

**Memorial Assistance Ministries**

Financial Statements  
and Independent Auditors' Report  
for the years ended December 31, 2016 and 2015

# Memorial Assistance Ministries

## Table of Contents

---

	Page
<b>Independent Auditors' Report</b>	1
<b>Financial Statements:</b>	
Statements of Financial Position as of December 31, 2016 and 2015	2
Statement of Activities for the year ended December 31, 2016	3
Statement of Activities for the year ended December 31, 2015	4
Statements of Cash Flows for the years ended December 31, 2016 and 2015	5
Statement of Functional Expenses for the year ended December 31, 2016	6
Statement of Functional Expenses for the year ended December 31, 2015	7
Notes to Financial Statements for the years ended December 31, 2016 and 2015	8

---

**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, 2016 and 2015 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, 2016 and 2015 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.

*Blazek & Vetterling*

March 23, 2017

## Memorial Assistance Ministries

Statements of Financial Position as of December 31, 2016 and 2015

---

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash	\$ 2,403,384	\$ 1,738,170
Receivables and prepaid expenses	93,622	83,885
Certificates of deposit		250,610
Resale store inventory	330,969	339,932
Contributions receivable, net ( <i>Note 2</i> )	417,149	312,636
Investments ( <i>Notes 3 and 6</i> )	963,587	906,849
Cash held for property expansion	224,779	315,587
Property, net ( <i>Note 4</i> )	<u>5,983,050</u>	<u>6,096,838</u>
TOTAL ASSETS	<u>\$10,416,540</u>	<u>\$10,044,507</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued liabilities	<u>\$ 64,392</u>	<u>\$ 45,393</u>
Net assets:		
Unrestricted ( <i>Notes 5 and 6</i> )	9,642,625	9,214,440
Temporarily restricted ( <i>Note 7</i> )	<u>709,523</u>	<u>784,674</u>
Total net assets	<u>10,352,148</u>	<u>9,999,114</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$10,416,540</u>	<u>\$10,044,507</u>

*See accompanying notes to financial statements.*

---

## Memorial Assistance Ministries

Statement of Activities for the year ended December 31, 2016

---

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
REVENUE:			
In-kind contributions ( <i>Note 8</i> )	\$ 1,621,548		\$ 1,621,548
Contributions	1,240,800	\$ 893,230	2,134,030
Special event	513,592		513,592
Direct donor benefit costs of special event	(31,508)		(31,508)
Resale store sales	1,573,635		1,573,635
Cost of donated goods sold	(1,552,955)		(1,552,955)
Government contracts	185,788		185,788
Program fees and other revenue	85,963		85,963
Investment return, net ( <i>Note 3</i> )	<u>57,442</u>		<u>57,442</u>
Total revenue	3,694,305	893,230	4,587,535
Net assets released from restrictions:			
Program expenditures	784,512	(784,512)	
Expiration of time restrictions	98,000	(98,000)	
Capital projects	<u>85,869</u>	<u>(85,869)</u>	
Total	<u>4,662,686</u>	<u>(75,151)</u>	<u>4,587,535</u>
EXPENSES:			
Program services:			
Family assistance	1,661,351		1,661,351
Family education	1,083,372		1,083,372
Resale store	<u>848,702</u>		<u>848,702</u>
Total program services	3,593,425		3,593,425
Management and general	208,522		208,522
Fundraising	<u>432,554</u>		<u>432,554</u>
Total expenses	<u>4,234,501</u>		<u>4,234,501</u>
CHANGES IN NET ASSETS	428,185	(75,151)	353,034
Net assets, beginning of year	<u>9,214,440</u>	<u>784,674</u>	<u>9,999,114</u>
Net assets, end of year	<u>\$ 9,642,625</u>	<u>\$ 709,523</u>	<u>\$10,352,148</u>

