

AMG INTERNATIONAL, INC.

Chattanooga, Tennessee

FINANCIAL STATEMENTS

Years Ended December 31, 2020 and 2019

JOHNSON, HICKEY & MURCHISON, P.C.
Certified Public Accountants
Chattanooga, Tennessee

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INDEPENDENT AUDITORS' REPORT

**To the Board of Directors of
AMG International, Inc.**

We have audited the accompanying financial statements of AMG International, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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Basis for Qualified Opinion

As more fully discussed in Note 1 to the financial statements, the Organization has elected not to consolidate the financial statements of its wholly owned subsidiary, AMG Publishers, Inc. and majority-owned subsidiary, St. Luke's Hospital. Accounting principles generally accepted in the United States of America require that all majority-owned subsidiaries be accounted for as consolidated subsidiaries.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of AMG International, Inc. as of December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited AMG International, Inc.'s 2019 financial statements, and we expressed a qualified audit opinion on those audited financial statements in our report dated February 11, 2020 because of the departure from generally accepted accounting principles described in the Basis for Qualified Opinion paragraph. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it was derived.

Johnson, Niskey & Meacham, P.C.

Chattanooga, Tennessee
February 8, 2021

AMG INTERNATIONAL, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

ASSETS

	2020			2019	
	Operating	Non- Expendable Trust	Endowment Fund	Total	Total
CURRENT ASSETS					
Cash	\$ 1,416,729	\$ 51,438	\$ -	\$ 1,468,167	\$ 938,877
Due from related parties	109,316	-	-	109,316	114,653
Investments	<u>1,845,068</u>	<u>1,732,808</u>	<u>2,989,807</u>	<u>6,567,683</u>	<u>5,154,114</u>
Total current assets	<u>3,371,113</u>	<u>1,784,246</u>	<u>2,989,807</u>	<u>8,145,166</u>	<u>6,207,644</u>
PROPERTY AND EQUIPMENT	<u>464,643</u>	<u>-</u>	<u>-</u>	<u>464,643</u>	<u>204,289</u>
OTHER ASSETS					
Investment - St. Luke's Hospital	2,848,993	-	-	2,848,993	2,848,993
Investment - AMG Publishers, Inc.	100,000	-	-	100,000	100,000
Investment - Cosmovision Center	1,511,089	-	-	1,511,089	1,511,089
Note receivable - related party	1,738,646	-	-	1,738,646	1,738,646
Note receivable - Generosity Trust	-	-	76,693	76,693	150,898
Intellectual properties, net	231,619	-	-	231,619	260,572
Dr. Zodiates books	25,684	-	-	25,684	51,131
Other real estate	<u>78,680</u>	<u>-</u>	<u>-</u>	<u>78,680</u>	<u>78,680</u>
	<u>6,534,711</u>	<u>-</u>	<u>76,693</u>	<u>6,611,404</u>	<u>6,740,009</u>
	<u>\$ 10,370,467</u>	<u>\$ 1,784,246</u>	<u>\$ 3,066,500</u>	<u>\$ 15,221,213</u>	<u>\$ 13,151,942</u>

(The accompanying notes are an integral part of these statements.)

LIABILITIES AND NET ASSETS

	2020			2019	
	Operating	Non- Expendable Trust	Endowment Fund	Total	Total
CURRENT LIABILITIES					
Current maturities of note payable	\$ 76,693	\$ -	\$ -	\$ 76,693	\$ 73,228
Accounts payable and accrued expenses	508,491	-	-	508,491	332,008
Revocable gifts and annuity contracts	-	519,943	-	519,943	607,339
	<u>585,184</u>	<u>519,943</u>	<u>-</u>	<u>1,105,127</u>	<u>1,012,575</u>
 LONG-TERM LIABILITIES					
Note payable - other	138,065	-	-	138,065	138,065
Paycheck Protection Program loan	277,470	-	-	277,470	-
Note payable - Generosity Trust, less current maturities shown above	-	-	-	-	77,670
	<u>415,535</u>	<u>-</u>	<u>-</u>	<u>415,535</u>	<u>215,735</u>
 NET ASSETS					
Without donor restrictions					
Undesignated	8,322,760	-	-	8,322,760	7,225,566
Board designated	-	1,264,303	1,006,740	2,271,043	2,061,656
	<u>8,322,760</u>	<u>1,264,303</u>	<u>1,006,740</u>	<u>10,593,803</u>	<u>9,287,222</u>
With donor restrictions	1,046,988	-	2,059,760	3,106,748	2,636,410
	<u>9,369,748</u>	<u>1,264,303</u>	<u>3,066,500</u>	<u>13,700,551</u>	<u>11,923,632</u>
	<u>\$ 10,370,467</u>	<u>\$ 1,784,246</u>	<u>\$ 3,066,500</u>	<u>\$ 15,221,213</u>	<u>\$ 13,151,942</u>

