



MEETING THE  
**DEEPEST NEEDS**

**Financial Statements  
For the Years Ended  
December 31, 2018 and December 31, 2017**

**AMG International, Inc.**  
**Table of Contents**  
**For the Years Ended December 31, 2018 and December 31, 2017**

	<b>Page No.</b>
<b>Independent Auditor's Report</b> .....	<b>3</b>
<b>Financial Statements</b>	
Statements of Financial Position .....	<b>5</b>
Statements of Activities.....	<b>7</b>
Statements of Functional Expenses.....	<b>8</b>
Statements of Changes in Net Assets.....	<b>9</b>
Statements of Cash Flows .....	<b>10</b>
<b>Notes to Financial Statements</b> .....	<b>11</b>



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## Whittington, Jones & Rudert, CPAs, LLC

CERTIFIED PUBLIC ACCOUNTANTS  
AND  
BUSINESS ADVISORS

**MEMBER:**  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
GEORGIA SOCIETY OF CERTIFIED  
PUBLIC ACCOUNTANTS

### Independent Auditor's Report

To the Board of Trustees of  
AMG International, Inc.  
Chattanooga, TN

We have audited the accompanying financial statements of AMG International, Inc. (a nonprofit organization), which are comprised of the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, changes in net assets 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.

#### Auditor's 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 from 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 auditor's 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.

### **Basis for Qualified Opinion**

As explained in Note 2 to the financial statements, management 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 above present fairly, in all material respects, the financial position of AMG International, Inc. as of December 31, 2018, 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.

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

We have previously audited AMG International's 2017 financial statements, and our report dated February 5, 2018, expressed a qualified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Yours very truly,

*Whittington, Jones & Rudert*

Whittington, Jones, & Rudert, CPA's, LLC  
Rome, Georgia

February 6, 2019

**AMG International, Inc.**  
**Statements of Financial Position**  
**December 31, 2018 and December 31, 2017**

	<u>Operating</u>	<u>Non - Expendable Trust</u>	<u>Endowment Fund</u>	<u>Total 2018</u>	<u>Total 2017</u>
<b>Current Assets:</b>					
Cash	\$ 947,950	\$ 45,842	\$ -	\$ 993,792	\$ 702,568
Due from Related Parties	142,178	-	-	142,178	138,378
Accrued interest income	-	-	2,451	2,451	3,354
Investments	1,356,294	1,473,051	1,606,997	4,436,342	3,986,686
Total Current Assets	<u>2,446,422</u>	<u>1,518,893</u>	<u>1,609,448</u>	<u>5,574,763</u>	<u>4,830,986</u>
<b>Property and Equipment at Cost</b>					
Less Accumulated Depreciation:	<u>215,086</u>	<u>-</u>	<u>-</u>	<u>215,086</u>	<u>228,326</u>
<b>Other Assets:</b>					
Investment in St. Luke's Hospital, Thessaloniki, Greece	2,848,993	-	-	2,848,993	2,848,993
AMG Publishers, Inc.	100,000	-	-	100,000	100,000
Note Receivable - Related Party	1,738,646	-	-	1,738,646	1,738,646
Note Receivable - Investments held at Generosity Trust	-	-	280,708	280,708	467,086
Intellectual Properties - less Accumulated Amortization	289,524	-	-	289,524	318,476
Investment in The Cosmovision Center	1,511,089	-	-	1,511,089	1,511,089
Receivable - Life Insurance Proceeds	-	-	-	-	-
Dr. Zodhiates Books	53,330	-	-	53,330	53,675
Other Real Estate	78,680	-	-	78,680	78,680
Total Other Assets	<u>6,620,262</u>	<u>-</u>	<u>280,708</u>	<u>6,900,970</u>	<u>7,116,645</u>
<b>Total Assets</b>	<u>\$ 9,281,770</u>	<u>\$ 1,518,893</u>	<u>\$ 1,890,156</u>	<u>\$ 12,690,819</u>	<u>\$ 12,175,957</u>

The accompanying notes are an integral part of these financial statements.

