METROPOLITAN MINISTRIES, INC. AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

METROPOLITAN MINISTRIES, INC. AND AFFILIATES
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2016

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Metropolitan Ministries, Inc. and Affiliates
Tampa, Florida

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Metropolitan Ministries, Inc. and Affiliates (a non-profit organization) (collectively, the Ministries), which comprise the consolidated statement of financial position as of June 30, 2016, and the related consolidated statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated 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 consolidated 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 auditors' 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.

Board of Directors
Metropolitan Ministries, Inc. and Affiliates

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Metropolitan Ministries, Inc. and Affiliates as of June 30, 2016, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the consolidated financial statements of Metropolitan Ministries, Inc. and Affiliates as of June 30, 2015, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 15, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited financial statement from which it has been derived.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Tampa, Florida
October 19, 2016

METROPOLITAN MINISTRIES, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2015)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2016	Total 2015
ASSETS					
CURRENT ASSETS					
Cash	$ 3,837,648	$ -	$ -	$ 3,837,648	$ 3,689,691
Short-Term Investments	-	-	-	-	415,412
Grants and Other Receivables	548,570	-	-	548,570	563,543
Current Portion of Pledges Receivable	735,588	586,413	-	1,322,001	1,634,533
Prepaid and Other Assets	142,365	-	-	142,365	130,290
Total Current Assets	5,264,171	586,413	-	5,850,584	6,433,469
OTHER ASSETS					
Cash for Long-Term Purposes	1,046,905	-	25,000	1,071,905	4,925,901
Beneficial Interest in Assets Held by Others	-	102,742	303,000	405,742	415,403
Pledges Receivable, Net	-	945,529	-	945,529	2,154,709
Notes Receivable - New Markets Tax Credits	23,964,900	-	-	23,964,900	23,964,900
Deferred Loan Costs, Net	831,121	-	-	831,121	1,369,964
Total Other Assets	25,842,926	1,048,271	328,000	27,219,197	32,830,877
LAND, BUILDINGS AND EQUIPMENT, NET	34,907,889	-	-	34,907,889	33,245,389
Total Assets	$ 66,014,986	$ 1,634,684	$ 328,000	$ 67,977,670	$ 72,509,735
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts Payable Trade	$ 315,009	$ -	$ -	$ 315,009	$ 215,171
Construction Payables	-	-	-	-	2,154,932
Accrued Expenses	774,366	-	-	774,366	634,835
Line of Credit	500,000	-	-	500,000	-
Total Current Liabilities	1,589,375	-	-	1,589,375	3,004,938
NOTES PAYABLE, NET OF CURRENT PORTION:					
Notes Payable in Cash	2,697,600	-	-	2,697,600	5,290,764
Forgivable Notes From Grants	1,888,658	-	-	1,888,658	1,400,000
New Markets Tax Credit Notes	33,936,577	-	-	33,936,577	33,936,577
Total Liabilities	40,112,210	-	-	40,112,210	43,632,279
NET ASSETS	25,902,776	1,634,684	328,000	27,865,460	28,877,456
Total Liabilities and Net Assets	$ 66,014,986	$ 1,634,684	$ 328,000	$ 67,977,670	$ 72,509,735

See accompanying Notes to Consolidated Financial Statements.

METROPOLITAN MINISTRIES, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2015)

