

MERCY MULTIPLIED AMERICA, INC.
Financial Statements
And
Independent Auditors' Report
Years ended December 31, 2015 and 2014

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Mercy Multiplied America, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Mercy Multiplied America, Inc. (a Tennessee not-for-profit corporation, the "Ministry"), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and changes in net assets, functional expenses, and cash flows 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 the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Ministry'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 Ministry'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 Mercy Multiplied America, Inc. 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.

Blankenship CPA Group, PLLC
April 27, 2016

MERCY MULTIPLIED AMERICA, INC.
Statements of Financial Position
December 31, 2015 and 2014

ASSETS		
	2015	2014
Current assets		
Cash	\$ 829,919	\$ 867,745
Contributions receivable	252,662	130,906
Other receivables	4,829	21,461
Inventory	96,038	99,549
Prepaid expenses	49,669	42,113
Other current assets	<u>5,750</u>	<u>1,660</u>
Total current assets	<u>1,238,867</u>	<u>1,163,434</u>
Cash - permanently restricted	<u>550,000</u>	<u>550,000</u>
Property and equipment, net		
Land	1,001,281	1,001,281
Land - undeveloped	1,040,525	1,040,525
Buildings and improvements	6,571,217	6,564,347
Equipment and furniture	2,056,065	2,411,626
Vehicles	274,084	432,468
Website and database	<u>61,210</u>	<u>63,400</u>
	11,004,382	11,513,647
Less accumulated depreciation and amortization	<u>(5,168,190)</u>	<u>(5,471,213)</u>
Property and equipment, net	<u>5,836,192</u>	<u>6,042,434</u>
Land held for sale	<u>2,003,323</u>	<u>2,003,323</u>
Total Assets	<u>\$ 9,628,382</u>	<u>\$ 9,759,191</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 88,507	\$ 114,279
Accrued expenses	230,346	211,415
Current portion of note payable	<u>95,874</u>	<u>84,496</u>
Total current liabilities	414,727	410,190
Note payable, net of current portion	<u>1,249,272</u>	<u>1,345,015</u>
Total liabilities	<u>1,663,999</u>	<u>1,755,205</u>
Net assets		
Unrestricted	7,002,134	7,282,107
Temporarily restricted	412,249	171,879
Permanently restricted	<u>550,000</u>	<u>550,000</u>
Total net assets	<u>7,964,383</u>	<u>8,003,986</u>
Total Liabilities and Net Assets	<u>\$ 9,628,382</u>	<u>\$ 9,759,191</u>

The accompanying notes are an integral part of these financial statements.

MERCY MULTIPLIED AMERICA, INC.
Statements of Activities and Changes in Net Assets
Years Ended December 31, 2015 and 2014

	2015			<u>Total</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Support and Revenues				
Contributions	\$ 7,312,600	\$ 635,699	\$ -	\$ 7,948,299
Special events	630,355	-	-	630,355
Adoption application fees	2,125	-	-	2,125
Resource sales	63,598	-	-	63,598
In-kind donations	383,112	-	-	383,112
Other income	36,322	-	-	36,322
Total Support and Revenues	<u>8,428,112</u>	<u>635,699</u>	<u>-</u>	<u>9,063,811</u>
Net assets released from restrictions	<u>395,329</u>	<u>(395,329)</u>	<u>-</u>	<u>-</u>
Total Support, Revenues and Reclassifications	<u>8,823,441</u>	<u>240,370</u>	<u>-</u>	<u>9,063,811</u>
Functional Expenses				
Counseling and outreach	7,718,820	-	-	7,718,820
Management and general	788,665	-	-	788,665
Fundraising	595,929	-	-	595,929
Total Functional Expenses	<u>9,103,414</u>	<u>-</u>	<u>-</u>	<u>9,103,414</u>
(Decrease) increase in net assets	(279,973)	240,370	-	(39,603)
Net assets - beginning of year	<u>7,282,107</u>	<u>171,879</u>	<u>550,000</u>	<u>8,003,986</u>
Net assets - end of year	<u>\$ 7,002,134</u>	<u>\$ 412,249</u>	<u>\$ 550,000</u>	<u>\$ 7,964,383</u>

The accompanying notes are an integral part of these financial statements.

