

**AMG INTERNATIONAL, INC.**

Chattanooga, Tennessee

**FINANCIAL STATEMENTS**

Years Ended December 31, 2022 and 2021

**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.**

### Qualified Opinion

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, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, 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, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### 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. The effects on the accompanying financial statements of the failure to consolidate have not been determined.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of AMG International, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

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	Chattanooga, Tennessee	2		423 267 5945 f

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about AMG International Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 AMG International Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Report on Summarized Comparative Information**

We have previously audited AMG International, Inc.'s 2021 financial statements, and we expressed a qualified audit opinion on those audited financial statements in our report dated February 11, 2022 because of the departure from generally accepted accounting principles described in the Basis for Qualified Opinion section of our report. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it was derived.

Chattanooga, Tennessee  
February 6, 2023

*Johnson, Wickey & Meucham, P.C.*

**AMG INTERNATIONAL, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2022 AND 2021**

**ASSETS**

	2022			2021	
	Operating	Non- Expendable Trust	Endowment Fund	Total	Total
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$ 3,998,633	\$ 29,641	\$ -	\$ 4,028,274	\$ 3,206,085
Certificates of deposit	500,269	-	-	500,269	-
Due from related parties	51,659	-	-	51,659	70,075
Investments	1,754,333	1,602,025	2,737,854	6,094,212	7,346,291
Total current assets	6,304,894	1,631,666	2,737,854	10,674,414	10,622,451
<b>PROPERTY AND EQUIPMENT</b>	1,070,638	-	-	1,070,638	453,058
<b>OTHER ASSETS</b>					
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
Intellectual properties, net	173,714	-	-	173,714	202,667
Other real estate	78,680	-	-	78,680	78,680
	6,451,122	-	-	6,451,122	6,480,075
	\$ 13,826,654	\$ 1,631,666	\$ 2,737,854	\$ 18,196,174	\$ 17,555,584

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

## LIABILITIES AND NET ASSETS

	2022			2021	
	Operating	Non- Expendable Trust	Endowment Fund	Total	Total
<b>CURRENT LIABILITIES</b>					
Current maturities of finance					
lease liability	\$ 19,971	\$ -	\$ -	\$ 19,971	\$ -
Accounts payable and accrued expenses	410,184	-	-	410,184	491,276
Revocable gifts and annuity contracts	-	496,791	-	496,791	550,819
Total current liabilities	430,155	496,791	-	926,946	1,042,095
 <b>LONG-TERM LIABILITIES</b>					
Finance lease liability	67,690	-	-	67,690	-
Note payable - other	138,065	-	-	138,065	138,065
	205,755	-	-	205,755	138,065
 <b>NET ASSETS</b>					
Without donor restrictions					
Undesignated	12,264,313	-	-	12,264,313	10,643,850
Board designated	-	1,134,875	951,724	2,086,599	2,546,567
	12,264,313	1,134,875	951,724	14,350,912	13,190,417
With donor restrictions	926,431	-	1,786,130	2,712,561	3,185,007
	13,190,744	1,134,875	2,737,854	17,063,473	16,375,424
	\$ 13,826,654	\$ 1,631,666	\$ 2,737,854	\$ 18,196,174	\$ 17,555,584