*See accompanying notes to financial statements.*

---

## Memorial Assistance Ministries

Statement of Activities for the year ended December 31, 2015

---

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
REVENUE:			
In-kind contributions ( <i>Note 8</i> )	\$ 1,706,659		\$ 1,706,659
Contributions	1,158,928	\$ 751,665	1,910,593
Special event	344,316		344,316
Direct donor benefit costs of special event	(26,607)		(26,607)
Resale store sales	1,625,620		1,625,620
Cost of donated goods sold	(1,603,923)		(1,603,923)
Government contracts	170,632		170,632
Program fees and other revenue	85,840		85,840
Investment return, net ( <i>Note 3</i> )	<u>(23,802)</u>	<u>                    </u>	<u>(23,802)</u>
Total revenue	3,437,663	751,665	4,189,328
Net assets released from restrictions:			
Program expenditures	565,263	(565,263)	
Expiration of time restrictions	15,000	(15,000)	
Capital projects	<u>7,500</u>	<u>(7,500)</u>	<u>                    </u>
Total	<u>4,025,426</u>	<u>163,902</u>	<u>4,189,328</u>
EXPENSES:			
Program services:			
Family assistance	1,595,738		1,595,738
Family education	833,919		833,919
Resale store	<u>780,073</u>		<u>780,073</u>
Total program services	3,209,730		3,209,730
Management and general	198,313		198,313
Fundraising	<u>379,548</u>		<u>379,548</u>
Total expenses	<u>3,787,591</u>		<u>3,787,591</u>
CHANGES IN NET ASSETS	237,835	163,902	401,737
Net assets, beginning of year	<u>8,976,605</u>	<u>620,772</u>	<u>9,597,377</u>
Net assets, end of year	<u>\$ 9,214,440</u>	<u>\$ 784,674</u>	<u>\$ 9,999,114</u>

*See accompanying notes to financial statements.*

---

## Memorial Assistance Ministries

### Statements of Cash Flows for the years ended December 31, 2016 and 2015

---

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ 353,034	\$ 401,737
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	226,514	222,391
Net realized and unrealized (gain) loss on investments	(47,728)	38,380
Changes in operating assets and liabilities:		
Receivables and prepaid expenses	(9,737)	(21,377)
Resale store inventory	8,963	(459)
Contributions receivable (excluding property expansion)	(109,513)	(228,811)
Accounts payable and accrued liabilities	<u>18,999</u>	<u>2,755</u>
Net cash provided by operating activities	<u>440,532</u>	<u>414,616</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	(534,782)	(193,254)
Proceeds from sale of investments	579,947	203,021
Change in cash and money market mutual funds held as investments	(54,175)	(23,396)
Change in cash held for property expansion	90,808	(157,500)
Purchases of property	(112,726)	(62,248)
Net change in certificates of deposit	<u>250,610</u>	<u>249,978</u>
Net cash provided by investing activities	<u>219,682</u>	<u>16,601</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from contributions restricted for property expansion	<u>5,000</u>	<u>162,000</u>
NET CHANGE IN CASH	665,214	593,217
Cash, beginning of year	<u>1,738,170</u>	<u>1,144,953</u>
Cash, end of year	<u>\$ 2,403,384</u>	<u>\$ 1,738,170</u>

