



AMIGOS FOR CHRIST AND AFFILIATE

Consolidated Financial Statements
With Independent Auditors' Report

December 31, 2022 and 2021

AMIGOS FOR CHRIST AND AFFILIATE

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Amigos for Christ and Affiliate
Buford, Georgia

We have audited the accompanying consolidated financial statements of Amigos for Christ (a nonprofit corporation) and Affiliate, which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Amigos for Christ and Affiliate as of December 31, 2022 and 2021, and the changes in its net assets and 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 *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of Amigos for Christ and Affiliate 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 these consolidated 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 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 Amigos for Christ and Affiliate's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Board of Directors
Amigos for Christ and Affiliate
Buford, Georgia

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks 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 Amigos for Christ and Affiliate's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Amigos for Christ and Affiliate'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.

Capin Crouse LLP

Lawrenceville, Georgia
May 10, 2023

AMIGOS FOR CHRIST AND AFFILIATE

Consolidated Statements of Financial Position

	December 31,	
	2022	2021
ASSETS:		
Cash and cash equivalents	\$ 1,798,630	\$ 1,260,450
Certificates of deposit	2,158,775	3,026,782
Prepaid expenses and other current assets	544,516	306,571
Inventory	316,114	305,123
Operating lease right-of-use asset	180,368	-
Property and equipment—net	2,554,309	2,691,653
Total Assets	\$ 7,552,712	\$ 7,590,579
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 435,328	\$ 422,976
Operating lease right-of-use obligation	194,750	-
Total liabilities	630,078	422,976
Net assets:		
Without donor restrictions	4,921,680	5,454,472
With donor restrictions	2,000,954	1,713,131
Total net assets	6,922,634	7,167,603
Total Liabilities and Net Assets	\$ 7,552,712	\$ 7,590,579

See notes to consolidated financial statements

AMIGOS FOR CHRIST AND AFFILIATE

Consolidated Statements of Activities

	Year Ended December 31,					
	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	\$ 2,320,843	2,167,115	\$ 4,487,958	\$ 2,654,430	\$ 3,024,822	\$ 5,679,252
Special events	90,299	-	90,299	10,631	-	10,631
Donated goods and services	5,275,898	-	5,275,898	2,905,221	-	2,905,221
Missions outreach	46,900	-	46,900	18,953	-	18,953
Investment loss	(72,411)	-	(72,411)	(12,330)	-	(12,330)
Other	123,134	-	123,134	251,057	-	251,057
Total Support and Revenue	7,784,663	2,167,115	9,951,778	5,827,962	3,024,822	8,852,784
RECLASSIFICATIONS:						
Net assets released from restrictions:						
Satisfaction of purpose restrictions	1,879,292	(1,879,292)	-	3,253,400	(3,253,400)	-
EXPENSES:						
Program services:						
Water and sanitation	1,134,856	-	1,134,856	940,955	-	940,955
Healthcare	5,261,294	-	5,261,294	2,886,210	-	2,886,210
Education and nutrition	743,429	-	743,429	560,664	-	560,664
Economic development	699,436	-	699,436	1,321,998	-	1,321,998
Missions outreach	462,843	-	462,843	384,716	-	384,716
Project support and leadership	1,241,396	-	1,241,396	1,002,756	-	1,002,756
	9,543,254	-	9,543,254	7,097,299	-	7,097,299

(continued)

See notes to consolidated financial statements

AMIGOS FOR CHRIST AND AFFILIATE

Consolidated Statements of Activities (continued)

	Year Ended December 31,					
	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES, continued:						
Supporting activities:						
General and administrative	453,658	-	453,658	406,996	-	406,996
Fundraising	142,793	-	142,793	128,840	-	128,840
	596,451	-	596,451	535,836	-	535,836
Total Expenses	10,139,705	-	10,139,705	7,633,135	-	7,633,135
Change in Net Assets before Translation Adjustment	(475,750)	287,823	(187,927)	1,448,227	(228,578)	1,219,649
Translation Adjustment	(57,042)	-	(57,042)	(55,831)	-	(55,831)
Change in Net Assets	(532,792)	287,823	(244,969)	1,392,396	(228,578)	1,163,818
Net Assets, Beginning of Year	5,454,472	1,713,131	7,167,603	4,062,076	1,941,709	6,003,785
Net Assets, End of Year	\$ 4,921,680	\$ 2,000,954	\$ 6,922,634	\$ 5,454,472	\$ 1,713,131	\$ 7,167,603

