

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

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

**DECEMBER 31, 2009**

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

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# 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, 2009, 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) 2008 financial statements and, in our report dated April 20, 2009, 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, 2009, 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 13, 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 LLP*

**Philadelphia, Pennsylvania  
May 11, 2010**

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

**STATEMENT OF FINANCIAL POSITION**

**December 31, 2009 with summarized information for 2008**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	
				<u>2009</u>	<u>2008</u>
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$1,646,462	\$ 39,292	\$ -	\$ 1,685,754	\$ 1,638,176
Accrued interest receivable	7,125	6,669	-	13,794	21,027
Accounts receivable and advances	17,575	-	-	17,575	-
Pledges receivable <i>(Note 2)</i>	14,282	-	-	14,282	18,021
Prepaid expenses and deposits	76,647	-	-	76,647	115,604
Due from other net assets	<u>263,236</u>	<u>-</u>	<u>-</u>	<u>★</u>	<u>★</u>
<b>Total current assets</b>	<u>2,025,327</u>	<u>45,961</u>	<u>-</u>	<u>1,808,052</u>	<u>1,792,828</u>
<b>OTHER ASSETS</b>					
Real estate held for investment	100,000	-	-	100,000	100,000
Land, building and equipment <i>(Note 3)</i>	1,132,529	-	-	1,132,529	1,004,359
Long-term investments <i>(Note 4)</i>	3,973,402	1,339,682	722,439	6,035,523	5,411,419
Beneficial interest in perpetual trusts <i>(Note 5)</i>	-	-	4,329,564	4,329,564	3,606,982
Other	<u>48,038</u>	<u>-</u>	<u>-</u>	<u>48,038</u>	<u>48,675</u>
<b>Total other assets</b>	<u>5,253,969</u>	<u>1,339,682</u>	<u>5,052,003</u>	<u>11,645,654</u>	<u>10,171,435</u>
<b>Total assets</b>	<u>\$7,279,296</u>	<u>\$1,385,643</u>	<u>\$5,052,003</u>	<u>\$13,453,706</u>	<u>\$11,964,263</u>
<b>CURRENT LIABILITIES</b>					
Accounts payable	\$ 208,991	\$ -	\$ -	\$ 208,991	\$ 367,206
Due to other net assets	<u>-</u>	<u>135,890</u>	<u>127,346</u>	<u>★</u>	<u>★</u>
<b>Total current liabilities</b>	<u>208,991</u>	<u>135,890</u>	<u>127,346</u>	<u>208,991</u>	<u>367,206</u>
<b>OTHER LIABILITIES</b>					
Refundable advance	-	65,428	-	65,428	61,576
Uni-trust and annuity obligations	<u>-</u>	<u>589,247</u>	<u>-</u>	<u>589,247</u>	<u>611,869</u>
<b>Total other liabilities</b>	<u>-</u>	<u>654,675</u>	<u>-</u>	<u>654,675</u>	<u>673,445</u>
<b>NET ASSETS</b>					
Unrestricted					
Operating	2,223,816	-	-	2,223,816	2,149,563
Reserve	4,846,489	-	-	4,846,489	4,053,259
Temporarily restricted <i>(Note 5)</i>					
Life Income Agreements	-	595,078	-	595,078	518,715
Permanently restricted <i>(Note 5)</i>	<u>-</u>	<u>-</u>	<u>4,924,657</u>	<u>4,924,657</u>	<u>4,202,075</u>
<b>Total net assets</b>	<u>7,070,305</u>	<u>595,078</u>	<u>4,924,657</u>	<u>12,590,040</u>	<u>10,923,612</u>
<b>Total liabilities and net assets</b>	<u>\$7,279,296</u>	<u>\$1,385,643</u>	<u>\$5,052,003</u>	<u>\$13,453,706</u>	<u>\$11,964,263</u>

