Men of Valor and Subsidiary

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017 and 2016

Men of Valor and Subsidiary
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CRI CARR RIGGS & INGRAM

Carr, Riggs & Ingram, LLC
3011 Armory Drive
Suite 190
Nashville, TN 37204

(615) 665-1811
(615) 665-1829 (fax)
www.cricpa.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Men of Valor
Nashville, Tennessee

We have audited the accompanying consolidated financial statements of Men of Valor and Subsidiary (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Men of Valor and Subsidiary as of December 31, 2017 and 2016, 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.

Emphasis of Matter

As discussed in Note 3 to the consolidated financial statements, the Organization corrected an error in its previously issued financial statements. Our opinion is not modified with respect to that matter.

Carr, Riggs & Ingram, L.L.C

CARR, RIGGS & INGRAM, LLC

Nashville, Tennessee
August 27, 2018

Men of Valor and Subsidiary
Consolidated Statements of Financial Position

December 31,	**2017**	2016
ASSETS		
Cash and cash equivalents	**$ 366,521**	$ 585,810
Cash - restricted	**1,178,723**	3,609,339
Investments	**379,616**	174,554
Pledges receivable, net	**853,300**	808,249
Prepaid expenses and other assets	**7,123**	20,248
Property and equipment, net	**5,561,292**	1,501,075
TOTAL ASSETS	**$ 8,346,575**	$ 6,699,275
LIABILITIES		
Accounts payable and accrued expenses	**$ 728,718**	$ 68,705
Note payable	**1,740,695**	2,087,630
TOTAL LIABILITIES	**2,469,413**	2,156,335
NET ASSETS		
Unrestricted	**5,693,446**	2,446,086
Temporarily restricted	**183,716**	2,096,854
TOTAL NET ASSETS	**5,877,162**	4,542,940
TOTAL LIABILITIES AND NET ASSETS	**$ 8,346,575**	$ 6,699,275

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

Men of Valor and Subsidiary
Consolidated Statement of Activities

For the Year Ended December 31, **2017**

	Unrestricted	Temporarily Restricted	Total
SUPPORT, GAINS, AND OTHER REVENUES			
Contributions - general	$ 152,586	$ 1,653,567	$ 1,806,153
Contributions - foundations	220,030	-	220,030
Contributions - churches	92,830	-	92,830
Contributions - breakfast event	658,780	-	658,780
In-kind support	112,464	-	112,464
Other income	9,524	-	9,524
Rental income	21,487	-	21,487
Released from restrictions	3,566,705	(3,566,705)	-
TOTAL SUPPORT, GAINS, AND OTHER REVENUES	4,834,406	(1,913,138)	2,921,268
EXPENSES			
Program services	1,072,298	-	1,072,298
Supporting services			
Management and general	237,864	-	237,864
Fundraising	276,884	-	276,884
TOTAL EXPENSES	1,587,046	-	1,587,046
CHANGE IN NET ASSETS	3,247,360	(1,913,138)	1,334,222
NET ASSETS - BEGINNING OF YEAR	2,446,086	2,096,854	4,542,940
NET ASSETS - END OF YEAR	$ 5,693,446	$ 183,716	$ 5,877,162

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

Men of Valor and Subsidiary
Consolidated Statement of Activities

For the Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Total
SUPPORT, GAINS, AND OTHER REVENUES			
Contributions - general	$ 380,332	$ 524,280	$ 904,612
Contributions - foundations	211,500	-	211,500
Contributions - churches	118,910	-	118,910
Contributions - breakfast event	590,624	-	590,624
In-kind support	169,118	-	169,118
Other income	4,692	-	4,692
Rental income	6,057	-	6,057
Released from restrictions	996,830	(996,830)	-
TOTAL SUPPORT, GAINS, AND OTHER REVENUES	2,478,063	(472,550)	2,005,513
EXPENSES			
Program services	1,158,835	-	1,158,835
Supporting services			
Management and general	208,850	-	208,850
Fundraising	147,398	-	147,398
TOTAL EXPENSES	1,515,083	-	1,515,083
CHANGE IN NET ASSETS	962,980	(472,550)	490,430
NET ASSETS - BEGINNING OF YEAR	1,483,106	2,569,404	4,052,510
NET ASSETS - END OF YEAR	$ 2,446,086	$ 2,096,854	$ 4,542,940

