended, in conformity 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 referred to in the first paragraph taken as a whole. The accompanying supplemental information for program service grants and other disbursements, Page 12, 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.



**Philadelphia, Pennsylvania
April 14, 2008**

AMERICAN LEPROSY MISSIONS, INC.
(ALM INTERNATIONAL)

STATEMENT OF FINANCIAL POSITION

December 31, 2007 with summarized information for 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	
				<u>2007</u>	<u>2006</u>
CURRENT ASSETS					
Cash and cash equivalents	\$2,113,297	\$ 7,882	\$ -	\$ 2,121,179	\$ 1,204,075
Accrued interest receivable	17,990	12,623	-	30,613	12,623
Accounts receivable and advances	70,569	-	-	70,569	87,564
Bequests receivable	-	-	-	-	490,000
Pledges receivable (<i>Note 2</i>)	17,424	-	-	17,424	80,260
Prepaid expenses and deposits	107,866	-	-	107,866	65,580
Due from other net assets	295,364	-	-	★	★
Total current assets	<u>2,622,510</u>	<u>20,505</u>	<u>-</u>	<u>2,347,651</u>	<u>1,940,102</u>
OTHER ASSETS					
Real estate held for investment	100,000	-	-	100,000	100,000
Land, building and equipment (<i>Note 3</i>)	775,616	-	-	775,616	820,756
Long-term investments (<i>Note 4</i>)	4,748,559	1,552,036	834,222	7,134,817	7,182,056
Beneficial interest in perpetual trusts (<i>Note 5</i>)	-	-	5,397,351	5,397,351	5,009,076
Other	49,407	-	-	49,407	45,508
Total other assets	<u>5,673,582</u>	<u>1,552,036</u>	<u>6,231,573</u>	<u>13,457,191</u>	<u>13,157,396</u>
Total assets	<u>\$8,296,092</u>	<u>\$1,572,541</u>	<u>\$6,231,573</u>	<u>\$15,804,842</u>	<u>\$15,097,498</u>
CURRENT LIABILITIES					
Accounts payable	\$ 417,832	\$ -	\$ -	\$ 417,832	\$ 274,105
Due to other net assets	-	56,235	239,129	★	★
Total current liabilities	<u>417,832</u>	<u>56,235</u>	<u>239,129</u>	<u>417,832</u>	<u>274,105</u>
OTHER LIABILITIES					
Refundable advance	-	53,694	-	53,694	51,485
Uni-trust and annuity obligations	-	952,632	-	952,632	987,789
Total other liabilities	<u>-</u>	<u>1,006,326</u>	<u>-</u>	<u>1,006,326</u>	<u>1,039,274</u>
NET ASSETS					
Unrestricted					
Operating	2,052,330	-	-	2,052,330	2,078,960
Reserve	5,825,930	-	-	5,825,930	5,549,336
Temporarily restricted (<i>Note 5</i>)					
Life Income Agreements	-	509,980	-	509,980	551,654
Permanently restricted (<i>Note 5</i>)	-	-	5,992,444	5,992,444	5,604,169
Total net assets	<u>7,878,260</u>	<u>509,980</u>	<u>5,992,444</u>	<u>14,380,684</u>	<u>13,784,119</u>
Total liabilities and net assets	<u>\$8,296,092</u>	<u>\$1,572,541</u>	<u>\$6,231,573</u>	<u>\$15,804,842</u>	<u>\$15,097,498</u>

★ *Interfund balances eliminated in combination*

AMERICAN LEPROSY MISSIONS, INC.
(ALM INTERNATIONAL)