		Temporarily	Permanently	Total	
	Unrestricted	Restricted	Restricted	2016	2015
PUBLIC SUPPORT					
Contributions	$ 9,313,666	$ -	$ 3,000	$ 9,316,666	$ 14,072,811
Non-Cash Contributions	5,574,256	-	-	5,574,256	5,066,881
In-Kind Services	1,918,538	-	-	1,918,538	495,479
Special Events, Net of Direct Expenses of $108,580	372,393	-	-	372,393	285,359
Government Grants	4,410,246	-	-	4,410,246	3,209,666
Private Grants	1,136,840	-	-	1,136,840	934,556
Total Public Support	22,725,939	-	3,000	22,728,939	24,064,752
REVENUE					
Program Service Revenue	267,357	-	-	267,357	335,239
Thrift Store Sales	397,147	-	-	397,147	348,847
Cafe and Catering Revenue	688,065	-	-	688,065	513,541
Other Income	610,796	(12,661)	-	598,135	478,938
Interest Income	284,537	-	-	284,537	277,924
Total Revenue	2,247,902	(12,661)	-	2,235,241	1,954,489
NET ASSETS RELEASED FROM RESTRICTION	1,625,254	(1,625,254)	-	-	-
Total Public Support and Revenue	26,599,095	(1,637,915)	3,000	24,964,180	26,019,241
EXPENSES					
Program Services	22,191,752	-	-	22,191,752	18,502,513
Development and Community Support	2,979,950	-	-	2,979,950	2,260,765
Management and General	804,474	-	-	804,474	600,055
Total Expenses	25,976,176	-	-	25,976,176	21,363,333
CHANGE IN NET ASSETS	622,919	(1,637,915)	3,000	(1,011,996)	4,655,908
Net Assets at Beginning of Year	25,279,857	3,272,599	325,000	28,877,456	24,221,548
NET ASSETS AT END OF YEAR	$ 25,902,776	$ 1,634,684	$ 328,000	$ 27,865,460	$ 28,877,456

See accompanying Notes to Consolidated Financial Statements.

METROPOLITAN MINISTRIES, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	$ (1,011,996)
Adjustments to Reconcile Change in Net Assets to	
Net Cash Provided by Operating Activities:	
Depreciation and Amortization	2,075,565
Investment Losses	9,661
(Increase) Decrease in Assets:	
Grants and Other Receivables	14,973
Pledges Receivable, Net	1,521,712
Prepaid and Other Assets	(12,075)
Increase (Decrease) in Liabilities:	
Accounts Payable Trade	99,838
Accrued Expenses	139,531
Net Cash Provided by Operating Activities	2,837,209
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of Land, Buildings, and Equipment	(5,354,154)
Proceeds from Sale of Short-Term Investments	415,412
Decrease in Cash Restricted for Investing Activities	3,648,518
Net Cash Used by Investing Activities	(1,290,224)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds on Line of Credit	700,000
Payments on Line of Credit	(200,000)
Payments on Notes Payable	(3,393,164)
Proceeds from Notes Payable	1,288,658
Decrease in Cash Restricted for Financing Activities	205,478
Net Cash Used by Financing Activities	(1,399,028)
NET INCREASE IN CASH	147,957
Cash at Beginning of Year	3,689,691
CASH AT END OF YEAR	$ 3,837,648
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash Paid for Interest	$ 572,006

See accompanying Notes to Consolidated Financial Statements.

METROPOLITAN MINISTRIES, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2015)

	Program Services	Development and Community Support	Management and General	Total 2016	Total 2015
Salaries and Wages	$ 5,994,467	$ 765,449	$ 481,910	$ 7,241,826	$ 6,497,390
Payroll Taxes and Benefits	1,248,680	175,808	91,737	1,516,225	1,500,468
Total Personnel Expenses	7,243,147	941,257	573,647	8,758,051	7,997,858
In-Kind Goods and Services	7,492,794	-	-	7,492,794	5,212,327
Contracted Services	636,870	86,415	36,023	759,308	632,522
Food	1,160,702	-	-	1,160,702	1,234,775
Insurance	172,408	22,401	3,592	198,401	226,837
Occupancy	627,276	3,439	3,439	634,154	588,892
Office and Other Supplies	513,724	20,158	18,087	551,969	509,410
Marketing	138,420	171,819	-	310,239	219,135
Professional Fees and Development	290,550	37,577	46,646	374,773	319,523
Program Materials and Printing	290,801	37,275	61,660	389,736	472,945
Program and Donor Development	183,895	1,614,538	1,595	1,800,028	1,597,833
Transportation	85,150	3,144	3,022	91,316	86,925
Utilities	740,206	18,709	24,121	783,036	763,651
Depreciation and Amortization	2,041,657	12,929	20,979	2,075,565	1,134,820
Interest	535,563	384	3,913	539,860	299,084
Other	38,589	9,905	7,750	56,244	66,796
Total Expenses	$ 22,191,752	$ 2,979,950	$ 804,474	$ 25,976,176	$ 21,363,333
Percentage of Total Expenses	85.43%	11.47%	3.10%	100.00%	

