



AMAZIMA MINISTRIES INTERNATIONAL,  
EDUCATION AND EMPOWERMENT FOR EAST AFRICA

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020





## REPORT OF INDEPENDENT AUDITOR

The Board of Directors  
Amazima Ministries International, Education and Empowerment for East Africa  
Franklin, Tennessee

### ***Opinion***

We have audited the accompanying consolidated financial statements of Amazima Ministries International, Education and Empowerment for East Africa (“the Ministry”), which consist of the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Amazima Ministries International, Education and Empowerment for East Africa as of December 31, 2021 and 2020, the consolidated changes in its net assets and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the consolidated financial statements section of our report. We are required to be independent of the Ministry and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

### ***Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ministry's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Ministry's ability to continue as a going concern for a reasonable period of time.

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

*Batts Morrison Wales & Lee, P.A.*

BATTS MORRISON WALES & LEE, P.A.

Orlando, Florida

November 9, 2022

**AMAZIMA MINISTRIES INTERNATIONAL, EDUCATION AND EMPOWERMENT FOR EAST AFRICA**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**ASSETS**

	December 31,	
	2021	2020
<b>ASSETS</b>		
Cash and cash equivalents	\$ 7,994,058	\$ 6,423,610
Investments	10,836,929	10,187,196
Other assets	9,846	13,899
<b>Total assets</b>	<b>\$ 18,840,833</b>	<b>\$ 16,624,705</b>

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 88,504	\$ 22,543
<b>Total liabilities</b>	<b>88,504</b>	<b>22,543</b>
<b>NET ASSETS</b>		
Without donor restrictions	18,127,913	14,074,004
With donor restrictions	624,416	2,528,158
<b>Total net assets</b>	<b>18,752,329</b>	<b>16,602,162</b>
<b>Total liabilities and net assets</b>	<b>\$ 18,840,833</b>	<b>\$ 16,624,705</b>

**AMAZIMA MINISTRIES INTERNATIONAL, EDUCATION AND EMPOWERMENT FOR EAST AFRICA**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**

	For The Year Ended December 31, 2021			For The Year Ended December 31, 2020
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>PUBLIC SUPPORT AND REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS</b>				
Contributions without donor restrictions	\$ 6,302,872	\$ —	\$ 6,302,872	\$ 4,222,946
Contributions with donor restrictions	—	1,649,735	1,649,735	1,850,058
Investment income	852,759	—	852,759	852,489
Other revenue	131,870	—	131,870	136,042
Grant revenue	—	—	—	283,300
Net assets released from time and use restrictions	<u>3,553,477</u>	<u>(3,553,477)</u>	<u>—</u>	<u>—</u>
<b>Total public support and revenue and net assets released from restrictions</b>	<b><u>10,840,978</u></b>	<b><u>(1,903,742)</u></b>	<b><u>8,937,236</u></b>	<b><u>7,344,835</u></b>
<b>EXPENSES</b>				
Program activities	<u>5,346,424</u>	<u>—</u>	<u>5,346,424</u>	<u>4,851,722</u>
Supporting activities				
Management and general	608,298	—	608,298	566,938
Fundraising	<u>832,347</u>	<u>—</u>	<u>832,347</u>	<u>480,898</u>
Total supporting activities	<u>1,440,645</u>	<u>—</u>	<u>1,440,645</u>	<u>1,047,836</u>
<b>Total expenses</b>	<b><u>6,787,069</u></b>	<b><u>—</u></b>	<b><u>6,787,069</u></b>	<b><u>5,899,558</u></b>
<b>Change in net assets without donor restrictions</b>	<b>4,053,909</b>	<b>—</b>	<b>4,053,909</b>	<b>2,251,424</b>
<b>Change in net assets with donor restrictions</b>	<u>—</u>	<u>(1,903,742)</u>	<u>(1,903,742)</u>	<u>(806,147)</u>
<b>CHANGE IN NET ASSETS</b>	<b><u>4,053,909</u></b>	<b><u>(1,903,742)</u></b>	<b><u>2,150,167</u></b>	<b><u>1,445,277</u></b>
<b>NET ASSETS - Beginning of year, as originally reported</b>	<b>14,074,004</b>	<b>2,528,158</b>	<b>16,602,162</b>	<b>24,352,936</b>
<b>PRIOR PERIOD ADJUSTMENT (See Note K)</b>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(9,196,051)</u>
<b>NET ASSETS - Beginning of year, as restated</b>	<b><u>14,074,004</u></b>	<b><u>2,528,158</u></b>	<b><u>16,602,162</u></b>	<b><u>15,156,885</u></b>
<b>NET ASSETS - End of year</b>	<b><u>\$ 18,127,913</u></b>	<b><u>\$ 624,416</u></b>	<b><u>\$ 18,752,329</u></b>	<b><u>\$ 16,602,162</u></b>

