MERCY MINISTRIES OF AMERICA, INC.

Financial Statements

December 31, 2010 and 2009

(With Independent Auditors' Report Thereon)

LATTIMORE BLACK MORGAN & CAIN, PC
CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

MERCY MINISTRIES OF AMERICA, INC.

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LATTIMORE BLACK MORGAN & CAIN, PC
CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

INDEPENDENT AUDITORS' REPORT

The Board of Trustees of
Mercy Ministries of America, Inc.:

We have audited the accompanying statements of financial position of Mercy Ministries of America, Inc. (the "Ministry") as of December 31, 2010 and 2009, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Ministry's management. 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mercy Ministries of America, Inc. as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Lattimore Black Morgan & Cain, PC

Brentwood, Tennessee
April 4, 2011

MERCY MINISTRIES OF AMERICA, INC.

Statements of Financial Position

December 31, 2010 and 2009

Assets

	2010	2009
Current assets:		
Cash	$ 131,207	$ 247,743
Restricted cash	17,989	395,957
Contributions receivable	130,427	188,869
Other receivables	16,958	9,724
Receivable from affiliate	-	133,351
Inventories	280,013	340,601
Prepaid expenses	125,655	111,993
Other current assets	60,271	55,881
Total current assets	762,520	1,484,119
Property and equipment, net:		
Land	1,055,280	1,055,280
Land - undeveloped	1,040,525	1,040,525
Buildings	6,397,120	6,252,600
Equipment and furniture	2,266,102	2,118,520
Vehicles	290,385	290,385
Website development	71,770	59,770
	11,121,182	10,817,080
Less accumulated depreciation and amortization	3,951,045	3,525,999
Property and equipment, net	7,170,137	7,291,081
Land - held for sale	2,003,323	2,003,323
	$ 9,935,980	$ 10,778,523

Liabilities and Net Assets

	2010	2009
Current liabilities:		
Line of credit	$ 84,955	$ -
Accounts payable	99,103	272,535
Accrued expenses	106,922	88,627
Current portion of notes payable	2,157,594	279,417
Current portion of capital lease obligations	26,089	10,596
Total current liabilities	2,474,663	651,175
Notes payable, excluding current portion	-	1,875,000
Long term portion of capital lease obligation	26,905	19,543
Total liabilities	2,501,568	2,545,718
Net assets:		
Unrestricted	7,430,019	7,914,380
Temporarily restricted	4,393	318,425
Total net assets	7,434,412	8,232,805
	$ 9,935,980	$ 10,778,523

See accompanying notes to the financial statements.

MERCY MINISTRIES OF AMERICA, INC.

Statements of Activities and Changes in Net Assets

Years ended December 31, 2010 and 2009

	2010		
	Unrestricted	Temporarily Restricted	Total
Revenues, gains and other support:			
Contributions	$ 6,179,227	$ 1,095,095	$ 7,274,322
Special events	676,903	-	676,903
Adoption application fees	3,525	-	3,525
Resource sales	95,400	-	95,400
In-kind donations	90,586	-	90,586
Interest income	2	-	2
Other income	4,119	-	4,119
Total revenues, gains and other support	7,049,762	1,095,095	8,144,857
Net assets released from restriction	1,409,127	(1,409,127)	-
Total revenues and other support	8,458,889	(314,032)	8,144,857
Functional Expenses:			
Counseling and support	7,243,434	-	7,243,434
Management and general	999,869	-	999,869
Fundraising	699,947	-	699,947
Total functional expenses	8,943,250	-	8,943,250
Change in net assets	(484,361)	(314,032)	(798,393)
Net assets at beginning of year	7,914,380	318,425	8,232,805
Net assets at end of year	$ 7,430,019	$ 4,393	$ 7,434,412