See notes to consolidated financial statements

AMIGOS FOR CHRIST AND AFFILIATE

Consolidated Statements of Cash Flows

	Year Ended December 31,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (244,969)	\$ 1,163,818
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	185,318	146,066
Amortization	14,382	-
Noncash forgiveness of Paycheck Protection Program loan	-	(196,600)
Unrealized/realized loss (gain) on investments	107,863	-
Change in:		
Prepaid expenses and other current assets	(237,945)	(99,820)
Inventory	(10,991)	45,885
Accounts payable and accrued expenses	12,352	174,119
Net Cash Provided (Used) by Operating Activities	(173,990)	1,233,468
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisitions of property and equipment	(29,041)	(1,520,442)
Change in property and equipment due to currency translation	(18,933)	49,912
Proceeds from matured certificates of deposit	790,000	550,000
Purchase of certificates of deposit	(29,856)	(1,824,389)
Net Cash Provided (Used) by Investing Activities	712,170	(2,744,919)
Net Change in Cash and Cash Equivalents	538,180	(1,511,451)
Cash and Cash Equivalents, Beginning of Year	1,260,450	2,771,901
Cash and Cash Equivalents, End of Year	\$ 1,798,630	\$ 1,260,450
SUPPLEMENTAL CASH FLOW DISCLOSURES:		
Noncash forgiveness of Paycheck Protection Program loan	\$ -	\$ 196,600
Right-of-use asset obtained in exchange for operating lease obligation	\$ 202,408	\$ -

See notes to consolidated financial statements

AMIGOS FOR CHRIST AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

1. NATURE OF ORGANIZATION:

Amigos for Christ (AFC) is a not-for-profit corporation established in 1999. As a not-for-profit corporation, AFC is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (Code). AFC is also classified as a publicly supported organization, which is not a private foundation as defined by Section 170(b) of the Code. The primary source of support and revenue is from donor contributions.

AFC supports Amigos por Cristo (AFC–NICA), an affiliated Nicaraguan entity, by providing funding, volunteers, and goods and services. The mission of AFC and AFC–NICA (collectively referred to as the Organization) is to serve God by providing opportunities for missionaries and impoverished families to grow through life-changing experiences. The Organization’s vision is to be a model community development organization that facilitates water, health, education, economic, and infrastructure improvements in rural Nicaragua. The Organization accomplishes this mission and vision primarily through program services described below:

Water and sanitation–There are over 100,000 people in the Department of Chinandega (which consists of the city of Chinandega and surrounding cities and other rural areas) that still lack access to clean water and sanitation. Clean water is the first step to changing lives. We drill wells and build water and sanitation systems. Working alongside the community we are serving; we create an infrastructure to produce 100 gallons of water each day at every home. In addition, our modern bathroom model promotes sanitary living conditions by utilizing a flush-toilet, shower, and septic tank.

Health care–(a) preventative care: through modeling the behaviors of the healthiest families in each community, we create a plan for family hygiene that will decrease the instances of preventable illness such as kidney disease, anemia, and respiratory disease; (b) restorative care: working alongside the Nicaraguan Ministry of Health, we support the existing infrastructure to increase access to medical attention and prescribed medicines for the underserved; (c) surgical care: working alongside the Nicaraguan Ministry of Health and local hospitals, we provide surgical services to those who are suffering and have no alternatives. In addition, a state-of-the-art eye surgery hospital was constructed to serve local patients in cataract and retina surgeries.

Education and nutrition–Working alongside the community and the Nicaraguan Ministry of Education, we create an infrastructure to increase the percentage of children who complete primary and secondary school. We achieve this by building schools and cafeterias, offering scholarships, and encouraging extracurricular activities, such as after-school and theater programs.

Economic development–For families within the communities we serve, we create and provide training, and access to resources which enables those we serve to establish their own small businesses, with the goal of increasing their income level. We do this through agricultural loans, farming animals ownership and reproduction programs, and community-based cooperative businesses.

AMIGOS FOR CHRIST AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

1. NATURE OF ORGANIZATION, continued:

Missions outreach—Each year we host on average 1,000 volunteers from the United States on one week mission trips to Chinandega, Nicaragua. During the week, participants have the opportunity to serve our Nicaraguan brothers and sisters through the programs and projects of Amigos for Christ, as well as participate in experiences to grow deeper in their faith journey.