The Accompanying Notes are an Integral  
Part of These Consolidated Financial Statements

**AMAZIMA MINISTRIES INTERNATIONAL, EDUCATION AND EMPOWERMENT FOR EAST AFRICA**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	December 31,	
	2021	2020
<b>OPERATING CASH FLOWS</b>		
Cash received from contributors	\$ 7,952,607	\$ 6,027,582
Investment income received	269,108	356,875
Cash received from other revenue	131,870	136,042
Cash paid for operating activities and costs	<u>(6,715,855)</u>	<u>(5,815,935)</u>
<b>Net operating cash flows</b>	<b><u>1,637,730</u></b>	<b><u>704,564</u></b>
<b>INVESTING CASH FLOWS</b>		
Net (purchases) sales of investments	(66,082)	1,457,237
Purchases of and improvements to property and equipment	<u>(1,200)</u>	<u>(1,900)</u>
<b>Net investing cash flows</b>	<b><u>(67,282)</u></b>	<b><u>1,455,337</u></b>
<b>FINANCING CASH FLOWS</b>		
Proceeds from borrowings	<u>—</u>	<u>283,300</u>
<b>Net financing cash flows</b>	<b><u>—</u></b>	<b><u>283,300</u></b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>1,570,448</b>	<b>2,443,201</b>
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<b><u>6,423,610</u></b>	<b><u>3,980,409</u></b>
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<b><u>\$ 7,994,058</u></b>	<b><u>\$ 6,423,610</u></b>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET OPERATING CASH FLOWS</b>		
Change in net assets	\$ 2,150,167	\$ 1,445,277
Adjustments to reconcile change in net assets to net operating cash flows		
Net gain on investments	(583,651)	(495,614)
Depreciation	9,191	15,399
Conversion of note payable to grant revenue (see Note F)	—	(283,300)
Change in other assets	(3,938)	12,056
Change in accounts payable and accrued expenses	<u>65,961</u>	<u>10,746</u>
<b>Net operating cash flows</b>	<b><u>\$ 1,637,730</u></b>	<b><u>\$ 704,564</u></b>

**SUPPLEMENTAL DISCLOSURE**

During 2020, \$283,300 of principal reductions of a certain note payable are included in "grant revenue" in the accompanying consolidated statement of activities. See Note F.

**AMAZIMA MINISTRIES INTERNATIONAL, EDUCATION AND EMPOWERMENT FOR EAST AFRICA**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
For The Year Ended December 31, 2021

	Program activities	Supporting activities		Total expenses
		Management and general	Fundraising	
Grants	\$ 3,719,974	\$ —	\$ —	\$ 3,719,974
Salaries and benefits	832,034	255,957	313,749	1,401,740
Conference and travel	270,997	22,133	318,017	611,147
Office	209,892	93,422	93,873	397,187
Professional fees	78,522	159,636	58,235	296,393
Occupancy	146,920	55,573	35,211	237,704
Other	88,085	21,577	13,262	122,924
<b>Total expenses</b>	<b>\$ 5,346,424</b>	<b>\$ 608,298</b>	<b>\$ 832,347</b>	<b>\$ 6,787,069</b>

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**AMAZIMA MINISTRIES INTERNATIONAL, EDUCATION AND EMPOWERMENT FOR EAST AFRICA**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
For The Year Ended December 31, 2020

	Program activities	Supporting activities		Total expenses
		Management and general	Fundraising	
Grants	\$ 3,248,695	\$ —	\$ —	\$ 3,248,695
Salaries and benefits	747,489	324,395	257,221	1,329,105
Professional fees	265,497	28,593	34,367	328,457
Office	163,304	86,369	72,890	322,563
Other	217,590	34,370	2,111	254,071
Occupancy	129,749	77,518	30,871	238,138
Conference and travel	79,398	15,693	83,438	178,529
<b>Total expenses</b>	<b>\$ 4,851,722</b>	<b>\$ 566,938</b>	<b>\$ 480,898</b>	<b>\$ 5,899,558</b>

