Men of Valor

FINANCIAL STATEMENTS

December 31, 2013 and 2012

Men of Valor
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December 31, 2013 and 2012

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Men of Valor
Nashville, Tennessee

We have audited the accompanying financial statements of Men of Valor (a nonprofit corporation), which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Men of Valor as of December 31, 2013 and 2012, 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

CARR, RIGGS & INGRAM, LLC

Nashville, Tennessee
August 5, 2014

Men of Valor
Statements of Financial Position

December 31,	**2013**	2012
ASSETS		
Cash and cash equivalents	**$ 530,983**	$ 983,243
Investments	**174,291**	172,293
Pledges receivable, net	**269,357**	438,346
Prepaid expenses	**554**	2,000
Property held for sale	**693,657**	899,900
Property and equipment, net	**61,968**	42,484
Other assets	**6,428**	5,143
TOTAL ASSETS	**$ 1,737,238**	$ 2,543,409
LIABILITIES		
Note payable	**$ -**	$ 600,000
Accounts payable	**17,849**	8,439
Payroll liabilities	**23,223**	22,279
TOTAL LIABILITIES	**41,072**	630,718
NET ASSETS		
Unrestricted	**690,917**	844,273
Temporarily restricted	**1,005,249**	1,068,418
TOTAL NET ASSETS	**1,696,166**	1,912,691
TOTAL LIABILITIES AND NET ASSETS	**$ 1,737,238**	$ 2,543,409

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

For the Year Ended December 31,			2013
	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUES			
Contributions	$ 287,658	$ 69,340	$ 356,998
Contributions - foundations	288,250	-	288,250
Contributions - churches	94,412	-	94,412
Contributions - Breakfast event	487,910	-	487,910
In-kind support	73,778	-	73,778
Lawn care program income	112,412	-	112,412
Other income	3,219	-	3,219
Released from restrictions	132,509	(132,509)	-
TOTAL SUPPORT AND REVENUES	1,480,148	(63,169)	1,416,979
EXPENSES			
Program services	1,236,631	-	1,236,631
Supporting services			
Management and general	123,693	-	123,693
Fundraising	66,937	-	66,937
TOTAL EXPENSES	1,427,261	-	1,427,261
IMPAIRMENT LOSS	206,243	-	206,243
TOTAL EXPENSES AND IMPAIRMENT LOSS	1,633,504	-	1,633,504
CHANGE IN NET ASSETS	(153,356)	(63,169)	(216,525)
NET ASSETS - BEGINNING OF YEAR	844,273	1,068,418	1,912,691
NET ASSETS - END OF YEAR	$ 690,917	$ 1,005,249	$ 1,696,166

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

Men of Valor
Statements of Activities

For the Year Ended December 31,			2012
	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUES			
Contributions	$ 202,980	$ 167,204	$ 370,184
Contributions - foundations	263,934	-	263,934
Contributions - churches	78,347	-	78,347
Contributions - Breakfast event	419,446	-	419,446
In-kind support	91,760	-	91,760
Lawn care program income	117,060	-	117,060
Other income	9,111	-	9,111
Released from restrictions	425,906	(425,906)	-
TOTAL SUPPORT AND REVENUES	1,608,544	(258,702)	1,349,842
EXPENSES			
Program services	1,147,943	-	1,147,943
Supporting services			
Management and general	118,199	-	118,199
Fundraising	39,648	-	39,648
TOTAL EXPENSES	1,305,790	-	1,305,790
IMPAIRMENT LOSS	147,182	-	147,182
TOTAL EXPENSES AND IMPAIRMENT LOSS	1,452,972	-	1,452,972
CHANGE IN NET ASSETS	155,572	(258,702)	(103,130)
NET ASSETS - BEGINNING OF YEAR	688,701	1,327,120	2,015,821
NET ASSETS - END OF YEAR	$ 844,273	$ 1,068,418	$ 1,912,691