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

Men of Valor and Subsidiary
Consolidated Statement of Functional Expenses

For the Year Ended December 31, **2017**

	Program Services	Supporting Services		
	Jericho Project	Management and General	Fundraising	Total
Automobile	$ 19,016	$ -	$ -	$ 19,016
Bank service charges	-	4,858	-	4,858
Board meeting expense	-	3,198	-	3,198
Book expense	246	-	-	246
Contract labor	-	38,636	-	38,636
Depreciation expense	27,335	-	-	27,335
Dues and subscriptions	-	7,576	-	7,576
Employee benefits	98,140	17,149	26,390	141,679
Family assistance	79,749	-	-	79,749
Fundraising	-	-	102,195	102,195
Impact study	21,000	-	-	21,000
Insurance	16,397	-	-	16,397
Interest expense	2,474	-	-	2,474
Licenses and permits	-	906	-	906
Miscellaneous expense	-	-	-	-
Movie project	9,000	-	-	9,000
Payroll taxes	40,958	6,283	13,902	61,143
Postage and delivery	4,181	-	-	4,181
Printing and reproduction	12,038	-	-	12,038
Prison expense	7,986	-	-	7,986
Professional fees	-	34,968	-	34,968
Rent	98,000	16,189	-	114,189
Repairs and maintenance	926	-	-	926
Retirement	42,290	6,330	3,330	51,950
Salaries and wages	558,555	92,588	131,067	782,210
Supplies	7,673	-	-	7,673
Taxes	320	-	-	320
Telephone	2,668	-	-	2,668
Training and staff retreat	3,084	-	-	3,084
Travel	480	-	-	480
Utilities	-	9,183	-	9,183
Valor Ridge expenses	19,782	-	-	19,782
	$ 1,072,298	$ 237,864	$ 276,884	$ 1,587,046

The accompanying footnotes are an integral part of these consolidated financial statements.

Men of Valor and Subsidiary
Consolidated Statement of Functional Expenses

For the Year Ended December 31, 2016

	Program Services	Supporting Services		
	Jericho Project	Management and General	Fundraising	Total
Automobile	$ 17,301	$ -	$ -	$ 17,301
Bank service charges	-	3,883	-	3,883
Board meeting expense	-	2,246	-	2,246
Book expense	978	-	-	978
Contract labor	-	32,989	-	32,989
Depreciation expense	14,056	-	-	14,056
Dues and subscriptions	-	6,852	-	6,852
Employee benefits	117,302	6,760	468	124,530
Family assistance	77,584	-	-	77,584
Fundraising	-	-	67,949	67,949
Impact study	-	-	-	-
Insurance	20,754	-	4,809	25,563
Interest expense	297	-	-	297
Licenses and permits	-	1,586	-	1,586
Miscellaneous expense	(524)	-	-	(524)
Movie project	-	-	-	-
Payroll taxes	43,928	5,974	4,110	54,012
Postage and delivery	3,540	-	-	3,540
Printing and reproduction	9,274	-	-	9,274
Prison expense	5,146	-	-	5,146
Professional fees	-	35,505	-	35,505
Rent	91,019	15,960	-	106,979
Repairs and maintenance	774	-	-	774
Retirement	51,558	3,330	6,200	61,088
Salaries and wages	667,093	88,232	63,862	819,187
Supplies	8,558	-	-	8,558
Taxes	14,305	-	-	14,305
Telephone	6,244	-	-	6,244
Training and staff retreat	5,307	-	-	5,307
Travel	-	-	-	-
Utilities	-	5,533	-	5,533
Valor Ridge expenses	4,341	-	-	4,341
	$ 1,158,835	$ 208,850	$ 147,398	$ 1,515,083

The accompanying footnotes are an integral part of these consolidated financial statements.