The Accompanying Notes are an Integral  
Part of These Consolidated Financial Statements



# AMAZIMA MINISTRIES INTERNATIONAL, EDUCATION AND EMPOWERMENT FOR EAST AFRICA

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### **NOTE A – NATURE OF ACTIVITIES**

Amazima Ministries International, Education and Empowerment for East Africa (“the Ministry”) is a not-for-profit Tennessee corporation whose purpose is to educate and empower the children of East Africa by providing them with education, health care, food, family, and spiritual, physical, and emotional encouragement. The Ministry’s vision is that every person served by the Ministry would know Christ and make Him known, resulting in transformed lives, restored relationships, and changed communities. The Ministry is funded primarily through contributions from businesses and individuals.

The Ministry’s ministries include:

*Educational Activities* – The Ministry directly supports the Amazima School (“the School”) in Uganda. The School is a Christ-centered primary and secondary school that exists to equip Ugandan students with the tools of learning and creative thinking to enable them to live fully for the glory of God. Through child scholarships, children at the School receive meals, school supplies, medical care, and spiritual discipleship. In addition, children learn about Jesus and participate in Bible studies, worship, and other fellowship activities.

*Medical Care* – The Ministry helps provide care to those families whose children are at the School within the Jinja community who might not be able to afford medical care at the local hospital. Malaria treatment and prevention are also provided.

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

*Community* – The Ministry fosters spiritual growth activities and Bible studies in several villages in Uganda.

*Other Programs* – Other programs include the Ministry’s sale of jewelry made in Uganda and other activities not classified in the categories above.

In conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”), the consolidated financial statements of the Ministry include the accounts of Amazima Asset Trust (“the Trust”). The Trust was formed to hold certain assets for the support of the Ministry. The Ministry is the sole beneficiary and supported organization of the Trust. All significant interorganization balances have been eliminated in consolidation. References to “the Ministry” in these footnotes include both of the organizations described above, unless otherwise noted.

### **NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Revenue recognition**

The Ministry recognizes cash contributions as revenue when the contributions are received by the Ministry. Contributions received are recorded as without or with donor restrictions depending on the existence and/or nature of any 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 accompanying consolidated statement of activities as “net assets released from time and use restrictions.” Contributions of noncash assets are recorded at estimated fair value on the date of the gift.

#### **Cash and cash equivalents**

The Ministry considers investment instruments purchased or donated with original maturities of three months or less to be cash and cash equivalents.

**AMAZIMA MINISTRIES INTERNATIONAL, EDUCATION AND EMPOWERMENT FOR  
EAST AFRICA**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Investments**

Investments are carried at estimated fair value.

**Net assets**

Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes. Net assets with donor restrictions consist of amounts with uses limited by donor imposed time and/or purpose restrictions.

**Functional allocation of expenses**

The consolidated statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. Indirect costs that benefit multiple functional areas are allocated among the various functional areas based primarily on employee time.

**Income taxes**

The Ministry is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code and from state income tax pursuant to Tennessee law. The Ministry is further classified as a public charity and not a private foundation for federal tax purposes. The Trust is considered a grantor trust of the Ministry. The Ministry and the Trust have not incurred unrelated business income taxes. As a result, no income tax provision or liability has been provided for in the accompanying consolidated financial statements.

**Use of estimates**

Management uses estimates and assumptions in preparing the consolidated financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these consolidated financial statements include those used in determining the estimated fair value of investments. Actual results could differ from the estimates.

**Economic uncertainties**

In January 2020, the World Health Organization (“WHO”) announced a global health emergency related to the outbreak of a virus originating in China. In March 2020, WHO elevated the classification of the outbreak to a pandemic (“the pandemic”). Management is closely monitoring the potential impact of the pandemic on the Ministry’s financial condition and has taken actions to mitigate its impact. Such actions include availing the Ministry of relief measures available under federal law. Because of the unknown impact on global commerce, management is not able to estimate the effects of the pandemic on its operating results, financial condition, or liquidity.

