Men of Valor and Subsidiary

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2016 and 2015

CARR RIGGS & INGRAM

CPAs and Advisors

CRIcpa.com

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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 (a nonprofit corporation) and Subsidiary, which comprise the consolidated statements of financial position as of December 31, 2016 and 2015, 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, 2016 and 2015, 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.

Carr, Riggs & Ingram, L.L.C

CARR, RIGGS & INGRAM, LLC

Nashville, Tennessee
July 19, 2017

Consolidated Statements of Financial Position

December 31,	**2016**	2015
ASSETS		
Cash and cash equivalents	**$ 585,810**	$ 2,052,323
Cash - restricted	**3,609,339**	-
Investments	**174,554**	174,401
Pledges receivable, net	**820,749**	1,416,715
Prepaid expenses and other current assets	**20,248**	7,637
Property and equipment, net	**1,501,075**	466,116
TOTAL ASSETS	**$ 6,711,775**	$ 4,117,192
LIABILITIES		
Accounts payable and accrued expenses	**$ 68,705**	$ 62,182
Note payable	**2,087,630**	-
TOTAL LIABILITIES	**2,156,335**	62,182
NET ASSETS		
Unrestricted	**2,458,586**	1,485,606
Temporarily restricted	**2,096,854**	2,569,404
TOTAL NET ASSETS	**4,555,440**	4,055,010
TOTAL LIABILITIES AND NET ASSETS	**$ 6,711,775**	$ 4,117,192

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

For the Year Ended December 31,			2016
	Unrestricted	Temporarily Restricted	Total
SUPPORT, GAINS, AND OTHER REVENUES			
Contributions - general	$ 390,332	$ 524,280	$ 914,612
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	2,488,063	(472,550)	2,015,513
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 FROM CONTINUING OPERATIONS	972,980	(472,550)	500,430
INCOME FROM DISCONTINUED OPERATIONS, NET OF LOSS ON DISPOSAL	-	-	-
CHANGE IN NET ASSETS	972,980	(472,550)	500,430
NET ASSETS - BEGINNING OF YEAR	1,485,606	2,569,404	4,055,010
NET ASSETS - END OF YEAR	$ 2,458,586	$ 2,096,854	$ 4,555,440

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

For the Year Ended December 31,			2015
	Unrestricted	Temporarily Restricted	Total
SUPPORT, GAINS, AND OTHER REVENUES			
Contributions - general	$ 592,173	$ 1,967,119	$ 2,559,292
Contributions - foundations	299,427	-	299,427
Contributions - churches	105,779	-	105,779
Contributions - breakfast event	645,986	-	645,986
In-kind support	76,534	-	76,534
Other income	132,775	-	132,775
Rental income	5,285	-	5,285
Released from restrictions	362,034	(362,034)	-
TOTAL SUPPORT, GAINS, AND OTHER REVENUES	2,219,993	1,605,085	3,825,078
EXPENSES			
Program services	1,163,049	-	1,163,049
Supporting services			
Management and general	185,698	-	185,698
Fundraising	118,031	-	118,031
TOTAL EXPENSES	1,466,778	-	1,466,778
CHANGE IN NET ASSETS FROM CONTINUING OPERATIONS	753,215	1,605,085	2,358,300
INCOME FROM DISCONTINUED OPERATIONS, NET OF LOSS ON DISPOSAL	12,632	-	12,632
CHANGE IN NET ASSETS	765,847	1,605,085	2,370,932
NET ASSETS - BEGINNING OF YEAR	719,759	964,319	1,684,078
NET ASSETS - END OF YEAR	$ 1,485,606	$ 2,569,404	$ 4,055,010

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	5,277	129,339
Family assistance	77,584	-	-	77,584
Fundraising	-	-	67,949	67,949
Insurance	20,754	-	-	20,754
Interest expense	297	-	-	297
Licenses and permits	-	1,586	-	1,586
Miscellaneous expense	(524)	-	-	(524)
Ministry materials	-	-	-	-
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
Special projects	-	-	-	-
Supplies	8,558	-	-	8,558
Taxes	14,305	-	-	14,305
Telephone	6,244	-	-	6,244
Training and staff retreat	5,307	-	-	5,307
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 Statement of Functional Expenses

