

# **AMAZIMA MINISTRIES INTERNATIONAL**

## **FINANCIAL STATEMENTS**

***As of and for the Years Ended December 31, 2017  
and 2016***

***And Report of Independent Auditor***

# AMAZIMA MINISTRIES INTERNATIONAL

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## Report of Independent Auditor

The Board of Directors  
Amazima Ministries International  
Franklin, Tennessee

We have audited the accompanying financial statements of Amazima Ministries International (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### 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 audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Amazima Ministries International as of December 31, 2017, 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.

### Prior Period Financial Statements

The financial statements as of December 31, 2016, were audited by other auditors whose report dated June 9, 2017 expressed an unmodified opinion on those statements.

*Cherry Bekaert LLP*

Nashville, Tennessee  
June 27, 2018

**AMAZIMA MINISTRIES INTERNATIONAL**  
**STATEMENTS OF FINANCIAL POSITION**

DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 7,089,652	\$ 7,875,220
Accounts receivable	6,355	6,355
Pledges receivable	-	17,600
Prepaid expenses and other	5,035	5,053
Inventory	59,621	86,676
<b>Total Current Assets</b>	<u>7,160,663</u>	<u>7,990,904</u>
Investments	8,714,976	5,121,385
Property and equipment, net	5,223,905	3,789,636
<b>Total Assets</b>	<u>\$ 21,099,544</u>	<u>\$ 16,901,925</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 19,430	\$ 4,475
<b>Total Liabilities</b>	<u>19,430</u>	<u>4,475</u>
Net Assets:		
Unrestricted	18,958,225	15,309,167
Temporarily restricted	2,121,889	1,588,283
<b>Total Net Assets</b>	<u>21,080,114</u>	<u>16,897,450</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 21,099,544</u>	<u>\$ 16,901,925</u>

**AMAZIMA MINISTRIES INTERNATIONAL**  
**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS**

YEAR ENDED DECEMBER 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public Support and Revenues:			
Public Support:			
Contributions	\$ 3,032,195	\$ 3,108,833	\$ 6,141,028
Product sales	203,719	-	203,719
Total Public Support	<u>3,235,914</u>	<u>3,108,833</u>	<u>6,344,747</u>
Revenues:			
Unrealized gain on investment	459,414	-	459,414
Interest income	212,429	-	212,429
Gain on disposal of property and equipment	300	-	300
Loss on exchange rate	(14,774)	-	(14,774)
Total Revenues	<u>657,369</u>	<u>-</u>	<u>657,369</u>
Net assets released from restrictions	<u>2,575,227</u>	<u>(2,575,227)</u>	<u>-</u>
Total Public Support and Revenues	<u>6,468,510</u>	<u>533,606</u>	<u>7,002,116</u>
Expenses:			
Program services	2,314,877	-	2,314,877
Management and general	315,991	-	315,991
Fundraising	188,584	-	188,584
Total Expenses	<u>2,819,452</u>	<u>-</u>	<u>2,819,452</u>
Change in net assets	3,649,058	533,606	4,182,664
Net assets, beginning of year	<u>15,309,167</u>	<u>1,588,283</u>	<u>16,897,450</u>
Net assets, end of year	<u>\$ 18,958,225</u>	<u>\$ 2,121,889</u>	<u>\$ 21,080,114</u>

The accompanying notes to the financial statements are an integral part of this statement.

