MAM has changed its fiscal year end from December 31 to July 31. This was done to better align MAM's financial statements with our school year program cycle. MAM's auditor, Brundage Payne, will be providing our July 31, 2016 audit report covering 19 months from December 31, 2014 to July 31, 2016 by October 2016.

In light of this one time timing issue, we are providing unaudited 12 month financials as of July 31, 2016. In future years this timing issue will not arise because MAM will have audited financial statements within four months of its fiscal year end.

We apologize for this one time issue. Below are the unaudited financial statements for 2015 / 2016 fiscal year and the 2014 Audit report is on the pages after this. We will also be happy to provide any other financial information that you may need.

Memphis Athletic Ministries, Inc
Unaudited Balance Sheet
July 31, 2016

		7/31/2016
Assets		
Total Current Assets	*$*	*988,163*
Total Fixed Assets	*$*	*217,630*
Total Assets	**$**	**1,205,793**
Liabilities and Fund Balance		
Total Current Liabilities	*$*	*86,984*
Long Term Liabilities	*$*	*-*
Total Liabilities	**$**	**86,984**
Fund Balance		
Total Fund Balance	**$**	**1,118,809**
Total Liabilities and Fund Balance	**$**	**1,205,793**

Memphis Athletic Ministries, Inc
Unaudited Income Statement
August 1, 2015 to July 31, 2016

Description		**Amount**
Total Income	**$**	**3,797,556**
Expenses		
Total Salaries	$	2,208,696
Total Benefits	$	597,614
Total Program	$	350,185
Total Facilities	$	315,793
Total Admin	$	221,876
Total Expenses	**$**	**3,694,164**
Net Income	**$**	**103,393**

Memphis Athletic Ministries, Inc.

Financial Statements
December 31, 2014

BRUNDIGE, PAYNE & COMPANY, PC
CERTIFIED PUBLIC ACCOUNTANTS

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BRUNDIGE, PAYNE & COMPANY, PC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Directors
Memphis Athletic Ministries, Inc.
Memphis, Tennessee

We have audited the accompanying financial statements of Memphis Athletic Ministries, Inc., a non-profit organization, which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Memphis Athletic Ministries, Inc. as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Brundige, Payne & Company, PC

August 6, 2015

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Memphis Athletic Ministries, Inc.

Statement of Financial Position

For the Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Total
Assets			
Cash	$ 261,867	$ -	$ 261,867
Beneficial interest in assets held by HCCF	70,263	-	70,263
Other receivable	19,526	-	19,526
Prepaid expenses	12,906	-	12,906
Property and equipment, net	217,380	-	217,380
Total assets	$ 581,942	$ -	$ 581,942
Liabilities and Net Assets			
Accounts payable	$ 16,157	$ -	$ 16,157
Accrued expenses	72,655	-	72,655
Total liabilities	88,812	-	88,812
Net Assets			
Investment in property and equipment	217,380	-	217,380
Other	275,750	-	275,750
Total net assets	493,130	-	493,130
Total liabilities and net assets	$ 581,942	$ -	$ 581,942

See notes to financial statements

Memphis Athletic Ministries, Inc.

Statement of Activities

For the Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Total
Revenues, Gains and Other Support			
Contributions and grants	$ 4,378,772	$ -	$4,378,772
In-kind contributions	178,581	-	178,581
Program fees and revenue	155,342	-	155,342
Interest income	3,291	-	3,291
Net assets released from restrictions:			
Satisfaction of program restrictions	-	-	-
Total revenue, gains and other support	4,715,986	-	4,715,986
Expenses			
Program Services:			
Athletic ministries	4,319,324	-	4,319,324
Supporting Services:			
General and administrative	339,596	-	339,596
Fundraising	36,300	-	36,300
Total supporting services	375,896	-	375,896
Total expenses	4,695,220	-	4,695,220
Change in net assets	20,766	-	20,766
Net assets at beginning of year	472,364	-	472,364
Net assets at end of year	$ 493,130	$ -	$ 493,130

See notes to financial statements

Memphis Athletic Ministries, Inc.

