

A.G.C., Ltd.
(All God's Children)

Financial Statements

December 31, 2014

With Independent Auditors' Report



Independent Auditors' Report

To the Board of Directors
A.G.C., Ltd. (All God's Children)

We have audited the accompanying financial statements of A.G.C., Ltd. (All God's Children) (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets - modified cash basis as of December 31, 2014, and the related statements of revenues collected, expenses paid, and change in net assets - modified cash basis, and cash flows - modified cash basis, 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 the modified cash basis method of accounting as described in Note B; this includes determining that the modified cash basis method of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 of 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 assets, liabilities, and net assets - modified cash basis of A.G.C., Ltd. (All God's Children) as of December 31, 2014, and the related statements of revenues collected, expenses paid, and change in net assets - modified cash basis and cash flows - modified cash basis for the year then ended in accordance with the modified cash basis method of accounting as described in Note B.

Basis of Accounting

We draw attention to Note B of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis method of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Evenhouse & Co, P.C.
Elmhurst, Illinois
November 13, 2015

A.G.C., Ltd.
(All God's Children)

Statement of Assets, Liabilities, and Net Assets
Modified Cash Basis

December 31, 2014

Assets

Current Assets:

Cash & cash equivalents (See Note)	\$ 608,299.86
Investments, at fair market value (See Note)	<u>369,090.26</u>
Total Current Assets	<u>\$ 977,390.12</u>
Total Assets	<u><u>\$ 977,390.12</u></u>

Liabilities and Net Assets

Current Liabilities:

Total Current Liabilities	<u>\$ 0.00</u>
Total Liabilities	<u>\$ 0.00</u>

Net Assets:

Unrestricted, available for general use (See Note)	<u>\$ 977,390.12</u>
Total Net Assets	<u>\$ 977,390.12</u>
Total Liabilities and Net Assets	<u><u>\$ 977,390.12</u></u>

The accompanying notes are an integral part of these statements.

A.G.C., Ltd.
(All God's Children)

Statement of Revenues Collected, Expenses Paid, and Change in Net Assets
Modified Cash Basis

For the Year Ended December 31, 2014

Unrestricted Net Assets

Support:

Individuals & Churches	\$ 1,365,713.77
Dividends & Interest (net)	18,212.52
Net Investment Gain/(Loss)	<u>(7,539.32)</u>

Total Support

\$ 1,376,386.97

Expenses:

Program Service (See Schedule A)	\$ 1,027,115.30
Management & General (See Schedule B)	116,142.46
Fund Raising (See Schedule C)	<u>19,460.50</u>

Total Expenses

\$ 1,162,718.26

Change in Net Assets

\$ 213,668.71

Net Assets, Beginning of Year

763,721.41

Net Assets, End of Year

\$ 977,390.12

The accompanying notes are an integral part of these statements.

A.G.C., Ltd.
(All God's Children)

Statement of Cash Flows
Modified Cash Basis

For the Year Ended December 31, 2014

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows From Operating Activities:

Change in Unrestricted Net Assets \$ 213,668.71

**Adjustments to Reconcile Change in Net Assets to
Net Cash Provided by Operating Activities:**

Current year realized gain on sale of investments \$ (28,851.41)

Current year unrealized loss on investments 36,390.73

Prior year unrealized investment gain (21,281.86)

Total Adjustments \$ (13,742.54)

Net Cash Provided by Operating Activities \$ 199,926.17

Cash Flows From Investing Activities:

Investment purchases \$ (363,338.72)

Proceeds from the sale of investments 244,237.79

Net Cash Used in Investing Activities \$ (119,100.93)

Change in Cash and Cash Equivalents \$ 80,825.24

Cash and Cash Equivalents, Beginning of Year 527,474.62

Cash and Cash Equivalents, End of Year \$ 608,299.86

The accompanying notes are an integral part of these statements.

A.G.C., Ltd.
(All God's Children)

Notes to the Financial Statements

December 31, 2014

Note A – Nature of Activities

A.G.C., Ltd. (a.k.a. All God's Children) (the Organization) is a Christian organization organized as a Michigan nonprofit corporation. The primary purpose of A.G.C., Ltd. is sponsorship of abandoned, orphaned, or disadvantaged children and adults, primarily in third world countries. The initial efforts of the Organization were directed toward the support of a children's home in Honduras, known as Hogar De Ninos Nazareth. Since approximately 1990, the Organization has been a primary sponsor of the home, providing financial and volunteer support for health care and medical supplies, construction of facilities, education, and wages for staff. The focus of the Organization has expanded to support other ministries in Honduras. These include support for additional orphanages, a residential facility for developmentally disabled adults, a school for developmentally disabled children, and a residential facility for sexually abused young women and their children. The Organization has supported both volunteer work teams to Honduras, as well as encouraging visits by Honduran students and staff to the United States for cultural and educational opportunities.