*See accompanying notes to financial statements.*

---

## Memorial Assistance Ministries

### Statement of Functional Expenses for the year ended December 31, 2016

EXPENSES	PROGRAM SERVICES				SUPPORTING SERVICES		TOTAL EXPENSES
	FAMILY ASSISTANCE	FAMILY EDUCATION	RESALE STORE	TOTAL	MANAGEMENT AND GENERAL	FUNDRAISING	
Salaries and related costs	\$ 446,579	\$ 868,701	\$ 533,209	\$ 1,848,489	\$ 140,454	\$ 375,291	\$ 2,364,234
Direct assistance	1,082,473	21,490		1,103,963			1,103,963
Depreciation	35,538	53,354	120,572	209,464	9,422	7,628	226,514
Professional services	40,327	66,347	34,148	140,822	29,629	10,001	180,452
Utilities	8,661	8,753	37,633	55,047	2,292	2,292	59,631
Insurance	5,962	7,325	29,061	42,348	3,720	1,679	47,747
Supplies	7,718	10,811	19,261	37,790	4,993	3,551	46,334
Bank charges	13	727	32,426	33,166	1,803	8,833	43,802
Repairs and maintenance	4,642	4,767	18,912	28,321	1,404	1,228	30,953
Professional development	4,959	10,963	4,235	20,157	7,798	1,559	29,514
Equipment rental	12,189	11,380	2,058	25,627			25,627
Marketing expense	534	1,980	8,057	10,571	850	10,775	22,196
Communications	5,902	8,933	1,762	16,597	1,590	1,716	19,903
Printing and postage	1,712	3,467	1,402	6,581	746	7,456	14,783
Other	4,142	4,374	5,966	14,482	3,821	545	18,848
Total expenses	<u>\$ 1,661,351</u>	<u>\$ 1,083,372</u>	<u>\$ 848,702</u>	<u>\$ 3,593,425</u>	<u>\$ 208,522</u>	<u>\$ 432,554</u>	4,234,501
Direct donor benefit costs of special event							<u>31,508</u>
Total							<u>\$ 4,266,009</u>

*See accompanying notes to financial statements.*

## Memorial Assistance Ministries

### Statement of Functional Expenses for the year ended December 31, 2015

EXPENSES	PROGRAM SERVICES			TOTAL	SUPPORTING SERVICES		TOTAL EXPENSES
	FAMILY ASSISTANCE	FAMILY EDUCATION	RESALE STORE		MANAGEMENT AND GENERAL	FUNDRAISING	
Salaries and related costs	\$ 384,424	\$ 612,794	\$ 468,152	\$ 1,465,370	\$ 116,784	\$ 319,095	\$ 1,901,249
Direct assistance	1,067,263	38,670		1,105,933			1,105,933
Depreciation	38,323	48,095	117,256	203,674	10,544	8,173	222,391
Professional services	50,423	66,979	34,385	151,787	44,786	7,901	204,474
Utilities	10,248	8,271	37,693	56,212	2,940	2,353	61,505
Insurance	8,963	9,240	40,148	58,351	4,904	2,431	65,686
Supplies	7,070	18,325	19,516	44,911	3,390	2,304	50,605
Bank charges		117	27,951	28,068	2,143	6,798	37,009
Repairs and maintenance	3,483	3,111	13,553	20,147	1,107	885	22,139
Professional development	2,220	6,669	3,563	12,452	1,997	815	15,264
Equipment rental	11,743	8,562	868	21,173			21,173
Marketing expense	1,010	3,478	6,374	10,862	1,249	16,757	28,868
Communications	6,146	6,473	3,218	15,837	1,337	1,337	18,511
Printing and postage	1,496	1,775	1,128	4,399	983	9,995	15,377
Other	2,926	1,360	6,268	10,554	6,149	704	17,407
Total expenses	<u>\$ 1,595,738</u>	<u>\$ 833,919</u>	<u>\$ 780,073</u>	<u>\$ 3,209,730</u>	<u>\$ 198,313</u>	<u>\$ 379,548</u>	3,787,591
Direct donor benefit costs of special event							<u>26,607</u>
Total							<u>\$ 3,814,198</u>