Project support and leadership—AFC–NICA owns, operates, and maintains a mission complex in Nicaragua to house visiting mission trip participants. This complex is our Nicaraguan headquarters which includes office space, warehouses, and a fleet of vehicles, all of which are necessary to support our daily operations. In the communities we serve, our goal is for communities to lead, own, and operate every approved project. Developing community leaders to change their own community is at the very core of what we do. We bring leaders together to share ideas, learn strategies, and to inspire hope in the future of their community. The ultimate goal of our work and programs is sustained development in rural communities, led by their own community leadership.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting, in accordance with accounting policies generally accepted in the United States. The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the balances and financial activities of AFC and AFC–NICA. All significant intercompany transactions and balances have been eliminated from the consolidated financial statements.

USE OF ESTIMATES

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand, checking, savings, and money market accounts, with maturities of three months or less. The amounts held at the bank may, at times, exceed federally insured deposit levels. The Organization has not experienced any losses in such accounts. At December 31, 2022 and 2021, the Organization's cash balances exceeded federally insured limits by \$1,444,279 and \$808,402, respectively.

AMIGOS FOR CHRIST AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CERTIFICATES OF DEPOSIT

Certificates of deposit include marketable security bank deposits with original maturities of three months or more and are measured at fair value. Dividend and interest income as well as the realized and unrealized gains (losses) on marketable securities are included in investment income (loss) in the accompanying statement of activities.

The *Fair Value Measurements and Disclosure* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. AFC uses appropriate valuation techniques based on the available inputs to measure the fair value of its certificates of deposit. When available, AFC measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available. At December 31, 2022, all of AFC's certificates of deposit are considered Level 2 investments. The valuation methodologies used for assets measured at fair value are based upon quoted market prices or dealer quotes in an open market.

PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consist of various receivables as well as miscellaneous prepaid expenses. Receivables are reported net of any anticipated losses due to uncollectible accounts. The Organization's policy for determining when receivables are past due or delinquent is 30 days after invoicing. Uncollectible accounts are reported as additions to the allowance for bad debts when it is determined the amounts are uncollectible.

The allowance for doubtful accounts is maintained at a level which, in management's judgment, is adequate to absorb potential losses inherent in the receivable portfolio. The amount of the allowance is based on management's evaluation of the collectability of the receivable portfolio, including the nature of the portfolio, trends in historical loss experience, specific impaired accounts, and economic conditions. For the years ended December 31, 2022 and 2021, in management's opinion, no allowance for doubtful accounts is deemed necessary.

AMIGOS FOR CHRIST AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

INVENTORY

Inventory consists of donated items as well as purchased goods. Purchased inventory is stated at the lower of cost (based on the average cost basis) or net realizable value and consists of materials used in the construction of water and sanitation systems, as well as in the construction of modern bathrooms. Donated inventory (consisting of medicines and medical supplies, and food) is recorded as inventory and contribution support at its estimated fair value at the date of donation, taking into consideration inventory condition and utility for use. All donated inventory is received from private organizations and is considered to be support without donor restrictions unless the inventory explicitly contains donor restrictions. The Organization only records the value of donated inventory in which they were either the original recipient of the gift, were involved in partnership with another organization for distribution, or used in the Organization's programs. At December 31, 2022 and 2021, no reserve for obsolescence has been recorded, as management believes all inventory is useable.

PROPERTY AND EQUIPMENT—NET

Property and equipment is stated at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets ranging from three to seven years. Purchases of property and equipment valued at \$1,000 or more are capitalized. The Organization elects to account for property and equipment in Nicaragua in accordance with the functional currency provisions of the Foreign Currency Matters topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). This has resulted in translation adjustments of (\$18,933) and \$49,912 in 2022 and 2021, respectively, to property and equipment with functional currencies that differ from the reporting currency.

PAYCHECK PROTECTION PROGRAM LOAN

In March 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) as a pandemic which continues to spread throughout the world. In 2020, COVID-19 caused a severe impact on the world economy and has contributed to significant volatility in financial markets.

As part of the response to the impact of COVID-19, AFC applied for a Paycheck Protection Program (PPP) Loan, administered by the Small Business Administration (SBA), under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was signed into law in March 2020. AFC was approved for a loan in the amount of \$196,600. The loan bore interest at a fixed rate of 1.00% and was due in May 2022. Based on the provisions included in the CARES Act, the loan agreement provided for loan forgiveness up to the full amount of the loan, including accrued interest, provided AFC overcame (met) certain loan stipulations.

Effective January 13, 2021, AFC received notification of forgiveness from the SBA for the full PPP loan amount plus accrued interest. In accordance with ASC 605, the loan forgiveness was recognized as a simultaneous contribution with donor restriction and release from restriction in the consolidated statement of activities during the year ended December 31, 2021.

AMIGOS FOR CHRIST AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CLASSES OF NET ASSETS

The consolidated financial statements report amounts separately by class of net assets.