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A description of the organization and a summary of the significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follow:

Description of the Organization

Metropolitan Ministries, Inc. is a community-supported, nonprofit organization founded in 1972 whose mission is to care for the homeless and those at risk of becoming homeless in the community, through services that alleviate suffering, promote dignity, and instill self-sufficiency...as an expression of the ongoing ministry of Jesus Christ.

Metropolitan Ministries® provides answers for poor and homeless families, Faithfully. This has been the cornerstone of the Ministries' approach since its founding. Over the past 43 years, as the number of homeless families and hungry people has increased, the Ministries has remained committed to reaching out and providing services that help prevent homelessness, ease hunger and offers homeless people with life-changing solutions leading to self-sufficiency**.**

The Ministries offers three distinct programs:

- Outreach and Prevention Services – The focus of this program is reaching out to hungry people and preventing homelessness. The Ministries reaches out to hungry people by providing prepared meals to partner organizations, located throughout the Tampa Bay area, where anyone who is hungry can be fed. For families and individuals who live in their own home, but are at risk of becoming homeless, the Ministries provide various services. These services include meals and clothing, holiday food, toys and spiritual assistance to over 31,500 families in need, utility and rent assistance, employment lab, off-campus case management to families with children, and referrals to housing and other agencies to meet their additional needs. These prevention services have resulted in a 94.8% success rate to keep at risk families from becoming homeless in the next 12 months, and are offered in a manner that respects every individual's God-given dignity and worth.

  Since October 2014 the Ministries has also prepared and served hot meals to hungry homeless at its newly-constructed kitchen at its Pasco County campus in Holiday, Florida.

  Outreach and prevention services program expenses totaled approximately $7,692,000 for the year ended June 30, 2016.

® Registered trademark of Metropolitan Ministries, Inc.

NOTE 1 DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of the Organization (Continued)

- Residential and Offsite Programs – Uplift Hall, Hope Hall and offsite apartments and programs are aimed at dealing with the issues of poverty and homelessness by focusing on the needs of each individual situation, as follows:

  - MiraclePlace® Residence Services – 100 family living units offering homeless families a safe place to live on our Tampa campus while finding their way to self-sufficiency. Families stay for as little as a few weeks or more than a year, depending on the needs of the individual or family. Through on-campus housing with variable length stays, 291 families were served during the year ended June 30, 2016.

  - Uplift Hall provides transitional housing and life skills programs for families and single women who need more intensive long-term services.

  - Hope Hall provides emergency short-term housing and life skills programs to families and single women who face homelessness due to unemployment and need help to get back on their feet.

  - In December 2015, the Ministries completed construction of the first 12 of 24 family living units at its Pasco County campus in Holiday. The Ministries now serves homeless families with on-campus housing, as well as providing hot meals, counseling services and education to resident families.

  - Offsite Programs – Offsite apartments are also provided to at risk families in six local neighborhoods throughout Hillsborough County. Additionally, 257 families are served annually offsite through the First Hug program, funded by the Children's Board of Hillsborough County, offering homebased case management services.

  - Health and Wellness – The Ministries provides nutritious healthy well balanced meals and snacks each day for all residents and Head Start children. The Ministries also provides health and wellness resources and increased access to medical care to resident homeless families and single women. The program utilizes a comprehensive health assessment to determine residents' health and wellness needs. The new gym is utilized to provide physical fitness activities for all ages. Access to medical care is provided on site through partnerships with a medical provider and mobile clinic services.

  - Counseling and Case Management – These services are central to all programs and include emergency crisis intervention, comprehensive assessments, case management and family counseling, and an individualized, achievable self-sufficiency plan. Additionally, anger management and life-skills building are included in the counseling components.