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

**AMG INTERNATIONAL, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022			2021	
	Operating	Non- Expendable Trust	Endowment Fund	Total	Total
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>					
Support and revenue					
Contributions	\$ 5,844,447	\$ -	\$ -	\$ 5,844,447	\$ 5,336,475
Bequests and legacies	2,214,393	-	-	2,214,393	2,180,528
Investment return	(299,230)	(291,229)	(163,737)	(754,196)	532,388
Net assets released from restrictions	1,045,900	-	-	1,045,900	1,125,137
Programmatic investment	496,203	-	-	496,203	125,863
Paycheck Protection Program loan forgiveness	-	-	-	-	277,470
Other	2,422	11,446	-	13,868	(79,564)
Total support and revenue	<u>9,304,135</u>	<u>(279,783)</u>	<u>(163,737)</u>	<u>8,860,615</u>	<u>9,498,297</u>
<b>EXPENSES</b>					
Program services	6,441,654	-	-	6,441,654	5,705,524
General and administrative	387,260	16,448	-	403,708	387,322
Fundraising	854,758	-	-	854,758	808,837
Total expenses	<u>7,683,672</u>	<u>16,448</u>	<u>-</u>	<u>7,700,120</u>	<u>6,901,683</u>
Increase (decrease) in net assets without donor restrictions	<u>1,620,463</u>	<u>(296,231)</u>	<u>(163,737)</u>	<u>1,160,495</u>	<u>2,596,614</u>
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>					
Contributions	926,431	-	-	926,431	956,922
Investment return	-	-	(352,977)	(352,977)	246,474
Net assets released from restrictions	(956,922)	-	(88,978)	(1,045,900)	(1,125,137)
Increase (decrease) in net assets with donor restrictions	<u>(30,491)</u>	<u>-</u>	<u>(441,955)</u>	<u>(472,446)</u>	<u>78,259</u>
<b>CHANGE IN NET ASSETS</b>	<u>1,589,972</u>	<u>(296,231)</u>	<u>(605,692)</u>	<u>688,049</u>	<u>2,674,873</u>
<b>NET ASSETS</b>					
Beginning	<u>11,600,772</u>	<u>1,431,106</u>	<u>3,343,546</u>	<u>16,375,424</u>	<u>13,700,551</u>
Ending	<u>\$ 13,190,744</u>	<u>\$ 1,134,875</u>	<u>\$ 2,737,854</u>	<u>\$ 17,063,473</u>	<u>\$ 16,375,424</u>

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

**AMG INTERNATIONAL, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

2022

	<b>Program Services</b>			
	<b>Childcare</b>	<b>Ministry</b>		<b>Total</b>
	<b>Ministry</b>	<b>Projects</b>	<b>Missionaries</b>	
Field ministries	\$ 1,854,486	\$ 2,382,255	\$ 1,464,305	\$ 5,701,046
Salaries	152,721	85,365	31,413	269,499
Payroll taxes	14,076	9,879	2,403	26,358
Pension	12,403	10,636	2,327	25,366
Employee benefits	19,054	3,121	330	22,505
Support services	162,431	129,621	89,894	381,946
Professional services	5,195	438	-	5,633
Telephone	635	-	-	635
Bank charges	-	-	-	-
Postage and freight	-	500	8,166	8,666
Mailing services	-	-	-	-
Office supplies and printing	-	-	-	-
Dues and subscriptions	-	-	-	-
Software licensing	-	-	-	-
Web expense	-	-	-	-
Promotions	-	-	-	-
Miscellaneous	-	-	-	-
Amortization	-	-	-	-
Travel and lodging	-	-	-	-
Meals and entertainment	-	-	-	-
Interest expense	-	-	-	-
	<u>\$ 2,221,001</u>	<u>\$ 2,621,815</u>	<u>\$ 1,598,838</u>	<u>\$ 6,441,654</u>

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



2021

<u>General and</u>				
<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>	<u>Total</u>	
\$ 140,385	\$ 12	\$ 5,841,443	\$ 5,082,721	
135,430	272,187	677,116	653,026	
10,740	33,583	70,681	64,084	
8,082	28,829	62,277	40,197	
6,495	45,019	74,019	78,135	
-	156,570	538,516	522,713	
12,773	44,390	62,796	37,767	
757	513	1,905	2,294	
-	46,503	46,503	64,449	
271	47,647	56,584	44,537	
-	3,277	3,277	4,968	
-	53,070	53,070	72,304	
-	-	-	465	
4,609	7,112	11,721	9,329	
-	33,867	33,867	107,503	
-	57,642	57,642	36,491	
599	459	1,058	2,147	
49,717	-	49,717	28,952	
13,809	19,462	33,271	33,179	
692	4,616	5,308	1,914	
19,349	-	19,349	14,508	
<u>\$ 403,708</u>	<u>\$ 854,758</u>	<u>\$ 7,700,120</u>	<u>\$ 6,901,683</u>	

