

**AFRICA INLAND MISSION
INTERNATIONAL, INC.
U.S. COUNCIL**

Financial Statements

December 31, 2010 and 2009

AFRICA INLAND MISSION INTERNATIONAL, INC.
U.S. COUNCIL

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Notes to Financial Statements	5

INDEPENDENT AUDITORS' REPORT

Board of Directors
Africa Inland Mission International, Inc., U.S. Council
Pearl River, NY

We have audited the accompanying statements of financial position of Africa Inland Mission International, Inc., U.S. Council, as of December 31, 2010 and 2009, and the related statements of activities and cash flows for the years 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 upon 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Africa Inland Mission International, Inc., U.S. Council, as of December 31, 2010 and 2009, and the changes in its net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.



Wheaton, Illinois
March 11, 2011

AFRICA INLAND MISSION INTERNATIONAL, INC.
U.S. COUNCIL

Statements of Financial Position
(in thousands)

	December 31,	
	2010	2009
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 4,389	\$ 3,657
Advances to missionaries	65	50
Prepaid expenses and other assets	121	77
	4,575	3,784
Long-term investments	6,614	5,521
Annuity investments	1,210	1,519
Trust investments	1,561	1,331
Construction in process	65	178
Land, buildings and equipment	8,621	5,818
Endowment assets	133	133
	\$ 22,779	\$ 18,284
LIABILITIES AND NET ASSETS:		
Liabilities:		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,112	\$ 1,123
Missionaries' personal accounts	114	199
Remittances payable	433	489
Annuities payable - current portion	128	236
	1,787	2,047
Annuities payable	972	1,145
Trust obligations	1,177	1,009
	3,936	4,201
Net assets:		
Permanently restricted	72	72
Temporarily restricted	6,178	5,968
Unrestricted	12,593	8,043
	18,843	14,083
	\$ 22,779	\$ 18,284

See notes to financial statements

AFRICA INLAND MISSION INTERNATIONAL, INC.
U.S. COUNCIL

Statements of Activities
(in thousands)

	Year Ended December 31,							
	2010				2009			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING SUPPORT AND REVENUE:								
Contributions	\$ 2,815	\$ 18,860	\$ -	\$ 21,675	\$ 2,564	\$ 19,246	\$ -	\$ 21,810
Legacies and bequests	481	-	-	481	46	-	-	46
Interest and dividends	140	-	-	140	155	-	-	155
Staff housing income	134	-	-	134	127	-	-	127
Retirement Center fees	220	-	-	220	183	-	-	183
Candidate week income	76	-	-	76	53	-	-	53
Other	128	-	-	128	138	-	-	138
	<u>3,994</u>	<u>18,860</u>	<u>-</u>	<u>22,854</u>	<u>3,266</u>	<u>19,246</u>	<u>-</u>	<u>22,512</u>
Net assets released from restrictions:								
Satisfaction of program restrictions	17,988	(17,988)	-	-	18,861	(18,861)	-	-
Satisfaction of capital acquisition restrictions	243	(243)	-	-	396	(396)	-	-
Satisfaction of timing restrictions	481	(481)	-	-	63	(63)	-	-
	<u>22,706</u>	<u>148</u>	<u>-</u>	<u>22,854</u>	<u>22,586</u>	<u>(74)</u>	<u>-</u>	<u>22,512</u>
EXPENSES:								
Ministry expenses	17,937	-	-	17,937	18,413	-	-	18,413
Management and general	3,564	-	-	3,564	3,634	-	-	3,634
Fund-raising	414	-	-	414	504	-	-	504
	<u>21,915</u>	<u>-</u>	<u>-</u>	<u>21,915</u>	<u>22,551</u>	<u>-</u>	<u>-</u>	<u>22,551</u>
Change in Net Assets from Operations	<u>791</u>	<u>148</u>	<u>-</u>	<u>939</u>	<u>35</u>	<u>(74)</u>	<u>-</u>	<u>(39)</u>
NON-OPERATING REVENUE:								
Change in value of annuities and irrevocable trusts	(47)	62	-	15	(26)	76	-	50
Net realized and unrealized gains on investments	332	-	-	332	663	-	-	663
Gain on sale of land, buildings and equipment	3,474	-	-	3,474	-	-	-	-
	<u>3,759</u>	<u>62</u>	<u>-</u>	<u>3,821</u>	<u>637</u>	<u>76</u>	<u>-</u>	<u>713</u>
Change in Net Assets	4,550	210	-	4,760	672	2	-	674
Net Assets, Beginning of Year	<u>8,043</u>	<u>5,968</u>	<u>72</u>	<u>14,083</u>	<u>7,371</u>	<u>5,966</u>	<u>72</u>	<u>13,409</u>
Net Assets, End of Year	<u>\$ 12,593</u>	<u>\$ 6,178</u>	<u>\$ 72</u>	<u>\$ 18,843</u>	<u>\$ 8,043</u>	<u>\$ 5,968</u>	<u>\$ 72</u>	<u>\$ 14,083</u>