For the Year Ended December 31,				2015
	Program Services	Supporting Services		
	Jericho Project	Management and General	Fundraising	Total
Automobile	$ 15,242	$ -	$ -	$ 15,242
Bank service charges	-	4,783	-	4,783
Board meeting expense	-	209	-	209
Book expense	3,951	-	-	3,951
Contract labor	-	22,214	-	22,214
Depreciation expense	17,769	-	-	17,769
Dues and subscriptions	-	4,915	-	4,915
Employee benefits	104,490	10,700	1,080	116,270
Family assistance	58,076	-	-	58,076
Fundraising	-	-	25,839	25,839
Insurance	20,986	1,508	8,336	30,830
Interest expense	97	-	-	97
Licenses and permits	-	147	-	147
Miscellaneous expense	42,236	-	-	42,236
Ministry materials	3,535	-	-	3,535
Payroll taxes	46,511	4,795	4,006	55,312
Postage and delivery	841	560	-	1,401
Printing and reproduction	1,269	317	-	1,586
Prison expense	3,295	-	-	3,295
Professional fees	-	27,431	-	27,431
Rent	96,735	14,421	-	111,156
Repairs and maintenance	8,618	2,155	-	10,773
Retirement	59,861	3,150	6,775	69,786
Salaries and wages	624,934	76,270	71,995	773,199
Special projects	1,325	-	-	1,325
Supplies	7,739	1,935	-	9,674
Taxes	32,193	-	-	32,193
Telephone	4,224	1,811	-	6,035
Training and staff retreat	4,557	-	-	4,557
Utilities	4,565	8,377	-	12,942
Valor Ridge expenses	-	-	-	-
	$ 1,163,049	$ 185,698	$ 118,031	$ 1,466,778

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,	**2016**	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
CONTINUING OPERATIONS		
Change in net assets	**$ 500,430**	$ 2,358,300
Adjustments to reconcile change in net assets to net cash (used in) provided by continuing operations		
Discount on long term promises to give	**(21,310)**	55,561
Depreciation	**14,056**	17,769
Loss on disposal of equipment	**-**	1,344
Gain on assets held for sale	**-**	(119,267)
Loss (gain) on sale of investments	**-**	263
Donated investments	**-**	(29,774)
Changes in assets and liabilities:		
Cash - restricted	**(3,609,339)**	-
Pledges receivable, net	**617,276**	(1,449,776)
Contributions received for long-term purposes	**(1,092,088)**	(562,840)
Prepaid expenses and other current assets	**(12,611)**	(7,333)
Other assets	**-**	1,428
Accounts payable and accrued expenses	**6,523**	26,303
Payroll liabilities	**-**	(44,486)
NET CASH (USED IN) PROVIDED BY CONTINUING OPERATIONS	**(3,597,063)**	247,492
DISCONTINUED OPERATIONS		
Change in net assets	**-**	12,632
Adjustments to reconcile change in net assets to net cash provided by discontinued operations		
Depreciation	**-**	3,635
Loss on disposal of equipment	**-**	7,013
NET CASH PROVIDED BY DISCONTINUED OPERATIONS	**-**	23,280
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	**(3,597,063)**	270,772
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	**(1,049,015)**	(240,670)
Purchases of investments	**(153)**	(155)
Proceeds from sale of property	**-**	914,000
Proceeds from sale of investments	**-**	29,567
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	**(1,049,168)**	702,742

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

For the Years Ended December 31,	**2016**	2015
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions received for long-term purposes	**1,092,088**	562,840
Proceeds from note payable, net of debt issuance costs	**2,087,630**	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	**3,179,718**	562,840
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(1,466,513)**	1,536,354
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	**2,052,323**	515,969
CASH AND CASH EQUIVALENTS - END OF YEAR	**$ 585,810**	$ 2,052,323
SUPPLEMENTAL DISCLOSURES		
Interest paid	**$ -**	$ 97
NONCASH INVESTING ACTIVITIES		
Capitalized In-kind legal services	**$ 86,981**	$ -

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 Organization's 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. The Organization operated a lawn care program, Everyday Dependable Services (EDS) until 2015. The objective of EDS was to provide employment opportunities for men in the Organization's aftercare program. EDS was supported primarily by fees for lawn care services.

Principals 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 brokerages 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, 2016 or 2015, 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 $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 except unrelated business income as noted under Section 511 of the Internal Revenue Code. Internal Revenue Code Section 513(a) defines an unrelated trade or business of an exempt organization as any trade or business which is not substantially related to the exercise or performance of its exempt purpose. Income derived from lawn care services was considered unrelated business income. Since related expenses, deductible capital expenditures, and net operating losses exceeded income, no provision for income taxes was made. The Organization's information returns for years ended after December 31, 2013 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.

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

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.

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 July 19, 2017, the date the consolidated financial statements were available to be issued.

Reclassifications

Certain reclassifications have been made to the 2015 financial statement presentation to correspond to the current year’s format. Net assets and changes in net assets are unchanged due to these reclassifications.