**AMAZIMA MINISTRIES INTERNATIONAL**  
**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS**

YEAR ENDED DECEMBER 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public Support and Revenues:			
Public Support:			
Contributions	\$ 3,191,752	\$ 1,608,663	\$ 4,800,415
Product sales	172,874	-	172,874
Total Public Support	<u>3,364,626</u>	<u>1,608,663</u>	<u>4,973,289</u>
Revenues:			
Unrealized loss on investment	230,313	-	230,313
Interest income	138,702	-	138,702
Miscellaneous income	4,186	-	4,186
Loss on disposal of property and equipment	(3,355)	-	(3,355)
Loss on exchange rate	(11,623)	-	(11,623)
Total Revenues	<u>358,223</u>	<u>-</u>	<u>358,223</u>
Net assets released from restrictions	<u>2,222,055</u>	<u>(2,222,055)</u>	<u>-</u>
Total Public Support and Revenues	<u>5,944,904</u>	<u>(613,392)</u>	<u>5,331,512</u>
Expenses:			
Program services	2,218,336	-	2,218,336
Management and general	327,865	-	327,865
Fundraising	273,252	-	273,252
Total Expenses	<u>2,819,453</u>	<u>-</u>	<u>2,819,453</u>
Change in net assets	3,125,451	(613,392)	2,512,059
Net assets, beginning of year	<u>12,183,716</u>	<u>2,201,675</u>	<u>14,385,391</u>
Net assets, end of year	<u>\$ 15,309,167</u>	<u>\$ 1,588,283</u>	<u>\$ 16,897,450</u>

The accompanying notes to the financial statements are an integral part of this statement.

**AMAZIMA MINISTRIES INTERNATIONAL**  
**STATEMENT OF FUNCTIONAL EXPENSES**

YEAR ENDED DECEMBER 31, 2017

	Program Services					Supporting Services			Total
	Educational Scholarship	Medical Care	Vocational Projects	Discipleship	Amazima Academy	Other Program	Management and General	Fundraising	
Payroll and related expenses	\$ 255,624	\$ 34,003	\$ 62,584	\$ 26,077	\$ 708,098	\$ -	\$ 151,397	\$ 93,750	\$ 1,331,533
School fees and materials	179,279	785	1,547	644	78,359	-	-	-	260,614
Depreciation	48,345	5,920	11,840	4,933	126,290	-	-	-	197,328
Other expenses	20,187	2,612	4,845	2,019	65,285	4,034	36,358	1,844	137,184
Occupancy	17,006	2,421	3,903	1,591	40,895	1,499	65,440	-	132,755
Professional fees	23,605	3,351	5,354	2,231	58,642	(28)	25,297	10,478	128,930
Office expenses	15,427	3,823	3,146	1,199	41,451	16,514	10,313	29,656	121,529
Magazine jewelry and other apparel	-	-	-	-	-	92,943	79	-	93,022
Travel	18,826	4,696	3,301	1,304	53,809	138	413	9,302	91,789
Food cost	12,639	6,228	5,106	1,261	32,438	-	-	-	57,672
Repairs and maintenance	9,894	1,090	2,240	908	26,552	-	7,177	-	47,861
Special events	12,321	335	412	172	9,172	-	-	25,428	47,840
Community charity	24,566	868	1,379	509	14,184	-	-	-	41,506
Marketing and advertising	1,754	215	438	179	4,774	3,565	9,791	17,810	38,526
Insurance	7,132	873	1,747	728	18,631	-	8,468	-	37,579
Transportation and fuel	6,984	1,483	1,566	605	15,654	-	-	-	26,292
Medical care and supplies	5,441	12,786	36	15	4,998	-	-	-	23,276
Meeting expenses	719	18	35	15	1,442	-	1,102	34	3,365
Donor development	-	-	-	-	81	23	156	282	542
Communications	76	9	19	8	197	-	-	-	309
<b>Total Expenses</b>	<b>\$ 659,825</b>	<b>\$ 81,516</b>	<b>\$ 109,498</b>	<b>\$ 44,398</b>	<b>\$ 1,300,952</b>	<b>\$ 118,688</b>	<b>\$ 315,991</b>	<b>\$ 188,584</b>	<b>\$ 2,819,452</b>

The accompanying notes to the financial statements are an integral part of this statement.