**AMG International, Inc.**  
**Statements of Financial Position**  
**December 31, 2018 and December 31, 2017**

	<u>Operating</u>	<u>Non - Expendable Trust</u>	<u>Endowment Fund</u>	<u>Total 2018</u>	<u>Total 2017</u>
<b>Current Liabilities:</b>					
Accounts Payable and Accrued Expenses	\$ 649,866	\$ -	\$ -	\$ 649,866	\$ 289,868
Notes Payable - Due in One Year	138,065	-	-	138,065	138,065
Notes Payable - Investments held at Generosity Trust- Current Portion	70,412	-	-	70,412	92,100
Revocable Gifts and Annuity Contracts	-	618,044	-	618,044	634,437
<b>Total Current Liabilities</b>	<u>858,343</u>	<u>618,044</u>	<u>-</u>	<u>1,476,387</u>	<u>1,154,470</u>
<b>Long-Term Liabilities:</b>					
Notes Payable - Investments held at Generosity Trust - Less Current Portion .	149,385	-	-	149,385	195,400
<b>Total Long-Term Liabilities</b>	<u>149,385</u>	<u>-</u>	<u>-</u>	<u>149,385</u>	<u>195,400</u>
<b>Total Liabilities</b>	<u>1,007,728</u>	<u>618,044</u>	<u>-</u>	<u>1,625,772</u>	<u>1,349,870</u>
<b>Net Assets:</b>					
<b>Without Donor Restrictions</b>					
Undesignated	6,708,339	-	-	6,708,339	6,344,450
Equity in Property & Equipment	215,086	-	-	215,086	228,326
Board Designated	-	900,849	890,904	1,791,753	1,935,211
<b>Total Unrestricted</b>	<u>6,923,425</u>	<u>900,849</u>	<u>890,904</u>	<u>8,715,178</u>	<u>8,507,987</u>
<b>With Donor Restrictions</b>	<u>1,350,617</u>	<u>-</u>	<u>999,252</u>	<u>2,349,869</u>	<u>2,318,100</u>
<b>Total Net Assets</b>	<u>8,274,042</u>	<u>900,849</u>	<u>1,890,156</u>	<u>11,065,047</u>	<u>10,826,087</u>
<b>Total Liabilities &amp; Net Assets</b>	<u>\$ 9,281,770</u>	<u>\$ 1,518,893</u>	<u>\$ 1,890,156</u>	<u>\$ 12,690,819</u>	<u>\$ 12,175,957</u>

The accompanying notes are an integral part of these financial statements.

**AMG International, Inc.**  
**Statements of Activities**  
**For the Years Ended December 31, 2018 and December 31, 2017**

