AMG INTERNATIONAL, INC.

Chattanooga, Tennessee

FINANCIAL STATEMENTS

Years Ended December 31, 2023 and 2022

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, 2023, 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 above present fairly, in all material respects, the financial position of AMG International, Inc. as of December 31, 2023, 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.

Responsibilities 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.

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

Johnson, Winkey & Mencherm, P.C.

AMG INTERNATIONAL, INC. STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2023 AND 2022

ASSETS

| | 2023 | | | | | | | | | 2022 |
|--|------|--|-----------------------------|---------------------------------------|-------------------|----------------------------------|-------|--|----|--|
| | _0 | Operating | Non- Expendable Trust | | Endowment Fund | | Total | | | Total |
| CURRENT ASSETS Cash and cash equivalents Certificates of deposit Due from related parties Investments Total current assets | \$ | 604,864 - 118,480 1,978,082 2,701,426 | \$ | 29,996 - 1,751,308 1,781,304 | \$ | - - 3,001,821 3,001,821 | \$ | 634,860 - 118,480 <u>6,731,211</u> 7,484,551 | \$ | 4,028,274 500,269 51,659 6,094,212 10,674,414 |
| PROPERTY AND EQUIPMENT, net | | 6,107,248 | | <u> </u> | | <u> </u> | | 6,107,248 | | 1,070,638 |
| OTHER ASSETS Investment - St. Luke's Hospital Investment - AMG Publishers, Inc. Investment - CosmoVision Center Note receivable - related party Intellectual properties, net Other real estate | | 2,848,993 100,000 1,511,089 1,738,646 144,762 78,680 6,422,170 | | | | | | 2,848,993 100,000 1,511,089 1,738,646 144,762 78,680 6,422,170 | _ | 2,848,993 100,000 1,511,089 1,738,646 173,714 78,680 6,451,122 |
| | \$ | 15,230,844 | \$ | 1,781,304 | \$ | 3,001,821 | \$ | 20,013,969 | \$ | <u>18,196,174</u> |

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

| | | Non- Expendable | | | | |
|---|------------------------------|---------------------|----------------|------------------------------------|------------------------------|--|
| | Operating | Trust | Fund | Total | Total | |
| CURRENT LIABILITIES Current maturities of finance lease liability Accounts payable and accrued expenses Revocable gifts and annuity contracts | \$ 20,629 625,609 | \$- - 536,475 | \$ - - - | \$ 20,629 625,609 536,475 | 19,971 410,184 496,791 | |
| Total current liabilities | 646,238 | 536,475 | | 1,182,713 | 926,946 | |
| LONG-TERM LIABILITIES | | | | | | |
| Finance lease liability | 47,062 | - | - | 47,062 | 67,690 | |
| Note payable - other Line of credit | 138,065 1,060,000 | - - | - | 138,065 1,060,000 | 138,065 | |
| | 1,245,127 | <u> </u> | | 1,245,127 | 205,755 | |
| NET ASSETS Without donor restrictions Undesignated | 12,478,984 | | | | | |

| | | Non- | | _ | |
|-----------------------------------|--------------|------------|-----------|--------------|--------------|
| | | Expendable | Endowment | | |
| | Operating | Trust | Fund | Total | Total |
| NET ASSETS WITHOUT DONOR | | | | | |
| RESTRICTIONS | | | | | |
| Support and revenue | | | | | |
| Contributions | \$ 5,960,638 | \$- | \$- | \$ 5,960,638 | \$ 5,844,447 |
| Bequests and legacies | 834,442 | - | - | 834,442 | 2,214,393 |
| Investment return | 229,118 | 200,774 | 123,726 | 553,618 | (754,196) |
| Net assets released from | | | | | |
| restrictions | 1,026,191 | - | - | 1,026,191 | 1,045,900 |
| Programmatic investment | 437,544 | - | - | 437,544 | 496,203 |
| Other | 38,896 | (73,909) | | (35,013) | 13,868 |
| Total support and revenue | 8,526,829 | 126,865 | 123,726 | 8,777,420 | 8,860,615 |
| EXPENSES | | | | | |
| Program services | 7,133,619 | - | - | 7,133,619 | 6,441,654 |
| General and administrative | 297,813 | 16,911 | - | 314,724 | 403,708 |
| Fundraising | 880,726 | | | 880,726 | 854,758 |
| Total expenses | 8,312,158 | 16,911 | | 8,329,069 | 7,700,120 |
| Incresse (decresse) in net assets | | | | | |
| without donor restrictions | 214,671 | 109,954 | 123,726 | 448,351 | 1,160,495 |
| NET ASSETS WITH DONOR | | | | | |
| RESTRICTIONS | | | | | |
| Contributions | 860,495 | - | - | 860,495 | 926,431 |
| Investment return | - | - | 240,001 | 240,001 | (352,977) |
| Net assets released from | | | | | |
| restrictions | (926,431) | - | (99,760) | (1,026,191) | (1,045,900) |
| Increase (decrease) in net assets | | | | | |
| with donor restrictions | (65,936) | | 140,241 | 74,305 | (472,446) |
| CHANGE IN NET ASSETS | 148,735 | 109,954 | 263,967 | 522,656 | 688,049 |
| NET ASSETS | | | | | |
| Beginning | 13,190,744 | 1,134,875 | 2,737,854 | 17,063,473 | 16,375,424 |