(The accompanying notes are an integral part of these statements.)

AMG INTERNATIONAL, INC.
STATEMENT OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>			<u>2019</u>	
	<u>Operating</u>	<u>Non- Expendable Trust</u>	<u>Endowment Fund</u>	<u>Total</u>	<u>Total</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS					
Support and revenue					
Contributions	\$ 4,796,970	\$ -	\$ 5,000	\$ 4,801,970	\$ 4,768,452
Bequests and legacies	1,027,854	-	-	1,027,854	603,877
Investment return	225,666	113,401	73,355	412,422	502,263
Net assets released from restrictions	1,577,363	-	-	1,577,363	1,404,688
Programmatic investment	494,978	-	-	494,978	540,447
Other	<u>1,955</u>	<u>32,305</u>	<u>-</u>	<u>34,260</u>	<u>2,659</u>
Total support and revenue	<u>8,124,786</u>	<u>145,706</u>	<u>78,355</u>	<u>8,348,847</u>	<u>7,822,386</u>
EXPENSES					
Program services	5,969,556	-	-	5,969,556	6,209,578
General and administrative	269,018	14,674	-	283,692	262,847
Fundraising	<u>789,018</u>	<u>-</u>	<u>-</u>	<u>789,018</u>	<u>777,919</u>
Total expenses	<u>7,027,592</u>	<u>14,674</u>	<u>-</u>	<u>7,042,266</u>	<u>7,250,344</u>
Increase in net assets without donor restrictions	<u>1,097,194</u>	<u>131,032</u>	<u>78,355</u>	<u>1,306,581</u>	<u>572,042</u>
NET ASSETS WITH DONOR RESTRICTIONS					
Contributions	1,046,988	-	894,304	1,941,292	1,523,276
Investment return	-	-	106,409	106,409	167,955
Net assets released from restrictions	<u>(1,523,274)</u>	<u>-</u>	<u>(54,089)</u>	<u>(1,577,363)</u>	<u>(1,404,688)</u>
Increase (decrease) in net assets with donor restrictions	<u>(476,286)</u>	<u>-</u>	<u>946,624</u>	<u>470,338</u>	<u>286,543</u>
INCREASE IN NET ASSETS	<u>620,908</u>	<u>131,032</u>	<u>1,024,979</u>	<u>1,776,919</u>	<u>858,585</u>
NET ASSETS					
Beginning	<u>8,748,840</u>	<u>1,133,271</u>	<u>2,041,521</u>	<u>11,923,632</u>	<u>11,065,047</u>
Ending	<u>\$ 9,369,748</u>	<u>\$ 1,264,303</u>	<u>\$ 3,066,500</u>	<u>\$ 13,700,551</u>	<u>\$ 11,923,632</u>

(The accompanying notes are an integral part of these statements.)

AMG INTERNATIONAL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2020 AND 2019

2020

	Program Services			
	Childcare	Ministry		
	Ministry	Projects	Missionaries	Total
Field ministries	\$ 1,581,502	\$ 2,036,614	\$ 1,467,406	\$ 5,085,522
Salaries	130,646	147,509	41,516	319,671
Payroll taxes	10,815	14,094	3,176	28,085
Pension	16,961	13,666	3,556	34,183
Employee benefits	13,467	4,249	362	18,078
Support services	177,652	156,116	106,986	440,754
Professional services	22,641	-	-	22,641
Telephone	513	-	-	513
Bank charges	-	-	-	-
Postage and freight	2,371	89	7,215	9,675
Mailing services	-	-	-	-
Office supplies and printing	134	500	322	956
Dues and subscriptions	208	40	-	248
Software licensing	-	-	-	-
Web expense	-	-	-	-
Promotions	-	-	-	-
Miscellaneous	377	-	-	377
Vehicle	-	-	55	55
Amortization	-	-	-	-
Travel and lodging	4,640	2,690	1,129	8,459
Meals and entertainment	157	96	86	339
Change in annuity liability	-	-	-	-
Interest expense	-	-	-	-
	<u>\$ 1,962,084</u>	<u>\$ 2,375,663</u>	<u>\$ 1,631,809</u>	<u>\$ 5,969,556</u>

(The accompanying notes are an integral part of these statements.)