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

**AMG INTERNATIONAL, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022			2021	
	Operating	Non-Expendable Trust	Endowment Fund	Total	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Change in net assets	\$ 1,589,972	\$ (296,231)	\$ (605,692)	\$ 688,049	\$ 2,674,873
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities					
Depreciation and amortization	59,606	-	-	59,606	40,537
Unrealized (gain) loss on investments	379,525	311,695	629,128	1,320,348	(287,231)
Realized (gain) loss on investments	(48,904)	192	(67,443)	(116,155)	(450,316)
Paycheck Protection Program loan forgiveness	-	-	-	-	(277,470)
Net (increase) decrease in operating assets					
Due from related parties	18,416	-	-	18,416	39,241
Net increase (decrease) in operating liabilities					
Accounts payable and accrued expenses	(81,092)	-	-	(81,092)	(17,215)
Revocable gifts and annuity contracts	-	(54,028)	-	(54,028)	30,876
	<u>1,917,523</u>	<u>(38,372)</u>	<u>(44,007)</u>	<u>1,835,144</u>	<u>1,753,295</u>
Net cash provided (used) by operating activities					
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Net change in certificates of deposit	(500,269)	-	-	(500,269)	76,693
Proceeds from investments	42,291	109,729	176,024	328,044	1,230,887
Purchase of investments	(72,623)	(75,516)	(132,017)	(280,156)	(1,271,948)
Dr. Zodiates books, net	-	-	-	-	25,684
Purchase of property and equipment	(540,951)	-	-	(540,951)	-
	<u>(1,071,552)</u>	<u>34,213</u>	<u>44,007</u>	<u>(993,332)</u>	<u>61,316</u>
Net cash provided (used) by investing activities					
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Repayment of long-term debt	(19,623)	-	-	(19,623)	(76,693)
	<u>(19,623)</u>	<u>-</u>	<u>-</u>	<u>(19,623)</u>	<u>(76,693)</u>
Net cash used by financing activities					
<b>NET INCREASE (DECREASE) IN CASH</b>	826,348	(4,159)	-	822,189	1,737,918
<b>CASH AND CASH EQUIVALENTS</b>					
Beginning	<u>3,172,285</u>	<u>33,800</u>	<u>-</u>	<u>3,206,085</u>	<u>1,468,167</u>
Ending	<u>\$ 3,998,633</u>	<u>\$ 29,641</u>	<u>\$ -</u>	<u>\$ 4,028,274</u>	<u>\$ 3,206,085</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>					
Cash paid for interest	<u>\$ 2,901</u>	<u>\$ 16,448</u>	<u>\$ -</u>	<u>\$ 19,349</u>	<u>\$ 14,508</u>
<b>SCHEDULE OF NONCASH INVESTING AND FINANCING TRANSACTIONS</b>					
Lease assets obtained in exchange for lease obligations - finance leases	<u>\$ 107,284</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107,284</u>	<u>\$ -</u>

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

**AMG INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**(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. The mission of AMG International, Inc. is to advance the gospel by equipping Christ-centered leaders and churches around the world to meet the deepest needs in their communities. 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*. 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, 2022 AND 2021**

**(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, 2022.

**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 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.

**AMG INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**(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, 2022 and 2021, respectively, advertising costs were \$57,642 and \$36,491.

**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, 2022 and 2021, 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, 2022 AND 2021**

**(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, 2022, there were no interest or penalties recorded or included in its financial statements. The federal information returns for the years of 2019 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.**  
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**(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 an 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 accounting principles. Accordingly, such information should be read in conjunction with AMG International Inc.'s financial statements for the year ended December 31, 2021, from which the summarized information was derived.