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended December 31, 2007 with summarized information for 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	
				<u>2007</u>	<u>2006</u>
Public support and revenue					
Public support					
Contributions	\$6,101,056	\$ 3,053	\$ -	\$ 6,104,109	\$ 6,492,743
Income from outside trusts	130,404	-	-	130,404	102,518
Legacies and bequests	<u>954,859</u>	<u>-</u>	<u>-</u>	<u>954,859</u>	<u>594,405</u>
Total public support	<u>7,186,319</u>	<u>3,053</u>	<u>-</u>	<u>7,189,372</u>	<u>7,189,666</u>
Revenue					
Investment income, net of expenses	174,356	45,461	-	219,817	179,036
Realized gain (loss) on investment transactions	213,775	(18,606)	-	195,169	208,923
Other	<u>7,564</u>	<u>-</u>	<u>-</u>	<u>7,564</u>	<u>28,857</u>
Total revenue	<u>395,695</u>	<u>26,855</u>	<u>-</u>	<u>422,550</u>	<u>416,816</u>
Total support and revenue	<u>7,582,014</u>	<u>29,908</u>	<u>-</u>	<u>7,611,922</u>	<u>7,606,482</u>
Expenses					
Program services					
Leprosy Treatment	1,445,447	-	-	1,445,447	1,516,943
Other Diseases	282,745	-	-	282,745	303,389
Training of Professionals	558,241	-	-	558,241	556,212
Socio-Economic Services	905,281	-	-	905,281	960,731
Prevention of Disabilities	662,015	-	-	662,015	657,342
Research	<u>1,054,392</u>	<u>-</u>	<u>-</u>	<u>1,054,392</u>	<u>1,061,860</u>
Total program services	<u>4,908,121</u>	<u>-</u>	<u>-</u>	<u>4,908,121</u>	<u>5,056,477</u>
Supporting services					
Fund-raising	1,939,308	-	-	1,939,308	2,097,867
Management and general	<u>488,249</u>	<u>-</u>	<u>-</u>	<u>488,249</u>	<u>488,540</u>
Total supporting services	<u>2,427,557</u>	<u>-</u>	<u>-</u>	<u>2,427,557</u>	<u>2,586,407</u>
Total expenses	<u>7,335,678</u>	<u>-</u>	<u>-</u>	<u>7,335,678</u>	<u>7,642,884</u>
Other changes in net assets					
Actuarial loss on annuity and unitrust obligations	-	(87,950)	-	(87,950)	(38,415)
Net unrealized gains on long-term investments	3,628	16,368	-	19,996	145,873
Change in beneficial interest in perpetual trusts	<u>-</u>	<u>-</u>	<u>388,275</u>	<u>388,275</u>	<u>414,970</u>
Total other changes	<u>3,628</u>	<u>(71,582)</u>	<u>388,275</u>	<u>320,321</u>	<u>522,428</u>
Changes in net assets	249,964	(41,674)	388,275	596,565	486,026
Net assets					
Beginning of year	<u>7,628,296</u>	<u>551,654</u>	<u>5,604,169</u>	<u>13,784,119</u>	<u>13,298,093</u>
End of year	<u>\$7,878,260</u>	<u>\$ 509,980</u>	<u>\$5,992,444</u>	<u>\$14,380,684</u>	<u>\$13,784,119</u>

AMERICAN LEPROSY MISSIONS, INC.
(ALM INTERNATIONAL)

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2007 with summarized information for 2006

	Program Services			Socio- Economic Services
	<u>Leprosy Treatment</u>	<u>Other Diseases</u>	<u>Training of Professionals</u>	
Salaries	\$ 140,847	\$ 27,551	\$ 54,396	\$ 88,212
Payroll taxes	10,445	2,043	4,034	6,542
Employee health, retirement, and other benefits	<u>47,608</u>	<u>9,313</u>	<u>18,387</u>	<u>29,817</u>
Total salaries and related expenses	198,900	38,907	76,817	124,571
Occupancy	14,977	2,930	5,784	9,380
Office supplies and program materials	1,001	196	387	627
Professional fees and contract service payments	379	74	146	238
Travel, conferences, conventions and meetings	27,800	5,438	10,737	17,411
Printing, postage and publications	46,505	9,097	17,961	29,126
Awards, grants and other program disbursements	1,139,738	222,944	440,173	713,815
Media	2,325	455	898	1,456
New donor costs	-	-	-	-
Depreciation	8,921	1,745	3,445	5,587
Miscellaneous	<u>4,901</u>	<u>959</u>	<u>1,893</u>	<u>3,070</u>
	<u>\$1,445,447</u>	<u>\$282,745</u>	<u>\$558,241</u>	<u>\$905,281</u>