2019

<u>General and</u>				
<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>	<u>Total</u>	
\$ 87,490	\$ -	\$ 5,173,012	\$ 5,222,726	
116,015	273,698	709,384	820,305	
7,650	25,645	61,380	58,509	
8,815	23,569	66,567	57,425	
-	24,827	42,905	54,965	
-	174,739	615,493	618,022	
9,658	58,274	90,573	31,860	
1,015	559	2,087	2,084	
100	61,896	61,996	55,775	
432	34,622	44,729	51,664	
-	2,589	2,589	4,261	
193	71,428	72,577	79,545	
358	908	1,514	6,462	
634	5,754	6,388	1,329	
47	8,143	8,190	24,505	
-	20,914	20,914	25,571	
367	654	1,398	6,710	
-	516	571	-	
28,952	-	28,952	28,952	
2,153	128	10,740	32,774	
238	155	732	3,913	
-	-	-	40,561	
19,575	-	19,575	22,426	
<u>\$ 283,692</u>	<u>\$ 789,018</u>	<u>\$ 7,042,266</u>	<u>\$ 7,250,344</u>	

(The accompanying notes are an integral part of these statements.)

AMG INTERNATIONAL, INC.
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019	
	Operating	Non- Expendable Trust	Endowment Fund	Total	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Increase in net assets	\$ 620,908	\$ 131,032	\$ 1,024,979	\$ 1,776,919	\$ 858,585
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities					
Depreciation and amortization	41,133	-	-	41,133	42,378
Unrealized gain on investments	(131,784)	(84,281)	(78,240)	(294,305)	(548,238)
Realized gain on investments	(77,992)	(107)	(661)	(78,760)	-
Net (increase) decrease in operating assets					
Due from related parties	5,337	-	-	5,337	27,525
Accrued interest income	-	-	-	-	2,451
Net increase (decrease) in operating liabilities					
Accounts payable and accrued expenses	176,483	-	-	176,483	(317,858)
Revocable gifts and annuity contracts	-	(87,396)	-	(87,396)	(10,705)
	634,085	(40,752)	946,078	1,539,411	54,138
Net cash provided (used) by operating activities					
CASH FLOWS FROM INVESTING ACTIVITIES					
Repayment of loans	-	-	74,205	74,205	129,810
Proceeds from investments	1,022,020	278,198	130,900	1,431,118	149,330
Purchase of investments	(1,088,928)	(231,511)	(1,151,183)	(2,471,622)	(318,864)
Dr. Zodiates books, net	25,447	-	-	25,447	2,199
Purchase of property and equipment	(272,534)	-	-	(272,534)	(2,629)
	(313,995)	46,687	(946,078)	(1,213,386)	(40,154)
Net cash provided (used) by investing activities					
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from Paycheck Protection Program	277,470	-	-	277,470	-
Repayment of long-term debt	(74,205)	-	-	(74,205)	(68,899)
	203,265	-	-	203,265	(68,899)
Net cash provided (used) by financing activities					
NET INCREASE (DECREASE) IN CASH	523,355	5,935	-	529,290	(54,915)
CASH					
Beginning	893,374	45,503	-	938,877	993,792
Ending	\$ 1,416,729	\$ 51,438	\$ -	\$ 1,468,167	\$ 938,877
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION					
Cash paid for interest	\$ 4,999	\$ 14,576	\$ -	\$ 19,575	\$ 22,426

(The accompanying notes are an integral part of these statements.)