**Change in accounting principle**

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which supersedes existing guidance in *Topic 840, Leases*. The FASB subsequently issued the following additional ASUs, which amend and clarify Topic 842. Topic 842 amends both lessor and lessee accounting with the most significant change being the requirement for lessees to recognize right-to-use (ROU) assets and lease liabilities on the balance sheet for operating leases. Under Topic 842, a lessee records a lease as a finance lease or operating lease.

The Organization adopted FASB ASC 842 effective January 1, 2022, and has elected to apply the short-term lease exception to all leases with a term of one year or less and recognize the lease payments as lease cost on a straight-line basis over the lease term. The Organization has also elected to apply the available practical expedients provided in the transition guidance without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the guidance as lease commencement.

As a result, adopting FASB ASC 842 had no impact to the prior year statement of financial position since the right-to-use assets equaled the amount of the lease liabilities.

**(2) LIQUIDITY**

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.

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:

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**(2) LIQUIDITY (continued)**

	<b>2022</b>	<b>2021</b>
Cash	\$ 4,028,274	\$ 3,206,085
Certificates of deposit	500,269	-
Investments	6,094,212	7,346,291
	10,622,755	10,552,376
Less amounts not available to be used within one year		
Net assets with donor restrictions	2,712,561	3,185,007
Financial assets, without donor-imposed restrictions, available to meet cash needs for general expenditures within one year	\$ 7,910,194	\$ 7,367,369

**(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, 2022 and 2021 consist of the following:

	<b>2022</b>	<b>2021</b>
Stock equity funds	\$ 2,211,952	\$ 2,809,351
Money funds	250,255	260,705
Real estate investment trusts	359,689	486,228
Bond funds	2,126,771	2,458,732
International equity funds	1,145,545	1,331,275
	\$ 6,094,212	\$ 7,346,291

The return on investments for 2022 is as follows:

	<b>Operating Investments</b>	<b>Annuity &amp; Gift Trust Investments</b>	<b>Endowment Investments</b>	<b>Donor Designated</b>	<b>Board Designated</b>	<b>Total</b>
Interest and dividend income	\$ 42,090	\$ 38,837	\$ 41,536	\$ 22,563	\$ 145,026	
Net unrealized and realized gains (losses)	(330,621)	(311,887)	(381,801)	(179,884)	(1,204,193)	
Management fees and other costs	(11,840)	(18,179)	(12,712)	(6,416)	(49,147)	
	\$ (300,371)	\$ (291,229)	\$ (352,977)	\$ (163,737)	\$ (1,108,314)	



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**(3) INVESTMENTS (continued)**

Also included in investment return at December 31, 2022 is \$1,141 of interest income from certificates of deposit.

The return on investments for 2021 is as follows:

	Operating Investments	Annuity & Gift Trust Investments	Endowment Investments		Total
			Donor Designated	Board Designated	
Interest and dividend income	\$ 32,026	\$ 32,025	\$ 17,066	\$ 35,678	\$ 116,795
Net unrealized and realized gains (losses)	210,645	205,681	98,341	222,880	737,547
Management fees and other costs	<u>(33,119)</u>	<u>(23,592)</u>	<u>(6,685)</u>	<u>(12,084)</u>	<u>(75,480)</u>
	<u>\$ 209,552</u>	<u>\$ 214,114</u>	<u>\$ 108,722</u>	<u>\$ 246,474</u>	<u>\$ 778,862</u>

**(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:

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**(4) FAIR VALUE MEASUREMENTS (continued)**

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, 2022 and 2021, using the market approach.