Prevention Of Disabilities	Research	Total 2007	Supporting Services			Total Expenses	
			Fund Raising	Management And General	Total 2007	2007	2006
\$ 64,508	\$ 102,741	\$ 478,255	\$ 278,663	\$225,503	\$ 504,166	\$ 982,421	\$ 1,060,757
4,784	7,619	35,467	20,665	16,723	37,388	72,855	78,088
<u>21,805</u>	<u>34,727</u>	<u>161,657</u>	<u>94,192</u>	<u>76,224</u>	<u>170,416</u>	<u>332,073</u>	<u>339,965</u>
91,097	145,087	675,379	393,520	318,450	711,970	1,387,349	1,478,810
6,859	10,924	50,854	29,631	23,979	53,610	104,464	99,284
458	730	3,399	2,533	4,147	6,680	10,079	12,216
174	277	1,288	82,711	27,792	110,503	111,791	112,337
12,732	20,279	94,397	42,211	12,947	55,158	149,555	142,035
21,299	33,924	157,912	423,963	5,028	428,991	586,903	549,383
522,000	831,393	3,870,063	-	-	-	3,870,063	4,015,061
1,065	1,696	7,895	219,708	-	219,708	227,603	331,383
-	-	-	709,110	-	709,110	709,110	727,866
4,086	6,507	30,291	15,804	19,755	35,559	65,850	76,894
<u>2,245</u>	<u>3,575</u>	<u>16,643</u>	<u>20,117</u>	<u>76,151</u>	<u>96,268</u>	<u>112,911</u>	<u>97,615</u>
<u>\$662,015</u>	<u>\$1,054,392</u>	<u>\$4,908,121</u>	<u>\$1,939,308</u>	<u>\$488,249</u>	<u>\$2,427,557</u>	<u>\$7,335,678</u>	<u>\$7,642,884</u>

AMERICAN LEPROSY MISSIONS, INC.
(ALM INTERNATIONAL)

STATEMENT OF CASH FLOWS

Years ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
<i>Cash flows from operating activities</i>		
Cash received from contributors	\$ 7,759,420	\$ 7,565,258
Interest and dividends received	211,688	230,457
Grants paid	(3,870,063)	(4,015,061)
Cash paid for other expenditures	<u>(3,302,223)</u>	<u>(3,458,173)</u>
Net cash provided by operating activities	<u>798,822</u>	<u>322,481</u>
<i>Cash flows from investing activities</i>		
Purchase of equipment	(20,710)	(80,534)
Purchase of investments	(3,362,239)	(1,612,783)
Proceeds from sale of investments	3,191,675	1,384,102
Net change in cash and cash equivalents – long term	<u>437,262</u>	<u>54,330</u>
Net cash provided by (used for) investing activities	<u>245,988</u>	<u>(254,885)</u>
<i>Cash flows from financing activities</i>		
Payments made to annuitants	(89,377)	(69,994)
Payments made under trust agreements	(45,329)	(43,936)
Proceeds from contributions restricted for – Investment subject to annuity agreements	<u>7,000</u>	<u>405,000</u>
Net cash provided by (used for) financing activities	<u>(127,706)</u>	<u>291,070</u>
Net increase in cash and cash equivalents	917,104	358,666
<i>Cash and cash equivalents</i>		
Beginning of year	<u>1,204,075</u>	<u>845,409</u>
End of year	<u>\$ 2,121,179</u>	<u>\$ 1,204,075</u>

AMERICAN LEPROSY MISSIONS, INC.
(ALM INTERNATIONAL)

STATEMENT OF CASH FLOWS – (Continued)

Years ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
<i>Change in net assets</i>	\$ 596,565	\$ 486,026
<i>Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities</i>		
Depreciation	65,850	76,894
Gain on sale of investments	(195,169)	(208,923)
Actuarial loss on annuity obligations	87,950	38,415
Non-cash contributions	(4,294)	(5,642)
Change in unrealized appreciation	(19,996)	(145,873)
Contributions restricted for long-term investment	(7,000)	(405,000)
Change in beneficial interest in perpetual trusts	(388,275)	(414,970)
Liability for new annuities issued	3,947	217,089
Interest and dividends restricted for long-term investment	9,861	50,771
(Increase) decrease in		
Accrued interest receivable	(17,990)	650
Accounts receivable and advances	16,995	140,975
Legacy receivable	490,000	314,600
Pledges receivable	62,836	84,713
Prepaid expenses and deposits	(46,185)	31,134
Increase in		
Accounts payable	<u>143,727</u>	<u>61,622</u>
<i>Net cash provided by operating activities</i>	<u>\$ 798,822</u>	<u>\$ 322,481</u>

AMERICAN LEPROSY MISSIONS, INC.

(ALM INTERNATIONAL)

NOTES TO FINANCIAL STATEMENTS

December 31, 2007 and 2006

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND PURPOSE

American Leprosy Missions, Inc. (“*ALM*”) is incorporated pursuant to the provisions of the Not-for-Profit 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 vision and principal ends of ALM are to work as Christ’s servants, freeing the world of leprosy, buruli ulcer and related diseases by serving as a channel of the love of Christ to people affected by these diseases, helping them to be healed in body and spirit and to be restored to lives of dignity and usefulness within their community.