AMG INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operations

The Organization operates under the name of AMG International, Inc., Advancing the Ministries of the Gospel, and is an interdenominational Christian mission agency ministering in over 30 countries worldwide. AMG International, Inc. exists to encourage, equip, and develop Christ-centered national leaders to become instruments of Gospel advancement and community transformation. AMG International, Inc. provides child sponsorship, at-home ministries, international media ministries, mission volunteer opportunities, healthcare, newspaper evangelism, and support to worldwide missions and missionaries.

Organization

The Organization is a not-for-profit corporation exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code.

Accounting

The financial statements of AMG International, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

The statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to AMG International, Inc.'s ongoing ministry and interest and dividends earned on investments. Non-operating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Basis of presentation

The financial statements are presented in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-205, *Not-for-Profit Entities, Presentation of Financial Statements*. During 2018, the Organization adopted the provisions of Accounting Standards Update ("ASU") 2016-14: *Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities*, which improves the current net asset classifications and the related information presented in the financial statements and notes about the Organization's liquidity, financial performance, and cash flows. The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Estimates

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

Cash equivalents

For purposes of these financial statements, the Organization considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents except for those amounts that are held in the investment portfolio which are invested for long-term purposes.

AMG INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments in marketable securities with readily determinable fair market values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Property, equipment and depreciation

Property and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is calculated over the estimated useful lives of the individual assets using the straight-line method as follows: Computer hardware and software, furniture and equipment, 3 to 7 years and building improvements, 15 years. The Organization's policy is to capitalize all items with a unit cost in excess of \$2,500. Maintenance and repairs, which do not improve or extend the life of the respective assets, are expensed currently. Property items retired, or otherwise disposed of, are eliminated from the assets and accumulated depreciation accounts and gains or losses from disposals are included in the statement of activities. AMG International, Inc.'s management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered.

Impairment

Long-lived assets, such as property and equipment and programmatic investments carried at cost, are reviewed for impairment whenever events or changes in circumstances indicated that the carrying amount of an asset might not be recoverable. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying value of the assets exceeds the fair value of the assets. In the opinion of management, no long-lived assets were impaired as of December 31, 2020.

Donated assets and services

Donated property, investments, and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

AMG International, Inc. receives various donated services that range from limited participation of individuals in administrative services of foreign projects to active participation in the Organization's various programs and activities. The value of these services has not been recorded in the financial statements because they do not meet the definition for recognition under generally accepted accounting principles.

Revenue Recognition

Revenue from Exchange Transactions: The Organization recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The new guidance requires organizations to apply a five-step model in accounting for revenue arising from contracts with customers, as well as enhance disclosures regarding revenue recognition. Contributions and investment income are excluded from this revenue recognition criteria. The adoption of this pronouncement had no effect on the Organization's financial statements.

AMG INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Contributions received are recorded as net assets without restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends, or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Advertising costs

Advertising costs consist primarily of brochures and other promotional materials, which are expensed as incurred. For the years ended December 31, 2020 and 2019, respectively, advertising costs were \$20,914 and \$25,571.

Functional allocation of expenses

The costs of providing various programs and other activities for the Organization have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis that is based on where time and efforts are made, and benefits are received.

Financial statement presentation

The Organization reports information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of trustees.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. As of December 31, 2020 and 2019, the Organization does not have donor restricted funds which are required to be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. For contributions restricted to the acquisition of property and equipment, the restrictions are released when the asset is placed in service unless the donor has provided more explicit requirements.

AMG INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial statement presentation (continued)

Management has elected not to consolidate with AMG International, Inc. the financial statements of AMG Publishers, Inc., which is a wholly owned for-profit subsidiary corporation. The carrying value of the investment in AMG Publishers, Inc. is \$100,000 which is the cost basis of the stock. Generally accepted accounting principles of the United States require consolidated financial statements whenever a company has a controlling financial interest in the voting stock of another company. Generally, a company has controlling interest in another company if it owns more than fifty percent of the outstanding shares of that company. Management has determined that separate reporting better facilitates financial reporting for federal and state requirements.

The Organization owns 98.42% of the stock in St. Luke's Hospital in Thessaloniki, Greece. St. Luke's is a 280 bed, fully equipped hospital serving the physical and spiritual needs of the residents of Greece and adjacent countries. Management has elected not to consolidate with AMG International, Inc. the financial statements of St. Luke's Hospital, which is a majority owned for-profit entity. The Organization carries St. Luke's on the cash basis at a cost of \$2,848,993.