NOTE 1 DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of the Organization (Continued)

- Recovery and Sobriety – The Ministries offers a full-range of recovery services for all Uplift U participants that struggle with addiction issues. Services include onsite addiction assessment and classes, AA and NA meetings, and a recovery counselor along with referrals to other community recovery programs. Additional services include family intervention, co-dependency and prevention classes for family members, and connections to addict and family support services (ALANON and ALATEEN).

- Community Living and Pastoral Care – Services include pastoral care, counseling, worship services, Bible studies and spiritual development that prepares residents for self-governance, advocacy, and personal responsibility when they leave the Ministries. Since May 2015 these services have been available in the Ministries newly-constructed non-denominational Chapel of Hope located at the center of the Tampa campus, to help residents focus on their spiritual growth and development.

  Residential and offsite program expenses totaled approximately $10,388,000 for the year ended June 30, 2016.

- Childhood and Adult Education
  - Childhood Education – The Ministries offers its accredited Promiseland childcare services and additional Headstart program services in partnership with Hillsborough County.

  - The Hillsborough County School District also operates a kindergarten to grade 5 Partnership School for the Ministries' current and former resident children, with the school building lease and utility costs paid by the Ministries; the School District provides curriculum and pays for all school administrative and teaching staff, equipment and supplies. A new larger Partnership School building was opened August 2015, serving 150 students.

  - The Ministries additionally provides before and after school care, summer programs and an onsite teen program to serve the children of its residents. Since May 2015 these services were offered in the newly-constructed Youth Enrichment Center and gym.

  - Adult Education – Through collaborative community partnerships, adult residents participate in comprehensive adult literacy, GED, English as a second language, culinary training and other education classes that provides them with the skills and training they need to be self-sufficient.

NOTE 1 DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of the Organization (Continued)

- Employment Services – The Ministries offers a continuum of employment services, from job readiness to job placement and long-term training. Job readiness preparation is a key element including assessment, counseling, learning and demonstrating "soft skills" such as punctuality, on-task behavior and time management. For residents who have completed the readiness preparation or already have the skills and experience to move forward, the Ministries assists them in accessing job placement services and long-term training programs in the community.

  Childhood and adult education services program expenses totaled approximately $4,112,000 for the year ended June 30, 2016.

The Ministries' operating funds are generated primarily from private contributions. The Ministries also receives government grants, including a non-recurring grant for construction of 12 family residence living units in Pasco, which comprise approximately 17.7% of total public support and revenue. The Ministries also operates a thrift store and cafés, including a second café opened in July 2014, to help fund its operations and comprise approximately 4.1% of total public support and revenue. The Inside-The-Box cafés offer lunch and catering services to the public and is staffed primarily by former residents who have successfully completed the Ministries' Uplift U culinary training program.

The ability of the Ministries to continue to provide services is dependent on the availability of funding and community support.

The Ministries works to generate community funding for the Ministries' programs. This funding support consists primarily of cash and stock donations, and in-kind gifts such as food, clothing and services.

Principles of Consolidation

The consolidated financial statements include the financial statements of Metropolitan Ministries, Inc., Metropolitan Ministries Foundation, Inc., MiraclePlace, Inc., MiraclePlace Foundation, Inc. and MiraclePlace Pasco Tampa Initiative, Inc. (collectively referred to as the Ministries). All significant inter-organizational transactions have been eliminated in the accompanying consolidated financial statements.

Metropolitan Ministries Foundation, Inc. (the Foundation), a Florida nonprofit corporation, was organized in October 2003 by the Ministries for the purpose of creating and managing its endowment gifts and related assets. The Ministries is the sole recipient of the Foundation's income.