See notes to financial statements

AFRICA INLAND MISSION INTERNATIONAL, INC.
U.S. COUNCIL

Statements of Cash Flows
(in thousands)

	Year Ended December 31,	
	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 4,760	\$ 674
Reconciliation of change in net assets to net cash provided by operating activities:		
Depreciation	270	243
(Gain) Loss on sale of land, buildings and equipment	(3,474)	2
Net realized and unrealized gains on investments	(369)	(796)
Annuity actuarial change, net of payments	165	231
Gift annuity maturities	(351)	(21)
Change in value of trusts	(62)	(76)
Contributions restricted for building campaign	(243)	(396)
Change in:		
Advances to missionaries, prepaid expenses and other assets	(59)	55
Bequests receivable	-	63
Accounts payable and other current liabilities	(152)	101
Net Cash Provided by Operating Activities	485	80
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment and construction costs	(3,688)	(696)
Proceeds from sale of land, buildings and equipment	4,202	-
Proceeds from sale of investments	4,763	6,313
Purchases of investments	(5,394)	(7,375)
Net Cash Used by Investing Activities	(117)	(1,758)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions restricted for building campaign	243	396
Proceeds from issuance of annuity agreements, net of gift portion	23	37
Proceeds from new trust obligations	111	-
Payments on annuity and trust obligations	(228)	(296)
Investment income on assets held in trust	215	275
Net Cash Provided by Financing Activities	364	412
Change in Cash and Cash Equivalents	732	(1,266)
Cash and Cash Equivalents, Beginning of Year	3,657	4,923
Cash and Cash Equivalents, End of Year	\$ 4,389	\$ 3,657
NONCASH INVESTING ACTIVITIES:		
Disposal of fully depreciated equipmen	\$ 1,516	\$ 146

See notes to financial statements

AFRICA INLAND MISSION INTERNATIONAL, INC.
U.S. COUNCIL

Notes to Financial Statements
December 31, 2010 and 2009

1. NATURE OF ORGANIZATION:

Africa Inland Mission International, Inc., U.S. Sending Council (AIM or "U.S. Council") is an international foreign mission organization serving over 20 countries in Africa and in some U.S. urban centers with over 500 full term missionaries and over fifty short term missionaries. AIM's primary goal is to plant and cultivate maturing churches through the evangelization of unreached people and the effective preparation of church leaders. An eleven-member Board of Directors, which meets regularly to set policies and direct the work of the mission, governs AIM.

The U.S. Council, a New York not-for-profit corporation, is one of seven "Sending Councils", individually organized and operating within their respective countries, including South Africa, the U.S., Europe, Canada, Australia, Korea and Brazil. The ministries of the Sending Councils are accomplished through AIM Branches, which operate within the various African countries. To promote effective planning, cooperation and unity of purpose, the seven Sending Councils and the AIM Branches have organized Africa Inland Mission International (the "International Council"), with offices in Bristol, England. Through delegates appointed by the Sending Councils, Branches and service units, the International Council establishes overall policy and exercises administrative authority for the ministry. Under this direction, each Sending Council exercises authority for its operations within its country of domicile. The operations of Africa Inland Mission International, Inc. are supported largely by funds raised by each independent Sending Council.

AIM is a faith mission, dependent upon God as He moves in the hearts of interested individuals, local churches and other organizations to meet financial needs. Strict fiscal integrity is maintained. The mission is a member of the Evangelical Council for Financial Accountability and CrossGlobal Link (formerly the Interdenominational Foreign Mission Association). Missionaries raise support for their ministries from interested churches and individuals. Support figures are established according to cost-of-living factors and include an amount for mission administration, major medical insurance, pension, allowances for the education of children and ministry expense. Funds provided for the support of each missionary are set apart for that purpose and disbursed in compliance with the support schedule and policies. AIM's ministries and projects are supported by those whom God raises up with a concern for that ministry activity or project.