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, 2022 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	\$ 1,754,333	\$ 1,754,333	\$ -	\$ -
Endowment fund				
Cash & equivalents	619,728	619,728	-	-
Shares in pooled account	2,118,126	-	2,118,126	-
Gift trust and annuity funds				
Stocks and money market	<u>1,602,025</u>	<u>1,602,025</u>	<u>-</u>	<u>-</u>
	<u>\$ 6,094,212</u>	<u>\$ 3,976,086</u>	<u>\$ 2,118,126</u>	<u>\$ -</u>

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**(4) FAIR VALUE MEASUREMENTS (continued)**

Fair values of assets measured on a recurring basis at December 31, 2021 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	\$ 2,054,620	\$ 2,054,620	\$ -	\$ -
Endowment fund				
Cash & equivalents	725,947	725,947	-	-
Shares in pooled account	2,617,600	-	2,617,600	-
Gift trust and annuity funds				
Stocks and money market	<u>1,948,124</u>	<u>1,948,124</u>	<u>-</u>	<u>-</u>
	<u>\$ 7,346,291</u>	<u>\$ 4,728,691</u>	<u>\$ 2,617,600</u>	<u>\$ -</u>

**(5) PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Land	\$ 335,500	\$ 335,500
Building	1,530,118	992,066
Furniture and equipment	329,924	327,025
Autos	23,143	23,143
Right-to-use assets - equipment	<u>107,284</u>	<u>-</u>
	2,325,969	1,677,734
Less accumulated depreciation and amortization	<u>1,255,331</u>	<u>1,224,676</u>
	<u>\$ 1,070,638</u>	<u>\$ 453,058</u>

Depreciation expense of \$9,889 and \$11,585 was charged to operations for the years ended December 31, 2022 and 2021, respectively. Amortization expense of \$20,765 was charged to operations for the year ended December 31, 2022 related to right-to-use assets.

**AMG INTERNATIONAL, INC.**  
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**(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, 2022 and 2021 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, 2022 and 2021, AMG International, Inc. allocated and charged AMG Publisher's, Inc. \$105,155 and \$133,555 respectively.

**(7) INTELLECTUAL PROPERTY**

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

	<b>2022</b>	<b>2021</b>
Cost	\$ 579,048	\$ 579,048
Less accumulated amortization	(405,334)	(376,381)
	\$ 173,714	\$ 202,667

**(8) LINE OF CREDIT**

AMG International, Inc. and AMG Publishers, Inc. have a joint line of credit not to exceed \$500,000 at any one time for short-term working capital with Pinnacle Bank expiring November 8, 2024. Interest is due monthly and is subject to change based on the bank's index called the "Pinnacle Base Rate" currently computed at 7.25%. The outstanding loan balance is carried on the books of AMG Publishers, Inc. with an ending balance of \$450,352 and \$90,177 at December 31, 2022 and 2021, respectively.

**(9) 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, 2022 and 2021 was \$138,065 .

**(10) 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. The Organization used the funds on qualified expenses as authorized by Section 1106 of the CARES Act. The entire amount was forgiven by the Small Business Administration on March 1, 2021. This balance is included as revenue in the statement of activities for the year ended December 31, 2021.

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**(11) 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, 2022 and 2021 were \$1,602,025 and \$1,984,124, 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 \$496,791 and \$550,819 at December 31, 2022 and 2021, 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.

**(12) NET ASSETS**

Net assets with donor restrictions are as follows for the years ended December 31, 2022 and 2021:

	<b>2022</b>	<b>2021</b>
Project restricted operating fund	\$ 926,431	\$ 956,922
Term endowment fund	1,786,130	2,228,085
	<b>\$ 2,712,561</b>	<b>\$ 3,185,007</b>

Net assets without donor restrictions are as follows for the years ended December 31, 2022 and 2021:

	<b>2022</b>	<b>2021</b>
Undesignated	\$ 12,264,313	\$ 10,643,850
Endowment board designated	1,134,875	1,115,462
Other board designated	951,724	1,431,105
	<b>\$ 14,350,912</b>	<b>\$ 13,190,417</b>

**(13) LONG-TERM LEASE OBLIGATIONS**

The Organization is party to one lease that meets the criteria for a finance lease under current accounting standards. The lease is an equipment lease for 63 months with an initial date of November 1, 2021 with no option to extend or terminate. The implicit rate in the lease is based on the Organization's incremental borrowing rate of 3.25%. The total lease liability was \$107,284 with a balance of \$87,661 as of December 31, 2022.