NOTE 1 DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Principles of Consolidation (Continued)

MiraclePlace, Inc. (MPI) and MiraclePlace Foundation, Inc. (MPF) are Florida nonprofit corporations formed in October 2012 to accommodate the Ministries' New Markets Tax Credit Chapter 1 funding of new construction. MiraclePlace Pasco Tampa Initiative, Inc. (MPTI) is a Florida nonprofit corporation formed in May 2014 to accommodate the Ministries' New Markets Tax Credit Chapters 2 and 3 funding of new construction (see Notes 7 and 13). The purpose of these entities is to hold certain assets of and title to property, collect income from that property, and turn over income from that property on behalf of the Ministries, pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986.

Basis of Accounting

These consolidated financial statements, presented on the accrual basis of accounting, have been prepared to focus on the Ministries as a whole and to present net assets, revenues and expenses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Unrestricted Net Assets

Net assets not subject to donor-imposed stipulations. As of June 30, 2016, the board of directors has designated $167,835 of unrestricted net assets to be used for the replacement and maintenance of capital assets.

Temporarily Restricted Net Assets

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

Permanently Restricted Net Assets

Net assets subject to donor-imposed stipulations that assets be maintained permanently by the Ministries. Generally, the donors of these assets permit the Ministries to use all or part of the income earned on related investments for general or specific purposes.

Revenue Recognition

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Contributions whose restrictions are met in the same reporting period are treated as unrestricted.

Contributions, including unconditional promises to give (pledges), are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. An allowance for uncollectible pledges is provided based upon management's judgment, including such factors as prior collection history, type of contribution and nature of the fundraising activity.

NOTE 1 DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash for Long-Term Purposes

Cash designated and restricted for the payment of interest on notes payable is classified as a non-current asset.

Pledges Receivable

The fair value of the pledges receivable is estimated by discounting expected net future cash flows. The Ministries recorded a provision for uncollectible amounts of approximately $121,000 at June 30, 2016 in the accompanying consolidated financial statements.

Grants and Other Receivables

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the consolidated financial statements. The Ministries expects to collect all balances in full, so there is no provision for uncollectible amounts at June 30, 2016. The Ministries does not charge interest on past due balances.

Land, Buildings and Equipment

Land, buildings and equipment are stated at cost. Donated property and equipment are recorded at fair value at the date of donation. Depreciation is calculated over the estimated useful lives of the assets on the straight-line basis. Estimated useful lives for the Ministries' buildings and other furniture, equipment and improvements are 30 years and 5 to 10 years, respectively. The Ministries capitalizes asset acquisitions that exceed $1,000.

Income Taxes

Metropolitan Ministries, Inc., Metropolitan Ministries Foundation, Inc., MiraclePlace, Inc., MiraclePlace Foundation, Inc. and MiraclePlace Pasco Tampa Initiative, Inc. have been granted exemptions from federal income tax under Section 501(c)(3) of the Internal Revenue Code and from Florida income tax under Chapter 220 of the Florida Statutes. Accordingly, no provision for income taxes has been included in the accompanying consolidated financial statements.

Management is not aware of any activities that would jeopardize the tax exempt status of the Ministries.

NOTE 1 DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In-Kind Contributions

Donated materials and professional services are reflected in the accompanying consolidated financial statements inasmuch as an objective basis is available to measure the value of such materials and professional services. For those donated materials and non-professional services for which no objective basis is available to measure the value, no such contributions are reflected in the accompanying consolidated financial statements. In-kind and non-cash contributions that have been recorded in the accompanying consolidated financial statements include food, clothing, toys, school supplies and other necessary items.

A substantial number of volunteers have donated significant amounts of their time in the Ministries' program services that are not reflected in the accompanying consolidated financial statements. These volunteer services had an estimated value of approximately $4,356,000 for the year ended June 30, 2016.

Functional Allocation of Expenses

The costs of providing the various programs have been summarized on a functional basis in a separate consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 consolidated financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Advertising Costs

The Ministries' policy is to expense advertising and marketing costs as incurred. Marketing costs were approximately $310,000 for the year ended June 30, 2016.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements. The reclassification had no effect on previously reported changes in net assets or net asset amounts.

Comparative Financial Information

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2015, from which the comparative totals were derived.