Men of Valor and Subsidiary
Consolidated Statements of Cash Flows

For the Years Ended December 31,	**2017**	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	**$ 1,334,222**	$ 490,430
Adjustments to reconcile change in net assets to net cash (used in) provided by continuing operations		
Discount on long term promises to give	**4,760**	(21,310)
Depreciation	**27,335**	14,056
Changes in assets and liabilities:		
Cash - restricted	**2,430,616**	(3,609,339)
Pledges receivable, net	**(1,339,617)**	(474,812)
Prepaid expenses and other assets	**13,125**	(12,611)
Accounts payable and accrued expenses	**660,013**	6,523
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	**3,130,454**	(3,607,063)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	**(4,087,552)**	(1,049,015)
Purchases of investments	**(301,147)**	(153)
Proceeds from sale of investments	**96,085**	-
NET CASH USED BY INVESTING ACTIVITIES	**(4,292,614)**	(1,049,168)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions received for long-term purposes	**1,289,806**	1,102,088
Proceeds (payments) on note payable, net of debt issuance costs	**(346,935)**	2,087,630
NET CASH PROVIDED BY FINANCING ACTIVITIES	**942,871**	3,189,718
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(219,289)**	(1,466,513)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	**585,810**	2,052,323
CASH AND CASH EQUIVALENTS - END OF YEAR	**$ 366,521**	$ 585,810
NONCASH INVESTING ACTIVITIES		
Capitalized In-kind legal services	**$ -**	$ 86,981

The accompanying footnotes are an integral part of these consolidated financial statements.

NOTE 1: NATURE OF OPERATIONS AND BASIS OF PRESENTATION

Men of Valor is a nonprofit corporation located in Nashville, Tennessee that is committed to winning men in prison to Jesus Christ and discipling them. The purpose of the ministry is to equip men to re-enter society as men of integrity – becoming givers to the community, rather than takers. The primary program, The Jericho Project, includes two-phases: re-entry and aftercare. The re-entry phase begins 10 to 12 months prior to a man's release from prison. Once released from prison, men enter the aftercare phase which typically lasts 12 months. The Organization is supported primarily by contributions from donors in Nashville, Tennessee and surrounding areas.

Principles of Consolidation

The consolidated financial statements include the accounts of Men of Valor and its wholly owned subsidiary Jericho Properties, LLC, a nonprofit Limited Liability Company which holds the property for the new Valor Ridge campus. All significant intercompany balances and transaction have been eliminated in consolidation.

Basis of Presentation

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

Men of Valor and subsidiary, (the "Organization") reports 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. These net assets classifications are described as follows:

Unrestricted net assets - resources over which the Board of Directors has unlimited discretionary control to carry out the activities of the Organization in accordance with the Articles of Incorporation and By-laws.

Temporarily restricted net assets - resources whose use is limited by donor-imposed restrictions that will be released either by actions of the Organization or by the passage of time.

Permanently restricted net assets - resources whose use is limited by donor-imposed restrictions that require the net assets to be maintained permanently. The Organization does not currently have any permanently restricted net assets.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all cash and other highly liquid investments with original maturities of three months or less to be cash equivalents. Cash and cash equivalents that are designated for long-term investment and included in brokerage accounts are included in Investments in the statements of financial position.

Investments

Investments are stated at their readily determinable fair value. All interest, dividends, and gains and losses are reported in the statements of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

Pledges Receivable

Pledges are recognized as contribution revenue when the donor makes an unconditional promise to give to the Organization. The Organization uses the allowance method to determine the amount of pledges that are uncollectible based on previous experience and management's analysis of amounts receivable. In management's opinion, no allowance for doubtful pledges was considered necessary at December 31, 2017 or 2016, respectively.