★ *Interfund balances eliminated in combination*

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

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**

**Year ended December 31, 2009 with summarized information for 2008**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	
				<u>2009</u>	<u>2008</u>
<b>Public support and revenue</b>					
<b>Public support</b>					
Contributions	\$5,400,701	\$ 6,927	\$ -	\$ 5,407,628	\$ 6,037,903
Income from outside trusts	132,823	-	-	132,823	128,193
Legacies and bequests	<u>1,241,667</u>	<u>-</u>	<u>-</u>	<u>1,241,667</u>	<u>1,297,908</u>
<b>Total public support</b>	<u>6,775,191</u>	<u>6,927</u>	<u>-</u>	<u>6,782,118</u>	<u>7,464,004</u>
<b>Revenue</b>					
Investment income, net of expenses	59,197	27,942	-	87,139	158,453
Realized loss on investment transactions	(209,248)	(87,593)	-	(296,841)	(239,190)
Other	<u>21,603</u>	<u>-</u>	<u>-</u>	<u>21,603</u>	<u>8,879</u>
<b>Total revenue</b>	<u>(128,448)</u>	<u>(59,651)</u>	<u>-</u>	<u>(188,099)</u>	<u>(71,858)</u>
<b>Net assets released from restrictions (Note 5)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total support and revenue</b>	<u>6,646,743</u>	<u>(52,724)</u>	<u>-</u>	<u>6,594,019</u>	<u>7,392,146</u>
<b>Expenses</b>					
<b>Program services</b>					
Leprosy Treatment	1,126,848	-	-	1,126,848	1,240,164
Other Diseases	477,675	-	-	477,675	740,164
Training of Professionals	371,204	-	-	371,204	554,850
Socio-Economic Services	657,136	-	-	657,136	761,601
Prevention of Disabilities	730,346	-	-	730,346	552,969
Research	<u>935,345</u>	<u>-</u>	<u>-</u>	<u>935,345</u>	<u>1,146,716</u>
<b>Total program services</b>	<u>4,298,554</u>	<u>-</u>	<u>-</u>	<u>4,298,554</u>	<u>4,996,464</u>
<b>Supporting services</b>					
Fund-raising	1,777,740	-	-	1,777,740	2,489,651
Management and general	<u>449,608</u>	<u>-</u>	<u>-</u>	<u>449,608</u>	<u>500,695</u>
<b>Total supporting services</b>	<u>2,227,348</u>	<u>-</u>	<u>-</u>	<u>2,227,348</u>	<u>2,990,346</u>
<b>Total expenses</b>	<u>6,525,902</u>	<u>-</u>	<u>-</u>	<u>6,525,902</u>	<u>7,986,810</u>
<b>Other changes in net assets</b>					
Actuarial gain (loss) on annuity and unitrust obligations	-	(29,004)	-	(29,004)	121,487
Net unrealized gains (loss) on long-term investments	746,642	158,091	-	904,733	(1,193,526)
Change in beneficial interest in perpetual trusts	<u>-</u>	<u>-</u>	<u>722,582</u>	<u>722,582</u>	<u>(1,790,369)</u>
<b>Total other changes</b>	<u>746,642</u>	<u>129,087</u>	<u>722,582</u>	<u>1,598,311</u>	<u>(2,862,408)</u>
<b>Changes in net assets</b>	867,483	76,363	722,582	1,666,428	(3,457,072)
<b>Net assets</b>					
Beginning of year	<u>6,202,822</u>	<u>518,715</u>	<u>4,202,075</u>	<u>10,923,612</u>	<u>14,380,684</u>
End of year	<u>\$7,070,305</u>	<u>\$595,078</u>	<u>\$4,924,657</u>	<u>\$12,590,040</u>	<u>\$10,923,612</u>