NOTE 2 PLEDGES RECEIVABLE

Pledges receivable at June 30, 2016 are summarized as follows:

Total Unconditional Pledges	$ 2,417,983
Less: Allowance for Uncollectible Pledges	(121,484)
Less: Discount on Long-Term Pledges	(28,969)
Net Pledges Receivable	$ 2,267,530

Pledges receivable expected to be collected after June 30, 2016 are as follows:

Less than One Year	$ 1,322,001
One to Five Years	1,095,982
Total	$ 2,417,983

NOTE 3 NON-CURRENT NOTES RECEIVABLE

Notes receivable from New Markets Tax Credit investment funds are secured by first interest in pledged securities and consist of the following at June 30, 2016:

Description	Amount
Note receivable dated December 18, 2012, interest accrued at 1%, annual interest payments through December 2020, then annual principal and interest payments of $344,212, maturing December 2047	$ 8,370,000
Note receivable dated December 19, 2012, interest accrued at 1%, annual interest payments beginning December 2013, then annual principal and interest payments beginning December 2023, maturing December 2047	4,455,600
Note receivable dated June 27, 2014, interest accrued at 1%, annual interest payments through December 2022, then annual principal and interest payments of $350,194, maturing December 2044	7,439,300
Note receivable dated June 27, 2014, interest accrued at 1.3%, annual interest payments through December 2022, then annual principal and interest payments, maturing December 2043	3,700,000
Total	$ 23,964,900

Principal on non-current notes receivable is due from 2020 to 2047 (see Notes 7 and 13).

NOTE 4 FAIR VALUE MEASUREMENTS

The Fair Value Measurement and Disclosures Topic of the FASB Accounting Standards Codification establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under the Fair Value Measurement and Disclosure Topic are described as follows:

Level 1 – Quoted market prices in active markets for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2 – Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

The valuation methodologies used for assets measured at fair value at June 30, 2016 are:

Beneficial interest in assets held by others: Consist of a designated fund with a local community foundation. These assets are measured as reported by the community foundation and are not traded on an active market.

The following table sets forth, by level within the fair value hierarchy, the Ministries' investment assets measured at fair value on a recurring basis at June 30, 2016:

	Level 1	Level 2	Level 3	Total
Beneficial Interest in Assets Held by Others	$ -	$ -	$ 405,742	$ 405,742
Total	$ -	$ -	$ 405,742	$ 405,742

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

A summary of the activity of Level 3 assets for the year ended June 30, 2016 follows:

Beneficial Interest in Funds Held by Others at		
Beginning of Year	$	415,403
Additions		3,000
Interest and Dividends		23,657
Change in Value of Beneficial Interest in Funds		
Held by Others		(33,608)
Fees		(2,710)
Beneficial Interest in Funds Held by Others at		
End of Year	$	405,742

The Ministries established a designated fund with a local community foundation for the purpose of providing support for the Ministries' mission.

NOTE 5 LAND, BUILDINGS AND EQUIPMENT

A summary of land, buildings and equipment at June 30, 2016 follows:

Land	$	5,329,284
Buildings		34,863,611
Land and Building Improvements		1,435,740
Furniture, Fixtures and Equipment		4,857,885
Vehicles		321,544
Total		46,808,064
Less: Accumulated Depreciation		(11,900,175)
Land, Buildings and Equipment, Net	$	34,907,889

NOTE 6 LINE OF CREDIT

The Ministries has a revolving line of credit totaling $1,500,000 with Bank of America and bears interest at LIBOR plus 2.50% (2.96% at June 30, 2016). The line of credit is secured by personal property of the Ministries and is due December 2016. The balance outstanding on borrowings on this line of credit at June 30, 2016 was $500,000, which was paid in full on September 22, 2016.