	2009		
	Unrestricted	Temporarily Restricted	Total
Revenues, gains and other support:			
Contributions	$ 6,306,714	$ 1,650,595	$ 7,957,309
Special events	440,406	13,875	454,281
Adoption application fees	4,150	-	4,150
Resource sales	126,782	-	126,782
In-kind donations	80,047	113,308	193,355
Interest income	315	2,105	2,420
Other income	6,615	-	6,615
Total revenues, gains and other support	6,965,029	1,779,883	8,744,912
Net assets released from restriction	1,512,474	(1,512,474)	-
Total revenues and other support	8,477,503	267,409	8,744,912
Functional Expenses:			
Counseling and support	6,705,500	-	6,705,500
Management and general	835,360	-	835,360
Fundraising	631,596	-	631,596
Total functional expenses	8,172,456	-	8,172,456
Change in net assets	305,047	267,409	572,456
Net assets at beginning of year	7,609,333	51,016	7,660,349
Net assets at end of year	$ 7,914,380	$ 318,425	$ 8,232,805

See accompanying notes to the financial statements.

MERCY MINISTRIES OF AMERICA, INC.

Statements of Functional Expenses

Years ended December 31, 2010 and 2009

	2010			
	Program Services	Supporting Services		
	Counseling and Outreach	Management and General	Fundraising	Total
Salaries	$ 3,406,002	$ 436,506	$ 334,585	$ 4,177,093
Contract labor	24,303	3,115	2,387	29,805
Benefits	633,746	81,220	62,255	777,221
Total salaries and related expenses	4,064,051	520,841	399,227	4,984,119
Tithe	674,869	-	-	674,869
Contributions to Mercy Ministries International, Inc.	62,159	-	-	62,159
MCA fees to Mercy Ministries International, Inc.	308,961	-	-	308,961
Room and board	496,563	-	-	496,563
Travel, conferences, and meetings	82,311	6,560	6,560	95,431
Marketing and public relations	213,602	-	213,602	427,204
Professional Fees	44,602	200,711	2,478	247,791
Automobile	36,265	4,029	-	40,294
Books, tapes, and videos	78,457	-	-	78,457
Insurance	189,631	24,303	18,628	232,562
Office	37,811	4,846	3,714	46,371
Computer communication	93,120	11,934	9,148	114,202
Postage	23,859	2,865	8,594	35,318
Repairs and maintenance	109,342	2,279	-	111,621
Occupancy	46,355	5,151	-	51,506
Telephone	60,486	7,752	5,942	74,180
Utilities	136,407	17,482	13,400	167,289
Miscellaneous	65,013	12,154	16,464	93,631
Contribution processing charges	-	51,410	-	51,410
Interest	-	124,266	-	124,266
Total expenses before depreciation and amortization	6,823,864	996,583	697,757	8,518,204
Depreciation and amortization	419,570	3,286	2,190	425,046
Total functional expenses	$ 7,243,434	$ 999,869	$ 699,947	$ 8,943,250

	2009			
	Program Services	Supporting Services		
	Counseling and Outreach	Management and General	Fundraising	Total
Salaries	$ 2,721,822	$ 416,676	$ 305,103	$ 3,443,601
Contract labor	7,727	25,647	-	33,374
Benefits	508,531	77,849	57,004	643,384
Total salaries and related expenses	3,238,080	520,172	362,107	4,120,359
Tithe	661,482	-	-	661,482
Contributions to Mercy Ministries International, Inc.	444,779	-	-	444,779
MCA fees to Mercy Ministries International, Inc.	315,336	-	-	315,336
Room and board	467,948	-	-	467,948
Travel, conferences, and meetings	95,513	4,820	4,820	105,153
Marketing and public relations	200,553	-	200,553	401,106
Professional Fees	69,523	68,294	-	137,817
Automobile	31,686	740	-	32,426
Books, tapes, and videos	72,231	-	-	72,231
Insurance	139,239	13,071	12,314	164,624
Office	32,431	3,045	2,868	38,344
Computer communication	197,619	18,552	17,477	233,648
Postage	32,058	4,066	12,198	48,322
Repairs and maintenance	104,529	2,086	-	106,615
Occupancy	38,705	4,301	-	43,006
Telephone	64,683	6,072	5,720	76,475
Utilities	120,230	11,287	10,633	142,150
Miscellaneous	38,695	52,550	616	91,861
Contribution processing charges	-	70,154	-	70,154
Interest	-	52,716	-	52,716
Total expenses before depreciation and amortization	6,365,320	831,926	629,306	7,826,552
Depreciation and amortization	340,180	3,434	2,290	345,904
Total functional expenses	$ 6,705,500	$ 835,360	$ 631,596	$ 8,172,456