Net assets without donor restrictions are currently available for operating purposes under the direction of the board, designated by the board for specific use, or resources invested in property and equipment.

Net assets with donor restrictions are contributed with donor stipulations for specific operating purposes or programs, with time restrictions, or not currently available for use until commitments regarding their use have been fulfilled.

All contributions are considered available for use without donor restrictions unless specifically restricted by the donor or subject to other legal restrictions.

SUPPORT AND REVENUE, RECLASSIFICATIONS, AND EXPENSES

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, that is those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

The Organization reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated amounts. When a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as reclassifications.

The Organization reports donations of property and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service or as costs are incurred.

Special events consist of revenue generated from the Organization's golf tournament and is recognized when earned. For the years ended December 31, 2022 and 2021, special events revenue is recorded gross of special events related expenses of \$19,134 and \$16,506, respectively. All other types of exchange revenue are recognized when earned.

Donated goods (consisting of medicines and medical supplies, food, and other supplies) are recorded at its estimated fair value at the date of donation.

AMIGOS FOR CHRIST AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUE, RECLASSIFICATIONS, AND EXPENSES, continued

In valuing donated medicines otherwise legally permissible for sale in the United States, the Organization used the Federal Upper Limit based on the weighted average of the most recently reported monthly Average Manufacturer Prices that approximate wholesale prices in the United States (that is, the principal market or if there is no principal market, the most advantageous market). Other donated medicines have been valued according to an average of current market data derived from international pricing to obtain a reasonable fair market value.

In valuing medical supplies and food, the Organization estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.

Donated services are recorded as revenue if the services (a) create or enhance non-financial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Donated medical services meeting the criteria for recognition in the consolidated financial statements totaled \$13,326 and \$0 for the years ended December 31, 2022 and 2021, respectively.

Numerous volunteers donate significant amounts of time and perform a variety of tasks, assisting the Organization in its charitable programs. During the years ended December 31, 2022 and 2021, volunteers donated approximately 12,100 and 300 hours, respectively. No amounts have been reflected in the consolidated financial statements because the criteria for recognition of such efforts under generally accepted accounting principles have not been satisfied.

Expenses are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing various program services and supporting activities of the Organization have been summarized on a functional basis in the accompanying consolidated statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

FOREIGN OPERATIONS

In connection with its ministry, AFC supports AFC-NICA, an affiliated Nicaraguan entity, by providing funding, volunteers, and goods and services. As of December 31, 2022 and 2021, current assets in Nicaragua, including cash and cash equivalents, prepaid expenses and other current assets, and inventory totaled \$1,275,208 and \$704,264, respectively; property and equipment, net of accumulated depreciation, amounted to \$2,554,309 and \$2,691,653, respectively; and liabilities in Nicaragua were \$426,705 and \$417,323, respectively. Total support and revenue received in Nicaragua, before any eliminations, amounted to \$3,982,779 during 2022, and \$4,613,500 during 2021. Account balances relating to Nicaraguan operations are reflected in the consolidated financial statements in United States dollars.

AMIGOS FOR CHRIST AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

RECENTLY ISSUED ACCOUNTING STANDARDS

In 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases*. The amendments in this update require organizations that lease assets to recognize, on the statement of financial position, the assets and liabilities for the rights and obligations created by the leases. A lessee will be required to recognize assets and liabilities for leases with lease terms of more than 12 months. The amendments are effective for fiscal years beginning after December 15, 2021. The Organization adopted this standard for the year ended December 31, 2021. Some of the Organization's contracts contain the right to control the use of property or assets and, are therefore, considered leases. Adoption of this standard did not have a significant impact on the consolidated financial statements.

In 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The Organization adopted the provisions of the new standard during the year ended December 31, 2022. The standard requires nonprofits to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other nonfinancial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. Adoption of this standard did not have a significant impact on the consolidated financial statements, with the exception of increased disclosure.

3. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects the Organization's financial assets as of December 31, 2022 and 2021, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year; this includes certain certificates of deposit. The Organization considers general expenditures to be all expenditures related to its ongoing activities of water and sanitation, healthcare, education and nutrition, economic development, missions outreach, and project support and leadership, as well as the conduct of services undertaken to support those activities to be general expenditures.

AMIGOS FOR CHRIST AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

3. LIQUIDITY AND FUNDS AVAILABLE, continued:

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization has a policy to maintain enough liquid assets in the form of cash and cash equivalents and certificates of deposit to meet general expenditures for one year.