	2014			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and Revenues				
Contributions	\$ 7,351,694	\$ 538,541	\$ -	\$7,890,235
Special events	664,117	-	-	664,117
Adoption application fees	4,525	-	-	4,525
Resource sales	40,197	-	-	40,197
In-kind donations	354,080	-	-	354,080
Other income	29,747	-	-	29,747
Total Support and Revenues	8,444,360	538,541	-	8,982,901
Net assets released from restrictions	453,256	(453,256)	-	-
Total Support, Revenues and Reclassifications	8,897,616	85,285	-	8,982,901
Functional Expenses				
Counseling and outreach	7,802,864	-	-	7,802,864
Management and general	787,957	-	-	787,957
Fundraising	542,035	-	-	542,035
Total Functional Expenses	9,132,856	-	-	9,132,856
(Decrease) increase in net assets	(235,240)	85,285	-	(149,955)
Net assets - beginning of year	7,517,347	86,594	550,000	8,153,941
Net assets - end of year	<u>\$ 7,282,107</u>	<u>\$ 171,879</u>	<u>\$ 550,000</u>	<u>\$8,003,986</u>

The accompanying notes are an integral part of these financial statements.

MERCY MULTIPLIED AMERICA, INC.
Statements of Functional Expenses
Years Ended December 31, 2015 and 2014

	2015			
	Program Services	Supporting Services		
	Counseling and Outreach	Management and General	Fundraising	Total
Salaries	\$ 3,735,668	\$ 340,988	\$ 272,703	\$ 4,349,359
Benefits	552,662	50,350	40,268	643,280
Contract labor	4,849	32,338	354	37,541
Total salaries and related expenses	4,293,179	423,676	313,325	5,030,180
Tithe	761,713	-	-	761,713
Room and board	548,622	-	-	548,622
Contributions to Mercy Multiplied International, Inc.	422,193	-	-	422,193
Occupancy	328,247	1,981	-	330,228
Special events	130,298	-	112,835	243,133
Marketing and public relations	101,337	-	100,387	201,724
Utilities	164,979	15,059	12,043	192,081
Insurance	133,931	12,225	9,777	155,933
Professional fees	45,372	84,398	3,834	133,604
Repairs and maintenance	105,448	5,105	3,138	113,691
Travel, conferences and meetings	75,318	9,415	9,415	94,148
IT outsourcing	-	75,450	-	75,450
Interest	-	65,542	-	65,542
Computer and equipment	53,608	4,893	3,913	62,414
Telephone	52,493	4,792	3,832	61,117
Cost of resources sold	44,812	-	-	44,812
Contribution processing charges	-	44,519	-	44,519
Automobile	34,962	3,885	-	38,847
Miscellaneous	11,916	16,389	285	28,590
Postage	16,533	2,756	8,267	27,556
New hire and staff development	23,637	2,158	1,726	27,521
Office	20,568	1,877	1,501	23,946
Total expenses before depreciation and amortization	7,369,166	774,120	584,278	8,727,564
Depreciation and amortization	349,654	14,545	11,651	375,850
Total expenses	\$ 7,718,820	\$ 788,665	\$ 595,929	\$ 9,103,414

The accompanying notes are an integral part of these financial statements.