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

Men of Valor
Statements of Functional Expenses

For the Year Ended December 31,						**2013**
	Program Services			**Supporting Services**		
	Jericho Project	**Lawn Care Program**	**Total**	**Management and General**	**Fundraising**	**Total**
Amortization expense	$ -	$ -	$ -	$ 3,716	$ -	$ 3,716
Automobile	16,204	16,186	32,390	-	-	32,390
Bank service charges	-	-	-	1,903	-	1,903
Board meeting expense	-	-	-	-	-	-
Contingency fund	2,000	-	2,000	-	-	2,000
Contract labor	1,565	-	1,565	1,518	1,518	4,601
Depreciation expense	14,835	9,811	24,646	-	-	24,646
Dues and subscriptions	-	452	452	630	-	1,082
Employee benefits	103,501	-	103,501	5,329	5,329	114,159
Family assistance	65,605	-	65,605	-	-	65,605
Fundraising	-	-	-	-	9,708	9,708
Insurance	7,683	3,707	11,390	2,333	-	13,723
Interest expense	416	-	416	-	-	416
Lawn care expenses - other	-	3,053	3,053	-	-	3,053
Licenses and permits	-	-	-	50	-	50
Ministry materials	5,817	-	5,817	-	-	5,817
Payroll taxes	44,368	3,799	48,167	4,036	2,723	54,926
Postage and delivery	874	-	874	582	-	1,456
Printing and reproduction	2,912	-	2,912	728	-	3,640
Prison expense	3,740	-	3,740	-	-	3,740
Professional fees	-	-	-	21,200	-	21,200
Rent	81,038	-	81,038	5,513	-	86,551
Repairs and maintenance	4,919	3,721	8,640	1,230	-	9,870
Retirement	49,215	-	49,215	4,102	4,102	57,419
Salaries and wages	671,527	39,115	710,642	60,723	43,557	814,922
Special projects	21,912	-	21,912	-	-	21,912
Supplies	15,531	715	16,246	3,883	-	20,129
Taxes	3,656	18,576	22,232	-	-	22,232
Telephone	6,930	-	6,930	2,970	-	9,900
Training and staff retreat	6,471	-	6,471	-	-	6,471
Utilities	6,777	-	6,777	3,247	-	10,024
	$ 1,137,496	$ 99,135	$ 1,236,631	$ 123,693	$ 66,937	$ 1,427,261

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

For the Year Ended December 31,						2012
	Program Services			Supporting Services		
	Jericho Project	Lawn Care Program	Total	Management and General	Fundraising	Total
Amortization expense	$ -	$ -	$ -	$ 3,717	$ -	$ 3,717
Automobile	23,843	14,540	38,383	-	-	38,383
Bank service charges	-	-	-	1,224	-	1,224
Board meeting expense	-	-	-	1,966	-	1,966
Contingency fund	-	-	-	-	-	-
Contract labor	13,525	-	13,525	5,606	5,606	24,737
Depreciation expense	35,693	-	35,693	-	-	35,693
Dues and subscriptions	-	-	-	-	-	-
Employee benefits	84,258	-	84,258	900	900	86,058
Family assistance	44,462	-	44,462	-	-	44,462
Fundraising	-	-	-	-	8,885	8,885
Insurance	2,568	5,029	7,597	4,238	3,725	15,560
Interest expense	18,804	-	18,804	-	-	18,804
Lawn care expenses - other	-	1,516	1,516	-	-	1,516
Licenses and permits	-	-	-	920	-	920
Ministry materials	3,294	-	3,294	-	-	3,294
Payroll taxes	39,489	4,496	43,985	3,937	2,628	50,550
Postage and delivery	792	-	792	528	-	1,320
Printing and reproduction	3,080	-	3,080	770	-	3,850
Prison expense	3,555	-	3,555	-	-	3,555
Professional fees	-	-	-	19,500	-	19,500
Rent	85,047	-	85,047	6,299	-	91,346
Repairs and maintenance	778	4,286	5,064	1,266	-	6,330
Retirement	39,988	-	39,988	5,407	3,906	49,301
Salaries and wages	622,622	45,091	667,713	53,404	13,998	735,115
Special projects	-	-	-	-	-	-
Supplies	7,365	22,059	29,424	2,171	-	31,595
Taxes	3,621	-	3,621	-	-	3,621
Telephone	6,143	-	6,143	2,632	-	8,775
Training and staff retreat	3,334	-	3,334	-	-	3,334
Utilities	8,665	-	8,665	3,714	-	12,379
	$ 1,050,926	$ 97,017	$ 1,147,943	$ 118,199	$ 39,648	$ 1,305,790