	<u>Operating</u>	<u>Non- expendable Trust</u>	<u>Endowment Fund</u>	<u>Total 2018</u>	<u>Total 2017</u>
<b>Changes in net assets without donor restrictions:</b>					
<b>Support and Revenue:</b>					
Contributions	\$ 6,382,840	\$ 28,043	\$ -	\$ 6,410,883	\$ 5,981,240
Bequests and Legacies	929,979	-	-	929,979	476,702
Investment Return	(20,892)	(117,848)	13,866	(124,874)	234,869
Loss on Sale of Donated Asset	-	-	-	-	(20,224)
Released from Restrictions	54,146	-	-	54,146	128,884
Income from Programmatic Investment	419,163	-	-	419,163	620,765
Other	9,714	-	-	9,714	8,018
Total Support and Revenue	<u>7,774,950</u>	<u>(89,805)</u>	<u>13,866</u>	<u>7,699,011</u>	<u>7,430,254</u>
<b>Expenses</b>					
<b>Program Services:</b>					
Children's Work & Relief	1,844,313	-	-	1,844,313	1,883,786
Radio & Television Evangelism	280,695	-	-	280,695	264,178
Missionary Projects and Support	4,243,354	-	-	4,243,354	3,592,240
Total Program Services	<u>6,368,362</u>	<u>-</u>	<u>-</u>	<u>6,368,362</u>	<u>5,740,204</u>
<b>Supporting Services:</b>					
General and Administrative	213,684	67,519	-	281,203	200,531
Cost for Generating Support	842,255	-	-	842,255	819,722
Total Supporting Services	<u>1,055,939</u>	<u>67,519</u>	<u>-</u>	<u>1,123,458</u>	<u>1,020,253</u>
Total Expenses	<u>7,424,301</u>	<u>67,519</u>	<u>-</u>	<u>7,491,820</u>	<u>6,760,457</u>
Increase (decrease) in net assets without donor restrictions	<u>350,649</u>	<u>(157,324)</u>	<u>13,866</u>	<u>207,191</u>	<u>669,797</u>
<b>Changes in net assets with donor restrictions:</b>					
Contributions	1,083,619	-	-	1,083,619	953,584
Investment Return	-	-	(55,159)	(55,159)	155,556
Net assets released from restrictions	(942,545)	-	(54,146)	(996,691)	(1,231,674)
Increase (decrease) in net assets with donor restrictions	<u>141,074</u>	<u>-</u>	<u>(109,305)</u>	<u>31,769</u>	<u>(122,534)</u>
Increase (Decrease) in Total Net Assets	491,723	(157,324)	(95,439)	238,960	547,263
Net Assets at Beginning of Year	<u>7,782,319</u>	<u>1,058,173</u>	<u>1,985,595</u>	<u>10,826,087</u>	<u>10,278,824</u>
Net Assets at End of Year	<u>\$ 8,274,042</u>	<u>\$ 900,849</u>	<u>\$ 1,890,156</u>	<u>\$ 11,065,047</u>	<u>\$ 10,826,087</u>

The accompanying notes are an integral part of these financial statements.

**AMG International, Inc.**  
**Statement of Functional Expenses**  
**For the Years Ended December 31, 2018 and December 31, 2017**

	December 31, 2018				December 31, 2017		
	Program Activities		Supporting Activities		Supporting Activities		
	Children's Work & Relief	Radio & Television Evangelism	Missionary Projects and Support	Total Program Services	General and Administrative	Cost for Generating Support	2017 Total
Ministry support	\$ 1,368,212	\$ 200,772	\$ 3,819,760	\$ 5,388,744	\$ -	\$ -	\$ 4,605,735
Salaries, taxes & benefits	208,056	49,309	172,542	429,907	548,010	342,978	1,337,460
Childcare projects	99,443	-	-	99,443	-	-	174,084
Office supplies & printing	-	-	9,263	9,263	37,737	89,552	123,390
Professional services	-	-	-	-	14,573	70,675	79,603
Bank charges	-	-	-	-	223	58,785	62,384
Promotions	-	-	2,620	2,620	-	1,459	51,747
Postage and freight	-	-	-	-	1,035	38,712	45,305
Insurance	-	-	-	-	36,941	-	37,391
Travel, meals & lodging	-	-	4,396	4,396	3,403	3,409	37,351
Other	-	-	3,176	3,176	26,048	6,579	34,494
Utilities	-	-	-	-	32,061	-	33,110
Amortization	-	-	-	-	28,952	-	28,952
Depreciation	-	-	-	-	17,338	-	22,338
Data processing	-	-	-	-	22,396	-	19,067
Repairs and maintenance	-	-	-	-	17,093	-	16,092
Interest	-	-	-	-	23,695	-	15,459
Telephone	-	-	-	-	14,492	-	14,385
Web expenses	-	-	2,100	2,100	-	52,360	10,200
Dues and subscriptions	-	-	-	-	5,576	-	8,117
Equipment rental	-	-	-	-	3,768	-	3,793
Allocated expenses	168,602	30,614	229,497	428,713	(606,459)	177,746	-
	<u>\$ 1,844,313</u>	<u>\$ 280,695</u>	<u>\$ 4,243,354</u>	<u>\$ 6,368,362</u>	<u>\$ 226,882</u>	<u>\$ 842,255</u>	<u>\$ 6,760,457</u>

The accompanying notes are an integral part of these financial statements.



