

**Memorial Assistance Ministries**

Financial Statements  
and Independent Auditors' Report  
for the years ended December 31, 2015 and 2014

# 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, 2015 and 2014 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.

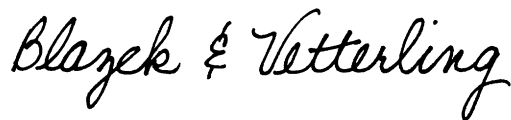
**Management's Responsibility for the Financial Statements** – Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance 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, 2015 and 2014 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 17, 2016

## Memorial Assistance Ministries

Statements of Financial Position as of December 31, 2015 and 2014

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	<u>2015</u>	<u>2014</u>
ASSETS		
Cash	\$ 1,738,170	\$ 1,144,953
Receivables and prepaid expenses	83,885	62,508
Certificates of deposit	250,610	500,588
Resale store inventory	339,932	339,473
Pledges receivable, net ( <i>Note 2</i> )	312,636	245,825
Investments ( <i>Notes 3 and 6</i> )	906,849	931,600
Cash held for property expansion	315,587	158,087
Property, net ( <i>Note 4</i> )	<u>6,096,838</u>	<u>6,256,981</u>
TOTAL ASSETS	<u>\$10,044,507</u>	<u>\$ 9,640,015</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued liabilities	<u>\$ 45,393</u>	<u>\$ 42,638</u>
Net assets:		
Unrestricted ( <i>Notes 5 and 6</i> )	9,214,440	8,976,605
Temporarily restricted ( <i>Note 7</i> )	<u>784,674</u>	<u>620,772</u>
Total net assets	<u>9,999,114</u>	<u>9,597,377</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$10,044,507</u>	<u>\$ 9,640,015</u>

*See accompanying notes to financial statements.*

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## Memorial Assistance Ministries

Statement of Activities for the year ended December 31, 2015

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	<u>UNRESTRICTED</u>	TEMPORARILY <u>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>	
Total	<u>4,025,426</u>	<u>163,902</u>	<u>4,189,328</u>
EXPENSES:			
Program services:			
Family assistance	1,602,862		1,602,862
Family education	850,542		850,542
Resale store	<u>815,694</u>		<u>815,694</u>
Total program services	3,269,098		3,269,098
Management and general	181,281		181,281
Fundraising	<u>337,212</u>		<u>337,212</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.*

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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	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

### Statements of Cash Flows for the years ended December 31, 2015 and 2014

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	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ 401,737	\$ 151,903
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	222,391	210,810
Net realized and unrealized (gain) loss on investments	38,380	(9,255)
Changes in operating assets and liabilities:		
Receivables and prepaid expenses	(21,377)	(5,171)
Resale shop inventory	(459)	(46,942)
Pledges receivable (excluding property expansion)	(228,811)	(10,570)
Accounts payable and accrued liabilities	<u>2,755</u>	<u>(3,768)</u>
Net cash provided by operating activities	<u>414,616</u>	<u>287,007</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	(193,254)	(603,109)
Proceeds from sale of investments	203,021	316,137
Change in cash and money market funds held as investments	(23,396)	269,337
Change in cash held for property expansion	(157,500)	(40,263)
Purchases of property	(62,248)	(75,875)
Net change in certificates of deposit	<u>249,978</u>	<u>(250,399)</u>
Net cash provided (used) by investing activities	<u>16,601</u>	<u>(384,172)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from contributions restricted for property expansion	<u>162,000</u>	<u>101,750</u>
NET CHANGE IN CASH	593,217	4,585
Cash, beginning of year	<u>1,144,953</u>	<u>1,140,368</u>
Cash, end of year	<u>\$ 1,738,170</u>	<u>\$ 1,144,953</u>