**AMAZIMA MINISTRIES INTERNATIONAL**  
**STATEMENT OF FUNCTIONAL EXPENSES**

YEAR ENDED DECEMBER 31, 2016

	Program Services					Supporting Services				Total
	Educational Scholarship	Masese Outreach	Medical Care	Vocational Projects	Discipleship	Amazima Academy	Other Program	Management and General	Fundraising	
Payroll and related expenses	\$ 193,859	\$ 63,662	\$ 93,647	\$ 50,718	\$ 104,598	\$ 420,997	\$ 13,108	\$ 147,567	\$ 98,859	\$ 1,187,015
School fees and materials	330,067	787	787	787	787	6,596	-	-	-	339,811
Other expenses	34,144	11,994	10,207	10,308	9,920	106,866	3,708	48,483	11,791	247,421
Travel	24,245	8,081	8,379	7,936	8,081	70,159	11	462	91,187	218,541
Professional fees	30,851	8,136	8,237	8,136	8,309	25,008	36	34,952	29,612	153,277
Food cost	78,265	33,801	3,899	1,142	1,036	5,892	-	-	-	124,035
Magazine jewelry and other apparel	-	-	-	-	-	-	86,303	-	-	86,303
Community charity	25,108	2,164	2,164	2,164	2,176	31,537	-	-	-	65,313
Occupancy	4	1	1	1	1	4	-	62,080	-	62,092
Depreciation	11,936	13,141	11,411	10,499	10,475	-	-	2,189	-	59,651
Repairs and maintenance	7,062	1,342	1,121	1,637	1,109	40,147	-	653	-	53,071
Medical care and supplies	96	5	45,643	5	5	861	-	-	-	46,615
Office expenses	3,615	654	654	654	654	10,410	2,011	10,063	12,844	41,559
Marketing and advertising	3,584	871	871	871	871	2,876	1,826	12,397	16,488	40,655
Transportation and fuel	16,391	2,926	4,142	2,204	1,402	8,166	-	-	-	35,231
Insurance	2,348	783	783	783	783	2,348	-	7,255	-	15,083
Special events	2,250	750	750	750	750	2,250	-	-	7,500	15,000
Communications	4,656	1,411	712	916	697	4,651	-	-	-	13,043
Meeting expenses	1,566	464	464	464	493	1,409	53	1,368	498	6,779
Donor development	-	-	-	-	-	-	17	396	4,473	4,886
Vocational expenses	3	-	-	4,069	-	-	-	-	-	4,072
<b>Total Expenses</b>	<b>\$ 770,050</b>	<b>\$ 150,973</b>	<b>\$ 193,872</b>	<b>\$ 104,044</b>	<b>\$ 152,147</b>	<b>\$ 740,177</b>	<b>\$ 107,073</b>	<b>\$ 327,865</b>	<b>\$ 273,252</b>	<b>\$ 2,819,453</b>

The accompanying notes to the financial statements are an integral part of this statement.



**AMAZIMA MINISTRIES INTERNATIONAL**  
**STATEMENTS OF CASH FLOWS**

YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 4,182,664	\$ 2,512,059
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	197,328	59,651
Donated stock	(78,613)	(46,247)
(Gain) loss on disposal of property and equipment	(300)	3,355
Net realized and unrealized gain on investments	(459,414)	(230,313)
Changes in operating assets and liabilities:		
Accounts receivable	-	(589)
Pledges receivable	17,600	6,000
Prepaid expenses and other	18	(28)
Inventory	27,055	(869)
Accounts payable and accrued expenses	14,955	(19,589)
Net cash provided by operating activities	<u>3,901,293</u>	<u>2,283,430</u>
<b>Cash flows from investing activities:</b>		
Proceeds from sale of investments	290,292	1,077,147
Purchase of investments	(3,345,856)	(1,152,090)
Purchase of property and equipment	<u>(1,631,297)</u>	<u>(2,501,606)</u>
Net cash used in investing activities	<u>(4,686,861)</u>	<u>(2,576,549)</u>
Decrease in cash and cash equivalents	(785,568)	(293,119)
Cash and cash equivalents, beginning of year	<u>7,875,220</u>	<u>8,168,339</u>
Cash and cash equivalents, end of year	<u>\$ 7,089,652</u>	<u>\$ 7,875,220</u>