Statement of Functional Expenses

For the Year Ended December 31, 2014

	Program Services	Supporting Services		
	Athletic Ministries	General and Administrative	Fundraising	Total
Salaries/nonemployee compensation	$2,114,807	$ 134,579	$ 32,080	$2,281,466
Payroll taxes	166,447	10,295	2,454	179,196
Pension expense	79,068	8,207	203	87,478
Employee insurance	411,448	35,353	1,563	448,364
Total salaries and related expenses	2,771,770	188,434	36,300	2,996,504
Athletic programs and events	235,527	-	-	235,527
Technology	553,825	-	-	553,825
Athletic equipment and supplies	41,308	-	-	41,308
Camping	4,850	-	-	4,850
Administrative fees	-	28,941	-	28,941
Benevolence	-	-	-	-
Depreciation	32,077	-	-	32,077
General insurance and office expense	101,874	29,123	-	130,997
Loss on abandonment of construction in progress	10,808	-	-	10,808
Professional services	8,622	17,730	-	26,352
Rent expense	123,500	-	-	123,500
Repairs, maintenance and security	208,433	8,897	-	217,330
Interest expense	-	62,531	-	62,531
Travel	40,511	-	-	40,511
Utilities and telephone	186,219	3,940	-	190,159
Total expenses	$4,319,324	$ 339,596	$ 36,300	$4,695,220

See notes to financial statements

Memphis Athletic Ministries, Inc.

Statement of Cash Flows

For the Year Ended December 31, 2014

Cash Flows from Operating Activities		
Change in net assets		$ 20,766
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	$ 32,077	
Loss on abandonment of construction in progress	10,808	
Debt forgiveness by related party	(1,409,025)	
(Increase) decrease in operating assets:		
Receivables	20,465	
Other assets	977	
Increase (decrease) in operating liabilities:		
Accounts payable	(49,699)	
Accrued expenses	14,162	
Total adjustments		(1,380,235)
Net cash used in operating activities		(1,359,468)
Cash Flows from Investing Activities		
Expenditures for property and equipment	(25,750)	
Disposal of construction in progress	19,619	
Assets transferred from HCCF	681,263	
Net cash provided by investing activities		675,132
Cash Flows from Financing Activities		
Increase in borrowings from related party	623,607	
Payments to related party on note payable	(19,582)	
Net cash provided by investing activities		604,025
Net decrease in cash		(80,311)
Cash at beginning of year		342,178
Cash at end of year		$ 261,867

See notes to financial statements

Note (1) – Organization and Nature of Activities

Memphis Athletic Ministries, Inc. ("MAM" or the "Organization") is incorporated under the laws of the State of Tennessee as a not-for-profit organization. MAM's mission is to help build godly youth in under resourced neighborhoods by teaching them to love God, love others and love themselves. Our vision is to see youth becoming Christ-centered, productive adults positively impacting their families and neighborhoods.

Note (2) – Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of MAM are prepared on the accrual basis of accounting.

Federal Tax Status

The Internal Revenue Service has classified MAM as exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code.

Accounting principles generally accepted in the United States of America require management of the Organization to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Organization has analyzed the tax positions taken by the Organization and has concluded that as of December 31, 2014, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any tax periods. The Organization believes it is no longer subject to income tax examinations for years prior to 2012 as a result of a tax examination for the year ended December 31, 2011, that resulted in no changes to the return.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with U.S. generally accepted accounting principles. MAM is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets based on the existence or absence of donor-imposed restrictions on the use of net assets.

Date of Management's Review

Subsequent events were evaluated through August 6, 2015, which is the date the financial statements were available to be issued.

Allocation of Functional Expenses

The costs of providing services for the programs are presented in the statement of functional expenses according to their functional classification. Certain costs are allocated among the programs and activities that are benefited based upon their usage.

Cash and Cash Equivalents

The Organization considers cash on hand, in savings, checking, certificates of deposit and other similar accounts to be cash. All highly liquid debt instruments with a maturity of three months or less when purchased are considered to be cash equivalents.

Cash Flow Information

MAM paid no income taxes and interest of $62,531 during the year ended December 31, 2014.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires MAM to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Accordingly, actual results may differ from those estimates.

Revenue Recognition

Contributions and grants are recognized as revenues when they are received or unconditionally pledged. MAM reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires or is satisfied, restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

MAM reports restricted contributions as unrestricted support if the restrictions are satisfied in the same reporting period that they are received.