*See accompanying notes to financial statements.*

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## 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	\$ 391,548	\$ 629,417	\$ 503,773	\$ 1,524,738	\$ 99,752	\$ 276,759	\$ 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
Insurance	8,963	9,240	40,148	58,351	4,904	2,431	65,686
Utilities	10,248	8,271	37,693	56,212	2,940	2,353	61,505
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
Marketing expense	1,010	3,478	6,374	10,862	1,249	16,757	28,868
Repairs and maintenance	3,483	3,111	13,553	20,147	1,107	885	22,139
Equipment rental	11,743	8,562	868	21,173			21,173
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
Professional development	2,220	6,669	3,563	12,452	1,997	815	15,264
Other	2,926	1,360	6,268	10,554	6,149	704	17,407
Total expenses	<u>\$ 1,602,862</u>	<u>\$ 850,542</u>	<u>\$ 815,694</u>	<u>\$ 3,269,098</u>	<u>\$ 181,281</u>	<u>\$ 337,212</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

### 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
Depreciation	38,320	41,563	112,518	192,401	10,182	8,227	210,810
Professional services	31,126	129,881	24,789	185,796	36,163	14,253	236,212
Insurance	7,353	6,694	32,928	46,975	4,339	1,989	53,303
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
Bank charges			23,125	23,125	2,264	5,922	31,311
Marketing expense	300	879	6,051	7,230	1,072	11,543	19,845
Repairs and maintenance	3,563	3,183	13,854	20,600	1,132	905	22,637
Equipment rental	12,459	7,477		19,936			19,936
Communications	6,865	6,075	2,449	15,389	1,361	1,361	18,111
Printing and postage	2,470	3,140	1,257	6,867	465	16,886	24,218
Professional development	3,112	10,435	6,895	20,442	917	1,067	22,426
Other	2,529	1,448	5,522	9,499	4,812	1,160	15,471
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

Notes to Financial Statements for the years ended December 31, 2015 and 2014

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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 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. 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.
- 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 2015, 195 families received case managed assistance through three program models. The average expenditure per family was \$1,670. 96% of families supported in this program were still housed 90 days post assistance. 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. In 2014, 219 families received case managed assistance and the average expenditure per family was \$1,879. 93% 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 872 clients were provided with healthcare referrals or assistance through this service in 2015 and 707 in 2014.
- *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 1,309 families qualified for clothing through the MAM Resale Store at no cost in 2015 and 1,293 in 2014.
- *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 766 clients in 2015 and 1,051 in 2014.
- *Programs for children in schools* – The *Back to School* program provides school children with uniforms and school supplies. A total of 6,046 students received such assistance in 2015 and 5,568 in 2014. The *I Can See* program provides vision testing and glasses for school children. A total of 184 children benefitted from professional eye exams and new prescription glasses in 2015 and 296 in 2014.

*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 2015, 722 people entered MAM’s Employment Services Program. 68% of those who completed all workshops found jobs. In 2014, 688 people were provided with employment services. 68% of those who completed all workshops found jobs.
- *English Language Instruction* – In 2015, MAM hosted 48 *English as a Second Language* classes at 5 sites serving 587 adult students. In 2014, MAM hosted 62 classes at 5 locations serving 382 adult students.
- *Citizenship Preparation* – In 2015, 52 adult students completed Citizenship Preparation classes at MAM, and in 2014, 20 students completed Citizenship Preparation classes.
- *Mental Health Counseling* – In 2015, 239 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 2014, 185 families benefitted from this program.
- *Immigration Legal Services* – After successful completion of an 18 month pilot project in collaboration with another local organization MAM initiated its own immigration legal services program, hiring its own experienced immigration staff attorney in April 2015 and a legal caseworker in June 2015. In 2015, MAM hosted 73 group information sessions with free one-on-one consultations with the staff attorney. 604 individuals attended 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. In 2014, 274 unduplicated individuals were served at MAM by an immigration staff attorney and legal caseworker provided through a contract with the Cabrini Center at Catholic Charities of Greater Houston.

*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 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 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.