Note B – Summary of Significant Accounting Policies

Basis of Accounting

A.G.C., Ltd. prepares its financial statements on the modified cash basis method of accounting; consequently, revenues are recognized when received rather than when earned, and expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor imposed restrictions.

Net Assets

The financial statements report amounts separately by class of net assets:

Unrestricted net assets are not subject to donor-imposed restrictions. Items that affect this net asset category principally consist of fees for services and related expenses associated with the core activities of the Organization. In addition to these exchange transactions, changes in this category of net assets include unrestricted cash and contributions, investments whose use is unrestricted, and property and equipment.

Temporarily restricted net assets are subject to donor-imposed restrictions that will be met either by actions of the Organization or the passage of time. Items that affect this category are gifts for which restrictions have not been met. These amounts are reclassified to unrestricted net assets when such restrictions are met or have expired. The Organization has no temporarily restricted net assets.

A.G.C., Ltd.
(All God's Children)

Notes to the Financial Statements

December 31, 2014

Note B – Summary of Significant Accounting Policies (continued)

Permanently restricted net assets are subject to donor-imposed restrictions to be maintained permanently by the Organization. Items that affect this category include gifts wherein donors stipulate that the corpus be held in perpetuity and only income be made available for program operations. The Organization has no permanently restricted net assets.

Estimates

The preparation of the financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash & Cash Equivalents

For purposes of these financial statements, the Organization considers all highly liquid investments, with maturities of three months or less when purchased, to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short term maturities of those financial instruments. The Organization maintains cash balances in two institutions; at times, balances exceed the \$250,000.00 federally insured limit.

Investments

Investments in equity securities with readily determinable values and all debt securities are reported at fair value. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments. Discounts and premiums paid on the acquisition of investments are not reflected in investment income by amortization, but are reflected as gains or losses on sale or redemption. Net realized and unrealized gains and losses are reported in investment income. Net realized gains or losses upon sales of securities are based on the average cost of the securities. Fair market values for marketable securities traded on national securities exchanges are determined by the last sales price on the last business day of the year. Donated investments are recorded at the fair value on the date of donation and thereafter carried in accordance with the above provisions.

A.G.C., Ltd.
(All God's Children)

Notes to the Financial Statements

December 31, 2014

Note B – Summary of Significant Accounting Policies (continued)

Support

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Contributions of assets other than cash are recorded at estimated fair value. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. When a donor stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Gifts of property and equipment and other long-lived assets are reported as unrestricted revenue and net assets unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as temporarily or permanently restricted revenue and net assets.

All other income is recorded when received.

The Organization receives its support from individual donor/sponsors, churches, private special donations from individuals and businesses, and fund raising activities. Volunteers conduct all fundraising activities. The Organization solicits sponsors primarily through churches and other personal contacts. They also distribute newsletters to donors on a regular basis requesting continued or increased support.

A substantial number of unpaid volunteers, including members of the Board of Directors, have made significant contributions of their time to the Organization's policy-making, program and support functions. The value of these contributed services has not been recognized in the financial statements as they do not meet the definition of skilled services under the applicable accounting standards.

Functional Allocation of Expenses

Expenses are recorded when incurred. The costs of providing various program and supporting activities have been summarized on a functional basis in the accompanying statement of activities. Accordingly, expenses have been allocated among the programs and supporting services benefited based on estimates made by management.

A.G.C., Ltd.
(All God's Children)

Notes to the Financial Statements

December 31, 2014

Note B – Summary of Significant Accounting Policies (continued)

Fair Value of Financial Instruments

The Organization follows the recommendations of the Financial Accounting Standards Board ("FASB") in its Accounting Standards Codification ("ASC") 820-10, Fair Value Measurements. Under FASB ASC 820-10, the Organization is required to report investments at fair market value. FASB ASC 820-10 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs that may be used to measure fair value:

Level 1 – Level 1 inputs are quoted prices in active markets for identical assets or liabilities.

Level 2 – Level 2 inputs generally are available indirect information, such as quoted prices for similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3 – Level 3 inputs are valuations derived from valuation techniques in which one or more significant value drivers are unobservable. All level 3 assets are carried at fair value based on estimates using appropriate valuation techniques such as the market approach, the income approach and finally the cost approach.

Compensated Absences

The Organization does not accrue vacation time.

Subsequent Events

Management has evaluated subsequent events through November 13, 2015, the date the financial statements were available to be issued.

A.G.C., Ltd.
(All God's Children)

Notes to the Financial Statements

December 31, 2014

Note B – Summary of Significant Accounting Policies (continued)

Income Tax Status

A.G.C., Ltd. is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law, except for taxes pertaining to unrelated business income, if any. The Organization has been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). The Organization did not have any taxable unrelated business income during the year ended December 31, 2014. The Organization has not been examined by any major tax jurisdiction; therefore, all eligible years (2012-2014) are subject to examination.