2014

	Program Services		Supporting Services		Total
	Counseling and Outreach	Management and General	Fundraising		
Salaries	\$ 3,688,419	\$ 317,060	\$ 238,962	\$ 4,244,441	
Benefits	564,138	48,265	36,076	648,479	
Contract labor	791	34,542	790	36,123	
Total salaries and related expenses	4,253,348	399,867	275,828	4,929,043	
Tithe	843,308	-	-	843,308	
Room and board	533,178	-	-	533,178	
Contributions to Mercy Multiplied International, Inc.	453,913	-	-	453,913	
Occupancy	326,969	1,994	-	328,963	
Special events	116,041	-	116,041	232,082	
Marketing and public relations	80,136	-	80,136	160,272	
Utilities	165,168	14,198	10,701	190,067	
Insurance	164,364	14,129	10,649	189,142	
Professional fees	53,079	89,298	2,212	144,589	
Repairs and maintenance	102,123	4,758	3,453	110,334	
Travel, conferences and meetings	103,250	12,906	12,906	129,062	
IT outsourcing	-	77,950	-	77,950	
Interest	-	82,257	-	82,257	
Computer and equipment	55,440	4,766	3,592	63,798	
Telephone	50,908	4,376	3,298	58,582	
Cost of resources sold	29,947	-	-	29,947	
Contribution processing charges	-	36,497	-	36,497	
Automobile	40,775	4,530	-	45,305	
Miscellaneous	12,793	17,732	152	30,677	
Postage	16,052	2,675	8,026	26,753	
New hire and staff development	24,362	2,094	1,578	28,034	
Office	18,838	1,619	1,221	21,678	
Total expenses before depreciation and amortization	7,443,992	771,646	529,793	8,745,431	
Depreciation and amortization	358,872	16,311	12,242	387,425	
Total expenses	\$ 7,802,864	\$ 787,957	\$ 542,035	\$ 9,132,856	

The accompanying notes are an integral part of these financial statements.

MERCY MULTIPLIED AMERICA, INC.
Statements of Cash Flows
Years Ended December 31, 2015 and 2014

	2015	2014
Cash flows from operating activities		
Decrease in net assets	<u>\$ (39,603)</u>	<u>\$ (149,955)</u>
Adjustments to reconcile decrease in net assets to net cash provided by operating activities		
Depreciation and amortization	375,850	387,425
Decrease (increase) in		
Contributions receivable	(121,756)	(9,859)
Other receivables	16,632	3,415
Inventory	3,511	15,202
Prepaid expenses	(7,556)	12,927
Other current assets	(4,090)	(310)
Increase (decrease) in		
Accounts payable	(25,772)	57,151
Accrued expenses	<u>18,931</u>	<u>1,239</u>
Total adjustments	<u>255,750</u>	<u>467,190</u>
Net cash provided by operating activities	<u>216,147</u>	<u>317,235</u>
Cash flows from investing activities		
Purchases of property and equipment	<u>(169,608)</u>	<u>(95,166)</u>
Net cash used by investing activities	<u>(169,608)</u>	<u>(95,166)</u>
Cash flows from financing activities		
Payments on notes payable	<u>(84,365)</u>	<u>(106,467)</u>
Net cash used by financing activities	<u>(84,365)</u>	<u>(106,467)</u>
Net (decrease) increase in cash	(37,826)	115,602
Cash - beginning of year	<u>1,417,745</u>	<u>1,302,143</u>
Cash - end of year	<u><u>\$ 1,379,919</u></u>	<u><u>\$ 1,417,745</u></u>

The accompanying notes are an integral part of these financial statements.

MERCY MULTIPLIED AMERICA, INC.
Notes to Financial Statements
Years ended December 31, 2015 and 2014

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

Mercy Multiplied America, Inc. (the "Ministry") is a Tennessee not-for-profit corporation whose mission is to provide opportunities for all to experience God's unconditional love, forgiveness, and life-transforming power. The Ministry serves this mission in two ways: through a residential program and through outreach programs and resources.

The Ministry's residential program is provided free of charge to young women ages 13 to 28 who are struggling with life-controlling issues, including eating disorders, self-harm, drug and alcohol addictions, unplanned pregnancy, depression, sexual abuse, and sex trafficking. The program is voluntary, lasts approximately six months, and includes biblically based counseling and teaching integrated with life-skills training and educational opportunities. The goal is to help residents permanently stop destructive cycles, discover purpose for their lives, and become productive and thriving individuals. The Ministry currently operates homes in California, Louisiana, Missouri and Tennessee.

In addition to its residential program, the Ministry offers outreach programs and resources based on the same biblically based, life-transforming principles used in Mercy homes. These initiatives are designed for men and women ages 12 and up and seek to bring awareness to life-controlling issues, teach keys to lasting freedom, and share practical insights into helping others who are struggling. Outreach programs include educational events and workshops; resources include content on the Ministry's website, podcasts, books, a biblically based study and corresponding videos, and various teaching materials for pastors, parents, and the community at large.