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**(13) LONG-TERM LEASE OBLIGATIONS (continued)**

The following summarizes the line items in the statements of financial position which include amounts for finance leases as of December 31, 2022:

**Finance Leases**

Right-to-use assets - equipment	\$ 107,284
Accumulated amortization	<u>20,765</u>
Property and equipment, net	<u>\$ 86,519</u>
Current liabilities	\$ 19,971
Long-term liabilities	<u>67,690</u>
Total finance lease liability	<u>\$ 87,661</u>

The following summarizes the weighted average remaining lease term and discount rate as of December 31, 2022:

**Finance Leases**

Weighted average remaining lease term	6 years
Weighted average discount rate	3.25%

The maturities of finance lease liabilities are as follows:

Year ending December 31, 2023	\$ 22,524
2024	22,524
2025	22,524
2026	22,524
2027	<u>3,754</u>
Total lease payments	93,850
Less interest	<u>6,189</u>
Present value of lease liabilities	<u>\$ 87,661</u>

The following summarizes the line items in the statements of activities which include the components of lease expense for the year ended December 31, 2022:

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**(13) LONG-TERM LEASE OBLIGATIONS (continued)**

**Finance Lease Costs**

Amortization of lease assets included in general and administrative expenses	\$ 20,765
Interest on lease liabilities included in general and administrative expenses	<u>2,901</u>
Total finance lease costs	<u><u>\$ 23,666</u></u>

**(14) 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 \$62,277 and \$40,197 for the years ended December 31, 2022 and 2021, respectively.

**(15) 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

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**(15) ENDOWMENT FUNDS (continued)**

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.

Endowment net asset composition by type of fund as of December 31, 2022 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board designated endowment funds	\$ 951,724	\$ -	\$ 951,724
Donor-restricted endowment funds			
Term endowment	<u>-</u>	<u>1,786,130</u>	<u>1,786,130</u>
	<u>\$ 951,724</u>	<u>\$ 1,786,130</u>	<u>\$ 2,737,854</u>

Change in endowment net assets as of December 31, 2022 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 1,115,461	\$ 2,228,085	\$ 3,343,546
Investment return, net	(163,737)	(352,977)	(516,714)
Amounts appropriated for expenditure	<u>-</u>	<u>(88,978)</u>	<u>(88,978)</u>
Endowment net assets, end of year	<u>\$ 951,724</u>	<u>\$ 1,786,130</u>	<u>\$ 2,737,854</u>

Endowment net asset composition by type of fund as of December 31, 2021 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board designated endowment funds	\$ 1,115,461	\$ -	\$ 1,115,461
Donor-restricted endowment funds			
Term endowment	<u>-</u>	<u>2,228,085</u>	<u>2,228,085</u>
	<u>\$ 1,115,461</u>	<u>\$ 2,228,085</u>	<u>\$ 3,343,546</u>



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**(15) ENDOWMENT FUNDS (continued)**

Change in endowment net assets as of December 31, 2021 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 1,006,739	\$ 2,059,760	\$ 3,066,499
Investment return, net	108,722	246,474	355,196
Amounts appropriated for expenditure	<u>-</u>	<u>(78,149)</u>	<u>(78,149)</u>
Endowment net assets, end of year	<u>\$ 1,115,461</u>	<u>\$ 2,228,085</u>	<u>\$ 3,343,546</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.

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**(16) CONCENTRATION OF CREDIT RISK**

At December 31, 2022, the Organization had cash and cash equivalents on deposit at a financial institution with an uninsured balance of \$4,202,040.

**(17) COMMITMENTS AND CONTINGENCIES**

The Organization has a construction commitment of approximately \$5.5 million for the construction of a new building. As of December 31, 2022, the remaining balance on this commitment totaled approximately \$5.2 million.

In addition, as of the date of this report, the Organization is under contract to sell their current building for \$3.8 million.

**(18) SUBSEQUENT EVENTS**

Management has evaluated subsequent events through February 6, 2023, the date which these financial statements were available for issue.