Unconditional promises to give, which are expected to be received beyond one year, are discounted at a rate commensurate with the risks involved. The discount is calculated based on the date and amount of the original award, number of years over which payments are pledged and any payments received. The discount is amortized and recorded to revenue based on the payments and duration of the contribution. Pledges Receivable are reported net of any discount and estimated uncollectible amounts.

Property and Equipment

The Organization capitalizes all expenditures in excess of $2,500 for property and equipment. Property and equipment items are carried at cost if purchased or fair value if donated. Depreciation is calculated on the double-declining balance method over the estimated useful lives of the assets.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Contributions

Contributions received or donor promises to give are recorded as temporarily restricted, permanently restricted, or unrestricted support, depending on the existence or nature of any donor restriction. Contributions made to the Organization are considered available for unrestricted use unless specifically restricted by the donor. Donations of property and equipment are recorded at fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed into service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

All restricted support is reported as an increase in temporarily or permanently restricted net assets. When a restriction expires, such as when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code The Organization's information returns for years ended after December 31, 2014 are subject to examination by the Internal Revenue Service.

Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair Value

Fair value is based upon quoted market prices, where available. If listed prices or quotes are not available, fair value is based upon internally developed models or processes that use primarily market-based or independently-sourced market data, including interest rate yield curves, option volatilities and third party information.

Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies, or assumptions, to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Generally accepted accounting principles require a three-level valuation hierarchy for fair value measurements. A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The three levels are explained as follows:

Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset and liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Functional Expenses

Expenses are charged directly to program, management and general, or fundraising based on allocation by management among the programs and supporting services benefited.

Advertising

The Organization expenses advertising costs as incurred.

Evaluation of Events Occurring After the Financial Statement Date

Management has evaluated subsequent events through August 27, 2018, the date the consolidated financial statements were available to be issued. See Note 16.

Reclassifications

Certain reclassifications have been made to the 2016 financial statement preparation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

NOTE 3: PRIOR PERIOD ADJUSTMENT:

During 2017, the Organization determined that payments received in 2015 and 2016 from a donor were recognized as unrestricted contributions rather than payments on the donor's outstanding pledge balance. Accordingly, the Organization restated its results for the affected years. The effect of the restatement was to decrease the change in net assets by $10,000 and $2,500 for 2016 and 2015, respectively.

The effect of the restatement on the change in unrestricted net assets and financial position as of and for the years ended December 31, 2016 and 2015 are as follows:

	2016		2015	
	As previously reported	Restated	As previously reported	Restated
Contributions - general	$ 390,332	$ 380,332	$ 592,173	$ 589,673
Change in net assets	500,430	490,430	2,370,932	2,368,432
Pledges receivable, net	$ 820,749	$ 808,249	$ 1,416,715	$ 1,414,215
Net assets	4,555,440	4,542,940	4,055,010	4,052,510

NOTE 4: INVESTMENTS

Investments (all level 1) consist of the following, which are measured on a recurring basis:

December 31,			**2017**
	Fair Value	**Cost/Donated Value**	**Unrealized Gain (loss)**
Sweep account	**$ 204,749**	**$ 204,749**	**$ -**
Mutual fund - short-term liquid investments	**169,771**	**169,771**	**-**
Common Stock	**5,096**	**5,096**	**-**
	$ 379,616	**$ 379,616**	**$ -**

NOTE 4: INVESTMENTS *(CONTINUED)*

December 31,			2016
	Fair Value	Cost/Donated Value	Unrealized Gain (loss)
Sweep account	$ 5,930	$ 5,930	$ -
Mutual fund - short-term liquid investments	168,624	168,624	-
	$ 174,554	$ 174,554	$ -

Investment earnings are reported net of related investment expenses for the years ended December 31, 2017 and 2016, and include interest, dividends, and realized and unrealized gains and losses.