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 both 2015 and 2014 primarily in the Resale Store and 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 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.

## NOTE 2 – PLEDGES RECEIVABLE

Pledges receivable consist of the following:

	<u>2015</u>	<u>2014</u>
Operating activities	\$ 307,636	\$ 78,825
Property expansion	10,000	172,000
Allowance for doubtful accounts	<u>(5,000)</u>	<u>(5,000)</u>
Pledges receivable, net	<u>\$ 312,636</u>	<u>\$ 245,825</u>

Pledges receivable at December 31, 2015 are expected to be collected as follows:

2016	\$ 296,636
2017	<u>21,000</u>
Total pledges receivable	<u>\$ 317,636</u>

*Concentration* – At December 31, 2015, approximately 73% of pledges receivable are due from three contributors. At December 31, 2014, approximately 35% 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.

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
Corporate bonds		\$ 274,841		274,841
Mutual funds:				
Money market	58,689			58,689
Small-cap equity	21,366			21,366
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>

Assets 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
Mutual funds:				
Money market	35,293			35,293
Small-cap equity	25,873			25,873
International equity exchange-traded funds	<u>75,554</u>			<u>75,554</u>
Total assets measured at fair value	<u>\$ 682,303</u>	<u>\$ 249,297</u>	<u>\$ 0</u>	<u>\$ 931,600</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.
- *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 reported 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>2015</u>	<u>2014</u>
Interest and dividends	\$ 19,033	\$ 18,493
Net realized and unrealized gain (loss)	(38,380)	9,255
Investment management fees	<u>(4,455)</u>	<u>          </u>
Investment return, net	<u>\$ (23,802)</u>	<u>\$ 27,748</u>

#### NOTE 4 – PROPERTY

Property consists of the following:

	<u>2015</u>	<u>2014</u>
Land and improvements	\$ 790,105	\$ 790,105
Buildings	6,253,145	6,235,576
Equipment, furniture, and fixtures	419,779	321,814
Construction in progress	<u>                    </u>	<u>53,288</u>
Total property, at cost	7,463,029	7,400,783
Accumulated depreciation	<u>(1,366,191)</u>	<u>(1,143,802)</u>
Property, net	<u>\$ 6,096,838</u>	<u>\$ 6,256,981</u>

#### NOTE 5 – UNRESTRICTED NET ASSETS

Unrestricted net assets consist of the following:

	<u>2015</u>	<u>2014</u>
Undesignated	\$ 2,210,753	\$ 1,788,024
Property, net	6,096,838	6,256,981
Board-designated endowment	<u>906,849</u>	<u>931,600</u>
Total unrestricted net assets	<u>\$ 9,214,440</u>	<u>\$ 8,976,605</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>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
Endowment net assets, December 31, 2013	\$ 904,710	\$ 0	\$ 0	\$ 904,710
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 return:				
Interest and dividends	13,629			13,629
Net realized and unrealized loss	<u>(38,380)</u>			<u>(38,380)</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 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>2015</u>	<u>2014</u>
Property expansion	\$ 315,648	\$ 323,148
Vision and medical assistance	146,341	59,479
Future operations	128,000	45,000
Student education program	80,582	89,546
Employment services	65,418	58,752
English as a Second Language	18,477	
Capacity building	12,550	
Financial literacy	11,665	
Infrastructure development		27,200
Other	<u>5,993</u>	<u>17,647</u>
Total temporarily restricted net assets	<u>\$ 784,674</u>	<u>\$ 620,772</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>2015</u>	<u>2014</u>
Resale store donated inventory	\$ 1,603,362	\$ 1,507,905
Program services:		
Clothing, hygiene and other items	60,048	60,048
Christmas Share program supplies	38,975	42,885
Other	<u>4,274</u>	<u>8,017</u>
Total in-kind contributions	<u>\$ 1,706,659</u>	<u>\$ 1,618,855</u>

#### **NOTE 9 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through March 17, 2016, 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.