The Ministry has experienced tremendous increase in the global interest and demand for its services. In order to respond to the increase in demand, during 2007 a separate not-for-profit was organized, Mercy Multiplied International, Inc. ("MMI" – formally known as Mercy Ministries International, Inc.). MMI is custodian and owner of the Mercy Multiplied programs on a global basis. MMI provides the Ministry spiritual support and technical assistance with the ongoing operation of existing homes and the startup and initial operation of new homes. The Ministry transferred all rights to its intellectual properties to MMI upon formation.

The Ministry has a Ministry Collaboration Agreement (MCA) with MMI, agreeing to adhere to the standards of operation, governance, structure and commitments as defined per the MCA agreement. As part of this agreement, the Board of Directors, on behalf of the Ministry, may make donations to MMI as the Ministry deems appropriate to support its efforts to spread the ministry throughout the world.

Mercy Multiplied America, Inc. operated under the name Mercy Ministries of America, Inc. until October 2015, when it changed its name to reflect its expanded outreach initiatives and commitment to "multiplying" Mercy outside of its residential homes.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

MERCY MULTIPLIED AMERICA, INC.
Notes to Financial Statements (Continued)
Years ended December 31, 2015 and 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain reclassifications have been made to the 2014 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein and the disclosures of commitments and contingencies. Actual results could differ from those estimates.

Cash

Cash includes funds on deposit with financial institutions.

Contributions Receivable

Contributions receivable represent those contributions received immediately after year end that are postmarked prior to year end and pledge receivables made at fundraising events.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a restriction is fulfilled (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Inventory

Inventory consists of paperback copies of books written by the founder of the Ministry, and apparel. Inventory is stated at the lower of cost, determined on a first-in, first-out (FIFO) basis, or market (net realizable value).

Long-lived Assets

Management evaluates the recoverability of the investment in long-lived assets on an ongoing basis and recognizes any impairment in the year of determination. It is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

MERCY MULTIPLIED AMERICA, INC.
Notes to Financial Statements (Continued)
Years ended December 31, 2015 and 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment and Depreciation

It is the Ministry's policy to capitalize all property and equipment over \$2,000. Property and equipment acquisitions are recorded at cost. Donations of property and equipment are recorded as revenues at their estimated fair value. Such donations are reported as unrestricted revenues unless the donor has restricted the donated asset to a specific purpose. When depreciable assets are disposed of, the cost and related accumulated depreciation are removed from the accounts, and any gain (except on trade-in) or loss is included in the statements of activities and changes in net assets for the period. A gain on trade-in is applied to reduce the cost of the new acquisition. Depreciation is provided over the assets' estimated useful lives using the straight-line method. Buildings and improvements are generally depreciated over seven to 40 years. Equipment and furniture are depreciated over three to ten years. Vehicles are depreciated over five years. Website development costs are amortized over a period of three to seven years.

Accrued Absences

Employees of the Ministry are entitled to paid time off including vacation, sick days, and personal days off, depending on job classification, length of service, and other factors. The Ministry's policy is to recognize the costs of compensated absences when earned. Accrued compensated absences are included with accrued expenses on the accompanying statements of financial position and totaled \$122,483 and \$126,302 at December 31, 2015 and 2014, respectively.

Income Taxes

The Ministry is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service (IRS) as other than a private foundation.

Accounting principles generally accepted in the United States of America require the management to evaluate tax positions taken by the Ministry and recognize a tax liability (or asset) if the Ministry has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The management has analyzed the tax positions taken by the Ministry and has concluded that as of December 31, 2015, no uncertain positions are taken or are expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Ministry is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Ministry is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2012.

MERCY MULTIPLIED AMERICA, INC.
Notes to Financial Statements (Continued)
Years ended December 31, 2015 and 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing various program services and supporting activities of the Ministry have been summarized on a functional basis. Accordingly, certain expenses have been allocated among program (counseling and outreach), management and general, and fundraising expenses.