The financial statements include only the financial position, activities and cash flows of the U.S. Council due to the financial and administrative independence of the other affiliated organizations.

AIM is incorporated under the laws of the State of New York and the State of New Jersey as a charitable religious organization within the meaning of Section 501(c)(3) of the Internal Revenue Code. It is exempt from federal and state income tax and contributions by the public are deductible for income tax purposes.

AFRICA INLAND MISSION INTERNATIONAL, INC.
U.S. COUNCIL

Notes to Financial Statements
December 31, 2010 and 2009

2. SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of AIM have been prepared on the accrual basis of accounting. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The more significant accounting policies are described below.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include checking, savings and money market accounts. Certificates of deposit with a maturity of three months or less when purchased are considered to be cash equivalents. Certificates with maturity greater than three months but less than one year are reported as investments. Certain items that meet the definition of cash equivalents but are related to annuity and trust agreements are included in annuity and trust investments. From time to time, deposits may exceed federally insured limits. AIM has not experienced any losses on its cash and cash equivalents and does not believe it is exposed to any significant credit risk related to these accounts.

LAND, BUILDINGS, EQUIPMENT AND DEPRECIATION

Expenditures for land, buildings and equipment in excess of \$1,000 are capitalized at cost. Donated items are capitalized at their fair market value on the date of the gift. Depreciation is provided over the estimated useful lives of the assets, ranging from 5 to 40 years, on the straight-line basis. The cost of normal repairs and maintenance is charged to operating expense as incurred. Expenditures that increase the life of an asset are capitalized and depreciated over the estimated useful life of the asset.

INVESTMENTS

Except for investment in real estate and certificates of deposit, investments are carried at fair value. Fair values for investment securities are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable investments. Certificates of deposit are carried at cost and investment in real estate is carried at the lower of cost or estimated net realizable value.

Interest and dividends on investments, other than that related to annuity and trust investments, are reported as operating investment income. Interest, dividends and realized and unrealized gains and losses related to annuity and trust investments are included in change in value of annuities and irrevocable trusts. Realized and unrealized gains and losses on other investments are reported as non-operating income.

AFRICA INLAND MISSION INTERNATIONAL, INC.
U.S. COUNCIL

Notes to Financial Statements
December 31, 2010 and 2009

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

CLASSES OF NET ASSETS

Net assets and changes therein are reported as follows:

Unrestricted net assets are currently available for ministry purposes under the direction of the Board of Directors, those designated by the Board for a specific use and those invested in land, buildings and equipment.

Temporarily restricted net assets are those contributed by donors with stipulations for specific purposes or programs. They are not available for use in AIM's ministries until commitments regarding their use have been fulfilled or lifetime beneficiary interests have ceased. When a purpose restriction is accomplished or when a stipulated time restriction ends, temporarily restricted net assets are released to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently restricted net assets are contributed with donor stipulations that they are held in perpetuity, with use of income for specific operating purposes or programs.

PROMISES TO GIVE

AIM receives indications of intent to support ministries that are commitments to provide monthly, quarterly or annual gifts of a specified amount. These commitments have no term and are subject to unilateral change by the donor. Because the commitments do not express a term or period, the amount of the commitment is not measurable. Considering these factors, the commitments are not considered to be unconditional promises to give and are not recognized until the cash or other assets are received.

REVENUES

Contributions are recorded when cash is received or when ownership of donated assets is transferred. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Gifts of land, buildings and equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

Bequests are recorded as income at the time AIM has an established right to the bequest and the proceeds are measurable. Other income is recorded as earned.

AFRICA INLAND MISSION INTERNATIONAL, INC.
U.S. COUNCIL

Notes to Financial Statements
December 31, 2010 and 2009

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

REVENUES, continued

Donor contributions for projects are subject to an assessment, which is used for general and administrative expenses. The maximum assessment taken on any single contribution is \$1,000. Assessments of approximately \$2,239,000 and \$2,289,000 are included in unrestricted contributions for the years ended December 31, 2010 and 2009, respectively.