	December 31,	
	2022	2021
Financial assets:		
Cash and cash equivalents	\$ 1,798,630	\$ 1,260,450
Certificates of deposit	2,158,775	3,026,782
Receivables	462,831	304,876
Financial assets, at year-end	3,957,405	4,287,232
Less those unavailable for general expenditure within one year, due to:		
Certificates of deposit with original maturity beyond one year	(1,432,400)	(2,232,903)
Receivables with maturity beyond one year	(363,747)	(169,136)
	\$ 2,161,258	\$ 1,885,193

At December 31, 2022, the Organization has \$2,000,954 in net assets with donor restrictions for various program services. These funds are considered available to meet needs for general expenditures as funds are used for their donor restricted purposes.

4. PREPAID EXPENSES AND OTHER CURRENT ASSETS:

Prepaid expenses and other current assets consists of:

	December 31,	
	2022	2021
Receivables	\$ 462,831	\$ 304,876
Prepaid expenses	81,685	1,695
	\$ 544,516	\$ 306,571

Receivables consist of amounts due from communities, advances to employees, and other receivables.

AMIGOS FOR CHRIST AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

5. INVENTORY:

Inventory consists of:

	December 31,	
	2022	2021
Purchased	\$ 292,930	\$ 271,560
Donated	23,184	33,563
	\$ 316,114	\$ 305,123

6. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net consists of:

	December 31,	
	2022	2021
Land	\$ 202,532	\$ 208,741
Buildings and improvements	1,260,573	1,299,220
Furniture and equipment	218,285	214,897
Machinery and small tools	258,600	231,020
Vehicles	346,916	388,353
	2,286,906	2,342,231
Less accumulated depreciation	(999,579)	(893,153)
	1,287,327	1,449,078
Construction in process	1,266,982	1,242,575
	\$ 2,554,309	\$ 2,691,653

Construction in process represents the ongoing construction of a medical clinic in Nicaragua. The clinic and its land are owned by the Organization and are funded through an agreement with Christian Ophthalmic Surgery Expedition Network (Chosen). The Organization estimates that the clinic will be placed into service during the year ending December 31, 2023, at which time Chosen will continue to support its operation through medical supplies, volunteer support, and financial contributions to cover the Organization’s costs to house, feed, and support the volunteers.

7. OPERATING LEASE RIGHT-OF-USE ASSET AND OBLIGATION:

The Organization leases office space under a noncancelable 44-month operating lease agreement dated August 2022. The discount rate represents the risk-free rate using a period comparable with that of the individual lease term on the inception date of the lease. The lease requires monthly payments ranging from \$2,000 to \$5,730. Total expenses incurred under the lease for the year ended December 31, 2022 were \$43,205.

AMIGOS FOR CHRIST AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

7. OPERATING LEASE RIGHT-OF-USE ASSET AND OBLIGATION, continued:

	<u>December 31, 2022</u>
Operating lease right-of-use asset	<u>\$ 180,368</u>
Operating lease right-of-use obligation	<u>\$ 194,750</u>
Operating lease costs	<u>\$ 43,205</u>
Weighted-average discount rate	2.82%
Weighted-average remaining lease term	3.25 years

Future minimum lease payments required under the operating lease that has an initial or remaining noncancelable lease term in excess of one year are as follows:

<u>Years Ending December 31,</u>	<u>Amounts</u>
2023	\$ 55,000
2024	64,260
2025	68,116
2026	<u>17,191</u>
	204,567
Less imputed interest	<u>(9,817)</u>
	<u>\$ 194,750</u>

8. NET ASSETS:

Net assets consist of:

	<u>December 31,</u>	
	<u>2022</u>	<u>2021</u>
Without donor restrictions	<u>\$ 4,921,680</u>	<u>\$ 5,454,472</u>
With donor restrictions:		
Infrastructure, water, and schools	\$ 1,838,658	\$ 1,713,131
Health, education, and nutrition	<u>162,296</u>	<u>-</u>
	<u>\$ 2,000,954</u>	<u>\$ 1,713,131</u>

AMIGOS FOR CHRIST AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

9. EXPENSES BY BOTH NATURE AND FUNCTION:

The consolidated financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. These expenses include depreciation and other operating expenses. Building depreciation for Nicaragua is allocated based on square footage, while property and equipment depreciation is allocated based on usage. Costs of other categories were allocated based on programmatic purpose of the employees directly affected by the expense.