**AMG International, Inc.**  
**Statements of Changes in Net Assets**  
**For the Years Ended December 31, 2018 and December 31, 2017**

	<u>Operating</u>	<u>Non - Expendable Trust</u>	<u>Endowment Fund</u>	<u>Total 2018</u>	<u>Total 2017</u>
<b>Net Assets - Beginning of Year</b>	\$ 7,782,319	\$ 1,058,173	\$ 1,985,595	\$ 10,826,087	\$ 10,278,824
Changes in Net Assets	<u>491,723</u>	<u>(157,324)</u>	<u>(95,439)</u>	<u>238,960</u>	<u>547,263</u>
<b>Net Assets - End of Year</b>	<u><u>\$ 8,274,042</u></u>	<u><u>\$ 900,849</u></u>	<u><u>\$ 1,890,156</u></u>	<u><u>\$ 11,065,047</u></u>	<u><u>\$ 10,826,087</u></u>

The accompanying notes are an integral part of these financial statements.

**AMG International, Inc.**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2018 and December 31, 2017**

	<u>Operating</u>	<u>Non - Expendable Trust</u>	<u>Endowment Fund</u>	<u>Total 2018</u>	<u>Total 2017</u>
<b>Cash Flows From Operating Activities:</b>					
Change in Net Assets	\$ 491,723	\$ (157,324)	\$ (95,439)	\$ 238,960	\$ 547,263
Adjustments to Reconcile Change in Net Cash Used by Operating Activities:					
Depreciation & amortization	46,290	-	-	46,290	51,290
Loss on sale of assets	-	-	-	-	20,374
Unrealized gain/loss on investments	72,551	149,159	81,382	303,092	(320,752)
Non-cash contributions	-	-	-	-	(72,480)
(Increase) Decrease In:					
Accounts receivable	(3,800)	-	-	(3,800)	75,987
Prepaid & other assets	345	-	903	1,248	216
(Decrease) Increase In:					
Payables, accrued expenses, and advances	359,998	(16,393)	-	343,605	96,562
Net Cash Provided (Used) by Operating Activities	<u>967,107</u>	<u>(24,558)</u>	<u>(13,154)</u>	<u>929,395</u>	<u>398,460</u>
<b>Cash Flows From Investing Activities:</b>					
Repayment of loans	-	-	186,378	186,378	141,099
Loans to related companies	-	-	-	-	(287,500)
Proceeds from sale of assets	-	-	-	-	56,526
Proceeds from investments	568	617,509	54,146	672,223	1,471,683
Purchase of investments	(552,227)	(645,374)	(227,370)	(1,424,971)	(1,833,050)
Purchase of equipment	(4,098)	-	-	(4,098)	(6,195)
Net Cash Provided (Used) by Investment Activities	<u>(555,757)</u>	<u>(27,865)</u>	<u>13,154</u>	<u>(570,468)</u>	<u>(457,437)</u>
<b>Cash Flows From Financing Activities:</b>					
Repayment	(67,703)	-	-	(67,703)	(26,499)
New borrowings	-	-	-	-	287,500
Net Cash Provided (Used) by Financing Activities	<u>(67,703)</u>	<u>-</u>	<u>-</u>	<u>(67,703)</u>	<u>261,001</u>
Net Increase (Decrease) in Cash and Cash Equivalents	343,647	(52,423)	-	291,224	202,024
Cash and Cash Equivalents at - Beginning of Year	<u>604,303</u>	<u>98,265</u>	<u>-</u>	<u>702,568</u>	<u>500,544</u>
Cash and Cash Equivalents at - End of Year	<u>\$ 947,950</u>	<u>\$ 45,842</u>	<u>\$ -</u>	<u>\$ 993,792</u>	<u>\$ 702,568</u>
<b>Supplemental Cash Flow Information:</b>					
Cash paid for interest	<u>\$ 10,597</u>	<u>\$ 13,098</u>	<u>\$ -</u>	<u>\$ 23,695</u>	<u>\$ 12,205</u>

The accompanying notes are an integral part of these financial statements.