See accompanying notes to the financial statements.

MERCY MINISTRIES OF AMERICA, INC.

Statements of Cash Flows

Years ended December 31, 2010 and 2009

	2010	2009
Cash flows from operating activities:		
Increase (decrease) in net assets	$ (798,393)	$ 572,456
Adjustments to reconcile increase (decrease) in net assets to cash flows provided (used) by operating activities:		
Depreciation and amortization	425,046	345,904
In-kind donations of property and equipment	(10,000)	(13,374)
Provision for inventory obsolescence	3,236	-
(Increase) decrease in operating assets:		
Contributions receivable	58,442	182,764
Other receivables	(7,234)	8,672
Receivable from affiliate	133,351	(133,351)
Inventories	57,352	(28,062)
Prepaid expenses	(13,662)	94,795
Other assets	(4,390)	(55,881)
Increase (decrease) in operating liabilities:		
Accounts payable	(173,432)	134,291
Accrued expenses	18,295	21,802
Total adjustments	487,004	557,560
Net cash provided (used) by operating activities	(311,389)	1,130,016
Cash flows from investing activities - purchases of property and equipment	(248,532)	(520,938)
Net cash used by investing activities	(248,532)	(520,938)
Cash flows from financing activities:		
Change in line of credit, net	84,955	(153,172)
Proceeds from notes payable	239,432	2,244,690
Payments of notes payable	(236,255)	(2,250,938)
Payments of capital leases	(22,715)	(2,587)
Net cash provided (used) by financing activities	65,417	(162,007)
Increase (decrease) in cash	(494,504)	447,071
Cash at beginning of year	643,700	196,629
Cash at end of year	$ 149,196	$ 643,700
Statement of financial position presentation:		
Cash	$ 131,207	$ 247,743
Restricted cash	17,989	395,957
Total cash at end of year	$ 149,196	$ 643,700

See accompanying notes to the financial statements.

(1) Nature of Activities

Mercy Ministries of America, Inc. (the “Ministry”) is a non-profit organization whose mission is to provide opportunities for young women to experience God’s unconditional love, forgiveness and life-transforming power. The Ministry primarily serves this mission through a residential counseling program provided free of charge to young women ages 13 to 28 with life-controlling issues such as eating disorders, self-harm, unplanned pregnancy, sexual abuse, addictions and depression. The program is voluntary, lasts approximately six months, and includes biblically-based counseling, nutrition and fitness education and life-skills training. The program takes a Christian approach to treatment by addressing the root cause of the problems, helping young women move past their debilitating circumstances as they recognize and accept their self-worth and preparing them to reach their full potential.

In addition to its residential program, the Ministry provides outreach to the community through speaking engagements and resources to educate and bring awareness about life-controlling issues and the opportunity to experience freedom. Resources include: the Ministry’s website, books, teaching materials, and training seminars for pastors, parents and the general public.

The Ministry has experienced a tremendous increase in the global interest and demand for its services. In order to respond to the increase in demand, the Ministry organized a separate non-profit organization during 2007, Mercy Ministries International, Inc. ("MMI"). MMI is custodian and owner of the Mercy Ministries program and brand, is responsible for sharing the program, and has overall responsibility to provide direction and perform quality assurance for Mercy Ministries 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 Mercy Ministries International, Inc., 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 Trustees for the Ministry may make donations to Mercy Ministries International, Inc. as the Ministry deems appropriate to support its efforts to spread the ministry throughout the world.