Investment income on the statements of activities summarizes the investment return for the years ended December 31, 2017 and 2016 as follows:

For the Year Ended December 31,	**2017**	2016
Interest and dividend income	**$ 4,331**	$ 1,738
Realized and unrealized losses on investments	**-**	-
	$ 4,331	$ 1,738

NOTE 5: PLEDGES RECEIVABLE

Pledges receivable consists of the following:

December 31,	**2017**	2016
Receivable in less than one year	**$ 438,544**	$ 412,380
Receivable in one to five years	**453,767**	430,120
	892,311	842,500
Discount, at 3.25%	**(39,011)**	(34,251)
	$ 853,300	$ 808,249

NOTE 6: PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

December 31,	**2017**	2016
Land	**$ 366,981**	$ 366,981
Building	**40,000**	40,000
Equipment	**58,747**	53,307
Vehicles	**104,921**	101,590
Construction in progress	**5,101,071**	1,033,257
Website	**9,071**	9,071
	5,680,791	1,604,206
Accumulated depreciation	**(119,499)**	(103,131)
	$ 5,561,292	$ 1,501,075

In June 2016, the Organization entered into a contract with a general contractor to construct the new Valor Ridge campus to house men in the After Care program. Construction on the new campus began in 2016, and the contract total is $5,397,138. As of December 31, 2017, construction in progress totaled $5,101,071.

NOTE 7: NOTE PAYABLE AND RESTRICTED CASH

During 2016, the Organization obtained a $2,100,000, net of $12,370 in loan costs, construction note payable from a local financial institution ("Lender") to assist with financing the new campus. The Organization was certified by the Tennessee Department of Revenue ("TNDoR") and the Tennessee Housing and Development Authority ("THDA") and qualified for a low-rate loan at 4% below the Prime Rate (3.75% at December 31, 2016) with a floor of 0% and a ceiling of 4%. This interest rate is a rate that is available to qualified providers of low income housing under a program available to lenders under the Tennessee Community Investment Tax Credit program. Required minimum principal and any interest payments are due annually beginning January 2017 till the note matures on September 8, 2021. The note is secured by substantially all the assets of the Organization, including all pledges and grants receivable.

The Lender agreed to allow a deed of trust, not to exceed $500,000, to be recorded in favor of the THDA. Also under the loan agreement, all funds related to the Valor Ridge campus construction (whether borrowed or donated) are required to be deposited with the Lender. These funds may not be disbursed without the Lender's permission. At December 31, 2017 and 2016, this restricted cash totaled $1,178,723 and $3,609,339, respectively.

NOTE 7: NOTE PAYABLE AND RESTRICTED CASH *(CONTINUED)*

The future principal maturities of the note payable are as follows for the years ending December 31:

2018	$ 500,000
2019	500,000
2020	500,000
2021	250,000

In 2016, the Organization adopted new authoritative GAAP guidance for the presentation of debt issuance costs and related amortization. Debt issuance costs are now reported on the balance sheet as a direct deduction from the face amount of the line of credit. Similarly, the Organization now reports amortization of debt issuance costs as interest expense. This change had no effect on previously reported earnings or net assets.

NOTE 8: IN-KIND SUPPORT

Donated property, equipment, and services are used in the operations of the Organization. The value of donated property, equipment, and services included in the consolidated financial statements as follows:

For the Years Ended December 31,	**2017**	2016
Supplies	**$ 825**	$ 5,262
Rent	**73,716**	67,080
Furniture and Equipment	**1,200**	9,795
Dental services	**25,000**	-
Accounting fees	**5,000**	-
Legal	**6,723**	86,981
	$ 112,464	$ 169,118

NOTE 9: OPERATING LEASES

The Organization leases its office facility under an operating lease located in Nashville, Tennessee. This lease agreement requires monthly lease payments of $2,721 per month beginning in September 2017 through August 2018 when the lease expires. Under the agreement, the Organization is obligated to pay for expenses to maintain the common area based on their proportionate share of the facility. Lease payments for the years ended December 31, 2017 and 2016 totaled $40,473 and $39,899, respectively.