Beneficial Interest in Assets Held by HCCF

Certain assets were transferred to the Hope Christian Community Foundation ("HCCF") under the terms of a designated fund agreement. Accordingly, funds transferred to HCCF are reflected in the statement of financial position as an asset since MAM retains the right to direct the fund. Distributions from the fund are not subject to variance power and MAM can request principal and interest from the fund at any time.

At December 31, 2014, the beneficial interest in assets held at HCCF on behalf of MAM was $70,263

Investments

Assets held at HCCF are classified as investments in accordance with generally accepted accounting principles ("GAAP") and are presented at fair market value. Investment income is reported as increases in unrestricted net assets. Investments are exposed to several risk factors such as interest rates, market and credit risks.

Concentrations - Credit Risk

MAM's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and investments.

MAM maintains its cash and cash equivalents at two financial institutions. At times, such balances may be in excess of the FDIC insurance limit; however, management does not believe it is exposed to any significant credit risk on cash and cash equivalents.

Concentration - Support

For the year ended December 31, 2014, MAM received approximately 92% of its support from three not-for-profit organizations.

Contributed Services

MAM recognizes contributed services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During the year ended December 31, 2014, MAM received these types of services related to various programing activities. Accordingly, the accompanying statement of activities includes in-kind contributions and program expenses in the amount of $28,308.

Property, Equipment and Depreciation

Assets purchased are stated at cost and assets donated are recorded at estimated fair value on the date of receipt. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets which range from five to thirty years.

At December 31, 2014, property and equipment consisted of the following:

Asset	Basis	Accumulated Depreciation	Net Book Value
Land	$ 25,000	$ -	$ 25,000
Athletic center	221,970	96,985	124,985
Athletic center equipment	96,788	96,472	316
Golf course improvements	60,167	33,090	27,077
Grounds equipment	78,283	43,277	35,006
Program equipment and capitalized costs	91,010	86,014	4,996
Vehicle	5,800	5,800	-
	$ 579,018	$ 361,638	$ 217,380

For the year ended December 31, 2014, depreciation expense is $32,077.

During the year ended December 31, 2014, MAM recognized a loss in the amount of $10,808 from construction in progress cost previously capitalized for a project that was discontinued. The contractor for the project refunded $19,526 of the contract cost in 2015. Accordingly, other receivable in the statement of financial position at December 31, 2014, represents the contractor's refund.

In-Kind Contributions and Expenses

During the year MAM received rent-free use of gymnasiums at various locations for which the usage fee could not be determined. Therefore, no in-kind contributions or expenses are included in the statement of activities for the gymnasium usage.

MAM leases certain real property from Memphis Athletic Ministries Realty, Inc. ("MAM Realty" or "Realty") (notes 5 and 7) for annual cash rentals that are less than the estimated fair market rentals. Management has estimated the annual fair market value of the net lease agreement is $100,000 annually. Accordingly, the statement of activities for the year ended December 31, 2014, reflects the value of the annual rental in excess of the rental payments in the amount of $94,000 as in-kind contributions and rental expense.

As described in Note 4, MAM has in-kind rent of the golf course of $24,000.

Additionally, MAM received contributions of various program equipment with individually insignificant values. These items totaling $32,273 are recorded as contributions and program equipment expense on the statement of activities for the year ended December 31, 2014.

Note (3) - Investments and Assets Held by HCCF

MAM is required to classify investments into three broad levels: Level 1 which refers to securities traded in an active market, Level 2 which refers to securities not traded on an active market but for which observable market inputs are readily available and Level 3 which refers to securities not traded in an active market and for which no significant observable market inputs are available.

The MAM board has selected a pool consisting of bank deposits and government notes. Assets held by HCCF (see above) are considered Level 3 securities since MAM's interest is a component of the asset pool. At December 31, 2014, MAM owned no Level 1 or 2 investments.

