

**Memorial Assistance Ministries**

Financial Statements  
and Independent Auditors' Report  
for the years ended December 31, 2014 and 2013

# Memorial Assistance Ministries

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## Independent Auditors' Report

To the Board of Directors of  
Memorial Assistance Ministries:

We have audited the accompanying financial statements of Memorial Assistance Ministries, which comprise the statements of financial position as of December 31, 2014 and 2013 and the related statements of activities, of cash flows, and of functional expenses for the years then ended, and the related notes to the financial statements.

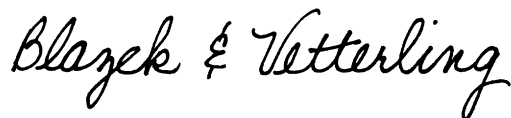
**Management's Responsibility for the Financial Statements** – Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance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

**Auditors' Responsibility** – Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform our audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion** – In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Memorial Assistance Ministries as of December 31, 2014 and 2013 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



March 25, 2015

## Memorial Assistance Ministries

Statements of Financial Position as of December 31, 2014 and 2013

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	<u>2014</u>	<u>2013</u>
ASSETS		
Cash	\$ 1,144,953	\$ 1,140,368
Receivables and prepaid expenses	62,508	57,337
Certificates of deposit	500,588	250,189
Resale shop inventory	339,473	292,531
Investments ( <i>Notes 3 and 6</i> )	931,600	904,710
Cash held for property expansion	158,087	117,824
Pledges receivable, net ( <i>Note 2</i> )	245,825	337,005
Property, net ( <i>Note 4</i> )	<u>6,256,981</u>	<u>6,391,916</u>
TOTAL ASSETS	<u>\$ 9,640,015</u>	<u>\$ 9,491,880</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued liabilities	<u>\$ 42,638</u>	<u>\$ 46,406</u>
Net assets:		
Unrestricted ( <i>Notes 5 and 6</i> )	8,976,605	8,763,464
Temporarily restricted ( <i>Note 7</i> )	<u>620,772</u>	<u>682,010</u>
Total net assets	<u>9,597,377</u>	<u>9,445,474</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,640,015</u>	<u>\$ 9,491,880</u>

*See accompanying notes to financial statements.*

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## Memorial Assistance Ministries

Statement of Activities for the year ended December 31, 2014

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	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
REVENUE:			
In-kind contributions ( <i>Note 8</i> )	\$ 1,618,855		\$ 1,618,855
Contributions	713,271	\$ 617,398	1,330,669
Special event	353,425		353,425
Direct donor benefit costs of special event	(17,057)		(17,057)
Resale store sales of donated items	1,508,766		1,508,766
Cost of donated goods sold	(1,483,197)		(1,483,197)
Government contracts	197,299		197,299
Program fees	114,895		114,895
Investment return, net ( <i>Note 3</i> )	<u>27,748</u>	<u>          </u>	<u>27,748</u>
Total revenue	3,034,005	617,398	3,651,403
Net assets released from restrictions:			
Program expenditures	576,747	(576,747)	
Expiration of time restrictions	34,000	(34,000)	
Capital projects	<u>67,889</u>	<u>(67,889)</u>	<u>          </u>
Total	<u>3,712,641</u>	<u>(61,238)</u>	<u>3,651,403</u>
EXPENSES:			
Program services:			
Family assistance	1,509,094		1,509,094
Family education	768,045		768,045
Resale store	<u>743,871</u>		<u>743,871</u>
Total program services	3,021,010		3,021,010
Management and general	179,383		179,383
Fundraising	<u>299,107</u>		<u>299,107</u>
Total expenses	<u>3,499,500</u>		<u>3,499,500</u>
CHANGES IN NET ASSETS	213,141	(61,238)	151,903
Net assets, beginning of year	<u>8,763,464</u>	<u>682,010</u>	<u>9,445,474</u>
Net assets, end of year	<u>\$ 8,976,605</u>	<u>\$ 620,772</u>	<u>\$ 9,597,377</u>

*See accompanying notes to financial statements.*

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## Memorial Assistance Ministries