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

Men of Valor
Statements of Cash Flows

For the Years Ended December 31,		**2013**		2012
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in net assets	**$**	**(216,525)**	$	(103,130)
Adjustments to reconcile change in net assets to				
net cash provided by operating activities				
Depreciation		**24,646**		35,693
Amortization		**3,716**		3,717
Impairment loss		**206,243**		147,182
Donated investments		**-**		(16,160)
Loss (gain) on sale of investments		**50**		(8,012)
Changes in assets and liabilities:				
Pledges receivable		**168,989**		339,710
Prepaid expenses		**1,446**		(1,400)
Other assets		**(5,000)**		-
Accounts payable		**9,410**		1,483
Payroll liabilities		**944**		15,693
NET CASH PROVIDED BY OPERATING ACTIVITIES		**193,919**		414,776
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of property and equipment		**(44,131)**		(76,345)
Purchases of investments		**(3,060)**		-
Proceeds from sale of investments		**1,012**		21,141
NET CASH USED BY INVESTING ACTIVITIES		**(46,179)**		(55,204)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments for loan costs		**-**		(1,316)
Principal payments on note payable		**(600,000)**		-
NET CASH USED BY FINANCING ACTIVITIES		**(600,000)**		(1,316)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(452,260)**		358,256
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR		**983,243**		624,987
CASH AND CASH EQUIVALENTS - END OF YEAR	**$**	**530,983**	$	983,243
SUPPLEMENTAL DISCLOSURES				
Interest paid	**$**	**416**	$	20,418

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

NOTE 1: NATURE OF OPERATIONS AND BASIS OF PRESENTATION

Men of Valor (the Organization), is a nonprofit corporation located in Nashville, Tennessee that is committed to winning men in prison to Jesus Christ and disciplining 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 is typically lasts 12 months. The Organization is supported primarily by contributions from donors in Nashville, Tennessee and surrounding areas. The Organization's lawn care program, Everyday Dependable Care (EDS), provides employment opportunities for men in the Organization's aftercare program. EDS is supported primarily by fees for lawn care services.

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

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 initial maturities of three months or less to be cash equivalents.

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.

Property and Equipment

The Organization capitalizes all expenditures in excess of $500 for property and equipment. Property and equipment is 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.

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 report expirations of donor 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 is considered unrelated business income. Since related expenses, deductible capital expenditures, and net operating losses exceeded income in 2013 and 2012, no provision for income taxes has been accrued. The Organization's information returns for years ended after December 31, 2010 are subject to examination by the Internal Revenue Service.

The Organization has implemented the accounting guidance for uncertainty in income taxes using the provisions of Financial Accounting Standards Board Accounting Standards Codification 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more likely than not the position will be sustained upon examination by the tax authorities. Such tax positions initially and subsequently need to be measured as the largest amount of tax benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the tax authority assuming full knowledge of the position and relevant facts. The Organization believes that it has appropriate support for the income tax positions taken and to be taken on its tax returns and that no accruals are necessary for any open tax years, based on an assessment of many factors including experience and interpretations of tax laws applied to the facts of each matter. The Organization has concluded that there are no significant uncertain tax positions requiring disclosure, and there are no material amounts of unrecognized tax benefits.

Estimates

The preparation of 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.

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.

Reclassification

Certain 2012 amounts have been reclassified to conform to the 2013 financial statement presentation.

Evaluation of Events Occurring After the Financial Statement Date

Management has evaluated subsequent events through August 5, 2014, the date the financial statements were available to be issued.

NOTE 3: INVESTMENTS

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

December 31,			**2013**
	Fair Value	**Cost/Donated Value**	**Unrealized Gain (loss)**
Sweep account	**$ 4,976**	**$ 4,976**	**$ -**
Mutual funds	**169,315**	**169,315**	**-**
	$ 174,291	**$ 174,291**	**$ -**

December 31,			2012
	Fair Value	Cost/Donated Value	Unrealized Gain (loss)
Sweep account	$ 4,024	$ 4,024	$ -
Mutual funds	168,269	168,269	-
	$ 172,293	$ 172,293	$ -

Investment earnings are reported net of related investment expenses for the years ended December 31, 2013 and 2012, 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, 2013 and 2012 as follows:

For the Year Ended December 31,	**2013**	2012
Interest and dividend income	**$ 252**	$ 1,099
Realized and unrealized gains (losses) on investments	**(50)**	8,012
	$ 202	$ 9,111

NOTE 4: PLEDGES RECEIVABLE

Pledges receivable consists of the following:

December 31,		**2013**		2012
Receivable in less than one year	**$**	**304,430**	$	461,840
Receivable in one to five years		**45,500**		50,000
		349,930		511,840
Allowance for uncollectible pledges		**(74,500)**		(65,000)
Discount, at 2%		**(6,073)**		(8,494)
	$	**269,357**	$	438,346

NOTE 5: PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

December 31,		**2013**		2012
Equipment	**$**	**82,691**	$	64,502
Vehicles		**104,682**		78,741
		187,373		143,243
Accumulated depreciation		**(125,405)**		(100,759)
	$	**61,968**	$	42,484

NOTE 6: NOTE PAYABLE

The Organization had a note payable with a bank for $650,000 with interest due monthly at 3.25% at December 31, 2012. The outstanding note payable balance and accrued interest was paid off in January 2013 prior to maturity. Outstanding balance on the note payable at December 31, 2013 and 2012 was $0 and $600,000, respectively.