Functional expenses by natural classification as of the year ended December 31, 2022:

	Program Services						Supporting Activities				
	Water and Sanitation	Healthcare	Education and Nutrition	Economic Development	Missions Outreach	Project Support and Leadership	Total	General and Administrative	Fundraising	Total	Total
Salaries and related benefits	\$ 242,135	\$ 73,125	\$ 289,440	\$ 374,597	\$ 270,622	\$ 612,371	\$ 1,862,290	\$ 193,714	\$ 86,043	\$ 279,757	\$ 2,142,047
Operations	2,024	5,635	12,492	4,804	22,459	87,989	135,403	4,241	16,342	20,583	155,986
Financial expenses	19	64	46	13	15,061	39,997	55,200	10,258	5,628	15,886	71,086
Media and advertising	-	-	16	200	1,335	2,123	3,674	3	19,699	19,702	23,376
Food and transportation	25,790	11,848	105,338	39,216	45,708	71,658	299,558	716	11,135	11,851	311,409
Professional services	183,870	26,328	10,728	8,874	4,043	53,224	287,067	34,165	-	34,165	321,232
Other operating expenses	113,091	39,144	45,218	187,255	54,813	110,510	550,031	3,293	-	3,293	553,324
Occupancy	93	14,740	12,593	3,934	19,995	56,742	108,097	21,328	3,946	25,274	133,371
Materials and equipment	554,482	10,319	49,900	72,352	24,167	63,798	775,018	622	-	622	775,640
Community and partner contributions	10,302	4,856	10,839	7,019	4,640	142,984	180,640	-	-	-	180,640
Donated goods and services	3,050	5,075,235	206,819	1,172	-	-	5,286,276	-	-	-	5,286,276
Depreciation	-	-	-	-	-	-	-	185,318	-	185,318	185,318
Total	\$ 1,134,856	\$ 5,261,294	\$ 743,429	\$ 699,436	\$ 462,843	\$ 1,241,396	\$ 9,543,254	\$ 453,658	\$ 142,793	\$ 596,451	\$ 10,139,705

AMIGOS FOR CHRIST AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

9. EXPENSES BY BOTH NATURE AND FUNCTION, continued:

Expenses by natural classification as of the year ended December 31, 2021:

	Program Services						Supporting Activities				
	Water and Sanitation	Healthcare	Education and Nutrition	Economic Development	Missions Outreach	Project Support and Leadership	Total	General and Administrative	Fundraising	Total	Total
Salaries and related benefits	\$ 235,431	\$ 193,731	\$ 243,245	\$ 358,855	\$ 281,404	\$ 480,396	\$ 1,793,062	\$ 212,206	\$ 81,287	\$ 293,493	\$ 2,086,555
Operations	-	1,883	9,938	8,607	6,151	58,412	84,991	308	17,237	17,545	102,536
Financial expenses	90	4,970	17	1,649	4,247	40,137	51,110	9,291	5,208	14,499	65,609
Media and advertising	-	-	161	31	758	1,403	2,353	-	16,666	16,666	19,019
Food and transportation	30,712	20,547	72,733	29,730	26,662	51,192	231,576	551	3,840	4,391	235,967
Professional services	34,858	-	46,482	102,967	5,466	33,547	223,320	34,669	545	35,214	258,534
Other operating expenses	62,992	31,323	30,994	106,107	14,931	93,905	340,252	-	-	-	340,252
Occupancy	216	6,922	19,675	3,244	18,493	61,745	110,295	3,905	3,896	7,801	118,096
Materials and equipment	525,149	115,484	122,805	242,974	22,316	26,987	1,055,715	-	161	161	1,055,876
Community and partner contributions	9,425	2,833	11,282	9,820	4,288	148,320	185,968	-	-	-	185,968
Donated goods and services	42,082	2,508,517	3,332	458,014	-	6,712	3,018,657	-	-	-	3,018,657
Depreciation	-	-	-	-	-	-	-	146,066	-	146,066	146,066
Total	\$ 940,955	\$ 2,886,210	\$ 560,664	\$ 1,321,998	\$ 384,716	\$ 1,002,756	\$ 7,097,299	\$ 406,996	\$ 128,840	\$ 535,836	\$ 7,633,135

AMIGOS FOR CHRIST AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

10. DONATED GOODS AND SERVICES:

Donated goods and services for the years ended December 31, 2022 and 2021, included in the consolidated financial statements were as follows:

	Year Ended December 31,	
	2022	2021
Medicines and medical supplies	\$ 5,047,636	\$ 2,392,809
Food	194,304	448,765
Donated services	13,326	-
Other supplies	20,632	63,647
	<u>\$ 5,275,898</u>	<u>\$ 2,905,221</u>

11. RELATED PARTY TRANSACTIONS:

For the years ended December 31, 2022 and 2021, the Organization paid wages to immediate family members of management in the amount of \$257,853 and \$200,184, respectively.