# AMAZIMA MINISTRIES INTERNATIONAL

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

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### Note 1—Nature of operations

Amazima Ministries International (the “Organization”) was incorporated in 2007 as a nonprofit entity for the purpose of feeding, educating, and encouraging orphaned and vulnerable children and the poor in the country of Uganda. The Organization is funded primarily through contributions from businesses and individuals.

#### Program Services:

*Educational Sponsorship* – The Organization sends orphaned and vulnerable children to a Christian school through an educational sponsorship program. These children receive three meals a day, school supplies, medical care, and spiritual discipleship. They learn about Jesus in school, and on Saturdays all the sponsored children come to the Organization fellowship site for Bible study, worship, lunch, and playing. They are sent home with food and soap every Saturday, along with seeds during the rainy season so that they and their families may begin growing their own food.

*Masese Outreach* – The Organization feeds lunch to displaced children in the slum community of Masese every Monday through Friday. Providing lunch keeps many of the children from begging on the streets. With the Organization’s help, some of them also attend school free of charge and all receive free medical treatment. Once a week, the Organization also sends food home to their families. This program ended at the beginning of 2017.

*Medical Care* – The Organization helps provide care to those within the Jinja community that might not be able to afford medical care at the local hospital as well as malaria treatment and prevention.

*Vocational Projects* – The Organization partners with local Ugandans implementing self-sustaining vocational programs so the people can have the joy of providing for their own families.

*Discipleship* – The Organization fosters spiritual growth activities and Bible studies in six villages.

*The Amazima Academy* – The Organization is currently in the construction of the second phase of The Amazima Academy (the “Academy”). The first phase of the construction was completed and placed into service during February 2017. The School will equip Ugandan students with the tools of learning to enable them to live fully for the glory of God.

*Other Programs* – Other programs consist of expenses incurred in conjunction with the Organization’s sale of jewelry made in Uganda and other expenses not classified in the categories above.

### Note 2—Summary of significant accounting policies

*Basis of Presentation* – The financial statements of the Organization are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. In accordance with the Financial Accounting Standards Board Accounting Standards Codification (“FASB ASC”), the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Accordingly, net assets and changes therein are classified and reported as follows:

*Unrestricted Net Assets* – Net assets that are not subject to donor-imposed stipulations.

*Temporarily Restricted Net Assets* – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

*Permanently Restricted Net Assets* – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned for unrestricted purposes. The Organization had no permanently restricted net assets at December 31, 2017 and 2016.

# AMAZIMA MINISTRIES INTERNATIONAL

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

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### **Note 2—Summary of significant accounting policies (continued)**

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support and shown as increases in the respective net asset class.

*Cash and Cash Equivalents* – For purposes of the statements of cash flows, the Organization considers all cash funds, cash bank accounts, and highly liquid debt instruments with an original maturity when purchased of three months or less to be cash and cash equivalents. The cash accounts are held primarily by financial institutions and at times may exceed amounts that are federally insured. At December 31, 2017 and 2016, the Organization had balances in excess of federally insured limits totaling approximately \$5,039,000 and \$6,237,000, respectively. In management's opinion, risk related to such possible deposits is reduced based on the credit quality of its depository financial institutions. In addition, the Organization had cash balances in Uganda totaling approximately \$56,000 and \$102,000, at December 31, 2017 and 2016, respectively.

*Investments* – The Organization accounts for investments using FASB ASC guidance for investments by nonprofit organizations. Under this guidance, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets. See Note 3 for additional information on fair value measurements.

*Inventory* – Inventory consists primarily of jewelry items and other apparel sold to the general public and is stated at the lower of cost or market, with the cost determined by the first in, first out (FIFO) method.