ACCOUNTING ESTIMATES

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, 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. 107 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.

AMERICAN LEPROSY MISSIONS, INC.
(ALM INTERNATIONAL)

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2007 and 2006

LONG-TERM INVESTMENTS

Long-term investments consist of marketable securities which are stated at market value with gains and losses, both realized and unrealized, included in the statement of activities.

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 discount rates ranging from 3.2% to 7.4%.

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 and temporarily restricted net assets. Pledges are recorded net of an allowance for uncollectible pledges.

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.

AMERICAN LEPROSY MISSIONS, INC. (ALM INTERNATIONAL)

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2007 and 2006

NET ASSETS

ALM applies the Statement of Financial Accounting Standards No. 117, “*Financial Statements of Not-for-Profit Organizations*” (“*SFAS No. 117*”). Under the provisions of SFAS No. 117, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of ALM and changes therein are classified and reported as follows:

Unrestricted net assets include the revenues and expenses associated with the principal mission of ALM.

Temporarily restricted net assets include gifts for which donor-imposed restrictions have not been met.

Permanently restricted net assets include gifts, trusts and pledges which require, by donor restriction, that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions.

RECLASSIFICATIONS

Certain reclassifications were made to the 2006 financial statements to conform to the 2007 presentation.

SUMMARIZED INFORMATION

The financial statements include certain prior-year summarized 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 ALM’s audited financial statements for the year ended December 31, 2006, from which the summarized information was derived.

(2) PLEDGES RECEIVABLE

Unconditional promises to give are included in the financial statements as pledges receivable of the appropriate net asset category. Pledges are recorded after discounting to the present value of the future cash flows and after recording a reserve for doubtful accounts.

Unconditional promises to give at December 31, 2007 and 2006, respectively, are expected to be realized as follows:

	<u>2007</u>	<u>2006</u>
In one year or less	\$19,221	\$105,445
Less reserve for doubtful accounts	<u>1,797</u>	<u>25,185</u>
Net pledges receivable	<u>\$17,424</u>	<u>\$ 80,260</u>

AMERICAN LEPROSY MISSIONS, INC.
(ALM INTERNATIONAL)

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2007 and 2006

(3) LAND, BUILDING AND EQUIPMENT

Land, building and equipment at December 31 are summarized as follows:

	<u>2007</u>	<u>2006</u>
Land	\$ 285,675	\$ 285,675
Building and improvements	1,001,372	1,001,372
Equipment	<u>2,342,737</u>	<u>2,322,028</u>
	3,629,784	3,609,075
Less accumulated depreciation	<u>2,854,168</u>	<u>2,788,319</u>
	<u>\$ 775,616</u>	<u>\$ 820,756</u>

(4) LONG-TERM INVESTMENTS

Cost and market values at December 31 are summarized as follows:

<u>Net Assets</u>	<u>2007</u>		<u>2006</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Unrestricted	<u>\$4,165,424</u>	<u>\$4,748,559</u>	<u>\$4,231,023</u>	<u>\$4,775,790</u>
Temporarily Restricted				
Revocable Gift Agreements	59,368	59,231	57,306	56,403
Segregated Gift Annuity Agreements	1,017,534	1,009,323	1,073,410	1,048,695
Uni-trust and Annuity Agreements	<u>516,982</u>	<u>483,482</u>	<u>488,906</u>	<u>517,994</u>
	<u>1,593,884</u>	<u>1,552,036</u>	<u>1,619,622</u>	<u>1,623,092</u>
Permanently restricted	<u>744,174</u>	<u>834,222</u>	<u>658,387</u>	<u>783,174</u>
Total	<u>\$6,503,482</u>	<u>\$7,134,817</u>	<u>\$6,509,032</u>	<u>\$7,182,056</u>

The components of marketable securities at December 31 are:

	<u>2007</u>		<u>2006</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Cash and cash equivalents	\$ 319,132	\$ 319,132	\$ 756,394	\$ 756,394
U.S. Government Treasury securities	1,540,350	1,572,623	1,060,086	1,028,389
Corporate and municipal bonds	1,401,739	1,391,037	1,838,903	1,821,244
Common and preferred stocks	3,005,544	3,649,974	2,499,517	3,193,550
Mutual funds	<u>236,717</u>	<u>202,051</u>	<u>354,132</u>	<u>382,479</u>
	<u>\$6,503,482</u>	<u>\$7,134,817</u>	<u>\$6,509,032</u>	<u>\$7,182,056</u>

At December 31, 2007 and 2006, the portfolio of marketable securities had unrealized gains of \$631,335 and \$673,024, respectively

Investment income in the statement of activities and changes in net assets is shown net of \$65,570 and \$57,569 of investment management fees for the years ended December 31, 2007 and 2006, respectively.