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

**STATEMENT OF FUNCTIONAL EXPENSES**

**Year ended December 31, 2009 with summarized information for 2008**

	<u>Program Services</u>			
	<u>Leprosy Treatment</u>	<u>Other Diseases</u>	<u>Training of Professionals</u>	<u>Socio-Economic Services</u>
Salaries	\$ 97,032	\$ 41,132	\$ 31,964	\$ 56,586
Payroll taxes	6,762	2,867	2,228	3,943
Employee health, retirement, and other benefits	<u>27,414</u>	<u>11,621</u>	<u>9,031</u>	<u>15,987</u>
<b>Total salaries and related expenses</b>	131,208	55,620	43,223	76,516
Occupancy	10,529	4,463	3,468	6,140
Office supplies and program materials	685	290	226	400
Professional fees and contract service payments	3,191	1,352	1,051	1,860
Travel, conferences, conventions and meetings	27,653	11,722	9,109	16,126
Printing, postage and publications	39,561	16,770	13,032	23,070
Awards, grants and other program disbursements	893,714	378,850	294,406	521,181
Media	5,866	2,486	1,932	3,421
New donor costs	-	-	-	-
Depreciation	11,428	4,845	3,765	6,665
Miscellaneous	<u>3,013</u>	<u>1,277</u>	<u>992</u>	<u>1,757</u>
	<u>\$1,126,848</u>	<u>\$477,675</u>	<u>\$371,204</u>	<u>\$ 657,136</u>

<u>Prevention Of Disabilities</u>	<u>Research</u>	<u>Total 2009</u>	<u>Supporting Services</u>			<u>Total Expenses</u>	
			<u>Fund Raising</u>	<u>Management And General</u>	<u>Total 2009</u>	<u>2009</u>	<u>2008</u>
\$ 62,890	\$ 80,542	\$ 370,146	\$ 176,713	\$202,132	\$ 378,845	\$ 748,991	\$ 1,021,753
4,383	5,613	25,796	11,351	12,032	23,383	49,179	73,123
<u>17,767</u>	<u>22,754</u>	<u>104,574</u>	<u>61,834</u>	<u>42,867</u>	<u>104,701</u>	<u>209,275</u>	<u>316,896</u>
85,040	108,909	500,516	249,898	257,031	506,929	1,007,445	1,411,772
6,824	8,740	40,164	23,985	32,073	56,058	96,222	106,427
444	569	2,614	1,496	2,025	3,521	6,135	6,825
2,068	2,647	12,169	87,280	34,015	121,295	133,464	201,527
17,923	22,954	105,487	35,644	16,674	52,318	157,805	224,142
25,641	32,838	150,912	404,119	1,894	406,013	556,925	714,758
579,244	741,832	3,409,227	-	-	-	3,409,227	3,883,093
3,802	4,869	22,376	520,203	-	520,203	542,579	546,613
-	-	-	403,078	-	403,078	403,078	675,206
7,407	9,487	43,597	22,745	28,431	51,176	94,773	70,185
<u>1,953</u>	<u>2,500</u>	<u>11,492</u>	<u>29,292</u>	<u>77,465</u>	<u>106,757</u>	<u>118,249</u>	<u>146,262</u>
<u>\$730,346</u>	<u>\$935,345</u>	<u>\$4,298,554</u>	<u>\$1,777,740</u>	<u>\$449,608</u>	<u>\$2,227,348</u>	<u>\$6,525,902</u>	<u>\$7,986,810</u>