Program expenses consist of the activities that promote the Ministry's vision, including the operation of the residential program, counseling services, Christian education, outreach initiatives, publication and media that supports the Ministry's mission and other activities that fulfill the purpose for which the Ministry exists.

Management and general expenses include oversight, business management and finance activities. These expenses are not identifiable with program or fundraising activities, but are indispensable in conducting those activities and to the Ministry's existence.

Fundraising expenses relate to those activities that promote the growth of contributions, gifts, grants, etc., including conducting fundraising campaigns and events, maintaining donor information, distributing fundraising materials and conducting other fundraising activities.

The Ministry's policy is to report all joint costs not specifically attributable to particular components of the activities, as allocated among program, fundraising and management and general expenses.

The Ministry donates ten percent of its unrestricted cash contributions as a tithe to other organizations or individuals that are involved in activities aligned with the Ministry's mission and vision.

NOTE 3 - PROPERTY AND EQUIPMENT

A summary of property and equipment, net of accumulated depreciation and amortization, by location as of December 31 is as follows:

	2015	2014
St. Louis, Missouri home	\$ 2,236,410	\$ 2,247,600
Nashville, Tennessee corporate offices	1,392,557	1,424,043
Nashville, Tennessee home	921,186	998,591
Destin, Florida (undeveloped land)	1,040,525	1,040,525
Lincoln, California home	85,886	168,586
Monroe, Louisiana home	<u>159,628</u>	<u>163,089</u>
	<u>\$ 5,836,192</u>	<u>\$ 6,042,434</u>

The Ministry is leasing the Lincoln, California home from a third party (Note 7).

MERCY MULTIPLIED AMERICA, INC.
Notes to Financial Statements (Continued)
Years ended December 31, 2015 and 2014

NOTE 4 - LAND HELD FOR SALE

Land held for sale of \$2,003,323 consists of approximately 8 acres of an 11.75 acre plot of undeveloped land in Florida. The remainder of the land is to be used for a future residential facility and is included in property and equipment.

NOTE 5 - NOTE PAYABLE

Note payable consist of the following as of December 31:

	2015	2014
Note payable to a bank, requiring monthly principal and interest payments of \$12,664 at an annual interest rate of 4.25% with all principal due March 11, 2020. The note is secured by the undeveloped and held for sale Florida land.	\$1,345,146	\$1,429,511
Less current portion	<u>(95,874)</u>	<u>(84,496)</u>
Note payable, excluding current portion	<u>\$ 1,249,272</u>	<u>\$ 1,345,015</u>

Annual principal maturities of the note payable are as follows:

Year ending December 31,

2016	\$ 95,874
2017	100,114
2018	104,514
2019	109,107
2020	<u>935,537</u>
	<u>\$ 1,345,146</u>

In January 2016, the Ministry made a principal payment of \$373,970 to reduce the balance of the note payable

NOTE 6 - CONCENTRATIONS

The Ministry has cash balances in a bank in excess of amounts federally insured. The uninsured balances totaled approximately \$1,090,000 at December 31, 2015 (\$1,140,000 at December 31, 2014). The Ministry maintains its cash with a high quality financial institution which the Ministry believes limits these risks.

MERCY MULTIPLIED AMERICA, INC.
Notes to Financial Statements (Continued)
Years ended December 31, 2015 and 2014

NOTE 7 - LEASE COMMITMENTS AND RENT EXPENSE

The Ministry has entered into various operating leases for office equipment. A schedule of future minimum lease payments under these operating leases are as follows for the years ending December 31:

2016	\$ 7,800
2017	<u>5,850</u>
	<u>\$ 13,650</u>

The Ministry leases a residential facility in Lincoln, California under an operating lease through December 2015 at which time the lease term automatically renewed for two successive one-year terms. The lease payment, \$3,000 per month, is considered a below market rental rate. The Ministry has included an in-kind rent contribution and expense of \$247,968 and \$247,672 on the statements of activities and changes in net assets for this lease for 2015 and 2014, respectively. Additionally, the property taxes for this facility are also donated which totaled \$40,679 and \$40,328 and accordingly are included as an additional in-kind contributions.

Rental expense was \$343,200 and \$340,207 for the years ended December 31, 2015 and 2014, respectively.