NOTE 9: OPERATING LEASES *(CONTINUED)*

The Organization also has entered into lease agreements for apartments for the after-care program. The use of these apartments is donated rent-free to the Organization. These apartments are owned by a company that is owned by a member of the board of directors. The use of these apartments is valued at $73,716 and 67,080, which is recognized as in-kind support to the Organization during the years ended December 31, 2017 and 2016, respectively.

The future minimum lease payments required under office facility leases are as follows:

2018	$	21,767

NOTE 10: CONCENTRATIONS

Cash and cash equivalents are held in banks in Tennessee and may, at times, exceed Federal Deposit Insurance Corporation limits. Uninsured cash at December 31, 2017 and 2016 was approximately $954,367 and $3,235,418, respectively.

Pledges receivable from two donors represented 41% and 35% of pledges receivable at December 31, 2017 and 2016, respectively.

Pledges receivable due from members of the board of directors and its advisory committee totaled $205,120 and $503,640 which represented 23% and 59% of pledges receivable at December 31, 2017 and 2016, respectively. Contributions from members of the board of directors totaled $404,796 and $319,200, representing 14% and 11% of contributions recognized in 2017 and 2016.

NOTE 11: RETIREMENT PLAN

The Organization sponsors a defined contribution retirement plan for all eligible employees. Eligible employees must be employed full time and complete two years of service in order to participate. The Organization makes contributions to the plan, at the discretion of the board, from 5% to 15% of participants' annual compensation. The Organization's contributions were $51,950 and $61,088 for the years ended December 31, 2017 and 2016, respectively.

NOTE 12: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following:

December 31,	**2017**	2016
Purpose restrictions:		
Valor Ridge campus construction	**$ -**	$ 2,096,854
Tennessee department of corrections impact study	**177,443**	-
Criminal justice symposium	**5,095**	-
Other	**1,178**	-
	$ 183,716	$ 2,096,854

Net assets released from donor restrictions by incurring expenditures satisfying the restricted purposes or by occurrence of other events specified by donors consist of the following:

For the Years Ended December 31,	**2017**	2016
Purpose restrictions accomplished:		
Program expenditures	**$ 3,566,705**	$ 996,830
	$ 3,566,705	$ 996,830

NOTE 13: POSTEMPLOYMENT BENEFITS

The Organization provides salary continuation benefits to beneficiaries of deceased employees. If an employee dies while employed by the Organization, the employee's beneficiary is entitled to receive the employee's salary for a period ranging from two to six months after the employee's death. Benefits are dependent upon the death of employees who are actively employed by the Organization and management believes this is a remote probability and that it is not practical to reasonably estimate the amount of its liability for postemployment benefits until an employee becomes deceased. During the years ended December 31, 2017 and 2016, the Organization recognized no postemployment benefit expense.

NOTE 15: PERFORMANCE AGREEMENT

In March 2016, the Organization entered into a Performance Agreement with the Metropolitan Planning Commission of The Metropolitan Government of Nashville and Davidson County ("MPC"). Under the agreement, the Organization paid $345,000 to the MPC to be held in escrow, along with $900,000 of funds resulting from a settlement agreement related to the prior owner's performance bond. These funds are to be used to reimburse the Organization for construction of certain infrastructure improvements to the Valor Ridge campus. The funds held in escrow by the MPC will be disbursed to the Organization, at least monthly, upon MPC's approval of the costs and improvements made. Total funds disbursed through December 31, 2017 totaled $364,869. The total cost of the infrastructure improvements is estimated to be $1,245,000, and this amount is included in the construction contract total in Note 6.

NOTE 16: SUBSEQUENT EVENTS

In February 2018, the Organization dissolved its wholly owned subsidiary Jericho Properties, LLC, a nonprofit Limited Liability Company which held the property for the new Valor Ridge campus. The assets and liabilities of Jericho Properties, LLC were transferred back to Men of Valor.