Statement of Activities for the year ended December 31, 2013

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	<u>UNRESTRICTED</u>	TEMPORARILY <u>RESTRICTED</u>	<u>TOTAL</u>
REVENUE:			
In-kind contributions ( <i>Note 8</i> )	\$ 1,443,959		\$ 1,443,959
Contributions	647,476	\$ 704,275	1,351,751
Special event	384,829		384,829
Direct donor benefit costs of special event	(63,975)		(63,975)
Resale store sales of donated items	1,300,137		1,300,137
Cost of donated goods sold	(1,276,706)		(1,276,706)
Government contracts	195,378		195,378
Investment return, net ( <i>Note 3</i> )	<u>55,433</u>		<u>55,433</u>
Total revenue	2,686,531	704,275	3,390,806
Net assets released from restrictions:			
Program expenditures	547,367	(547,367)	
Redesignation by donor to board-designated endowment	250,000	(250,000)	
Expiration of time restrictions	36,373	(36,373)	
Capital projects	<u>79,801</u>	<u>(79,801)</u>	
Total	<u>3,600,072</u>	<u>(209,266)</u>	<u>3,390,806</u>
EXPENSES:			
Program services:			
Family assistance	1,463,061		1,463,061
Family education	421,487		421,487
Resale store	<u>662,650</u>		<u>662,650</u>
Total program services	2,547,198		2,547,198
Management and general	191,674		191,674
Fundraising	<u>314,425</u>		<u>314,425</u>
Total expenses	<u>3,053,297</u>		<u>3,053,297</u>
CHANGES IN NET ASSETS	546,775	(209,266)	337,509
Net assets, beginning of year	<u>8,216,689</u>	<u>891,276</u>	<u>9,107,965</u>
Net assets, end of year	<u>\$ 8,763,464</u>	<u>\$ 682,010</u>	<u>\$ 9,445,474</u>

*See accompanying notes to financial statements.*

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## Memorial Assistance Ministries

### Statements of Cash Flows for the years ended December 31, 2014 and 2013

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	<u>2014</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ 151,903	\$ 337,509
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	210,810	216,652
Contributions restricted for property expansion		(4,109)
Net realized and unrealized gain on investments	(9,255)	(43,852)
Changes in operating assets and liabilities:		
Receivables and prepaid expenses	(5,171)	(17,735)
Resale shop inventory	(46,942)	(59,334)
Pledges receivable (excluding capital campaign)	(10,570)	85,113
Accounts payable and accrued liabilities	<u>(3,768)</u>	<u>(10,857)</u>
Net cash provided by operating activities	<u>287,007</u>	<u>503,387</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	(603,109)	(561,482)
Proceeds from sale of investments	316,137	5,254
Change in cash and money market funds held for investment	269,337	(304,630)
Change in cash held as board-designated endowment		600,000
Change in cash held for property expansion	(40,263)	366,707
Purchases of property	(75,875)	(304,812)
Net change in certificate of deposit	<u>(250,399)</u>	<u>(250,189)</u>
Net cash used by investing activities	<u>(384,172)</u>	<u>(449,152)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from contributions restricted for property expansion	<u>101,750</u>	<u>207,876</u>
NET CHANGE IN CASH	4,585	262,111
Cash, beginning of year	<u>1,140,368</u>	<u>878,257</u>
Cash, end of year	<u>\$ 1,144,953</u>	<u>\$ 1,140,368</u>

*See accompanying notes to financial statements.*

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## Memorial Assistance Ministries

### Statement of Functional Expenses for the year ended December 31, 2014

EXPENSES	PROGRAM SERVICES				SUPPORTING SERVICES		TOTAL EXPENSES
	FAMILY ASSISTANCE	FAMILY EDUCATION	RESALE STORE	TOTAL	MANAGEMENT AND GENERAL	FUNDRAISING	
Salaries and related costs	\$ 356,412	\$ 497,247	\$ 461,293	\$ 1,314,952	\$ 109,823	\$ 226,825	\$ 1,651,600
Direct assistance	1,029,678	30,410		1,060,088			1,060,088
Professional services	31,126	129,881	24,789	185,796	36,163	14,253	236,212
Depreciation	38,320	41,563	112,518	192,401	10,182	8,227	210,810
Utilities	9,310	8,316	36,946	54,572	2,957	2,367	59,896
Supplies	5,597	21,297	16,244	43,138	3,896	6,602	53,636
Insurance	7,353	6,694	32,928	46,975	4,339	1,989	53,303
Printing and postage	2,470	3,140	1,257	6,867	465	16,886	24,218
Repairs and maintenance	3,563	3,183	13,854	20,600	1,132	905	22,637
Professional development	3,112	10,435	6,895	20,442	917	1,067	22,426
Equipment rental	12,459	7,477		19,936			19,936
Marketing expense	300	879	6,051	7,230	1,072	11,543	19,845
Communications	6,865	6,075	2,449	15,389	1,361	1,361	18,111
Other	2,529	1,448	28,647	32,624	7,076	7,082	46,782
Total expenses	<u>\$ 1,509,094</u>	<u>\$ 768,045</u>	<u>\$ 743,871</u>	<u>\$ 3,021,010</u>	<u>\$ 179,383</u>	<u>\$ 299,107</u>	3,499,500
Direct donor benefit costs of special event							<u>17,057</u>
Total							<u>\$ 3,516,557</u>