AMG International, Inc. has a programmatic investment in a ministry center located in Greece.

AMG International, Inc. also owns 100% of the CosmoVision Center located in Athens, Greece. This complex serves as a center for youth outreach for Greece's evangelical minority. The CosmoVision Center is also home to the Zodiates International Center of New Testament Studies. This ministry emphasis provides facilities where individuals, Christian university students, and seminary students can come and study the language, culture, and lands of the New Testament through a variety of programs. The Organization carries CosmoVision Center at historical cost of \$1,511,089. The fair value of this investment is not estimated, as it is not practicable to estimate the fair value of it.

Uncertain tax positions

The Organization follows the requirements of professional literature in accounting for uncertain tax positions. Under this guidance, an Organization must recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination with taxing authorities. The Organization does not believe there are any material uncertain tax positions and, accordingly, it will not recognize any liability for uncertain tax positions. For the year ended December 31, 2020, there were no interest or penalties recorded or included in its financial statements. The federal information returns for the years of 2017 and beyond remain subject to examination.

Related party

AMG Publishers, Inc. is a wholly owned for-profit corporation, which sells books, Bibles, reference books, auditory and E-books.

Amounts reported as due from related parties, included in the accompanying statements of financial position, arise principally from the collaborative activities between AMG International, Inc. and AMG Publishers, Inc. to further the mission of the organization.

AMG INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Affiliated organizations

AMG International, Inc. is affiliated with other organizations located in Canada, Greece, Germany, and Holland. The Organization acts as agent for AMG Canada and the agencies overseas served by AMG Canada. AMG International, Inc. certifies that funds received have been disbursed as designated. These affiliated organizations' activities are reflected in the financial statements only to the extent that contributions are made to AMG International, Inc. sponsored foreign programs.

Comparative financial statements

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 account principles. Accordingly, such information should be read in conjunction with AMG International Inc.'s financial statements for the year ended December 31, 2019, from which the summarized information was derived.

(2) LIQUIDITY

The Organization's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are as follows:

	2020	2019
Cash	\$ 1,468,167	\$ 938,877
Investments	6,567,683	5,154,114
	8,035,850	6,092,991
Less amounts not available to be used within one year		
Net assets with donor restrictions	2,059,760	1,113,136
Financial assets, without donor-imposed restrictions, available to meet cash needs for general expenditures within one year	\$ 5,976,090	\$ 4,979,855

AMG International, Inc. has a goal to maintain cash on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$1,225,000. The Organization prepares an annual budget that is reviewed and approved by the Board of Directors in advance of the upcoming year. Quarterly meetings are held to review internal financial statements and budget to actual comparisons. The Organization does not commit to expenditures if cash is not available to pay the expenditures.

AMG INTERNATIONAL, INC.
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(3) INVESTMENTS

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the financial statements. Unrealized gains and losses are included in the change in net assets.

Investments at December 31, 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
Stocks	\$ 604,828	\$ 815,500
Stock equity funds	3,140,753	1,621,631
Money funds	530,493	124,304
Real estate investment trusts	48,095	43,307
Bond funds	1,687,129	436,964
Exchange traded funds	556,385	221,785
Pooled investment account	<u>-</u>	<u>1,890,623</u>
	<u>\$ 6,567,683</u>	<u>\$ 5,154,114</u>

The return on investments for 2020 is as follows:

	<u>Operating Investments</u>	<u>Annuity & Gift Trust Investments</u>	<u>Endowment Investments</u>		<u>Total</u>
			<u>Donor Designated</u>	<u>Board Designated</u>	
Interest and dividend income	\$ 23,186	\$ 52,649	\$ 64,549	\$ 45,175	\$ 185,559
Net unrealized and realized gains (losses)	209,776	84,388	47,056	31,845	373,065
Management fees and other costs	<u>(7,296)</u>	<u>(23,636)</u>	<u>(5,196)</u>	<u>(3,665)</u>	<u>(39,793)</u>
	<u>\$ 225,666</u>	<u>\$ 113,401</u>	<u>\$ 106,409</u>	<u>\$ 73,355</u>	<u>\$ 518,831</u>

The return on investments for 2019 is as follows:

	<u>Operating Investments</u>	<u>Annuity & Gift Trust Investments</u>	<u>Endowment Investments</u>		<u>Total</u>
			<u>Donor Designated</u>	<u>Board Designated</u>	
Interest and dividend income	\$ 51,161	\$ 55,911	\$ 30,767	\$ 23,464	\$ 161,303
Net unrealized and realized gains (losses)	131,356	252,859	147,482	16,541	548,238
Management fees and other costs	<u>(5,391)</u>	<u>(21,114)</u>	<u>(10,294)</u>	<u>(2,524)</u>	<u>(39,323)</u>
	<u>\$ 177,126</u>	<u>\$ 287,656</u>	<u>\$ 167,955</u>	<u>\$ 37,481</u>	<u>\$ 670,218</u>

AMG INTERNATIONAL, INC.
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(4) FAIR VALUE MEASUREMENTS

Current accounting guidelines establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets and for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2

Inputs to the valuation methodology include (1) quoted prices for similar assets or liabilities in active markets; (2) quoted prices for identical or similar assets or liabilities in inactive markets; (3) inputs other than quoted market prices that are observable for the asset or liability; (4) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets at fair value:

Market approach – Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sale transactions, market trades, or other sources;

Cost approach – Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost); and

Income approach – Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques, and option-pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

Assets itemized below were measured at fair value during the year ended December 31, 2020 and 2019, using the market approach.

AMG INTERNATIONAL, INC.
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(4) FAIR VALUE MEASUREMENTS (continued)

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies and assumptions to determine fair value of certain instruments could result in different fair value measurement at the reporting date.

Fair values of assets measured on a recurring basis at December 31, 2020 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Operating fund				
Stocks and mutual funds	\$ 1,845,068	\$ 1,845,068	\$ -	\$ -
Endowment fund				
Cash & equivalents	648,925	648,925	-	-
Shares in pooled account	2,340,882	-	2,340,882	-
Gift trust and annuity funds				
Stocks and money market	<u>1,732,808</u>	<u>1,732,808</u>	<u>-</u>	<u>-</u>
	<u>\$ 6,567,683</u>	<u>\$ 4,226,801</u>	<u>\$ 2,340,882</u>	<u>\$ -</u>

Fair values of assets measured on a recurring basis at December 31, 2019 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Operating fund				
Stocks and mutual funds	\$ 1,568,384	\$ 1,568,384	\$ -	\$ -
Endowment fund				
Cash & equivalents	592,753	592,753	-	-
Shares in pooled account	1,297,870	-	1,297,870	-
Gift trust and annuity funds				
Stocks and money market	<u>1,695,107</u>	<u>1,695,107</u>	<u>-</u>	<u>-</u>
	<u>\$ 5,154,114</u>	<u>\$ 3,856,244</u>	<u>\$ 1,297,870</u>	<u>\$ -</u>

AMG INTERNATIONAL, INC.
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(5) PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2020 and 2019:

	2020	2019
Land	\$ 335,500	\$ 143,729
Building	992,066	911,302
Furniture and equipment	449,080	449,080
Autos	37,796	37,796
	1,814,442	1,541,907
Less accumulated depreciation	1,349,799	1,337,618
	\$ 464,643	\$ 204,289

Depreciation expense of \$12,181 and \$13,426 was charged to operations for the years ended December 31, 2020 and 2019, respectively.

(6) RELATED PARTY

Notes receivable consists of a promissory note issued by AMG Publishers, Inc. for the purchase of assets. The balance at December 31, 2020 and 2019 was \$1,738,646.

AMG International, Inc. provides office and warehouse space and administrative support and oversight to AMG Publisher's, Inc. For the years ended December 31, 2020 and 2019, AMG International, Inc. allocated and charged AMG Publisher's, Inc. \$133,555 and \$132,788 respectively.

(7) INTELLECTUAL PROPERTY

AMG International, Inc. has obtained the right to Dr. Zodhiates' literary works that are being amortized using the straight-line method over the estimated useful life of 20 years.

	2020	2019
Cost	\$ 579,048	\$ 579,048
Less accumulated amortization	(347,429)	(318,476)
	\$ 231,619	\$ 260,572

(8) BOOKS AND BIBLES

During 2010, AMG International, Inc. purchased Dr. Zodhiates' printed book inventory of books and Bibles. They were valued at cost of \$25,684 and \$51,131 for the years ended December 31, 2020 and 2019, respectively.