*See accompanying notes to financial statements.*

## Memorial Assistance Ministries

Notes to Financial Statements for the years ended December 31, 2016 and 2015

---

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

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

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 2016, MAM served 1,591 families and paid up to \$240 per family for crisis assistance and 80% were still housed 90 days post assistance. In 2015, MAM served 1,573 families and paid up to \$240 per family for crisis assistance and 85% 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 down debt. In 2016 and 2015, 198 and 195 families, respectively, received case-managed assistance through three program models. In 2016, 99% of 29 families supported in the Homelessness Prevention program were still housed 90 days post assistance. An additional 101 case-managed families received much of their rent support through The Way Home Coordinated Access Program. Average expenditure per family was \$1,100 under this program. In 2015, an additional 32 case-managed families received much of their rent support through The Way Home Coordinated Access Program. Average expenditure per family was \$1,570 and 96% of families supported in this program 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 537 clients were provided with healthcare referrals or assistance through this service in 2016 and 872 in 2015.
- *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 1,075 families qualified for clothing through the MAM Resale Store at no cost in 2016 and 1,309 in 2015.
- *Transportation* – Metro money or gasoline vouchers are given to clients newly employed or seeking jobs, or to those needing assistance getting to a doctor, dentist or pharmacy. MAM provided transportation to 572 clients in 2016 and 766 in 2015.
- *Programs for children in schools* – The *Back to School* program provides school children with uniforms and school supplies. A total of 6,189 students received such assistance in 2016 and 6,046 in 2015. The *I Can See* program provides vision testing and glasses for school children. A total of 152 children benefitted from professional eye exams and new prescription glasses in 2016 and 184 in 2015.

*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. Job search skills, computer classes, employment coaching, workshops, and connections to vocational training and other services are provided throughout the year. In 2016, 717 people entered MAM's Employment Services Program; 78% of those who completed all workshops found jobs. In 2015, 722 people were provided with employment services; 68% of those who completed all workshops found jobs.
- *English Language Instruction* – In 2016, MAM hosted 55 *English as a Second Language* classes at 4 locations serving 769 adult students. In 2015, MAM hosted 48 classes at 5 locations serving 587 adult students.
- *Citizenship Preparation* – In 2016, 58 adult students completed Citizenship Preparation classes at MAM, and in 2015, 52 students completed Citizenship Preparation classes at MAM.
- *Mental Health Counseling* – In 2016, 318 families benefitted from the Mental Health Counseling Program, which provides a range of clinically-appropriate mental health treatment services to individuals, families, and couples in English and Spanish. Broad diagnoses included depression, anxiety, adjustment disorder and post-traumatic stress disorder resulting from domestic violence, victims of crime, divorce, serious illness or death of a loved one. In 2015, 239 families benefitted from this program.
- *Immigration Legal Services* – MAM operates its own immigration legal services program, staffed by an experienced immigration staff attorney and a legal caseworker. In 2016, MAM hosted 79 group information sessions with free one-on-one consultations with the staff attorney. 859 individuals attended these sessions. MAM's immigration staff attorney completed 236 contracts for services, and a total of 970 individuals received free, one-on-one consultations. 100% of the applications submitted to adjust or request legal status in the United States had a favorable response. In 2015, MAM hosted 73 group information sessions with a total of 604 individuals attending these sessions. MAM's immigration staff attorney completed 115 contracts for services. An additional 365 people received free, one-on-one consultations for a total of 480 served.

*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 approximately 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).

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

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

Resale store inventory is carried at the lower of cost or market. Donated resale store clothing and home goods are valued at estimated fair value at the date of gift.

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

Investments are reported at fair value. Investment return 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.

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.

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 donated goods that are sold in the resale store.

Government contracts and program fee 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.

Reclassifications – Certain reclassifications have been made to the prior year financial statements to conform with the current presentation.

Recent financial accounting pronouncement – In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The amendments in this ASU are the first phase of changes aimed at providing more useful information to users of not-for-profit financial statements. Under this ASU, net assets will be presented in two classes: *net assets with donor restrictions* and *net*

*assets without donor restrictions* and underwater endowments will be grouped with *net assets with donor restrictions*. New or enhanced disclosures will be required about the nature and composition of net assets, and the liquidity and availability of resources for general operating expenditures within one year of the balance sheet date. Expenses will be required to be presented by both nature and function and investment return will be presented net of external and direct internal investment expenses. Absent explicit donor stipulations, restrictions on long-lived assets will expire when assets are placed in service. The ASU is effective for fiscal periods beginning after December 15, 2017 but early adoption is permitted. Adoption of this ASU will impact the presentation and disclosures of the financial statements.