**Subsequent events**

The Ministry has evaluated for possible financial reporting and disclosure subsequent events through November 9, 2022, the date as of which the consolidated financial statements were available to be issued.

**AMAZIMA MINISTRIES INTERNATIONAL, EDUCATION AND EMPOWERMENT FOR  
EAST AFRICA**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**NOTE C – LIQUIDITY AND AVAILABILITY OF RESOURCES**

Financial assets available for general expenditure within one year of the date of the consolidated statements of financial position are as follows:

	December 31,	
	2021	2020
Cash and cash equivalents	\$ 7,994,058	\$ 6,423,610
Investments	10,836,929	10,187,196
Total financial assets available within one year for general expenditure	\$ 18,830,987	\$ 16,610,806

The Ministry is primarily supported by contributions. As part of the Ministry’s liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Donor-restricted net assets are available for general expenditure within one year of December 31, 2021 and 2020 because the restrictions on net assets are expected to be met by conducting the normal activities of the Ministry within one year. Management believes the Ministry has sufficient financial assets available for general operations that may be drawn upon in the event of unanticipated financial distress or immediate liquidity need.

**NOTE D – CONCENTRATIONS**

The Ministry maintains its cash and cash equivalents in deposit accounts which may not be federally insured, may exceed federally insured limits, or may be insured by an entity other than an agency of the federal government. The Ministry has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk related to cash and cash equivalents.

**NOTE E – FAIR VALUE MEASUREMENTS**

U.S. GAAP defines fair value for an investment generally as the price an organization would receive upon selling the investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. The information available to measure fair value varies depending on the nature of each investment and its market or markets. Accordingly, U.S. GAAP recognizes a hierarchy of “inputs” an organization may use in determining or estimating fair value. The inputs are categorized into “levels” that relate to the extent to which an input is objectively observable and the extent to which markets exist for identical or comparable investments. In determining or estimating fair value, an organization is required to maximize the use of observable market data (to the extent available) and minimize the use of unobservable inputs. The hierarchy assigns the highest priority to unadjusted quoted prices in active markets for identical items (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs). A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Following is a description of each of the three levels of input within the fair value hierarchy:

Level 1 – unadjusted quoted market prices in active markets for identical items

Level 2 – other significant observable inputs (such as quoted prices for similar items)

Level 3 – significant unobservable inputs

**AMAZIMA MINISTRIES INTERNATIONAL, EDUCATION AND EMPOWERMENT FOR  
EAST AFRICA**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**NOTE E – FAIR VALUE MEASUREMENTS (Continued)**

Estimated fair values of assets measured on a recurring basis as of December 31, 2021, are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Exchange traded funds	\$ 6,256,804	\$ 6,256,804	\$ —	\$ —
Mutual funds	4,560,833	4,560,833	—	—
Common stock	<u>19,292</u>	<u>19,292</u>	<u>—</u>	<u>—</u>
Total equity securities	<u>\$ 10,836,929</u>	<u>\$ 10,836,929</u>	<u>\$ —</u>	<u>\$ —</u>

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

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 6,753,919	\$ 6,753,919	\$ —	\$ —
Exchange traded funds	<u>3,433,277</u>	<u>3,433,277</u>	<u>—</u>	<u>—</u>
Total equity securities	<u>\$ 10,187,196</u>	<u>\$ 10,187,196</u>	<u>\$ —</u>	<u>\$ —</u>

**NOTE F – PAYCHECK PROTECTION PROGRAM**

During 2020, the Ministry obtained a Paycheck Protection Program note payable (“PPP loan”) to a financial institution in the amount of \$283,300. The PPP loan was forgiven entirely by the Small Business Administration during 2020 based on the nature of the Ministry’s expenditures during an applicable period. Accordingly, the Ministry recognized grant revenue of \$283,300 in the accompanying 2020 consolidated statement of activities.