*See accompanying notes to financial statements.*

## Memorial Assistance Ministries

### Statement of Functional Expenses for the year ended December 31, 2013

EXPENSES	PROGRAM SERVICES			TOTAL	SUPPORTING SERVICES		TOTAL EXPENSES
	FAMILY ASSISTANCE	FAMILY EDUCATION	RESALE STORE		MANAGEMENT AND GENERAL	FUNDRAISING	
Salaries and related costs	\$ 318,019	\$ 278,918	\$ 394,576	\$ 991,513	\$ 121,840	\$ 261,824	\$ 1,375,177
Direct assistance	1,010,604	13,284		1,023,888			1,023,888
Professional services	31,780	26,613	21,416	79,809	33,846	6,322	119,977
Depreciation	50,657	35,002	110,188	195,847	13,763	7,042	216,652
Utilities	10,064	7,208	35,792	53,064	4,112	1,762	58,938
Supplies	6,186	35,631	19,517	61,334	3,469	2,999	67,802
Insurance	7,498	5,135	31,855	44,488	4,548	1,361	50,397
Printing and postage	2,221	493	1,780	4,494	525	12,540	17,559
Repairs and maintenance	2,768	1,992	9,831	14,591	1,225	486	16,302
Professional development	4,384	1,914	4,336	10,634	1,023	1,930	13,587
Equipment rental	10,630	6,936		17,566			17,566
Marketing expense	339	2,283	6,717	9,339	818	5,379	15,536
Communications	6,645	5,625	2,537	14,807	1,409	1,409	17,625
Other	1,266	453	24,105	25,824	5,096	11,371	42,291
Total expenses	<u>\$ 1,463,061</u>	<u>\$ 421,487</u>	<u>\$ 662,650</u>	<u>\$ 2,547,198</u>	<u>\$ 191,674</u>	<u>\$ 314,425</u>	3,053,297
Direct donor benefit costs of special event							<u>63,975</u>
Total							<u>\$ 3,117,272</u>

*See accompanying notes to financial statements.*

## Memorial Assistance Ministries

Notes to Financial Statements for the years ended December 31, 2014 and 2013

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### NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – Memorial Assistance Ministries (MAM) is a nonprofit corporation supported by member churches in the Houston area to provide basic needs services to those in need on the west and near northwest side of Houston. Its mission is to address the needs of families and individuals who find themselves in temporary crisis and in need of assistance to maintain self-sufficiency and avoid homelessness. MAM provides services to the community through the following programs:

*Family Assistance* helps families facing financial crisis avoid homelessness. This program provides cash and other assistance in the following areas:

- MAM helps families with assistance funds in two ways. The first, MAM Assistance, is a one-visit immediate third party bill payment for rent or utilities. It is available to clients once a year for a partial bill payment. In 2014, MAM served 1,669 families and paid up to \$240 per family for crisis assistance and 80% were still housed 90 days post assistance. In 2013, MAM served 1,682 families for crisis assistance and paid up to \$180 per family per year. 76% of families were still housed 90 days post assistance.
- The second approach is Case Managed Assistance which supports a family in decreasing amounts for 3 months while the wage earner(s) find or return to work, balance their budgets, access public benefits, if appropriate, and pay off debt. In 2014, 219 families received case managed assistance through three program models. The average expenditure per family was \$1,879. 93% of families supported in this program were still housed 90 days post assistance. In 2013, 260 families received case managed assistance and the average expenditure per family was \$1,226. 85% of families were still housed 90 days post assistance.
- Medical/Health provides clients with referrals and assistance for a doctor or dentist visit or a medical prescription. A total of 707 clients were provided with healthcare referrals or assistance through this service in 2014 and 927 in 2013.
- Food/Household provides two area food pantries with direct financial assistance and refers our eligible clients in their direction. MAM also provides families with home care packs (cleaning and toiletries) and with sack lunches to those who show up in our offices hungry.
- Clothing is provided to qualified MAM clients by issuing vouchers that may be used in the resale store. A total of 1,293 families qualified for clothing through the MAM Resale Store at no cost in 2014 and 1,261 in 2013.
- Transportation – Metro money or gasoline vouchers are given to clients seeking jobs or newly employed, or to those needing assistance getting to a doctor, dentist or pharmacy. MAM provided transportation to 1,051 clients in 2014 and 994 in 2013.
- Programs for children in schools – The *Back to School* program provides school children with uniforms and school supplies. A total of 5,568 students received such assistance in 2014 and 5,925 in 2013. The *I Can See* program provides vision testing and glasses for school children. A total of 296 children benefitted from professional eye exams and new prescription glasses in 2014 and 318 in 2013.

*Family Education* – MAM provides programming to support families who are working to improve their financial circumstances. This program provides assistance as follows:

- Employment services – MAM assists clients seeking employment by providing them with the education, tools, and support needed to obtain gainful employment in order to stabilize their family.

Computer classes, financial literacy, and other programs are provided throughout the year. In 2014, 688 people were provided with employment services. 68% of those who completed all workshops found jobs. In 2013, 606 people were provided with employment services. 66% of those who completed all workshops found jobs.

- Six levels of English language classes are also provided by MAM for a total of 62 classes at 5 sites in 2014 and 45 classes at 5 sites in 2013. In 2014, 382 adults completed the *English as a Second Language* class and 34 students took the Citizenship Preparation classes and 6 have become citizens of the United States of America. In 2013, 324 adults completed the *English as a Second Language* class and 10 students took Citizenship Preparation classes and became citizens of the United States of America.
- In 2014, 185 families benefited from the *Family Counseling Program*.
- Immigration Program – In partnership with Catholic Charities’ Cabrini Center for Immigration Legal Services, MAM makes immigration education and application assistance available to the community. Clients may attend information sessions and have a brief consultation with an attorney or legal case worker at no cost. If the case is eligible for our services, a consultation fee will be charged at intake. In 2014, MAM offered these services for twelve months and served 274 unduplicated individuals. Also in 2014, MAM hosted 50 informational sessions, completed 696 filings, including 225 adjustments of status, 58 family petitions, and 161 employment authorizations. In 2013, MAM offered these services for two months and educated 14 clients, 7 of them qualified for intake interviews. Those 7 clients included Family Petition, DACA, Application for Employment Authorization Documents and an Adjustment of Status for a Refugee.

*Resale Store* – The MAM Resale Store sells donated goods to provide a low cost source of clothing, furniture, books, toys, and household goods to families served by MAM and others in the community. The store is staffed with 75 regular MAM volunteers and serves as a site for court-ordered community service and local volunteer organizations. Students from MAM’s *English as a Second Language* classes also volunteer in order to improve their conversation skills.

Federal income tax status – MAM is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code and is classified as a public charity under §509(a)(2). MAM files annual federal information returns that are subject to routine examination; however, there are no examinations for any tax periods currently in progress. MAM believes it is no longer subject to examinations of returns for tax years ended before December 31, 2011.

Cash concentration – Bank deposits exceed the federally insured limit per depositor per institution.

Certificates of deposit are non-negotiable, bank time-deposits reported at face value plus accrued interest maturing in terms of 3 to 6 months.

Resale shop inventory is carried at the lower of cost or market. Donated resale store merchandise is valued at estimated fair value on the date of the gift.

Investments are reported at fair value. Investment income is reported in the statement of activities as an increase in unrestricted net assets unless the use of the income is limited by donor-imposed restrictions. Investment return whose use is restricted by the donor is reported as an increase in temporarily restricted net assets until expended in accordance with donor-imposed restrictions.

Pledges receivable that are expected to be collected within one year are reported at net realizable value. Pledges receivable that are expected to be collected after one year are discounted, if material, to estimate the present value of future cash flows.