## NOTE 2 – CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following:

	<u>2016</u>	<u>2015</u>
Contributions receivable	\$ 422,149	\$ 317,636
Allowance for doubtful accounts	<u>(5,000)</u>	<u>(5,000)</u>
Contributions receivable, net	<u>\$ 417,149</u>	<u>\$ 312,636</u>

Contributions receivable at December 31, 2016 are expected to be collected within the next year.

*Concentration* – At December 31, 2016, approximately 81% of contributions receivable are due from four contributors. At December 31, 2015, approximately 73% of contributions 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.

Assets measured at fair value at December 31, 2016 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Domestic equity securities:				
Large-cap	\$ 286,077			\$ 286,077
Mid-cap	62,912			62,912
Small-cap	5,976			5,976
Mutual funds:				
Money market	112,864			112,864
International growth	55,214			55,214
Adaptive growth	45,034			45,034
MLP and energy	35,516			35,516
Trend fund	19,864			19,864
High-yield bond	18,858			18,858
Other	27,186			27,186
Corporate bonds		\$ 225,907		225,907
International equity exchange-traded funds	<u>68,179</u>			<u>68,179</u>
Total assets measured at fair value	<u>\$ 737,680</u>	<u>\$ 225,907</u>	<u>\$ 0</u>	<u>\$ 963,587</u>

Assets measured at fair value at December 31, 2015 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Domestic equity securities:				
Large-cap	\$ 315,380			\$ 315,380
Mid-cap	124,849			124,849
Small-cap	37,749			37,749
Mutual funds:				
Money market	58,689			58,689
Small-cap equity	21,366			21,366
Corporate bonds		\$ 274,841		274,841
International equity exchange-traded funds	<u>73,975</u>			<u>73,975</u>
Total assets measured at fair value	<u>\$ 632,008</u>	<u>\$ 274,841</u>	<u>\$ 0</u>	<u>\$ 906,849</u>

Valuation methods used for assets 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.
- *Mutual funds* are valued at the reported net asset value of shares held.
- *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.

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>2016</u>	<u>2015</u>
Interest and dividends	\$ 17,256	\$ 19,033
Net realized and unrealized gain (loss)	47,728	(38,380)
Investment management fees	<u>(7,542)</u>	<u>(4,455)</u>
Investment return, net	<u>\$ 57,442</u>	<u>\$ (23,802)</u>

#### **NOTE 4 – PROPERTY**

Property consists of the following:

	<u>2016</u>	<u>2015</u>
Land and improvements	\$ 790,105	\$ 790,105
Buildings	6,329,089	6,253,145
Equipment, furniture, and fixtures	447,004	419,779
Construction in progress	<u>9,559</u>	<u>          </u>
Total property, at cost	7,575,757	7,463,029
Accumulated depreciation	<u>(1,592,707)</u>	<u>(1,366,191)</u>
Property, net	<u>\$ 5,983,050</u>	<u>\$ 6,096,838</u>

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

Unrestricted net assets consist of the following:

	<u>2016</u>	<u>2015</u>
Property, net	\$ 5,983,050	\$ 6,096,838
Undesignated	2,695,988	2,210,753
Board-designated endowment	<u>963,587</u>	<u>906,849</u>
Total unrestricted net assets	<u>\$ 9,642,625</u>	<u>\$ 9,214,440</u>

#### **NOTE 6 – BOARD-DESIGNATED ENDOWMENT**

The MAM Endowment Fund (the 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 fund are as follows:

	<u>UNRESTRICTED</u>	TEMPORARILY <u>RESTRICTED</u>	PERMANENTLY <u>RESTRICTED</u>	<u>TOTAL</u>
Endowment net assets, December 31, 2014	\$ 931,600	\$ 0	\$ 0	\$ 931,600
Investment return:				
Interest and dividends	18,084			18,084
Net realized and unrealized loss	(38,380)			(38,380)
Investment fees	<u>(4,455)</u>			<u>(4,455)</u>
Net investment return	<u>(24,751)</u>			<u>(24,751)</u>
Endowment net assets, December 31, 2015	<u>906,849</u>	<u>0</u>	<u>0</u>	<u>906,849</u>
Investment return:				
Interest and dividends	16,552			16,552
Net realized and unrealized gain	47,728			47,728
Investment fees	<u>(7,542)</u>			<u>(7,542)</u>
Net investment return	<u>56,738</u>			<u>56,738</u>
Endowment net assets, December 31, 2016	<u>\$ 963,587</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 963,587</u>