AMERICAN LEPROSY MISSIONS, INC.
(ALM INTERNATIONAL)

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2007 and 2006

(5) NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2007</u>	<u>2006</u>
Life Income Agreements	<u>\$509,980</u>	<u>\$551,654</u>

New York State law requires a segregated minimum reserve (liabilities plus minimum required surplus) for the gift annuity agreements. Assets (at market value) in the segregated gift annuity fund exceeded the calculated minimum reserve of \$707,402 in 2007 and \$729,903 in 2006 by \$302,264 and \$318,916, respectively.

Permanently restricted net assets are available for the following purpose:

	<u>2007</u>	<u>2006</u>
Investment in perpetuity, the income from which is expendable to support any activities of the organization	\$ 595,093	\$ 595,093
Beneficial interest in perpetual trusts	<u>5,397,351</u>	<u>5,009,076</u>
	<u>\$5,992,444</u>	<u>\$5,604,169</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 \$129,000 and \$102,000 for the years ended December 31, 2007 and 2006, respectively.

(7) LITIGATION

ALM is a defendant to a lawsuit in the ordinary course of business. Management is of the opinion that such lawsuit will not have a material effect on ALM's financial position.

SUPPLEMENTAL INFORMATION

AMERICAN LEPROSY MISSIONS, INC.
(ALM INTERNATIONAL)

SCHEDULE OF PROGRAM SERVICE GRANTS AND OTHER DISBURSEMENTS

Year ended December 31, 2007 with summarized information for 2006

	<u>Leprosy Treatment</u>	<u>Other Diseases</u>	<u>Training Of Professionals</u>	<u>Socio-Economic Services</u>	<u>Prevention Of Disabilities</u>	<u>Research</u>	<u>Total</u>	
							<u>2007</u>	<u>2006</u>
<u>Africa</u>								
Angola	\$ 111,112	\$ -	\$ 63,942	\$131,864	\$ 31,000	\$ -	\$ 337,918	\$ 301,837
Congo	449,291	80,404	27,696	16,703	17,344	-	591,438	561,039
Cote D' Ivoire	-	131,408	-	-	-	-	131,408	63,388
Ethiopia	-	-	10,000	-	-	-	10,000	20,000
Ghana	-	-	197	-	-	-	197	78,000
Somalia	12,500	-	-	-	-	-	12,500	-
	<u>572,903</u>	<u>211,812</u>	<u>101,835</u>	<u>148,567</u>	<u>48,344</u>	<u>-</u>	<u>1,083,461</u>	<u>1,024,264</u>
<u>Asia and Pacific Islands</u>								
China	-	-	-	33,520	168,480	-	202,000	262,428
India	282,347	-	86,321	212,775	89,868	12,238	683,549	870,696
Myanmar	21,390	-	77,696	52,926	136,032	-	288,044	233,133
Nepal	37,641	-	400	15,000	51,959	-	105,000	75,000
Philippines	32,713	1,583	14,244	178,788	3,445	-	230,773	312,074
Thailand	-	-	-	15,000	-	-	15,000	12,900
	<u>374,091</u>	<u>1,583</u>	<u>178,661</u>	<u>508,009</u>	<u>449,784</u>	<u>12,238</u>	<u>1,524,366</u>	<u>1,766,231</u>
<u>The Americas</u>								
Brazil	16,100	-	10,000	-	-	-	26,100	152,978
	<u>16,100</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,100</u>	<u>152,978</u>
<u>Miscellaneous Grants and Disbursements</u>								
Vaccine Research	-	-	-	-	-	500,333	500,333	502,587
Other Research	-	-	-	-	-	260,000	260,000	203,077
Training and Other	176,644	9,549	149,677	57,239	23,872	58,822	475,803	365,924
	<u>176,644</u>	<u>9,549</u>	<u>149,677</u>	<u>57,239</u>	<u>23,872</u>	<u>819,155</u>	<u>1,236,136</u>	<u>1,071,588</u>
Total grants	<u>\$1,139,738</u>	<u>\$222,944</u>	<u>\$440,173</u>	<u>\$713,815</u>	<u>\$522,000</u>	<u>\$831,393</u>	<u>\$3,870,063</u>	<u>\$4,015,061</u>