Property is reported at cost if purchased or at fair value at the date of gift if donated. Generally, acquisitions of property and equipment in excess of \$500 are capitalized. Depreciation is provided using the straight-line method over estimated useful lives of 5 to 40 years.

Net asset classification – Contributions and the related net assets are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Unrestricted net assets* include those net assets whose use is not restricted by donor-imposed stipulations, even though their use may be limited in other respects, such as by contract or board designation.
- *Temporarily restricted net assets* include contributions restricted by the donor for specific purposes or future time periods. When a purpose restriction is accomplished or a time restriction ends, temporarily restricted net assets are released to unrestricted net assets.

Contributions are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are classified as restricted support.

Donated materials and services – Donated materials are recognized at fair value as unrestricted contributions when an unconditional commitment is received from the donor. The related expense is recognized as the item is used. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

A substantial number of volunteers have contributed significant amounts of time in connection with programs, administration, and fundraising for which no amount has been recorded in the financial statements because the donated services did not meet the criteria for recognition under generally accepted accounting principles. The hours contributed by volunteers approximated 56,000 in 2014 and 58,000 in 2013 primarily in the Resale Store and the Family Assistance programs.

Resale store sales of donated inventory are recognized as revenue at the time of sale.

Cost of donated goods sold is based on the estimated fair value of the goods that are sold in the resale store.

Government contracts revenue is recognized when the related services are provided.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts reported as revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

## **NOTE 2 – PLEDGES RECEIVABLE**

Pledges receivable at December 31, 2014 are expected to be collected as follows:

2015	\$ 245,825
2016	<u>5,000</u>
Total pledges receivable	250,825
Allowance for doubtful accounts	<u>(5,000)</u>
Pledges receivable, net	<u>\$ 245,825</u>

At December 31, 2014, approximately 70% of pledges are restricted for the property expansion capital campaign.

*Concentration* – At December 31, 2014, approximately 35% of pledges receivable are due from three contributors. At December 31, 2013, approximately 39% of pledges receivable are due from three contributors.

### NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Generally accepted accounting principles require that certain assets and liabilities be reported at fair value and establish a hierarchy that prioritizes inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are as follows:

- *Level 1* – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the reporting date.
- *Level 2* – Inputs are other than quoted prices included in Level 1, which are either directly observable or can be derived from or corroborated by observable market data at the reporting date.
- *Level 3* – Inputs are not observable and are based on the reporting entity’s assumptions about the inputs market participants would use in pricing the asset or liability.

Investments measured at fair value at December 31, 2014 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Domestic equity securities:				
Large-cap	\$ 370,487			\$ 370,487
Mid-cap	144,138			144,138
Small-cap	30,958			30,958
Corporate bonds		\$ 249,297		249,297
International equity exchange-traded fund	75,554			75,554
Mutual funds:				
Money market	35,293			35,293
Small-cap equity	<u>25,873</u>			<u>25,873</u>
Total investments measured at fair value	<u>\$ 682,303</u>	<u>\$ 249,297</u>	<u>\$ 0</u>	<u>\$ 931,600</u>

Investments measured at fair value at December 31, 2013 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Domestic equity securities:				
Large-cap	\$ 216,881			\$ 216,881
Mid-cap	95,502			95,502
Small-cap	14,615			14,615
International equity exchange-traded fund	78,825			78,825
Mutual funds:				
Money market	304,630			304,630
Small-cap equity	25,266			25,266
Fixed-income	<u>168,991</u>			<u>168,991</u>
Total investments measured at fair value	<u>\$ 904,710</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 904,710</u>

Valuation methods used for investments measured at fair value are as follows:

- *Equity securities* and *exchange-traded funds* are valued at the closing price reported on the active market on which the individual securities or funds are traded.
- *Corporate bonds* are valued using prices obtained from independent quotation bureaus that use computerized valuation formulas which may include market-corroborated inputs for credit risk factors, interest rate and yield curves and broker quotes to calculate fair values.
- *Mutual funds* are valued at the net asset value of shares held.

These valuation methods may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while MAM believes its valuation methods are appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date.

Investments are exposed to various risks such as interest rate, market, and credit risks. Because of these risks, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position and statement of activities.