*Property and Equipment* – Property and equipment is reported at cost at the date of purchase, at fair market value at the date of gift, if the value is readily determinable, or other reasonable basis, as determined by the board of directors, if such value is unknown. Depreciation is calculated by the straight-line method to allocate the cost of the assets, as so determined, to operations over their estimated useful lives which range from three to thirty-nine years.

*Income Taxes* – The Organization is exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3), and, accordingly, no provision for income taxes is included in the financial statements. The Organization is not considered a private foundation.

The Organization follows FASB ASC guidance related to unrecognized tax benefits. The guidance clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements and prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. The Organization has no tax penalties or interest reported in the accompanying financial statements.

*Revenue Recognition* – Cash contributions are recognized as revenue when received.

Unconditional promises to give that are expected to be collected within one year are recorded at their estimated net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met.

# AMAZIMA MINISTRIES INTERNATIONAL

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

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### Note 2—Summary of significant accounting policies (continued)

No allowance for doubtful accounts is considered necessary as management considers receivables to be fully collectible at December 31, 2017 and 2016.

*Use of Estimates* – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the 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 public support, revenue and expenses during the reporting period. Actual results could differ from those estimates.

*Advertising* – Advertising costs are expensed as incurred. Advertising expense totaled \$38,526 and \$40,655 for the years ended December 31, 2017 and 2016, respectively.

*Functional Allocation of Expenses* – The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated based upon management’s estimate among the programs and supporting services benefited.

*Subsequent Events* – The Organization evaluated subsequent events through June 27, 2018, when these financial statements were available to be issued. The Organization is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the financial statements.

### Note 3—Fair value measurement of investments

The Organization has adopted the provisions of the Fair Value Measurement topic of the FASB ASC. This guidance establishes a framework for measuring fair value of financial assets and financial liabilities. 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 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 below:

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:

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

**AMAZIMA MINISTRIES INTERNATIONAL**  
**NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2017 AND 2016

**Note 3—Fair value measurement of investments (continued)**

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. There were no changes in the valuation techniques used during 2017 or 2016. A description of valuation methodologies used for assets measured at fair value is as follows:

*Money Market Funds and Mutual Funds* – Valued at the quoted market prices for individual assets of shares held by the fund at year-end.

*Exchange-Traded Funds, Equity Securities, and Others* – Valued at the closing price reported on the active market on which the securities are traded.

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

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 196,783	\$ -	\$ -	\$ 196,783
Mutual funds:				
Bond funds – fixed income	4,254,128	-	-	4,254,128
Common stock funds – large-cap	1,594,453	-	-	1,594,453
Debt funds – fixed income	278,592	-	-	278,592
Commodity funds	134,554	-	-	134,554
Total mutual funds	<u>6,261,727</u>	<u>-</u>	<u>-</u>	<u>6,261,727</u>
Exchange-traded funds:				
Bond funds – fixed income	547,554	-	-	547,554
Common stock funds – mid-cap	452,732	-	-	452,732
Foreign developed markets	439,314	-	-	439,314
Real estate funds	331,256	-	-	331,256
Common stock funds – small-cap	275,204	-	-	275,204
Foreign emerging markets	210,406	-	-	210,406
Total exchange-traded funds	<u>2,256,466</u>	<u>-</u>	<u>-</u>	<u>2,256,466</u>
Total investments	<u>\$ 8,714,976</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,714,976</u>