**AMG International, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2018 and December 31, 2017**

**Note 1 – Description of the Organization**

AMG International, Inc., Advancing the Ministries of the Gospel, is an interdenominational Christian mission agency ministering in over 30 countries worldwide. AMG's mission is to "advance with compassion the command of Christ to evangelize and make disciples around the world through national workers and in partnership with like-minded Christians." AMG provides child sponsorship, at-home ministries, international media ministries, mission volunteer opportunities, healthcare, newspaper evangelism, and support to worldwide missions and missionaries.

**Note 2 - Summary of Significant Accounting Policies**

**Basis of Presentation:**

The financial statements of AMG have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which require AMG to report 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 AMG's management and board of directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of AMG or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

**Basis of Accounting:**

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

**Measure of Operations:**

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'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.

**Cash and Cash Equivalents:**

AMG's cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase, except for those amounts that are held in the investment portfolio which are invested for long-term purposes.

**Concentration of Risk:**

Financial instruments, which potentially subject AMG to concentrations of credit risk, consist primarily of cash and cash equivalents, investment securities and notes receivable. Cash and cash equivalents include demand deposits totaling \$993,792 and \$702,568 at December 31, 2018 and 2017 respectively, at a high credit quality financial institution. These deposits possess credit risk to the extent they exceed federally insured limits. AMG has not experienced, nor does it anticipate, any losses with respect to such accounts.

The exposure to concentrations of credit risk relative to investment securities is limited due to AMG's investment objectives and policies, as adopted by its Board of Directors. The investment policies prohibit the acquisition of certain securities and require, among other things, that securities be diversified and meet certain quality criteria.

**AMG International, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2018 and December 31, 2017**

**Note 2 - Summary of Significant Accounting Policies (continued)**

**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 and AMG Publishers to further the mission of the organization.

**Property and Equipment:**

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. AMG'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's management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered.

**Investments:**

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment return in the statements of activities.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

**Fair Value Measurement:**

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritized investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). AMG groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded, and the reliability of the assumptions used to determine fair value. These levels are:

**Level 1** Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

**Level 2** Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset/liability; and,
- Inputs that are derived principally from or corroborated by other observable market data.

**Level 3** Unobservable inputs that cannot be corroborated by observable market data.

**AMG International, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2018 and December 31, 2017**

**Note 2 - 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.

**Donated Property and Services:**

Donated investments and other non-cash donations are recorded as contributions at their fair values at the date of donation.

AMG receives various donated services that range from limited participation of individuals in administrative services of foreign projects to active participation in AMG'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 Financial Accounting Standards Codification Statement for Accounting for Contributions Received and Contributions Made.

**Functional Expenses:**

The cost of providing various programs and other activities has 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.

**Use of Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**Income Taxes:**

AMG is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. AMG has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. In addition, AMG qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). No provision has been made for income taxes in the financial statements. Management believes AMG does not have any unrelated business income that would be subject to taxation, or other uncertain tax positions. The tax years ended in 2017, 2016 and 2015 are still open to examination for both federal and state purposes.

**AMG International, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2018 and December 31, 2017**

**Note 2 - Summary of Significant Accounting Policies (continued)**

**Reclassifications:**

Certain prior year amounts have been reclassified to conform to the current year presentation. This reclassification includes \$1,209,543 of operating assets that were previously designated as without donor restrictions on the 2017 financial statements that were in fact donor restricted for AMG projects.

**Affiliated Organizations:**

AMG is affiliated with other organizations located in Canada, Greece, Germany, and Holland. AMG International acts as agent for AMG Canada and the agencies overseas served by AMG Canada. AMG International 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 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's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

**Financial Statement Presentation:**

Management has elected not to consolidate with AMG 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.