NOTE 7 NOTES PAYABLE

Notes payable consist of the following at June 30, 2016:

Notes Payable in Cash		
Loan agreement with financial institution up to $6,000,000, interest accrued at LIBOR plus 1.75% with a floor of 2.5%, (2.5% at June 30, 2016) monthly interest-only payments until maturity, due June 30, 2019, secured by cash and investments	$	1,350,000
Promissory note to private organization, interest accrued at LIBOR plus 1.75% with a floor of 2.5% (2.5% at June 30, 2016), interest-only payments until maturity, due December 2018, subordinate to financial institution note		1,000,000
Promissory note, 0% interest, principal payments deferred until maturity, due September 30, 2048, secured by real property		347,600
Total Notes Payable in Cash		2,697,600
Forgivable Government Agency Notes		
Promissory note to government agency, 0% interest, principal payments deferred until maturity, due May 2039, secured by real property, if certain terms and contract covenants are maintained to be forgiven upon maturity		600,000
Promissory note to government agency, 0% interest, principal payments deferred until maturity, due August 2032, secured by real property, to be forgiven upon maturity		500,000
Mortgage to government agency, 0% interest, principal payments deferred until maturity, due August 2019, secured by real property, to be forgiven upon maturity		200,000
Mortgage to government agency, 0% interest, principal payments deferred until maturity, due August 2018, secured by real property, to be forgiven upon maturity		100,000
Promissory note to government agency, 0% interest, principal payments deferred until maturity, due December 2065, secured by real property, to be forgiven upon maturity		488,658
Total Forgivable Government Agency Notes		1,888,658

NOTE 7 NOTES PAYABLE (CONTINUED)

New Markets Tax Credit Notes Subject to Put/Call Options	
(All secured by real and personal property)	
MPI:	
Interest Accrued at 1.0006%, due December 2047	4,455,600
Interest Accrued at 1.0006%, due December 2047	1,544,400
Interest Accrued at 1.6754%, due December 2047	3,081,000
Interest Accrued at 1.6754%, due December 2047	6,919,000
Interest Accrued at 1.6754%, due December 2047	2,431,577
MPTI:	
Interest Accrued at 1.355%, due December 2049	7,439,300
Interest Accrued at 1.355%, due December 2049	3,065,700
Interest Accrued at 1.0%, due December 2049	3,700,000
Interest Accrued at 1.0%, due December 2049	1,300,000
Total New Markets Tax Credit Notes Payable Subject to Put/Call Options	33,936,577
Total Notes Payable	$ 38,522,835

In December 2012, the Ministries funded development and construction of MiraclePlace, Inc.'s new 52 units of transitional housing, a childcare facility, a larger dining facility, and renovation of existing 48 units of emergency housing for the homeless in Tampa, Florida with Non-Current Notes Payable and Non-Current Notes Receivable issued under the New Markets Tax Credit (NMTC) program as provided by Section 45D of the Internal Revenue Code. The new MiraclePlace campus furthers the Ministries' mission by offering education, family counseling, childcare, food service facilities and transitional shelter to homeless families and those at risk of becoming homeless.

In June 2014, the Ministries completed a similar NMTC program funding for development and construction of a chapel, youth enrichment center, gym and K to grade 5 school in Tampa, and a kitchen in Holiday, Florida. These facilities enable the Ministries to provide residents the opportunity to focus on their spiritual needs and growth, and to feed homeless and at risk families in Pasco County.

The purpose of the tax credit is to encourage investment in low-income community businesses, while also effectively reducing the borrowing or financing costs to the businesses. Construction was funded by two national banks (JPMorgan Chase and Hancock/Whitney Bank) and their New Markets Tax Credit investment groups and intermediaries.

NOTE 7 NOTES PAYABLE (CONTINUED)

The NMTC provides tax credits over the first seven years to investors in the two banks' private NMTC investment groups. The Ministries expects to have the net NTMC debt substantially reduced with equity conversions in 2020 and 2021, by the exercise of $1,000 options by Chase Community Equity LLC (an intermediary of JPMorgan Chase), and by Hancock/Whitney Bank. This net NMTC debt expected to be substantially reduced with equity conversions in 2020 and 2021 is comprised of the Non-Current Notes Payable by the Ministries to the NMTC private investment groups, less Non-Current Notes Receivable (see Note 3) owed to Miracle Place Foundation by the NMTC private investment groups, as follows:

NMTC Transaction		NMTC Non-Current Notes		Net NMTC
Date	Equity Conversion	Payable	Receivable	Debt
Dec 2012	Apr-June 2020	$ 18,431,577	$ 12,825,600	$ 5,605,977
Jun 2014	Oct 2021	15,505,000	11,139,300	4,365,700
	Total	$ 33,936,577	$ 23,964,900	$ 9,971,677

See Note 13 for additional details.