**AMAZIMA MINISTRIES INTERNATIONAL**  
**NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2017 AND 2016

**Note 3—Fair value measurement of investments (continued)**

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 157,297	\$ -	\$ -	\$ 157,297
Mutual funds:				
Bond funds – fixed income	2,344,974	-	-	2,344,974
Common stock funds – large-cap	742,299	-	-	742,299
Debt funds – fixed income	266,176	-	-	266,176
Commodity funds	132,511	-	-	132,511
Total mutual funds	<u>3,485,960</u>	<u>-</u>	<u>-</u>	<u>3,485,960</u>
Exchange-traded funds:				
Foreign developed markets	357,836	-	-	357,836
Bond funds – fixed income	346,750	-	-	346,750
Common stock funds – mid-cap	252,993	-	-	252,993
Real estate funds	198,980	-	-	198,980
Foreign emerging markets	163,980	-	-	163,980
Common stock funds – small-cap	157,589	-	-	157,589
Total exchange-traded funds	<u>1,478,128</u>	<u>-</u>	<u>-</u>	<u>1,478,128</u>
Total investments	<u>\$ 5,121,385</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,121,385</u>

**Note 4—Property and equipment**

Property and equipment consists of the following as of December 31:

	<u>2017</u>	<u>2016</u>
Land	\$ 502,281	\$ 498,864
Buildings	3,002,451	108,154
Program equipment	454,218	324,598
Computers	214,623	168,972
Vehicles	116,303	91,446
Construction in progress	1,344,099	2,810,975
	5,633,975	4,003,009
Less accumulated depreciation	(410,070)	(213,373)
Property and equipment, net	<u>\$ 5,223,905</u>	<u>\$ 3,789,636</u>

**AMAZIMA MINISTRIES INTERNATIONAL**  
**NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2017 AND 2016

**Note 4—Property and equipment (continued)**

Construction in progress at December 31, 2017 and 2016 represents construction costs of the Academy. The construction of the Academy began August 2015. The first phase of the Academy was completed and placed into service during February 2017. The Organization has entered into an agreement with a construction company to complete the second phase of the Academy’s construction. Costs to date on the second phase are reflected in construction in progress above. Additionally, during 2017 and 2016 the Organization purchased additional land totaling \$3,417 and \$10,769, respectively, in connection with its construction of the Academy.

**Note 5—Temporarily restricted net assets**

Temporarily restricted net assets are available for the following purposes as of December 31:

	<u>2017</u>	<u>2016</u>
Child scholarship	\$ 2,033,599	\$ 1,549,560
Medical care	40,926	-
Masese Outreach	30,250	21,609
Uganda facility improvements	17,114	17,114
	<u>\$ 2,121,889</u>	<u>\$ 1,588,283</u>

**Note 6—Lease agreement**

The Organization leases office space under a noncancellable lease agreement. The Organization entered into a lease agreement which began June 15, 2015 and will expire June 30, 2020. The lease requires monthly base rental payments of \$4,079 subject to annual increases of 3%. Rental expense totaled \$53,134 and \$49,930 for the years ended December 31, 2017 and 2016, respectively.

Future minimum lease payments required under this lease are as follows:

<u>Years Ending December 31,</u>	
2018	\$ 52,711
2019	54,292
2020	27,547
	<u>\$ 134,550</u>

**Note 7—Employee benefit plan**

Effective July 15, 2013, the Organization adopted a defined contribution plan covering all employees who are at least 21 years of age and have completed six months of service. Employees are allowed to make contributions on a pre-tax basis not to exceed federally determined limits. Employee contributions are further matched based on certain provisions of the plan, not to exceed a total Organization contribution of 4% of eligible compensation. Total contributions to the plan by the Organization amounted to \$20,894 and \$23,641 for the years ended December 31, 2017 and 2016, respectively.

# AMAZIMA MINISTRIES INTERNATIONAL

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

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### **Note 8—Related party transactions**

The Organization's investment accounts are held by a financial services company that employs an officer who serves on the Organization's board directors. Total service fees incurred for the years ended December 31, 2017 and 2016 were \$28,796 and \$22,118, respectively.

### **Note 9—Credit risk and other concentration**

The Organization utilizes various investment instruments. Investment securities, in general, as exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported on the statements of financial position.

During 2017, the Organization received approximately 18% of total public support and revenues from one donor. There were no significant public support and revenues received from donors during 2016.