**NOTE G – RESTRICTIONS ON NET ASSETS**

Net assets with donor restrictions were for the following purposes during 2021:

	<u>Balance January 1</u>	<u>Contributions</u>	<u>Releases</u>	<u>Balance December 31</u>
Educational activities	\$ 2,528,158	\$ 1,184,126	\$ (3,122,632)	\$ 589,652
Christmas baskets	—	34,764	—	34,764
Medical care	—	355,418	(355,418)	—
Other	—	67,836	(67,836)	—
Vocational projects	<u>—</u>	<u>7,591</u>	<u>(7,591)</u>	<u>—</u>
Total	<u>\$ 2,528,158</u>	<u>\$ 1,649,735</u>	<u>\$ (3,553,477)</u>	<u>\$ 624,416</u>

**AMAZIMA MINISTRIES INTERNATIONAL, EDUCATION AND EMPOWERMENT FOR  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**NOTE G – RESTRICTIONS ON NET ASSETS (Continued)**

Net assets with donor restrictions were for the following purposes during 2020:

	Balance January 1	Contributions	Releases	Balance December 31
Educational activities	\$ 3,334,305	\$ 1,602,217	\$ (2,408,364)	\$ 2,528,158
Medical care	—	128,713	(128,713)	—
Other	—	108,839	(108,839)	—
Vocational projects	—	10,289	(10,289)	—
Total	\$ 3,334,305	\$ 1,850,058	\$ (2,656,205)	\$ 2,528,158

**NOTE H – RETIREMENT PLAN**

The Ministry has adopted a 401(k) Profit Sharing Plan (“the Plan”) for the benefit of the Ministry’s employees. All employees meeting the Plan’s eligibility requirements may participate in the Plan. The Plan requires the Ministry to make matching contributions of up to 3% of an employee’s annual compensation up to a maximum of 5% (increasing by 50% of salary deferrals between 3% and 5% of an employee’s annual compensation). The Plan also allows for discretionary employer contributions. The Ministry contributed approximately \$23,000 and \$20,000 to the Plan during 2021 and 2020, respectively.

**NOTE I – OPERATING LEASES**

The Ministry is obligated under a non-cancelable lease agreement for the use of certain office space. Total rent expense amounted to approximately \$168,000 for the years ended December 31, 2021 and 2020.

Future minimum rental payments under the noncancelable operating lease is approximately as follows:

Year Ending December 31,		
2022	\$	172,000
2023		179,000
2024		187,000
2025		194,000
2026		201,000
Thereafter		17,000
Total	\$	950,000

**AMAZIMA MINISTRIES INTERNATIONAL, EDUCATION AND EMPOWERMENT FOR  
EAST AFRICA**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**NOTE J – RELATED PARTY TRANSACTIONS**

In the furtherance of its mission, the Ministry cooperates in ministry with Amazima Ministries International, the Amazima School Limited by Guarantee, and Amazima Ministries International Limited (collectively referred to in these footnotes as “the foreign entities”), which are foreign entities domiciled in Uganda. While the Ministry exercises significant influence over the activities of the foreign entities, the Ministry does not “control” the foreign entities (as that term is defined under U.S. GAAP). During 2021 and 2020, the Ministry provided assistance to the foreign entities in the form of cash and non-cash grants totaling \$3,611,099 and \$3,248,695, respectively, which are included as “program expenses” in the accompanying consolidated statements of activities.

Following are the aggregate amounts as reported in the most recently available unaudited financial statements of the foreign entities:

	December 31,	
	2021	2020
Total assets	\$11,754,597	\$ 10,264,661
Total liabilities	\$ 43	\$ 39
Total net assets	\$11,754,554	\$ 10,264,622
Total revenue	\$ 3,312,262	\$ 3,184,797
Total expenses	\$ 1,822,330	\$ 1,681,606
Total change in net assets	\$ 1,489,932	\$ 1,503,191

**NOTE K – PRIOR PERIOD ADJUSTMENT**

The Ministry previously reported in its consolidated financial statements the cash and cash equivalents, other assets, and property and equipment of the foreign entities (as described in Note J) with which the Ministry has a relationship but which the Ministry does not “control” (as that term is defined under U.S. GAAP). Accordingly, total assets and net assets as of January 1, 2020 were reduced by \$9,196,051.

The corrections above, which have no effect on the results of the activities in 2021 and 2020, are summarized as follows:

Effect of adjusting cash and cash equivalents	\$ (547,926)
Effect of adjusting other assets	(4,626)
Effect of adjusting property and equipment	<u>(8,643,499)</u>
Total prior period adjustment to net assets (decrease)	<u>\$ (9,196,051)</u>

The effect of these corrections on the 2019 beginning net assets and changes in net assets has not been determined.