ALLOCATION OF EXPENSES

The costs of providing the various programs and supporting activities of the organization have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program and supporting expenses. All expenses are reported in the unrestricted class and are recorded when incurred in accordance with the accrual basis of accounting.

ALLOCATION OF JOINT COSTS

In 2010, AIM incurred joint costs of \$1,889,000 that included fund-raising activities for missionaries on home assignment. Of these costs, \$378,000 was allocated to fund-raising expense, \$405,000 to church growth and evangelism, \$181,000 to medical and relief ministry, \$363,000 to education, \$120,000 to Bible schools and seminaries, and \$442,000 to services to missions and churches.

In 2009, AIM incurred joint costs of \$2,330,000 that included fund-raising activities for missionaries on home assignment. Of these costs, \$466,000 was allocated to fund-raising expense, \$576,000 to church growth and evangelism, \$210,000 to medical and relief ministry, \$458,000 to education, \$165,000 to Bible schools and seminaries, and \$455,000 to services to missions and churches.

UNCERTAIN TAX POSITIONS

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the statements of activities. As of December 31, 2010, AIM had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

AFRICA INLAND MISSION INTERNATIONAL, INC.
U.S. COUNCIL

Notes to Financial Statements
December 31, 2010 and 2009

3. LAND, BUILDINGS AND EQUIPMENT:

Land, buildings and equipment consist of the following:

	(in thousands)	
	2010	2009
Land	\$ 1,242	\$ 910
Buildings	7,580	5,442
Improvements	940	1,831
Equipment	359	381
	10,121	8,564
Less accumulated depreciation	(1,500)	(2,746)
	\$ 8,621	\$ 5,818
Construction in progress	\$ 65	\$ 178

In December 2010, AIM sold its property in Pearl River, NY, and purchased new property in Peachtree, GA. AIM plans to relocate during 2011. As a result of the sale, a gain on sale of land, buildings and equipment of approximately \$3,474,000 was recognized as of December 31, 2010, and is shown on the statements of activities. As part of the sale of the Pearl River property, the seller agreed to lease back the property to AIM on a month to month basis for \$15,000 per month.

4. LONG-TERM INVESTMENTS:

Long-term investments consist of the following:

	(in thousands)	
	2010	2009
Investments at fair market value:		
Corporate stocks	\$ 1,114	\$ 1,617
Preferred stocks	104	141
Corporate bonds	461	361
International bonds	19	32
Mutual funds	3,925	2,092
	5,623	4,243
Investments at cost or lower of cost or estimated net realizable value:		
Certificates of deposit	-	300
Investment in real estate	991	978
	\$ 6,614	\$ 5,521

Substantially all investment income is from investments at fair market value.

AFRICA INLAND MISSION INTERNATIONAL, INC.
U.S. COUNCIL

Notes to Financial Statements
December 31, 2010 and 2009

5. ANNUITY INVESTMENTS AND ANNUITIES PAYABLE:

AIM has established a gift annuity plan whereby donors may contribute assets to the organization in exchange for the right to receive a fixed dollar annual return during their lifetimes. A portion of the transfer is considered to be a charitable contribution for income tax purposes. The difference between the assets received, recognized at fair value, and the liability for future payments, determined on an actuarial basis, is recognized as unrestricted contributions at the date of the gift, unless the gift portion is restricted. \$19,000 and \$29,000 is included in contributions for the years ended December 31, 2010 and 2009, respectively. AIM uses published mortality rate tables adopted by the IRS at assumed rates of return ranging from 5.25% to 6.75% to determine the present value of the actuarially determined liability. Annuity assets consist of the following:

	(in thousands)	
	2010	2009
Cash	\$ 8	\$ 28
U.S. government securities	-	763
Mutual funds	1,202	728
	\$ 1,210	\$ 1,519

Change in value of annuities consists of:

Interest and dividends	\$ 81	\$ 72
Net realized and unrealized gains	37	133
Annuity payments and distributions	(137)	(232)
Actuarial change	(28)	1
	\$ (47)	\$ (26)

The State of New York requires that organizations issuing annuities in New York maintain minimum reserves amounting to the greater of \$100,000 or ten percent of the computed reserve. The required reserve under New York law amounted to \$110,000 and \$138,000 at December 31, 2010 and 2009, respectively. AIM maintains a higher reserve that is included in board designated unrestricted net assets.