AMG has a programmatic investment in a hospital and a ministry center both located in Greece.

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 the financial statements of St. Luke's Hospital, which is a majority owned for-profit entity. AMG carries St. Luke's on the cash basis at a cost of \$2,848,993.

AMG 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 Zodhiates 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. AMG 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.

**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, 2018.

**AMG International, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2018 and December 31, 2017**

**Note 3 - Availability and Liquidity**

The following represents AMG's financial assets at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Financial assets at year end:		
Cash and Cash Equivalents	\$ 993,792	\$ 702,568
Investments	<u>4,436,342</u>	<u>3,986,686</u>
Total financial assets	<u>5,430,134</u>	<u>4,689,254</u>
Less amounts not available to be used within one year:		
Net Assets with donor restrictions	<u>999,252</u>	<u>1,108,557</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 4,430,882</u>	<u>\$ 3,580,697</u>

AMG has a goal to maintain cash and cash equivalents on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$1,225,000. AMG 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. AMG does not commit to expenditures if cash is not available to pay the expenditures.

**Note 4 - 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.

The following is a summary of investments at December 31, 2018:

	<u>2018</u>
Cash and equivalents	\$ 993,792
Stocks	582,938
Stock Equity Funds	1,064,042
Money Funds	661,688
Real Estate Investment Trusts	83,617
Bond Funds	767,147
Exchange Traded Funds	191,236
Pooled Investment Account	<u>1,085,674</u>
	<u>\$ 5,430,134</u>

**AMG International, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2018 and December 31, 2017**

**Note 4 – Investments (continued)**

The return on investments for 2018 is as follows:

	Operating Investments	Annuity & Gift Trust Investments	Endowment Donor Designated	Investments Board Designated	Total
Interest and dividend income	\$ 52,524	\$ 54,763	\$ 31,263	\$ 23,351	\$ 161,901
Net unrealized and realized gains (losses)	(72,551)	(149,159)	(73,414)	(7,968)	(303,092)
Management fees and other costs	(865)	(23,452)	(13,008)	(1,517)	(38,842)
Total return on investments	<u>\$ (20,892)</u>	<u>\$ (117,848)</u>	<u>\$ (55,159)</u>	<u>\$ 13,866</u>	<u>\$ (180,033)</u>

**Note 5 – Property and Equipment, Net**

Property and Equipment, net consisted of the following at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Land	\$ 143,729	\$ 143,729
Building	911,302	907,204
Furniture & Equipment	446,451	446,451
Autos	<u>37,796</u>	<u>37,796</u>
	1,539,278	1,535,180
Accumulated Depreciation	<u>(1,324,192)</u>	<u>(1,306,854)</u>
	<u>\$ 215,086</u>	<u>\$ 228,326</u>

Depreciation expense for the years ended December 31, 2018 and December 31, 2017 was \$17,338 and \$22,338, respectively.

**Note 6 – Lease Commitments**

AMG has leased equipment with a term of 60 months. For years subsequent to 2018, minimum annual future rental commitments under the lease agreements are as follows:

2019	\$ 30,282
2020	26,169
2021	17,794
2022	17,794
2023	<u>16,311</u>
	<u>\$ 108,350</u>



**AMG International, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2018 and December 31, 2017**

**Note 7 – Net Assets**

Net assets with donor restrictions were as follows for the years ended December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Project Restricted Operating Fund	\$ 1,350,617	\$ 1,209,543
Term Endowment Fund	<u>999,252</u>	<u>1,108,557</u>
Total Net Assets With Donor Restrictions	<u>\$ 2,349,869</u>	<u>\$ 2,318,100</u>

Net assets without donor restrictions for the years ended December 31, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Undesignated	\$ 7,553,993	\$ 7,553,993
Equity in Property and Equipment	215,086	228,326
Endowment Board Designated	877,038	877,038
Designated by the Board	<u>900,849</u>	<u>1,058,173</u>
Total Net Assets Without Donor Restrictions	<u>\$ 9,546,966</u>	<u>\$ 9,717,530</u>

**Note 8 – Retirement Plan**

AMG offers a 401(k)-retirement plan for all employees completing 1,000 hours of employment per year. Eligibility for the plan is age 21 or older and one year of employment. Entrance into the plan begins on the January 1 nearest the employee's one-year anniversary date. Contributions to the plan totaled \$71,169 for 2018 and \$59,018 for 2017.