NOTE 8 - CONTINGENT LIABILITIES

In 2001, a not-for-profit entity contributed land with a value of approximately \$790,000 on which the St. Louis facility was constructed. The deed to this land contains certain restrictions which require the property to revert to the contributing not-for-profit entity if the following restrictions are not met:

- The Ministry shall remain a Christian-based residential facility for troubled girls and unwed mothers.
- The Founder of the Ministry shall be the President of Mercy Multiplied International, Inc. ("MMI") and the Ministry shall continue to be affiliated with MMI.

NOTE 9 - RELATED PARTY TRANSACTIONS

MMI was created as a separate not-for-profit organization, maintaining a separate board of directors and organizational structure from the Ministry. MMI is not reported on a consolidated basis with the Ministry.

The Ministry maintains a close working relationship with MMI with which it shares equipment, office facilities, supplies and shares some common members on their boards of directors. Contributions made to MMI totaled \$422,193 and \$453,913 in 2015 and 2014, respectively. Included in these contributions are administrative related fees charged to MMI totaling \$107,400 and \$93,816 in 2015 and 2014, respectively.

Consistent with historical giving, during 2015, the Ministry made donations totaling \$45,000 to another Christian ministry for which a member of the MMI board of directors is employed. The member joined the MMI board of directors in 2015.

MERCY MULTIPLIED AMERICA, INC.
Notes to Financial Statements (Continued)
Years ended December 31, 2015 and 2014

NOTE 10 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets included the following at December 31:

	2015	2014
Development of potential Florida home	\$ 373,950	\$ 107,195
Christmas funds	24,378	24,685
Resident database	8,000	16,036
Development of potential Los Angeles home	2,849	1,849
Lincoln home outing	1,210	-
Nashville home education	749	799
Baby showers	456	95
St. Louis home furnishings	258	-
Bibles	200	-
Monroe home	179	618
Development of potential Houston home	20	20
Nashville home capital project	-	11,301
2015 strategic project	-	5,000
Intake portal	-	4,281
	<u> </u>	<u> </u>
	<u>\$ 412,249</u>	<u>\$171,879</u>

NOTE 11 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from restrictions included the following for the year ended December 31:

	2015	2014
Christmas funds	\$ 95,879	\$ 120,584
Transitional care	89,595	128,816
Monroe home – operating	61,692	82,274
St. Louis renovation	34,046	-
Brand development	29,500	-
Lincoln home – operating	23,450	54,426
St. Louis home – operating	20,280	23,420
Nashville home capital project	11,301	3,699
Resident database	8,036	4,779
Outreach	7,050	-
Special project 2015	5,000	-
Intake portal	4,281	6,500
Nashville home – operating	2,600	11,376
Graduation rings	1,980	2,080
Bibles	400	600
Baby showers	239	231
Destin home	-	6,650
Development of Los Angeles home	-	5,211
2014 Board of Directors strategic meeting	-	2,500
Monroe home – equipment	-	110
	<u> </u>	<u> </u>
	<u>\$ 395,329</u>	<u>\$ 453,256</u>

MERCY MULTIPLIED AMERICA, INC.
Notes to Financial Statements (Continued)
Years ended December 31, 2015 and 2014

NOTE 12 - PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets represent donations received for the Ministry's working capital fund. The intent of this fund is to allow the Ministry to have a permanent source of short term capital that eliminates the need for a line of credit. Accordingly, the Ministry uses these funds throughout the year when there are fluctuations in cash flow. The Ministry replenishes the cash balance when cash flow is available. Given the permanent nature of this arrangement, the ministry maintains this cash balance in a separate bank account and these funds are segregated on the statements of financial position as a noncurrent asset.

NOTE 13 - EVALUATION OF SUBSEQUENT EVENTS

The Ministry has evaluated subsequent events through April 27, 2016 which is the date the financial statements were available to be issued.

NOTE 14 - SUPPLEMENTAL DISCLOSURE OF CASH FLOWS STATEMENTS INFORMATION

	2015	2014
Interest paid	<u>\$ 76,142</u>	<u>\$ 71,657</u>