NOTE 3: INVESTMENTS

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

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**	**$ -**

December 31,			2015
	Fair Value	Cost/Donated Value	Unrealized Gain (loss)
Sweep account	$ 6,054	$ 6,054	$ -
Mutual fund - short-term liquid investments	168,347	168,347	-
	$ 174,401	$ 174,401	$ -

Investment earnings are reported net of related investment expenses for the years ended December 31, 2016 and 2015, 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, 2016 and 2015 as follows:

For the Year Ended December 31,	**2016**	2015
Interest and dividend income	**$ 1,738**	$ 667
Realized and unrealized losses on investments	**-**	263
	$ 1,738	$ 930

NOTE 4: PLEDGES RECEIVABLE

Pledges receivable consists of the following:

December 31,	**2016**	2015
Receivable in less than one year	**$ 424,880**	**$ 836,636**
Receivable in one to five years	**430,120**	**635,640**
	855,000	1,472,276
Discount, at 3.25%	**(34,251)**	(55,561)
	$ 820,749	$ 1,416,715

NOTE 5: PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

December 31,	**2016**	2015
Land	**$ 366,981**	$ 366,981
Building	**40,000**	-
Equipment	**53,307**	46,561
Vehicles	**101,590**	91,102
Construction in progress	**1,033,257**	71,896
Website	**9,071**	5,640
	1,604,206	582,180
Accumulated depreciation	**(103,131)**	(116,064)
	$ 1,501,075	$ 466,116

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 $4,027,810. As of December 31, 2016, construction in progress totaled $1,033,257.

NOTE 6: 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%. 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, 2016, this restricted cash totaled $3,609,339.

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

2017	$ 350,000
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 7: 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,	**2016**	2015
Supplies	**$ 5,262**	$ 1,430
Rent	**67,080**	75,104
Furniture and Equipment	**9,795**	-
Legal	**86,981**	-
	$ 169,118	$ 76,534

NOTE 8: OPERATING LEASES

The Organization leases its office facility under an operating lease located in Nashville, Tennessee. This lease agreement requires monthly lease payments of $2,522 per month beginning in September 2014 and includes scheduled annual rent increases through August 2017 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, 2016 and 2015 totaled $39,899 and $36,052, respectively.

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 $67,080 and $75,104, which is recognized as in-kind support to the Organization during the years ended December 31, 2016 and 2015, respectively.

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

2017	$ 21,397

NOTE 9: 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, 2016 and 2015 was approximately $3,235,418 and $1,813,000, respectively.

Pledges receivable from two donors represented 35% of pledges receivable at December 31, 2016 and pledges receivable from three donors represented 48% of pledges receivable at December 31, 2015. Contributions from one donor represented 12% of contributions recognized in 2015.

NOTE 9: CONCENTRATIONS *(CONTINUED)*

Pledges receivable due from members of the board of directors and its advisory committee totaled $503,640 and $667,283 which represented 59% and 47% of pledges receivable at December 31, 2016 and 2015, respectively. Contributions from members of the board of directors totaled $319,200 and $1,281,866, representing 11% and 35% of contributions recognized in 2016 and 2015.

NOTE 10: 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 $61,088 and $69,786 for the years ended December 31, 2016 and 2015, respectively.

NOTE 11: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following:

December 31,	**2016**	2015
Purpose restrictions:		
Valor Ridge Campus construction	**$ 2,096,854**	$ 2,569,404
	$ 2,096,854	$ 2,569,404

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,	**2016**	2015
Purpose restrictions accomplished:		
Program expenditures	**$ 996,830**	$ 342,354
Time restrictions expired:		
Passage of specified time	**-**	19,680
	$ 996,830	$ 362,034

NOTE 12: 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, 2016 and 2015, the Organization recognized no postemployment benefit expense.

NOTE 13: DISCONTINUED OPERATIONS

Generally accepted accounting principles requires that all components of an entity that have been disposed of (by sale, abandonment, or in a distribution to owners) or are held for sale and whose cash flows can be clearly distinguished from the rest of the entity be presented as discontinued operations.

During the year ended December 31, 2015, the Organization discontinued operation of its Everyday Dependable Services lawn service and disposed of the assets by abandonment, which resulted in a loss on disposal of $7,013. The results of operations have been reported as discontinued operations within the accompanying consolidated statement of activities.

The following table summarizes the results of the discontinued operations during 2015:

For the Year Ended December 31,		2015
Revenues	$	60,166
Expenses, including $7,013 loss on disposal		47,534
Income from discontinued operations, net of loss on disposal	$	12,632

NOTE 14: 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. 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 5.