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

**STATEMENTS OF CASH FLOWS**

**Years ended December 31, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
<i>Cash flows from operating activities</i>		
Cash received from contributors	\$ 6,772,318	\$ 7,463,094
Interest and dividends received	103,049	177,519
Grants paid	(3,409,227)	(3,883,093)
Cash paid for other expenditures	<u>(3,140,523)</u>	<u>(4,090,426)</u>
<b>Net cash provided by (used for) operating activities</b>	<u>325,617</u>	<u>(332,906)</u>
<i>Cash flows from investing activities</i>		
Purchase of building and equipment	(222,943)	(298,928)
Purchase of investments	(3,415,929)	(2,472,647)
Proceeds from sale of investments	3,094,410	3,468,114
Net change in cash and cash equivalents – long term	<u>376,737</u>	<u>(746,707)</u>
<b>Net cash used for investing activities</b>	<u>(167,725)</u>	<u>(50,168)</u>
<i>Cash flows from financing activities</i>		
Payments made to annuitants	(89,250)	(90,797)
Payments made under trust agreements	(33,064)	(44,132)
Proceeds from contributions restricted for – Investment subject to annuity agreements	<u>12,000</u>	<u>35,000</u>
<b>Net cash used for financing activities</b>	<u>(110,314)</u>	<u>(99,929)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	47,578	(483,003)
<i>Cash and cash equivalents</i>		
Beginning of year	<u>1,638,176</u>	<u>2,121,179</u>
End of year	<u>\$ 1,685,754</u>	<u>\$ 1,638,176</u>

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

*STATEMENTS OF CASH FLOWS – (Continued)*

**Years ended December 31, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>		
<i>Change in net assets</i>	\$ 1,666,428	\$(3,457,072)
<i>Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities</i>		
Depreciation	94,773	70,185
(Gain) loss on sale of investments	296,841	239,190
Actuarial (gain) loss on annuity and unitrust obligations	29,004	(121,487)
Non-cash contributions	(10,640)	(56,034)
Change in unrealized (appreciation) depreciation	(904,733)	1,193,526
Contributions restricted for long-term investment	(12,000)	(35,000)
Change in beneficial interest in perpetual trusts	(722,582)	1,790,369
Liability for new annuities issued	5,073	14,187
Interest and dividends restricted for long-term investment	8,677	9,479
(Increase) decrease in		
Accrued interest receivable	7,233	9,586
Accounts receivable and advances	(17,575)	68,394
Pledges receivable	3,739	(597)
Prepaid expenses and deposits	39,594	(7,006)
Decrease in		
Accounts payable	<u>(158,215)</u>	<u>(50,626)</u>
<i>Net cash provided by (used for) operating activities</i>	<u>\$ 325,617</u>	<u>\$ (332,906)</u>

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

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2009 and 2008**

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**(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.

***SUBSEQUENT EVENTS***

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance, May 11, 2010, have been evaluated in the preparation of the financial statements.

***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. Accounting Standards Codification ("*ASC*") 825, "*Financial Instruments*", formerly known as Statement of Financial Accounting Standards ("*SFAS*") No. 107, identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by monitoring the financial institutions in which deposits are made.

***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, 2009 and 2008**

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***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, 2009 and 2008

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### NET ASSETS

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.

### 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, 2008, 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, 2009 and 2008, respectively, are expected to be realized as follows:

	<u>2009</u>	<u>2008</u>
In one year or less	\$22,315	\$23,609
Less reserve for doubtful accounts	<u>8,033</u>	<u>5,588</u>
Net pledges receivable	<u>\$14,282</u>	<u>\$18,021</u>

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

*NOTES TO FINANCIAL STATEMENTS – (Continued)*

**December 31, 2009 and 2008**

**(3) LAND, BUILDING AND EQUIPMENT**

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

	<u>2009</u>	<u>2008</u>
Land	\$ 285,675	\$ 285,675
Building and improvements	1,275,552	1,275,552
Equipment	<u>2,590,427</u>	<u>2,367,484</u>
	4,151,654	3,928,711
Less accumulated depreciation	<u>3,019,125</u>	<u>2,924,352</u>
	<u>\$ 1,132,529</u>	<u>\$ 1,004,359</u>