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(9) LINE OF CREDIT

AMG International, Inc and AMG Publishers, Inc., a wholly owned subsidiary, have a joint line of credit not to exceed \$500,000 at any one time for short-term working capital with Branch Banking & Trust Company expiring June 19, 2021. Interest is due monthly, computed at the bank's one-month LIBOR + 3%. For the year ended December 31, 2019 the outstanding loan balance was carried on the books of the wholly owned subsidiary, AMG Publishers, Inc. and the balance was \$10,294. There was no outstanding balance at December 31, 2020.

(10) NOTE PAYABLE - OTHER

Note payable to Ted Spriopoulos at 0% interest with no specific repayment terms for the purpose of purchasing the property for The CosmoVision Center in Athens, Greece. The balance at December 31, 2020 and 2019 was \$138,065 .

(11) PAYCHECK PROTECTION PROGRAM

On April 17, 2020, the Organization was granted a loan from BB&T Bank in the amount of \$277,470, pursuant to the Paycheck Protection Program of the CARES Act, which was enacted March 27, 2020. This balance is included in long-term liabilities on the accompanying balance sheet. The Organization used the funds on qualified expenses and as authorized by Section 1106 of the CARES Act. The Organization expects the entire amount to be forgiven by the Small Business Administration.

(12) NOTE PAYABLE GENEROSITY TRUST

The Organization has a note payable to The Generosity Trust related to investments held with the Trust. The note payable at December 31 consists of the following:

	2020	2019
Note payable to The Generosity Trust, due September 15, 2021, payable in annual installments of \$79,203, including interest at 4%	\$ 76,693	\$ 150,898
Less current portion	76,693	73,228
	\$ -	\$ 77,670

Future maturities of note payable are as follows:

Year ending December 31, 2021	\$ 76,693
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AMG INTERNATIONAL, INC.
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(13) SPLIT INTEREST AGREEMENTS

Split interest gift agreements consist primarily of gift trusts and charitable gift annuities for which AMG International, Inc. is the remainder beneficiary. Assets held in these trusts are included in investments and recorded at their fair value when received. The value of split interest assets included in the investments at December 31, 2020 and 2019 were \$1,732,808 and \$1,695,107, respectively. Contribution revenues are recognized at the dates the trusts are established net of the liabilities for the present value of the estimated future payments to be made to the donors and/or other beneficiaries. The liabilities are adjusted during the term of the agreements for changes in the value of the assets, accretion of the discount and other changes in the estimates of future benefits. Discount rates range from 2.4% to 17.0%. The liability for the present value of deferred gifts of \$519,943 and \$607,339 at December 31, 2020 and 2019, respectively, is based upon actuarial estimates and assumptions regarding the duration of the agreements and the rates to discount the liability. Circumstances affecting these assumptions can change the estimate of this liability in future periods.

(14) NET ASSETS

Net assets with donor restrictions are as follows for the years ended December 31, 2020 and 2019:

	2020	2019
Project restricted operating fund	\$ 1,046,988	\$ 1,523,274
Term endowment fund	2,059,760	1,113,136
	\$ 3,106,748	\$ 2,636,410

Net assets without donor restrictions are as follows for the years ended December 31, 2020 and 2019:

	2020	2019
Undesignated	\$ 8,322,760	\$ 7,225,566
Endowment board designated	1,006,740	928,385
Other board designated	1,264,303	1,133,271
	\$ 10,593,803	\$ 9,287,222

(15) LEASES

The Organization leases office equipment for 36-63 month terms. Monthly payments range from \$386-\$1,483 per month through December 2024. Included in expense is \$26,117 relative to these leases. As of December 31, 2020 future minimum lease payments are as follows:

Year ending December 31, 2021	\$ 26,117
2022	26,117
2023	23,352
2024	20,561
	\$ 96,147

AMG INTERNATIONAL, INC.
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(16) RETIREMENT PLAN

The Organization has adopted two separate retirement plans: a 401(k) and a profit-sharing plan. The Organization will match employee 401(k) contributions up to 4%. Employees are automatically enrolled in the program at date of hire at 4% contribution level unless the employee specifies a different amount or elects out of the program. The Organization will also make an annual contribution of up to 5% of employee compensation up to \$4,000 after the eligibility requirements are met for the profit-sharing plan. Requirements are completing 1000 hours of employment and if hired before June 30, employee will be placed in the profit-sharing plan beginning in January of the next year. If an employee is hired July 1 or after, the employee will be placed in the profit-sharing plan the following January of the next year. Expenses under the above-described plans totaled \$66,567 and \$57,425 for the years ended December 31, 2020 and 2019, respectively.