(2) Significant Accounting Policies

The financial statements of the Ministry are presented on the accrual basis. The significant accounting policies followed are described below.

(a) Basis of Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Ministry and changes therein are classified and reported as follows:

Unrestricted net assets

Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets

Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Ministry and/or the passage of time.

Permanently restricted net assets

Net assets subject to donor-imposed stipulations that they be maintained permanently by the Ministry.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted increases to net asset classes.

During 2010 and 2009, the Ministry had no permanently restricted assets.

(b) Contributions Receivable

Contributions receivable represent those contributions received immediately after year end that are dated prior to year end.

(c) Inventories

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

(d) Property and Equipment

Property and equipment are stated at cost. It is the Ministry's policy to capitalize property and equipment with a purchase price over $2,000. Donated property and equipment are recorded at their estimated fair market value at the date of the gift. Depreciation and amortization is provided over the assets' estimated useful lives using the straight-line method. Buildings are generally depreciated over 30 - 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 years.

Expenditures for maintenance and repairs are expensed when incurred. Expenditures for renewals or betterments are capitalized. When property is retired or sold, the cost and the related accumulated depreciation or amortization are removed from the accounts, and the resulting gain or loss is included in operations.

(e) Income Taxes

The Ministry's activities are exempt from federal, state and local income taxes under Internal Revenue Code section 501(c)(3) and accordingly, no provision for income taxes is included in the financial statements.

The Ministry had no material uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

As of December 31, 2010 and 2009, the Ministry has accrued no interest and no penalties related to uncertain tax positions. It is the Ministry's policy to recognize interest and/or penalties related to income tax matters in income tax expense.

The Ministry files a U.S. Federal information tax return and is currently open to audit by the Internal Revenue Service for years ended after December 31, 2006.

(f) Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(g) Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as an increase in temporarily restricted, or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donated materials, property, or equipment, when received, are reflected as contributions in the accompanying statements at their estimated fair market values at the date of receipt. No amounts have been reflected in the financial statements for donated services of volunteers since no objective basis is available to measure the value of such services. However, a number of volunteers have donated their time to the Ministry.

(h) 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.

(i) 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 Organization's policy is to recognize the costs of compensated absences when earned. Accrued compensated absences are included with accrued expenses in the accompanying statements of position and totaled approximately $87,000 and $58,000 at December 31, 2010 and 2009, respectively.

(j) 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, fundraising, and general and management expenses.

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

Fundraising expenses relate to those activities to 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.

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

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

(k) Events occurring after reporting date

The Ministry has evaluated events and transactions that occurred between December 31, 2010 and April 4, 2011, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

(3) Credit risk and other concentrations

The Ministry generally maintains cash on deposit at banks in excess of federally insured amounts. The Ministry has not experienced any losses in such accounts and management believes the Ministry is not exposed to any significant risk related to cash on deposit.

(4) Assets and liabilities measured at fair value

Fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, fair value accounting standards establish a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity including quoted market prices in active markets for identical assets (Level 1), or significant other observable inputs (Level 2) and the reporting entity's own assumptions about market participant assumptions (Level 3). The Ministry does not have any fair value measurements using significant unobservable inputs (Level 3) as of December 31, 2010 or 2009.

(a) Financial Instruments

The carrying amount of financial instruments, consisting of cash, pledge and other receivables, other current assets, accounts payable, accrued expenses and the current installments of notes payable and capital lease obligations approximate their fair value due to their relatively short maturities. Long-term portions of notes payable and capital lease obligations are carried at amortized cost, which approximates fair value.