6. TRUST INVESTMENTS AND OBLIGATIONS:

As trustee, AIM administers limited revocability trusts that provide a beneficial interest to AIM at the grantor's death. The agreements are revocable, in whole or in part, upon the written request of the grantor, if there is an adverse change in the grantors' financial circumstances or a change in the identity of AIM. As a result of these conditional rights, the principal amounts provided are recorded as liabilities. All income paid is reportable by the grantor for tax purposes. At the grantor's death, the remaining trust amount will be recorded as contribution income.

AFRICA INLAND MISSION INTERNATIONAL, INC.
U.S. COUNCIL

Notes to Financial Statements
December 31, 2010 and 2009

6. TRUST INVESTMENTS AND OBLIGATIONS, continued:

As trustee, AIM administers irrevocable trusts that provide for the payment of lifetime distributions to the grantor or other designated beneficiaries. At the death of the lifetime beneficiaries, the trusts provide for the distribution of assets to designated remaindermen. The portion of the trusts attributable to the remainder interest of AIM is reported as temporarily restricted contributions in the period received. The portion of the trusts attributable to the present value of the life interest payable to the trust recipients and any remainder interest due other remaindermen is recorded as a liability. The present value of future cash flows to income beneficiaries is computed using published mortality rate tables adopted by the IRS at assumed rates of return ranging from 3.8% to 7.4% to determine the present value of the actuarially determined liability. The resulting actuarial gain or loss is recorded as a component of the change in value for agreements where AIM has an irrevocable interest.

Trust assets consist of the following:

	(in thousands)	
	2010	2009
Cash	\$ 2	\$ 32
U.S. government securities	1	1
Corporate stocks	36	36
Mutual funds	1,655	1,395
	1,694	1,464
Less endowment assets	(133)	(133)
	\$ 1,561	\$ 1,331

Trust liabilities consist of the following:

Revocable trusts	\$ 178	\$ 183
Irrevocable trusts	746	614
Irrevocable trusts - amounts due other remaindermen	253	212
	\$ 1,177	\$ 1,009

Change in value of irrevocable trusts consists of:

Interest and dividends	\$ 51	\$ 33
Net realized and unrealized gains	164	242
Payments to beneficiaries	(91)	(64)
Actuarial change	(62)	(135)
	\$ 62	\$ 76

AFRICA INLAND MISSION INTERNATIONAL, INC.
U.S. COUNCIL

Notes to Financial Statements
December 31, 2010 and 2009

7. NET ASSETS:

Temporarily restricted net assets are available for the following purposes:

	(in thousands)	
	2010	2009
Purpose restricted:		
Missionaries	\$ 5,676	\$ 5,516
Projects	57	69
Time restricted:		
Term endowment	61	61
Irrevocable trust	384	322
	\$ 6,178	\$ 5,968

Unrestricted net assets consist of the following:

Board designated:		
Retirees assistance	\$ 86	\$ 379
Retirement Center	160	697
Emergency transportation reserve	388	349
Annuity reserves	110	138
Medical insurance reserve	173	-
	917	1,563
Undesignated	3,055	662
	3,972	2,225
Equity in land, buildings and equipment	8,621	5,818
	\$ 12,593	\$ 8,043

8. MINISTRY AND FUND-RAISING EXPENSES:

Ministry expenses consist of the following:

	(in thousands)	
	2010	2009
Church growth and evangelism	\$ 5,526	\$ 5,758
Medical relief and ministries	1,123	1,242
Education ministries	2,751	2,751
Bible school and seminaries	735	821
Home ministry	1,733	1,652
Services to missions and churches	2,491	2,464
Retirement Center	483	433
Remittance to field treasurers	3,095	3,292
	\$ 17,937	\$ 18,413

AFRICA INLAND MISSION INTERNATIONAL, INC.
U.S. COUNCIL

Notes to Financial Statements
December 31, 2010 and 2009

8. MINISTRY AND FUND-RAISING EXPENSES, continued:

Fund-raising expenses consist of the following:

	(in thousands)	
	2010	2009
Administration	\$ 36	\$ 38
Missionaries' deputation and furlough	378	466
	\$ 414	\$ 504

9. PENSION PLAN:

AIM has a contributory defined contribution plan covering all eligible full-time employees. AIM contributed \$220 and \$210 per month during 2010 and 2009, respectively, for each participant. Employer contributions to the plan totaled \$1,262,000 and \$1,251,000 in 2010 and 2009, respectively.