Investment return includes earnings on cash and consists of the following:

	<u>2014</u>	<u>2013</u>
Interest and dividends	\$ 18,493	\$ 11,581
Net realized and unrealized gain	<u>9,255</u>	<u>43,852</u>
Investment return, net	<u>\$ 27,748</u>	<u>\$ 55,433</u>

#### **NOTE 4 – PROPERTY**

Property consists of the following:

	<u>2014</u>	<u>2013</u>
Land and improvements	\$ 790,105	\$ 790,105
Buildings	6,235,576	6,235,576
Equipment, furniture, and fixtures	321,814	289,918
Construction in progress	<u>53,288</u>	<u>9,308</u>
Total property, at cost	7,400,783	7,324,907
Accumulated depreciation	<u>(1,143,802)</u>	<u>(932,991)</u>
Property, net	<u>\$ 6,256,981</u>	<u>\$ 6,391,916</u>

#### **NOTE 5 – UNRESTRICTED NET ASSETS**

Unrestricted net assets consist of the following:

	<u>2014</u>	<u>2013</u>
Undesignated	\$ 1,788,024	\$ 1,466,838
Property, net	6,256,981	6,391,916
Board-designated endowment	<u>931,600</u>	<u>904,710</u>
Total unrestricted net assets	<u>\$ 8,976,605</u>	<u>\$ 8,763,464</u>

## NOTE 6 – BOARD-DESIGNATED ENDOWMENT

The MAM Endowment Fund is a board-designated endowment established by the Board of Directors for the purpose of assisting MAM in meeting its operating needs.

Changes in net assets of the board-designated endowment funds are as follows:

	<u>UNRESTRICTED</u>	TEMPORARILY <u>RESTRICTED</u>	PERMANENTLY <u>RESTRICTED</u>	<u>TOTAL</u>
Endowment net assets, December 31, 2012	\$ 600,000	\$ 0	\$ 0	\$ 600,000
Transfer	250,000			250,000
Investment return:				
Interest and dividends	10,858			10,858
Net realized and unrealized gain	<u>43,852</u>			<u>43,852</u>
Net investment return	<u>54,710</u>			<u>54,710</u>
Endowment net assets, December 31, 2013	<u>904,710</u>	<u>0</u>	<u>0</u>	<u>904,710</u>
Investment return:				
Interest and dividends	17,635			17,635
Net realized and unrealized gain	<u>9,255</u>			<u>9,255</u>
Net investment return	<u>26,890</u>			<u>26,890</u>
Endowment net assets, December 31, 2014	<u>\$ 931,600</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 931,600</u>

### Investment and Spending Policies

The primary objective of the endowment fund is long-term appreciation. MAM's objective for the endowment's investment portfolio is moderate capital growth while achieving performance at least equal to appropriate benchmarks, and with some focus on income for distribution to MAM. Short-term investments should utilize enhanced cash management with emphasis on protection of principal and current income. The long-term objective is to achieve an absolute return to support the spending objectives of the fund. These objectives are anticipated to continue without significant modification in perpetuity.

Spending policies include provisions for appropriating up to 50% of the prior year dividends and interest earned on the fund to be withdrawn at the start of each calendar year and used for ongoing support of operations. Funds may be withdrawn in the event of an emergency, unbudgeted maintenance, or unbudgeted capital requirements, with the approval of the Board of Directors.

## NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2014</u>	<u>2013</u>
Property expansion	\$ 323,148	\$ 391,034
Student education program	89,546	95,962
Vision and medical assistance	59,479	10,169
Employment services	58,752	57,771
Future operations	45,000	79,000
Infrastructure development	27,200	
Other	<u>17,647</u>	<u>48,074</u>
Total temporarily restricted net assets	<u>\$ 620,772</u>	<u>\$ 682,010</u>

## NOTE 8 – IN-KIND CONTRIBUTIONS

The majority of items sold in the MAM Resale Store are contributed by the general public. The fair value of these contributions is based on the estimated sale price of each item and is recognized in the financial statements as in-kind contributions. In-kind contributions are as follows:

	<u>2014</u>	<u>2013</u>
Resale store donated goods	\$ 1,507,905	\$ 1,317,810
Program services:		
Clothing, hygiene and other items	60,048	61,551
Christmas Share program supplies	42,885	47,587
Other	<u>8,017</u>	<u>17,011</u>
Total in-kind contributions	<u>\$ 1,618,855</u>	<u>\$ 1,443,959</u>

## NOTE 9 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 25, 2015, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.