**(4) LONG-TERM INVESTMENTS**

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

<u>Net Assets</u>	<u>2009</u>		<u>2008</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
<b>Unrestricted</b>	<u>\$3,779,069</u>	<u>\$3,973,402</u>	<u>\$3,835,496</u>	<u>\$3,491,178</u>
<b>Temporarily Restricted</b>				
Revocable Gift Agreements	60,869	60,561	57,014	56,978
Segregated Gift Annuity Agreements	813,676	897,182	980,294	905,709
Uni-trust and Annuity Agreements	<u>344,288</u>	<u>381,939</u>	<u>439,497</u>	<u>356,065</u>
	<u>1,218,833</u>	<u>1,339,682</u>	<u>1,476,805</u>	<u>1,318,752</u>
<b>Permanently restricted</b>	<u>624,235</u>	<u>722,439</u>	<u>711,276</u>	<u>601,489</u>
<b>Total</b>	<u>\$5,622,137</u>	<u>\$6,035,523</u>	<u>\$6,023,577</u>	<u>\$5,411,419</u>

The components of marketable securities at December 31 are:

	<u>2009</u>		<u>2008</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Cash and cash equivalents	\$ 689,102	\$ 689,102	\$1,065,839	\$1,065,839
Certificates of Deposit	250,000	249,842	-	-
U.S. Government Treasury securities	955,365	964,340	933,276	1,006,064
Corporate and municipal bonds	759,641	795,494	927,395	879,283
Common and preferred stocks	2,495,228	2,771,175	2,852,911	2,297,579
Mutual funds	<u>472,801</u>	<u>565,570</u>	<u>244,156</u>	<u>162,654</u>
	<u>\$5,622,137</u>	<u>\$6,035,523</u>	<u>\$6,023,577</u>	<u>\$5,411,419</u>

At December 31, 2009 and 2008, the portfolio of marketable securities had unrealized gains (losses) of \$413,386 and \$(612,158), respectively

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

*NOTES TO FINANCIAL STATEMENTS – (Continued)*

**December 31, 2009 and 2008**

Investment income in the statement of activities and changes in net assets is shown net of \$55,267 and \$69,983 of investment management fees for the years ended December 31, 2009 and 2008, respectively.

ALM utilized various methods to measure the fair value of its investments on a recurring basis. Generally accepted accounting principles establish a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are described below:

Level 1 – quoted prices in active markets for identical securities

Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)

Level 3 – significant unobservable inputs (including ALM’s own assumptions in determining the fair value of investments)

The inputs methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The summary of inputs used to value ALM’s investments as of December 31, 2009 and 2008 is as follows:

	<b>2009</b>			
	<b><u>Total</u></b>	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>
Cash and cash equivalents	\$ 689,102	\$ 689,102	\$ -	\$ -
Certificates of Deposit	249,842	-	249,842	-
U.S. Government Treasury Securities	964,340	-	964,340	-
Corporate and municipal bonds	795,494	-	795,494	-
Common and preferred stocks	2,771,175	2,771,175	-	-
Mutual funds	<u>565,570</u>	<u>565,570</u>	-	-
Total	<u>\$6,035,523</u>	<u>\$4,025,847</u>	<u>\$2,009,676</u>	<u>\$ -</u>

  

	<b>2008</b>			
	<b><u>Total</u></b>	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>
Cash and cash equivalents	\$1,065,839	\$1,065,839	\$ -	\$ -
U.S. Government Treasury Securities	1,006,064	-	1,006,064	-
Corporate and municipal bonds	879,283	-	879,283	-
Common and preferred stocks	2,297,579	2,297,579	-	-
Mutual funds	<u>162,654</u>	<u>162,654</u>	-	-
Total	<u>\$5,411,419</u>	<u>\$3,526,072</u>	<u>\$1,885,347</u>	<u>\$ -</u>

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

*NOTES TO FINANCIAL STATEMENTS – (Continued)*

**December 31, 2009 and 2008**

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**(5) NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

	<u>2009</u>	<u>2008</u>
Life Income Agreements	<u>\$595,078</u>	<u>\$518,715</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 \$711,494 in 2009 and \$745,846 in 2008 by \$209,656 and \$154,113, respectively.