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 financial statements as follows:

For the Year Ended December 31,		**2013**		2012
Marketable securities	**$**	**1,009**	$	16,160
Rent		**72,769**		75,600
	$	**73,778**	$	91,760

NOTE 8: OPERATING LEASES

The Organization leases its office facility under an operating lease located in Nashville, Tennessee. The lease agreement provided for lease payments $1,176 per month through May 2014. In July 2014, the Organization entered into another operating lease and moved into another office facility 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, 2013 and 2012 totaled $13,782 and $15,746, respectively.

The Organization also has entered into lease agreements for apartments for the after-care program. All rent for these apartments is donated to the Organization. The fair value of all rent donated has been recognized in the financial statements as in-kind support (see note 7).

A company owned by a member of the board of directors donated apartment leases totaling $35,676 and $24,972, which is recognized as in-kind support to the Organization during the years ended December 31, 2013 and 2012, respectively.

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

2014	$	18,319
2015		30,571
2016		31,486
2017		21,397

NOTE 9: CONCENTRATIONS OF RISK

Cash and cash equivalents are held in banks in Tennessee and may, at times, exceed Federal Deposit Insurance Company limits. Uninsured cash at December 31, 2013 and 2012 was approximately $296,000 and $745,000, respectively.

Pledges receivable from three donors represented 72% of undiscounted pledges receivable at December 31, 2013 and pledges receivable from two donors represented 46% of undiscounted pledges receivable at December 31, 2012.

Pledges receivable due from members of the board of directors and its advisory committee totaled $92,000 and $157,000, which represented 26% and 36% of undiscounted pledges receivable at December 31, 2013 and 2012, respectively.

For the year ended December 31, 2013 and 2012, the Organization received 15% and 16%, respectively, of its total contributions and in-kind support from one donor.

NOTE 10: RETIREMENT PLAN

The Organization sponsors a defined contribution retirement plan for all eligible employees. Eligible employees must work at least twenty hours per week 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 $57,419 and $49,301 for the years ended December 31, 2013 and 2012, respectively.

NOTE 11: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following:

December 31,	**2013**	2012
Purpose restrictions:		
Contributions for new facility	**$ 974,319**	$ 964,319
Time restrictions:		
Pledges receivable for operations	**30,930**	104,099
	$ 1,005,249	$ 1,068,418

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

For the Year Ended December 31,	**2013**	2012
Purpose restrictions accomplished:		
Program expenditures	**$ 40,910**	$ 202,506
Time restrictions expired:		
Passage of specified time	**91,599**	223,400
	$ 132,509	$ 425,906

NOTE 12: PROPERTY HELD FOR SALE AND IMPAIRMENT LOSS

On May 22, 2013, the Organization listed property for sale which had been purchased with restricted contributions. Assets held for sale are required to be reported at the lower of carrying amount (cost less accumulated depreciation) or fair value less cost to sell. The property is currently listed for sale at an amount below its carrying amount. Accordingly, the Organization recognized an impairment loss of $206,243 and $147,182 during the years ended December 31, 2013 and 2012, respectively. Management's estimate of the impairment loss is considered to be a significant estimate and it is at least reasonably possible that a change in the estimate may occur in the near future.

NOTE 13: POSTEMPLOYMENT BENEFITS

The Organization provides salary continuation benefits to beneficiaries of deceased employees. If an employee deceases 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. Because the benefits are dependent upon the employee's death and it is not practical for the Organization to reasonably estimate the amount of its liability for postemployment benefits, no liability has been recognized in the accompanying financial statements. The Organization recognizes the costs of these postemployment benefits when actually paid. No costs of postemployment benefits were charged to the change in net assets for the years ended December 31, 2013 and 2012.

NOTE 14: SUBSEQUENT EVENTS

The Organization purchased land in Antioch, Tennessee in May 2014 with a note payable for $300,000. The note payable and related accrued interest was repaid in full in July 2014.

The Organization collected $65,000 in July 2014 on a pledge receivable that was included in the allowance for uncollectible pledges at December 31, 2013 and 2012.