**Note 9 – Advertising**

AMG follows the policy of charging costs of advertising to expenses as incurred. During 2018, advertising costs totaled approximately \$4,079.

**Note 10 – Books and Bibles**

During 2010, AMG purchased Dr. Zodiates' personal library of books and Bibles. They were valued at \$53,330 and \$53,675 for the years ended December 31, 2018 and 2017 respectively.

**Note 11– Fair Value of Financial Instruments**

AMG applies generally accepted accounting principles (GAAP) for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. AMG's financial instruments are cash and cash equivalents, investments, notes receivable, unearned revenue, accounts payable, accrued expenses, notes payable, and obligations related to the revocable gifts and annuity contracts. The recorded values of cash and cash equivalents, unearned revenue, accounts payable, and accrued expenses approximate their fair values based on their short-term nature. The recorded values of notes receivable, notes payable, and obligations related to the revocable gifts and annuity contracts approximate their fair values, as interest approximates market rates.

**AMG International, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2018 and December 31, 2017**

**Note 11– Fair Value of Financial Instruments (continued)**

The following table presents the financial instruments carried at fair value as of December 31, 2018 and 2017 by caption on the statement of financial position by the valuation hierarchy as defined:

Fair Value Measurements at December 31, 2018 and 2017 Using:

<b>Assets</b>	<b>2018</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Quoted Prices in Active Markets for Similar Assets (Level 2)</b>
Operating Fund:			
Stocks and Mutual Funds	\$ 1,356,294	\$ 1,356,294	\$ -
Endowment Fund:			
Cash & Equivalents	521,323	521,323	-
Shares in Pooled acct	1,085,674	-	1,085,674
Gift Trust and Annuity Funds:			
Stocks and Money Market	<u>1,473,051</u>	<u>1,473,051</u>	<u>-</u>
Total Investments	<u>\$ 4,436,342</u>	<u>\$ 3,350,668</u>	<u>\$ 1,085,674</u>
		<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Quoted Prices in Active Markets for Similar Assets (Level 2)</b>
<b>Assets</b>	<b>2017</b>		
Operating Fund:			
Stocks and Mutual Funds	\$ 877,186	\$ 877,186	\$ -
Endowment Fund:			
Cash & Equivalents	392,481	392,481	-
Shares in Pooled acct	1,122,674	-	1,122,674
Gift Trust and Annuity Funds:			
Stocks and Money Market	<u>1,594,345</u>	<u>1,594,345</u>	<u>-</u>
Total Investments	<u>\$ 3,986,686</u>	<u>\$ 2,864,012</u>	<u>\$ 1,122,674</u>

**AMG International, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2018 and December 31, 2017**

**Note 12 – Intellectual Property:**

AMG 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.

	<u>2018</u>	<u>2017</u>
Intellectual Property		
Cost	\$ 579,048	\$ 579,048
Accumulated Amortization	<u>(289,524)</u>	<u>(260,572)</u>
Total	<u>\$ 289,524</u>	<u>\$ 318,476</u>

**Note 13 – Related Party Transactions:**

Notes Receivable consisted of a promissory note issued by AMG Publisher's, Inc. for the purchase of assets.

	<u>2018</u>	<u>2017</u>
Promissory note issued by AMG Publishers, Inc. to AMG International for the purchase price of assets.	<u>\$ 1,738,646</u>	<u>\$ 1,738,646</u>

AMG provides office and warehouse space and administrative support and oversight to AMG Publisher's, Inc. For the years ended December 31, 2018 and 2017, AMG allocated and charged AMG Publisher's, Inc. \$135,168 and \$131,513 respectively.