Permanently restricted net assets are available for the following purpose:

	<u>2009</u>	<u>2008</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>4,329,564</u>	<u>3,606,982</u>
	<u>\$4,924,657</u>	<u>\$4,202,075</u>

Investment return on the permanently restricted net assets, which is included in the unrestricted revenue, for the years ended December 31, 2009 and 2008 was as follows:

	<u>2009</u>	<u>2008</u>
Investment income, net of fees	\$ 13,625	\$ 15,574
Net realized/unrealized gains (losses)	<u>107,325</u>	<u>(248,307)</u>
Total investment return	<u>\$120,950</u>	<u>\$(232,733)</u>

Included in unrestricted operating net assets at December 31, 2009 and 2008 was \$127,346 and \$6,396, respectively, of board designated endowment funds representing accumulated gains on the permanently restricted net assets.

**(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 \$75,000 and \$117,000 for the years ended December 31, 2009 and 2008, respectively.

## **SUPPLEMENTAL INFORMATION**

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

**SCHEDULE OF PROGRAM SERVICE GRANTS AND OTHER DISBURSEMENTS**

**Year ended December 31, 2009 with summarized information for 2008**

	<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>2009</u>	<u>2008</u>
<b><u>Africa</u></b>								
Angola	\$ 86,376	\$ -	\$ 48,420	\$ 53,900	\$ 20,904	\$ -	\$ 209,600	\$ 229,490
Congo	370,362	89,648	29,223	10,251	16,800	-	516,284	453,697
Cote D' Ivoire	-	187,900	-	-	-	-	187,900	406,160
Ethiopia	-	-	-	24,000	-	-	24,000	20,000
Ghana	-	56,000	-	-	-	-	56,000	75,000
Somalia	9,000	-	-	3,000	3,000	-	15,000	-
	<u>465,738</u>	<u>333,548</u>	<u>77,643</u>	<u>91,151</u>	<u>40,704</u>	<u>-</u>	<u>1,008,784</u>	<u>1,184,347</u>
<b><u>Asia and Pacific Islands</u></b>								
China	-	-	-	14,000	152,000	-	166,000	152,500
India	179,481	-	48,000	170,444	63,350	9,500	470,775	506,872
Myanmar	20,638	-	94,433	36,039	158,596	-	309,706	345,040
Nepal	51,998	-	-	15,000	73,078	-	140,076	95,000
Philippines	107,190	935	8,415	123,616	-	-	240,156	201,835
Thailand	-	-	-	20,000	-	-	20,000	17,500
	<u>359,307</u>	<u>935</u>	<u>150,848</u>	<u>379,099</u>	<u>447,024</u>	<u>9,500</u>	<u>1,346,713</u>	<u>1,318,747</u>
<b><u>The Americas</u></b>								
Brazil	15,831	-	-	-	-	-	15,831	33,500
	<u>840,876</u>	<u>334,483</u>	<u>228,491</u>	<u>470,250</u>	<u>487,728</u>	<u>9,500</u>	<u>2,371,328</u>	<u>2,536,594</u>
<b><u>Miscellaneous Grants and Disbursements</u></b>								
Vaccine Research	-	-	-	-	-	450,000	450,000	500,000
Other Research	-	-	-	-	-	199,317	199,317	319,786
Training and Other	52,838	44,367	65,915	50,931	91,516	83,015	388,582	526,713
	<u>52,838</u>	<u>44,367</u>	<u>65,915</u>	<u>50,931</u>	<u>91,516</u>	<u>732,332</u>	<u>1,037,899</u>	<u>1,346,499</u>
<b>Total grants</b>	<b><u>\$893,714</u></b>	<b><u>\$378,850</u></b>	<b><u>\$294,406</u></b>	<b><u>\$521,181</u></b>	<b><u>\$579,244</u></b>	<b><u>\$741,832</u></b>	<b><u>\$3,409,227</u></b>	<b><u>\$3,883,093</u></b>