12. LEGAL MATTERS:

From time to time, the Organization may be subject to legal proceedings which arise in the ordinary course of the Organization's operations. Although there can be no assurance as to the ultimate disposition of these matters, the Organization's management believes that the final disposition of such matters will not have a material adverse effect on the financial position or results of operations of the Organization.

13. EMPLOYEE BENEFIT PLAN:

AFC maintains a Simple IRA Plan (the Plan). The Plan allows employees to contribute a percentage of their compensation to the Plan. AFC has elected to make a 3% matching contribution of the employee's compensation. AFC contributions to the Plan totaled \$26,164 and \$26,266 for the years ended December 31, 2022 and 2021, respectively.

14. CONCENTRATIONS:

One donor contributed 98% of donated goods and services for the year ended December 31, 2022, and two donors contributed 96% of donated goods and services for the year ended December 31, 2021. Four donors gave 51% of total contributions during the year ended December 31, 2022, and two donors gave 32% of total contributions during the year ended December 31, 2021. The Organization's operations and program activities could be impacted if these donor relationships were to be terminated and could not be replaced by new donors with comparable donations.

All of the foreign operations of the Organization are concentrated in Nicaragua.

AMIGOS FOR CHRIST AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

15. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through May 10, 2023, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.

SUPPLEMENTARY DATA

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY DATA**

Board of Directors
Amigos for Christ and Affiliate
Buford, Georgia

We have audited the consolidated financial statements of Amigos for Christ and Affiliate as of and for the years ended December 31, 2022 and 2021, and have issued our report thereon dated May 10, 2023, which contained an unmodified opinion on those consolidated financial statements. Our audits were performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary data (the data) on pages 22-25 is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such data is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The data has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the data is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Capin Crouse LLP

Lawrenceville, Georgia
May 10, 2023

AMIGOS FOR CHRIST AND AFFILIATE

Consolidating Statement of Financial Position

December 31, 2022

	<u>Amigos for Christ (United States)</u>	<u>Amigos por Cristo (Nicaragua)</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS:				
Cash and cash equivalents	\$ 1,370,650	\$ 427,980	\$ -	\$ 1,798,630
Certificates of deposit	2,158,775	-	-	2,158,775
Prepaid expenses and other current assets	13,402	531,114	-	544,516
Inventory	-	316,114	-	316,114
Due to/from affiliate	23,184	(23,184)	-	-
Operating lease right-of-use asset	180,368	-	-	180,368
Property and equipment—net	-	2,554,309	-	2,554,309
Total Assets	<u><u>\$ 3,746,379</u></u>	<u><u>\$ 3,806,333</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 7,552,712</u></u>
LIABILITIES AND NET ASSETS:				
Liabilities:				
Accounts payable and accrued expenses	\$ 8,623	\$ 426,705	\$ -	\$ 435,328
Operating lease right-of-use obligation	194,750	-	-	194,750
Total liabilities	<u><u>203,373</u></u>	<u><u>426,705</u></u>	<u><u>-</u></u>	<u><u>630,078</u></u>
Net assets	<u><u>3,543,006</u></u>	<u><u>3,379,628</u></u>	<u><u>-</u></u>	<u><u>6,922,634</u></u>
Total Liabilities and Net Assets	<u><u>\$ 3,746,379</u></u>	<u><u>\$ 3,806,333</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 7,552,712</u></u>

See independent auditors' report on supplementary data

AMIGOS FOR CHRIST AND AFFILIATE

Consolidating Statement of Financial Position

December 31, 2021

	<u>Amigos for Christ (United States)</u>	<u>Amigos por Cristo (Nicaragua)</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS:				
Cash and cash equivalents	\$ 1,147,847	\$ 112,603	\$ -	\$ 1,260,450
Certificates of deposit	3,026,782	-	-	3,026,782
Prepaid expenses and other current assets	9,654	296,917	-	306,571
Inventory	10,379	294,744	-	305,123
Due to/from affiliate	23,184	(23,184)	-	-
Property and equipment—net	-	2,691,653	-	2,691,653
Total Assets	<u>\$ 4,217,846</u>	<u>\$ 3,372,733</u>	<u>\$ -</u>	<u>\$ 7,590,579</u>
LIABILITIES AND NET ASSETS:				
Liabilities:				
Accounts payable and accrued expenses	<u>\$ 5,653</u>	<u>\$ 417,323</u>	<u>\$ -</u>	<u>\$ 422,976</u>
Net assets	<u>4,212,193</u>	<u>2,955,410</u>	<u>-</u>	<u>7,167,603</u>
Total Liabilities and Net Assets	<u>\$ 4,217,846</u>	<u>\$ 3,372,733</u>	<u>\$ -</u>	<u>\$ 7,590,579</u>