The Organization has adopted the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Examples of tax positions include the tax-exempt status of the Organization and the continued tax-exempt status of various positions related to the potential sources of unrelated business taxable income (UBTI). At December 31, 2014, there were no unrecognized tax benefits identified or recorded as liabilities.

Note C – Investments

Investments as of December 31, 2014 are as follows:

	<u>Original Cost</u>	<u>Fair Market Value</u>
Barnabas Long Term Growth Fund	\$ 362,918.39	\$ 369,090.26
Total	\$ 362,918.39	\$ 369,090.26

Investments are held by Barnabas Foundation. All investments are available for sale. A.G.C., Ltd. had \$36,390.73 of unrealized losses and \$28,851.41 of realized gains during 2014. Investment expenses totaled \$1,553.26 and have been netted against dividend, interest and capital gain income. Proceeds from the available for sale investment securities during the year ended December 31, 2014, totaled \$244,237.79.

A.G.C., Ltd.
(All God's Children)

Notes to the Financial Statements

December 31, 2014

Note C – Investments (continued)

Fair values of assets measured on a recurring basis at December 31, 2014 are as follows:

<u>December 31, 2014</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Barnabas Long Term Growth Fund				
Cash Fund	\$ 189.39	\$ 189.39	\$ -0-	\$ -0-
Core Fixed Income	11,389.66	-0-	11,389.66	-0-
Large Cap Equity	42,462.96	-0-	42,462.96	-0-
Small/Mid Cap Equity	19,426.52	-0-	19,426.52	-0-
International Equity	32,971.30	-0-	32,971.30	-0-
Emerging Markets	14,344.87	-0-	14,344.87	-0-
Global Equity Fund	55,001.46	-0-	55,001.46	-0-
Private Equity Fund	37,338.05	-0-	-0-	37,338.05
Low Volatility Fund	74,412.14	-0-	-0-	74,412.14
Global Asset Alloc.	36,745.46	-0-	36,745.46	-0-
Oppty. Fixed Inc. Fd	44,808.45	-0-	-0-	44,808.45
Total Barnabas Long Term Growth Fund	<u>\$ 369,090.26</u>	<u>\$ 189.39</u>	<u>\$ 212,342.23</u>	<u>\$ 156,558.64</u>

A.G.C., Ltd.
(All God's Children)

Notes to the Financial Statements

December 31, 2014

Note C – Investments (continued)

The following is a reconciliation of investments in securities for which significant unobservable inputs (Level 3) were used in determining value:

	Barnabas Long Term Growth Fund
Balance as of December 31, 2013	\$ 11,118.16
Purchases	154,118.99
Income (net of fees)	518.64
Sales	(11,453.55)
Unrealized Gain on Investment	<u>2,256.40</u>
Balance as of December 31, 2014	<u>\$ 156,558.64</u>

Level 3 Fair Value Measurements

The Barnabas Long Term Growth Fund invests in five alternative investment funds as part of the Barnabas Foundation Common Trust Fund, consisting of investments in limited partnerships and limited liability companies made at the sole discretion of the managers of the funds. To achieve their investment objectives, certain funds invest in securities that are not readily marketable or otherwise involve special consideration, including, but not limited to, regulatory or other legal restrictions, which may result in the inability of the underlying investment entity to sell such securities, thereby forcing the fund to incur potentially significant losses. The determination of fair value of these securities involves the use of estimates, which is subjective and involves the good faith and judgment of the respective professional managers.

Note D – Unrestricted Net Assets Subject to Board Designation

There are no board designated unrestricted net assets as of December 31, 2014.

Supplementary Information



Independent Auditors' Report on Supplementary Information

To the Board of Directors
A.G.C., Ltd. (All God's Children)

We have audited the accompanying financial statements of A.G.C., Ltd. (All God's Children) (a nonprofit organization) as of December 31, 2014, and our report thereon dated November 13, 2015, which expressed an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplementary Schedules of Expenses are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Evenhouse & Co, P.C.
Elmhurst, Illinois
November 13, 2015

A.G.C., Ltd.
(All God's Children)
Schedules of Expenses
Modified Cash Basis
For the Year Ended December 31, 2014

Schedule A

Program Service:

Sponsorship, Support & Education	\$ 741,524.71
Serve Projects	255,590.59
Special Projects	<u>30,000.00</u>
Total Program Service	<u>\$ 1,027,115.30</u>

Schedule B

Management & General:

Bank Charges	\$ 2,553.81
Telephone	3,981.35
Legal & Professional	10,655.00
Miscellaneous Expenses	57.55
Foreign Exchange Difference	81.61
Insurance	30,289.58
Salaries & Wages	63,654.00
Payroll Taxes	<u>4,869.56</u>
Total Management & General	<u>\$ 116,142.46</u>

Schedule C

Fund Raising:

Postage	\$ 4,010.00
Printing & Publications	1,836.98
Promotion	<u>13,613.52</u>
Total Fund Raising	<u>\$ 19,460.50</u>