(b) Non-Financial Assets

The Ministry's non-financial assets, which include property and equipment, are not required to be measured at fair value on a recurring basis. However, if certain triggering events occur, or if an annual impairment test is required and the Ministry is required to evaluate the non-financial instrument for impairment, a resulting asset impairment would require that the non-financial asset be recorded at the fair value. The Ministry purchased approximately 11.75 acres of undeveloped land in Florida during 2007. Two-thirds of the land is held for sale while the remainder is to be used for a future home for girls. The land is recorded at its purchase price. The undeveloped land was appraised in 2009 in conjunction with a new loan agreement. Although the appraised value of the land is less than the carrying value, management of the Ministry believes that the appraised value decline is temporary in nature and therefore, has not reduced its carrying value. Accordingly, the Ministry did not measure any non-financial assets at fair value or recognize any amounts in the statements of activities related to changes in fair value for non-financial assets for the years ended December 31, 2010 or 2009.

(5) Property and equipment

A summary of property and equipment, net of accumulated depreciation and amortization, by location as of December 31, 2010 and 2009 is as follows:

	2010	2009
Monroe, Louisiana home	$ 317,446	$ 174,425
Nashville, Tennessee home	1,132,581	1,187,678
St. Louis, Missouri home	2,512,304	2,614,885
Destin, Florida (undeveloped land)	1,040,525	1,040,525
Nashville, Tennessee corporate offices	1,690,128	1,718,998
Lincoln, California home	477,153	554,570
	$ 7,170,137	$ 7,291,081

The Ministry is leasing the Lincoln, California home from a third party (Note 9).

(6) Line of credit

The Ministry has a $500,000 line of credit available with a bank as of December 31, 2010 with an outstanding balance of $84,955. The line of credit is unsecured, bears interest at the bank's prime rate plus .50% with a floor of 5.0% (5.0% as of December 31, 2010) and matures April 2, 2011. In accordance with the terms of the line of credit, the maximum borrowings available under the line was reduced to $250,000 on January 3, 2011. During March 2011, the Ministry renewed its line of credit and increased the available borrowings to $500,000 with a maturity of April 2012.

(7) Notes payable

A summary of notes payable as of December 31, 2010 and 2009 is as follows:

	2010	2009
Notes payable to a finance company for insurance, payable in monthly installments ranging from approximately $16,200 to $22,600, including interest at a rate ranging from 7.49% to 7.65%, maturing June 2011.	$ 132,594	$ 79,417
Note payable to a bank; interest payments due monthly at the bank's prime rate plus .50% with a floor of 5.0% (5.0% as of December 31, 2010). All principal due November 2, 2011. Secured by the undeveloped and held for resale Florida land.	1,875,000	1,875,000

Unsecured note payable to a bank; interest payments due monthly at the bank's prime rate plus .50% with a floor of 5.0% (5.0% as of December 31, 2010). Principal is payable in quarterly installments of $50,000 with the final payment due August 2, 2011. Guaranteed by two board members.	150,000	200,000
Total notes and loans payable	2,157,594	2,154,417
Less current portion	(2,157,594)	(279,417)
Notes payable, excluding current portion	$ -	$ 1,875,000

The note payable secured by undeveloped land is scheduled to mature November 2, 2011. Management's intentions are to refinance the existing loan should the property not sell prior to maturity.

(8) Capital lease obligations

The Ministry has entered into capital lease agreements to finance the acquisition of certain assets. A summary of the Ministry's obligation under these capital leases as of December 31, 2010 and 2009 is as follows:

	2010	2009
Minimum lease payments payable	$ 55,204	$ 31,784
Less: portion representing interest	2,210	1,645
Capital lease obligations	52,994	30,139
Less: current portion	26,089	10,596
Long-term portion	$ 26,905	$ 19,543

Future minimum annual lease payments payable under the capital leases as of December 31, 2010 are as follows:

Year	Amount
2011	$ 27,292
2012	25,221
2013	2,691
	$ 55,204

Property and equipment utilized under capital leases as of December 31, 2010 and 2009 is as follows:

		2010		2009
Equipment	$	78,297	$	32,726
Less: accumulated amortization		20,332		1,818
	$	57,965	$	30,908
Amortization expense	$	18,514	$	1,818

(9) Lease commitments

The Ministry leases office equipment and a home in Lincoln, California under operating leases. Rent expense under these leases amounted to $89,885 and $39,740 in 2010 and 2009, respectively. A summary of approximate future minimum payments under these leases as of December 31, 2010 is as follows:

Year		Amount
2011	$	83,000
2012		64,000
2013		29,000
2014		1,000
	$	177,000

It is expected that in the normal course of business, leases that expire will be renewed or replaced by other leases; thus, it is anticipated that future lease payments will not be less than the expense for 2010.