10. RETIREMENT CENTER PROJECT CONSTRUCTION COMMITMENTS:

AIM's Retirement Center has been an incredible blessing to many of its retired missionaries through the years. Many who gave so much of themselves in service to Christ in Africa, simply could not afford a comfortable retirement without this center. Scott Home, AIM's current residential care facility, which was named for AIM's founder, Peter Cameron Scott, has served the needs of older retirees well. However, due to increased demand, a larger, better equipped facility is desperately needed.

To meet this need, AIM has set out to construct The New Scott Home, a place where all the residents of the Retirement Center can gather for meals, social events and fellowship. The New Scott Home will also be a haven for older residents who still wish to live independently, but no longer wish to prepare meals or themselves or who find it too difficult to do so.

AIM's U.S. Council approved a plan whereby construction of the new facility will occur in two phases. The first phase includes a main hall with a common dining area, a private dining room for Scott Home residents, large porches, a library and lounge, a kitchen, office space, laundry room, restrooms, mechanical rooms and two residential units. Phase one was completed in 2009 and is a fully functional building used and enjoyed by AIM's retirees.

The second phase includes 15 additional residential units plus a manager's apartment. Upon completion of phase two in 2010, The New Scott Home building has the maximum potential of accommodating 34 residents based on two residents in each of the 17 residential units.

At December 31, 2010 and 2009, AIM had no outstanding commitments related to this project.

AFRICA INLAND MISSION INTERNATIONAL, INC.
U.S. COUNCIL

Notes to Financial Statements
December 31, 2010 and 2009

11. FAIR VALUE MEASUREMENTS:

AIM has adopted the provisions of the Fair Value Measurements and Disclosure Topic of the Financial Standards Accounting Board (FASB) *Accounting Standards Codification*(ASC). These standards define fair value, establish a framework for measuring fair value and enhance disclosures about fair value measurements. Fair value is defined under the standards as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market between market participants on the measurement date.

The fair values of investments are based on the framework established in the standards which establishes a three-level hierarchy for determining fair value. The valuations for each of these levels are determined as follows:

Level 1 - Quoted prices for identical instruments traded in active markets.

Level 2 - Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in inactive markets or model-based valuations where significant assumptions are observable.

Level 3 - Model-based techniques using significant assumptions that are not observable. These unobservable assumptions reflect estimates of assumptions that market participants would use.

The table below presents the level within the fair value hierarchy at which investments are measured at December 31, 2010:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Long-term investments:				
Stocks	\$ 1,218	\$ 1,218	\$ -	\$ -
Bonds	480	-	480	-
Mutual funds	3,925	3,925	-	-
Annuity investments:				
U.S. government securities	-	-	-	-
Mutual funds	1,202	1,202	-	-
Trust and endowment investments:				
U.S. government securities	1	1	-	-
Stocks	36	36	-	-
Mutual funds	1,655	1,655	-	-

AFRICA INLAND MISSION INTERNATIONAL, INC.
U.S. COUNCIL

Notes to Financial Statements
December 31, 2010 and 2009

11. FAIR VALUE MEASUREMENTS, continued:

The table below presents the level within the fair value hierarchy at which investments are measured at December 31, 2009:

	Total	Level 1	Level 2	Level 3
Long-term investments:				
Stocks	\$ 1,758	\$ 1,758	\$ -	\$ -
Bonds	393	-	393	-
Mutual funds	2,092	2,092	-	-
Annuity investments:				
U.S. government securities	763	763	-	-
Mutual funds	728	728	-	-
Trust and endowment investments:				
U.S. government securities	1	1	-	-
Stocks	36	36	-	-
Mutual funds	1,395	1,395	-	-

12. ENDOWMENT FUNDS:

AIM's endowment assets consist of five individual temporarily or permanently restricted funds established for a variety of purposes. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The disclosures required by the Reporting Endowment Funds topic of the FASB ASC have not been included in these financial statements due to immateriality.

13. MEDICAL INSURANCE CLAIMS PAYABLE:

Starting in 2010, AIM partially self insures the medical expenses of its employees. Under the plan, AIM is responsible for the deductible between \$200 and \$1,500 of covered medical expenses per employee per year. The liability for outstanding medical claims as of December 31, 2010, is \$120,000 and is reported in accounts payable and accrued expenses.

14. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.