AMG INTERNATIONAL, INC. STATEMENT OF FUNCTIONAL EXPENSES YEARS ENDED DECEMBER 31, 2023 AND 2022

| | Program Services | | | | | | | | | | | |
|------------------------------|------------------|-----------|----|-----------|----|-------------|-------|-----------|--|--|--|--|
| | (| Childcare |] | Ministry | | | | | | | | |
| | | Ministry | | Projects | M | issionaries | Total | | | | | |
| Field ministries | \$ | 2,073,436 | \$ | 2,767,168 | \$ | 1,491,237 | \$ | 6,331,841 | | | | |
| Salaries | | 153,331 | | 64,019 | | 32,754 | | 250,104 | | | | |
| Payroll taxes | | 12,906 | | 8,115 | | 2,506 | | 23,527 | | | | |
| Pension | | 15,892 | | 12,821 | | 3,008 | | 31,721 | | | | |
| Employee benefits | | 25,378 | | 4,691 | | 343 | | 30,412 | | | | |
| Support services | | 194,743 | | 130,591 | | 86,468 | | 411,802 | | | | |
| Professional services | | 10,615 | | 9,548 | | 2 | | 20,165 | | | | |
| Telephone | | 637 | | - | | - | | 637 | | | | |
| Bank charges | | - | | - | | - | | | | | | |
| Postage and freight | | - | | 500 | | 7,896 | | 8,396 | | | | |
| Mailing services | | - | | - | | - | | | | | | |
| Office supplies and printing | | - | | 593 | | 1,692 | | 2,28 | | | | |
| Software licensing | | - | | - | | - | | | | | | |
| Web expense | | - | | - | | - | | | | | | |
| Promotions | | - | | 2,188 | | - | | 2,188 | | | | |
| Miscellaneous | | - | | - | | - | | | | | | |
| Amortization | | - | | - | | - | | | | | | |
| Travel and lodging | | 1,769 | | 13,029 | | 2,970 | | 17,768 | | | | |
| Meals and entertainment | | - | | 192 | | 2,581 | | 2,773 | | | | |
| Interest expense | | - | | - | | - | | | | | | |

<u>\$ 2,488,707</u> <u>\$ 3,013,455</u> <u>\$ 1,631,457</u> <u>\$ 7,133,619</u>

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

| Ge | neral and | | | | | |
|-----|-------------|-------------|----|-----------|----|-----------|
| Adm | inistrative | Fundraising | | Total | | Total |
| \$ | 49,396 | \$- | \$ | 6,381,237 | \$ | 5,841,443 |
| Ŧ | 132,267 | 280,824 | Ŧ | 663,195 | Ŧ | 677,116 |
| | 9,226 | 30,802 | | 63,555 | | 70,681 |
| | 9,838 | 35,589 | | 77,148 | | 62,277 |
| | 14,106 | 56,105 | | 100,623 | | 74,019 |
| | 89 | 185,540 | | 597,431 | | 538,516 |
| | 12,761 | 65,860 | | 98,786 | | 62,796 |
| | 759 | 760 | | 2,156 | | 1,905 |
| | 6,252 | 43,354 | | 49,606 | | 46,503 |
| | 74 | 37,809 | | 46,279 | | 56,584 |
| | - | 5,813 | | 5,813 | | 3,277 |
| | 30 | 63,365 | | 65,680 | | 53,070 |
| | 728 | 7,058 | | 7,786 | | 11,721 |
| | - | 28,903 | | 28,903 | | 33,867 |
| | - | 18,845 | | 21,033 | | 57,642 |
| | 821 | - | | 821 | | 1,058 |
| | 28,952 | - | | 28,952 | | 49,717 |
| | 21,635 | 17,632 | | 57,035 | | 33,271 |
| | 789 | 2,467 | | 6,029 | | 5,308 |
| | 27,001 | | | 27,001 | | 19,349 |
| | | | | | | |
| \$ | 314,724 | \$ 880,726 | \$ | 8,329,069 | \$ | 7,700,120 |

(The accompanying notes are an integral part of these statements.) 8

2022

Non-Expendable Endowment

2022

(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

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(1) SUMMARY OF SIGNIFICANT ACCO

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued) Leasing activities (continued)

elected the short-term lease recognition exemption in which the Organization will not recognize ROU assets or lease liabilities, including the ROU assets or lease liabilities for existing short-term leases of those assets upon adoption.

Variable lease payments consist primarily of common area maintenance, utilities, and taxes, which are not included in the recognition of ROU assets and related lease liabilities. Variable lease payments and short-term lease expenses were immaterial to the Organization's financial statements for the years ended December 31, 2023 and 2022. The Organization lease agreements do not contain material restrictive covenants.