**Note 14 – Line of Credit:**

AMG International, Inc and AMG Publishers, a wholly owned subsidiary, have joint a line of credit not to exceed \$558,000 at any one time for short-term working capital with Branch Banking & Trust Company. Interest is due monthly, computed at the bank's one-month LIBOR + 3%. For the years ended December 31, 2018 and 2017 the outstanding loan balance was carried on the books of the wholly owned subsidiary, AMG Publishers and the balance was \$171,419 and \$358,282, respectively.

**Note 15 – Notes Payable:**

Notes payable at December 31 consisted of the following:

	<u>2018</u>	<u>2017</u>
Ted Spriopoulos - 0% interest	<u>\$ 138,065</u>	<u>\$ 138,065</u>

**Note 16 – Split Interest Agreements:**

Split interest gift agreements consist primarily of gift trusts and charitable gift annuities for which AMG 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, 2018 and December 31, 2017 were \$1,473,051 and \$1,594,345, 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 \$618,044 and \$634,437 at December 31, 2018 and December 31, 2017, 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.

**AMG International, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2018 and December 31, 2017**

**Note 17 – Notes Payable – Related to Investments Held at Generosity Statement:**

Notes payable at December 31 consisted of the following:

	<u>2018</u>	<u>2017</u>
Note payable to The Generosity Trust, due September 15, 2021, payable in annual installments of \$79,203, including interest at 4%.	\$ 219,797	\$ 287,500
	<u>219,797</u>	<u>287,500</u>
Less: Current Portion	<u>(70,412)</u>	<u>(92,100)</u>
Long Term Portion of Notes Payable	<u>\$ 149,385</u>	<u>\$ 195,400</u>

The following are maturities of mortgage notes payable for each of the next five years ending:

2019	\$ 70,412
2020	73,228
2021	76,157
2022	-
2023	-
	<u>\$ 219,797</u>

**Note 18 – Canadian Contributions:**

Canadian funds contributions were received as follows:  
(reported in Canadian Dollars)

	<u>2018</u>	<u>2017</u>
Bundles of Love	\$ -	\$ 2,266
Child Care Ministry	21,910	28,795
Disaster Relief	3,870	1,067
Leprosy	-	3,937
Medical	3,291	347
Ministry Projects	2,253	2,900
Missionaries	18,238	10,390
Newspaper Evangelism	778	453
National Workers	3,646	4,126
St. Luke's Hospital	-	-
Sales	618	852
World Wide Missions	<u>11,237</u>	<u>11,328</u>
Total Contributions	<u>\$ 65,841</u>	<u>\$ 66,461</u>

**AMG International, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2018 and December 31, 2017**

**Note 19 - Endowment Funds**

AMG'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 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 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, AMG 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 has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with SPMIFA, AMG 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

Endowment Net Asset composition by type of fund as of December 31, 2018 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 890,904	\$ -	\$ 890,904
Donor-restricted endowment funds:			
Term endowment	-	999,252	999,252
Total funds	<u>\$ 890,904</u>	<u>\$ 999,252</u>	<u>\$ 1,890,156</u>

Changes in endowment net assets as of December 31, 2018 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 877,038	\$ 1,108,557	\$ 1,985,595
Investment return, net	13,866	(55,159)	(41,293)
Contributions	-	-	-
Amounts appropriated for expenditure	-	(54,146)	(54,146)
Endowment net assets, end of year	<u>\$ 890,904</u>	<u>\$ 999,252</u>	<u>\$ 1,890,156</u>

**AMG International, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2018 and December 31, 2017**

**Note 19 – Endowment Funds (continued)**

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

**Note 20 – Subsequent Events**

Management has evaluated events and transactions that occurred through February 6, 2019, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements. No subsequent events were noted by AMG.