(10) Contingent liabilities

In 2001, a non-profit entity contributed land with a value of approximately $790,000 on which the St. Louis home for troubled girls and unwed mothers was built. The deed to this land contains certain restrictions which require the property to revert to the contributing non-profit entity if the following restrictions are not met:

(1) The Ministry shall remain a Christian-based residential facility for troubled girls and unwed mothers.

(2) The Founder of the Ministry shall be the President of Mercy Ministry International, Inc. ("MMI") and the Ministry shall continue to be affiliated with MMI.

(11) Related party transactions

Members of the Board of Trustees regularly contribute to the Ministry. Contributions received from related parties amounted to approximately $357,000 and $340,000 in 2010 and 2009, respectively.

MMI was created in a prior year 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 made contributions to MMI amounting to approximately $62,000 and $445,000 in 2010 and 2009, respectively. Ministry collaboration agreement fees of approximately $309,000 and $315,000 were also paid to MMI for 2010 and 2009, respectively. Additionally, administrative related fees charged to MMI amounted to approximately $91,000 and $77,000 in 2010 and 2009, respectively.

(12) Supplemental disclosures of cash flow statement information

	2010	2009
Interest paid	$ 120,657	$ 60,018

During 2010 and 2009, the Ministry incurred capital lease obligations for acquisitions of equipment of $45,570 and $32,726, respectively.

During 2010 and 2009, the Ministry received noncash contributions of equity securities valued at approximately $133,000 and $160,000, respectively.

During 2010 and 2009, the Ministry received and distributed donated materials, equipment and vehicles valued at approximately $83,500 and $176,500, respectively.

During 2010 and 2009, the Ministry capitalized donated equipment valued at approximately $10,000 and $13,400, respectively.

(13) Temporarily restricted net assets

A summary of temporarily restricted net assets as of December 31, 2010 and 2009 is as follows:

	2010	2009
Development of Houston, Texas home	$ 20	$ 230
Lincoln, California home - operating	500	251,493
Monroe graduates	-	1,500
Development of Charlotte, North Carolina home	3,045	45,624
Barlow Girl tour	-	11,050
Bibles	528	528
Christmas presents	-	6,000
Computer equipment	-	2,000
Destin	50	-
Monroe home operations	130	-
Video	120	-
Total temporarily restricted net assets	$ 4,393	$ 318,425

(14) Net assets released from restrictions

A summary of net assets released from donor restrictions during the year ended December 31, 2010 and 2009 is as follows:

	2010	2009
Purpose restrictions accomplished		
Christmas funds	$ 80,442	$ 69,404
Development of Houston, Texas home	210	4,106
Development of Lincoln, California home	81,665	654,660
Lincoln, California home - operating	696,544	369,753
Fundraising	-	12,000
Development of Charlotte, North Carolina home	55,741	12,418
Barlow Girl tour	11,050	11,950
Transitional Care	-	3,500
Bibles	100	239
Development of Destin, Florida home	-	2,853
Monroe, Louisiana building project	125,897	-
Research of former residents	6,208	-
Computer equipment	2,000	-
St. Louis, Missouri home	316,316	306,065
Monroe, Louisiana home	14,776	49,765
Nashville, Tennessee home	15,928	13,193
Video	750	1,500
Monroe Graduates	1,500	-
Turner classroom	-	1,068
Total restrictions released	$ 1,409,127	$ 1,512,474