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.

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 redassified 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 h2(e)-(p).6(o)-4.4(I-7.2(i)-gef)-6.9(i)-cfo168.8(-6.9(t(u)-4.9(ti)-5.6.2(0TD-.Rc))-3

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued) 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, 2023 and 2022, 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.

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.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued) Financial statement presentation (continued) AMG International, Inc. also owns 100% of the Co

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(3) INVESTMENTS (continued)

| | 2023 | | 2022 |
|--|--------------------|-------|------------------------|
| Stock equity funds | \$ 2,444,6 | • | 2,211,952 |
| Money funds Real estate investment trusts | 239,0 389,2 | | 250,255 359,689 |
| Bond funds International equity funds | 2,291,3 1,366,9 | | 2,126,771 1,145,545 |
| | \$ 6,731,2 | 11 \$ | 6,094,212 |

The return on investments for 2023 is as follows:

| | Annuity & | | Er | ndowment 1 | Inve | estments | | |
|---|-----------|---------------------|-------------------------|------------|---------------------|----------|--------------------|-------------------------|
| | - | erating estments | Lift Trust vestments | D | Donor esignated | | Board signated | Total |
| Interest and dividend income Net unrealized and realized | \$ | 55,706 | \$ 50,088 | \$ | 53,482 | \$ | 30,001 | \$ 189,277 |
| gains (losses) Management fees and other costs | | 179,874 (11,725) | 166,837 (16,151) | | 198,502 (11,983) | | 100,092 (6,367) | 645,305 (46,226) |
| | \$ | 223,855 | \$ 200,774 | \$ | 240,001 | \$ | 123,726 | \$ 788,356 |

Also included in investment return at December 31, 2023 is \$5,263 of interest income from certificates of deposit.

The return on investments for 2022 is as follows:

| | | | | nnuity & | En | dowment | Inv | estments | | | | |
|---|--------------------------|-----------------------|----|-----------------------|----|------------------------|-----|----------------------|-------------|------------------------|--|-------|
| | Operating Investments | | - | | | ift Trust vestments | | Donor esignated | D | Board esignated | | Total |
| Interest and dividend income Net unrealized and realized | \$ | 42,090 | \$ | 38,837 | \$ | 41,536 | \$ | 22,563 | \$ | 145,026 | | |
| gains (losses) Management fees and other costs | | (330,621) (11,840) | | (311,887) (18,179) | | (381,801) (12,712) | | (179,884) (6,416) | (* | 1,204,193) (49,147) | | |
| | \$ | (300,371) | \$ | (291,229) | \$ | (352,977) | \$ | (163,737) | \$ (| 1,108,314) | | |

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

(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

AMG INTERNATIONAL, INC.

(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 8.5%. The outstanding loan balance is carried on the books of AMG Publishers, Inc. with an ending balance of \$100,000 and \$450,352 at December 31, 2023 and 2022, respectively.

AMG International, Inc. also has a construction line of credit with Pinnade Bank not to exceed \$3,200,000 for the construction of a new building. This line expires April 2, 2025 at which time all principal and accrued interest are due. Interest is due monthly and is subject to change based on the bank's index called the "Pinnade Base Rate" currently computed at 8.5%. The outstanding loan balance is \$1,060,000 at December 31, 2023.

(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, 2023 and 2022 was \$138,065.

(10) 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 ...5(6e52 0 0 (Des, Gec 2055 011t 8.5% theirt p()8.30ts)][J11.3.0127 Tcs.1633]

(11) NET ASSETS (continued)

Net assets without donor restrictions are as follows for the years ended December 31, 2023 and 2022:

| | 2023 | 2022 |
|--|---|---------------------------------------|
| Undesignated Endowment board designated Other board designated | \$ 12,478,984 1,244,829 1,075,450 | \$ 12,264,313 1,134,875 951,724 |
| | <u>\$ 14,799,263</u> | <u>\$ 14,350,912</u> |

(12) LONG-TERM LEASE OBLIGATIONS (continued)

The maturities of finance lease liabilities are as follows:

| Year ending December 31, 2024 | \$ 22,524 |
|-------------------------------|--------------|
| 2025 | 22,524 |
| 2026 | 22,524 |
| 2027 | 3,754 |

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(14) ENDOWMENT FUNDS (continued)

AMG International, Inc. is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board of Trustees appropriates such amounts for expenditure. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Board of Directors of AMG International, Inc. has interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulated the contrary.

As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. AMG International, Inc. has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

- 1. The duration and preservation of the fund
- 2. The purposes of the organization and the donor-restricted endowment fund
- 3. General economic conditions
- 4. The possible effect of inflation and deflation
- 5. The expected total re

(14) ENDOWMENT FUNDS (continued)

Change in endowment net assets as of December 31, 2023 is as follows:

Without

AMG INTERNATIONAL, INC.