The following table presents a reconciliation of the beginning and ending balances of the fair value measurements using significant unobservable inputs (Level 3):

Description	Fair Value
Balance, December 31, 2013	$ 751,526
Grants approved	(682,111)
Investment income net of investment expenses included in changes in net assets	848
Balance, December 31, 2014	$ 70,263
Changes in unrealized gains or losses related to assets still held at December 31, 2014	$ -

Quantitative Information about Significant Unobservable Inputs Used in Level 3 Fair Value Measurements

The following table represents the MAM's level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments, and the significant unobservable inputs and the ranges of values for those inputs:

Instrument	Fair Value at 12/31/2014	Principal Valuation Technique	Unobservable Inputs	Range (Weighted Average)
Cash management pool	$ 70,263	Fair market value of the underlying pool of assets	Pooled Fund	0.73% - 0.80% (0.77%)

Note (4) – Lease Transactions with Nonrelated Parties

Golf Course and Park Lease

MAM leases a tract of land approximately 50 acres in area which includes a park, nine hole golf course, and recreational facility from the Depot Redevelopment Corporation of Memphis and Shelby County under a five-year sublease. The initial lease ran through September 30, 2009, with two options to extend the lease. The rent is $1 per year plus real estate taxes and certain other expenses. MAM has exercised the options to extend the term of the sublease for the two additional periods of five years each through September 30, 2019. The estimated fair market value of annual rental is $24,000 and is included as in-kind contributions in the statement of activities and rent expense in the statement of functional expenses.

Community Centers Lease

MAM has entered into various leases with the City of Memphis (the "City") to operate certain Community Centers that generally consist of gymnasiums and meeting rooms. The Centers, located in urban neighborhoods, would have otherwise been closed by the City. MAM secured the facilities, staffed the Centers, and provides its customary ministry activities of recreational and educational activities along with community outreach. The lease is for two years with two four-year renewal options at an annual rate of $1 per year.

In August 2011, MAM exercised the first of its two renewal options for four years.

Note (5) - Related Party Transactions

Real Property Lease

MAM entered into a Net Lease Agreement with MAM Realty (Note 2) to rent the facilities necessary to conduct certain ministry activities. The noncancellable operating lease has an initial term of ten years expiring December 31, 2015; however, Realty amended the initial lease and beginning January 1, 2015, the annual rental payment will be $1 per year. Under the terms of the agreement, MAM is responsible for maintenance, insurance and real estate taxes, if any.

For the year ended December 31, 2014, rent expense, exclusive of the in-kind contribution (Note 2), included in the statement of activities for the real property lease was $6,000.

Note Payable, Debt Forgiveness and Guaranty

MAM was obligated to MAM Realty under the terms of an unsecured promissory note payable in the amount of $805,000 with interest at a rate of 7.6% per annum. In June 2014, Realty loaned MAM an additional $623,607 from loan proceeds Realty obtained from a local financial institution. For the year ended December 31, 2014, MAM made payments to Realty of interest on the obligations in the amount of $62,531 and principal payments on the obligations of $19,582.

On December 31, 2014, MAM Realty forgave the outstanding balance on the loans. Accordingly, contributions include debt forgiveness from Realty of $1,429,025.

In conjunction with the financing provided by MAM Realty, the loan agreements required MAM to guaranty Realty's loan with the local financial institution. At December 31, 2014, the outstanding balance on Realty's loan was approximately $1,575,000.

Note (6) - Retirement Plan

MAM participates in the Memphis Leadership Foundation, Inc. 401(k) Savings and Retirement Plan. The Plan is a defined contribution retirement plan covering all classes of employees who have reached age 21 and have completed one year of employment. MAM contributes 6.5% of each qualified employee's compensation for the plan year and may make discretionary contributions.

For the year ended December 31, 2014, MAM contributed $87,478 to the plan on behalf of its employees.

Note (7) – Commitments

Golf Course and Park Lease

As described in Note 4, MAM entered into a five-year sublease agreement for approximately 50 acres of property for use as a golf course, recreational facility, and park. MAM will be charged rent of $1 per year for the term of the lease, with additional fees for real estate taxes and other expenses.

Community Centers Lease

As described in Note 4, MAM leases certain Community Centers from the City of Memphis for $1 per year. The lease began in November, 2009, and is for two years with two four-year renewal options. The first renewal option was exercised in August, 2011, extending the lease four years through November, 2015.

Real Property Lease

As described in Note 5, MAM entered into a Net Lease Agreement with MAM Realty (Note 2) to rent the facilities necessary to conduct certain ministry activities. MAM will be charged rent of $1 per year for the term of the lease, with additional fees for maintenance, insurance and real estate taxes, if any.