See independent auditors' report on supplementary data

AMIGOS FOR CHRIST AND AFFILIATE

Consolidating Statement of Activities

Year Ended December 31, 2022

	Amigos for Christ (United States)	Amigos por Cristo (Nicaragua)	Eliminations	Total
SUPPORT AND REVENUE:				
Contributions	\$ 4,528,115	\$ 3,859,363	\$ (3,899,520)	\$ 4,487,958
Special events	90,299	-	-	90,299
Donated goods and services	5,275,898	-	-	5,275,898
Missions outreach	46,900	-	-	46,900
Investment income (loss)	(76,999)	4,588	-	(72,411)
Other	4,306	118,828	-	123,134
Total Support and Revenue	9,868,519	3,982,779	(3,899,520)	9,951,778
EXPENSES:				
Program services:				
Water and sanitation	1,304,432	1,010,841	(1,180,417)	1,134,856
Health care	5,291,856	182,182	(212,744)	5,261,294
Education and nutrition	818,862	449,654	(525,087)	743,429
Economic development	858,038	643,878	(802,480)	699,436
Missions outreach	501,419	229,952	(268,528)	462,843
Project support and leadership	1,420,950	730,710	(910,264)	1,241,396
	10,195,557	3,247,217	(3,899,520)	9,543,254
Supporting activities:				
General and administrative	199,356	254,302	-	453,658
Fundraising	142,793	-	-	142,793
	342,149	254,302	-	596,451
Total Expenses	10,537,706	3,501,519	(3,899,520)	10,139,705
Change in Net Assets before Translation Adjustment	(669,187)	481,260	-	(187,927)
Translation Adjustment	-	(57,042)	-	(57,042)
Change in Net Assets	(669,187)	424,218	-	(244,969)
Net Assets, Beginning of Year	4,212,193	2,955,410	-	7,167,603
Net Assets, End of Year	\$ 3,543,006	\$ 3,379,628	\$ -	\$ 6,922,634

See independent auditors' report on supplementary data

AMIGOS FOR CHRIST AND AFFILIATE

Consolidating Statement of Activities

Year Ended December 31, 2021

	Amigos for Christ <u>(United States)</u>	Amigos por Cristo <u>(Nicaragua)</u>	<u>Eliminations</u>	<u>Total</u>
SUPPORT AND REVENUE:				
Contributions	\$ 5,679,251	\$ 4,362,360	\$ (4,362,359)	\$ 5,679,252
Special events	10,631	-	-	10,631
Donated goods and services	2,905,221	-	-	2,905,221
Missions outreach	18,953	-	-	18,953
Investment income (loss)	(13,621)	1,291	-	(12,330)
Other	1,208	249,849	-	251,057
Total Support and Revenue	<u>8,601,643</u>	<u>4,613,500</u>	<u>(4,362,359)</u>	<u>8,852,784</u>
EXPENSES:				
Program services:				
Water and sanitation	1,503,366	858,156	(1,420,567)	940,955
Health care	2,835,853	368,969	(318,612)	2,886,210
Education and nutrition	763,238	481,399	(683,973)	560,664
Economic development	1,626,979	724,760	(1,029,741)	1,321,998
Missions outreach	470,113	192,666	(278,063)	384,716
Project support and leadership	1,189,761	444,398	(631,403)	1,002,756
	<u>8,389,310</u>	<u>3,070,348</u>	<u>(4,362,359)</u>	<u>7,097,299</u>
Supporting activities:				
General and administrative	182,166	224,830	-	406,996
Fundraising	128,840	-	-	128,840
	<u>311,006</u>	<u>224,830</u>	<u>-</u>	<u>535,836</u>
Total Expenses	<u>8,700,316</u>	<u>3,295,178</u>	<u>(4,362,359)</u>	<u>7,633,135</u>
Change in Net Assets before Translation Adjustment	(98,673)	1,318,322	-	1,219,649
Translation Adjustment	-	(55,831)	-	(55,831)
Change in Net Assets	(98,673)	1,262,491	-	1,163,818
Net Assets, Beginning of Year	<u>4,310,866</u>	<u>1,692,919</u>	<u>-</u>	<u>6,003,785</u>
Net Assets, End of Year	<u>\$ 4,212,193</u>	<u>\$ 2,955,410</u>	<u>\$ -</u>	<u>\$ 7,167,603</u>

See independent auditors' report on supplementary data