(17) ENDOWMENT FUNDS

The Organization's endowment consists of several individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

AMG International, Inc. is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board of Trustees appropriates such amounts for expenditure. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Board of Directors of AMG International, Inc. has interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulated the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. AMG International, Inc. has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the organization
7. The investment policies of AMG International, Inc.

AMG INTERNATIONAL, INC.
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(17) ENDOWMENT FUNDS (continued)

Endowment net asset composition by type of fund as of December 31, 2020 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board designated endowment funds	\$ 1,006,740	\$ -	\$ 1,006,740
Donor-restricted endowment funds			
Term endowment	<u>-</u>	<u>2,059,760</u>	<u>2,059,760</u>
	<u>\$ 1,006,740</u>	<u>\$ 2,059,760</u>	<u>\$ 3,066,500</u>

Change in endowment net assets as of December 31, 2020 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 928,385	\$ 1,113,136	\$ 2,041,521
Investment return, net	73,355	106,409	179,764
Contributions	5,000	894,304	899,304
Amounts appropriated for expenditure	<u>-</u>	<u>(54,089)</u>	<u>(54,089)</u>
Endowment net assets, end of year	<u>\$ 1,006,740</u>	<u>\$ 2,059,760</u>	<u>\$ 3,066,500</u>

Endowment net asset composition by type of fund as of December 31, 2019 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board designated endowment funds	\$ 928,385	\$ -	\$ 928,385
Donor-restricted endowment funds			
Term endowment	<u>-</u>	<u>1,113,136</u>	<u>1,113,136</u>
	<u>\$ 928,385</u>	<u>\$ 1,113,136</u>	<u>\$ 2,041,521</u>

AMG INTERNATIONAL, INC.
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(17) ENDOWMENT FUNDS (continued)

Change in endowment net assets as of December 31, 2019 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 890,904	\$ 999,252	\$ 1,890,156
Investment return, net	37,481	167,955	205,436
Contributions	-	-	-
Amounts appropriated for expenditure	<u>-</u>	<u>(54,071)</u>	<u>(54,071)</u>
Endowment net assets, end of year	<u>\$ 928,385</u>	<u>\$ 1,113,136</u>	<u>\$ 2,041,521</u>

Return Objectives and Risk Parameters

The Endowment Funds are invested in a Ministry Endowment fund at Generosity Trust. The Organization has adopted the investment policies of the Ministry Endowed Portfolio of The Generosity Trust. The asset mix is 60% equity and 40% bonds and cash. The assets are invested in an attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of the endowment assets. The performance of the total equity portfolio will be compared with the Standard & Poor's 500 Index and a customized index, which will be 80% Wilshire 5000 Index and 20% E.A.F.E Index. Given the additional risks accepted in the managed funds, they are expected to earn a minimum of 150 basis points in excess of their respective benchmarks over a three- to five-year time frame. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. Actual returns in any given year may vary.

Strategies Employed for Achieving Objectives

To satisfy its long-term objectives, AMG International, Inc. relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives with prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

AMG International, Inc. has a policy of appropriating for distribution each year the amount necessary to fund the supported children and national workers. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow at an acceptable rate annually.

AMG INTERNATIONAL, INC.
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(18) CONCENTRATION OF CREDIT RISK

At December 31, 2020, the Organization had cash and cash equivalents on deposit at a financial institution with an uninsured balance of approximately \$1,010,000.

(19) SUBSEQUENT EVENTS

As a result of the spread of the COVID-19 disease, some business disruption may occur, resulting in operating delays. These delays and other potential disruptions could have a negative economic impact on the Organization. However, the related financial impact and duration cannot be reasonably estimated at this time.

Management has evaluated subsequent events through February 8, 2021, the date which these financial statements were available for issue.