#### Investment and Spending Policies

The investment goal of the Fund is the achievement of moderate capital growth in line with appropriate investment industry benchmarks, recognizing that some accommodation will be required in light of MAM's possible need from time to time to withdraw a portion of the Fund's assets. The target rate of return on the Fund's assets shall be an absolute 6%, long term, after expenses. In order to achieve these goals, the policy has set an asset allocation target of 70% equity securities, 25% fixed-income securities, and 5% in cash equivalents.

Although the Fund's goal is long-term appreciation and retention of Fund assets, certain limited types of withdrawals are permitted in order to support MAM's activities and requirements. As long as the Fund's assets are less than \$1,200,000, up to 50% of prior year Fund earnings (dividends and interest only) may be withdrawn at the start of each calendar year for support of MAM's ongoing operations. The Finance Committee is authorized to change the percentage of Fund earnings that can be withdrawn annually every three years beginning January 1, 2013. The Board must approve any withdrawal in excess of the prescribed amount. When the market value of the Fund reaches \$1,200,000.00 or more, the Board, at the beginning of each calendar year, may authorize the withdrawal of total Fund earnings (defined as interest, dividends, realized gains/losses, unrealized gains/losses, capital gains distributions for mutual funds less investment fees) instead of the dividend and interest provided for above. The target amount of the Fund withdrawal shall be between 2% and 5% of the Fund's market value at the prior year-end.

## NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2016</u>	<u>2015</u>
Property expansion	\$ 229,779	\$ 315,648
Medical assistance	162,500	146,341
Employment services	97,667	65,418
Student education program	69,386	80,582
Truck purchase	40,000	
Research grant	35,270	
Future operations	30,000	128,000
Financial literacy	14,583	11,665
Immigration services	12,506	
English as a Second Language	5,000	18,477
Capacity building		12,550
Other	<u>12,832</u>	<u>5,993</u>
Total temporarily restricted net assets	<u>\$ 709,523</u>	<u>\$ 784,674</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>2016</u>	<u>2015</u>
Resale store donated inventory	\$ 1,521,804	\$ 1,603,362
Program services:		
Clothing, hygiene and other items	62,735	60,048
Christmas Share program supplies	29,897	38,975
Other	<u>7,112</u>	<u>4,274</u>
Total in-kind contributions	<u>\$ 1,621,548</u>	<u>\$ 1,706,659</u>

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 57,000 in 2016 and 56,000 in 2015, primarily in the Resale Store and Family Assistance programs. The Independent Sector and Bureau of Labor Statistics estimated the value of one hour of volunteer service in the United States at \$23.56 in 2016 and \$23.07 in 2015. Using these rates, the calculated value of volunteer services is approximately \$1,343,000 for 2016 and \$1,292,000 for 2015.

**NOTE 9 – IN-KIND SERVICES PROVIDED TO PARTNERS**

In 2016, MAM provided the use of their facilities to twelve not-for-profit and other partners who provide services to people in the community. The estimated value of the facilities provided in 2016 was approximately \$38,000.

**NOTE 10 – EMPLOYEE BENEFIT PLAN**

All employees of MAM are eligible to participate in a §403(b) plan after six months of employment. Starting after the first full year of service, participating employees receive an employer matching contribution ranging from 1% to 5% of the employee's annual wages depending on the number of years of service. MAM's contribution to this plan totaled approximately \$29,000 and \$24,000 during 2016 and 2015, respectively.

**NOTE 11 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through March 23, 2017, 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.

---