Interest expense totaled $539,860, which is net of $43,979 of interest capitalized during construction for the year ended June 30, 2016.

Principal maturities on notes payable are as follows:

Year Ending June 30,	Amount
2019	$ 2,450,000
2020	200,000
Thereafter	35,872,835
Total	$ 38,522,835

NOTE 8 COMMITMENTS AND CONTINGENCIES

Operating Leases

The Ministries leases certain equipment and facilities. The following is a schedule of approximate non-cancellable minimum payments under such operating leases that expire at various dates through 2018:

Year Ending June 30,	Amount
2017	$ 191,612
2018	103,881
2019	49,028
Total	$ 344,521

Rent expense under operating leases was $182,534 for the year ended June 30, 2016.

NOTE 8 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Grants

The Ministries is subject to audit examination by funding sources to determine compliance with grant conditions. In the event that expenditures would be disallowed, repayment could be required. Management believes they are in compliance with the grant conditions imposed by their various funding sources.

NOTE 9 ENDOWMENTS

The Ministries' endowment is comprised of donor restricted funds designated to function as endowments. Net assets associated with endowment funds are classified and reported based on existence or absence of donor imposed restrictions.

The Ministries established a designated fund with a local community foundation for the purpose of providing support for the Ministries' mission. This fund is reported as Beneficial Interest in Assets Held by Others in the accompanying consolidated statement of financial position.

The Florida Uniform Prudent Management of Institutional Funds Act requires the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulation to the contrary.

The Ministries classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The Ministries considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: the duration and preservation of the fund, the purposes of the Ministries and the donor-restricted endowment fund, general economic conditions, the possible effect of inflation and deflation, the expected total return from income and appreciation of investments, other resources of the Ministries, and the investment policies of the Ministries.

The Ministries is developing an investment and spending policy for endowment assets that attempts to preserve the real (inflation adjusted) value of endowment assets, increase the real value of the portfolio and facilitate a potential distribution to support some level of future operations. Endowment assets include those assets of donor-restricted funds that the Ministries must hold in perpetuity or for a donor-specified period(s).

The terms of the operating policies of the endowment funds (the Fund) will require that the Fund will be managed by the Investment Committee and approved by the Board of Directors. The Investment Committee will be responsible to oversee the portfolio's investments and monitor the investments on an ongoing basis to ensure that long-term objectives are being met. The Investment Committee will set a target asset allocation for the portfolio's assets and seek advice from professional investment managers which hold the assets. The Fund will invest funds in accordance with the standards set forth in the Ministries' investment policy.

NOTE 9 ENDOWMENTS (CONTINUED)

The Ministries' board of directors, on the recommendation of the Investment Committee, will adopt a spending policy that governs the annual distributions from the endowment fund that may be expended for current operations of the Ministries. This policy will authorize the Ministries to distribute from its endowment fund a specified percentage, to be determined by the board of directors from time to time, of the current market at budget time or fiscal year-end of the endowment fund. The policy will allow the board to base the distribution formula on the average market value over a period of several years as it chooses to do so. For the fiscal year ended June 30, 2016, the Ministries' board of directors did not distribute any endowment funds.

Distributions cannot exceed the accumulated unspent earnings of the endowment without the board's approval. Income earned in excess of the spending rate may be reinvested in endowment principal. This is consistent with the Ministries' objective to maintain the purchasing power of endowment assets as well as to provide additional real growth through investment return.

Changes in the endowment's net assets are as follows for the year ended June 30, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Balance at June 30, 2015	$ -	$ 115,403	$ 325,000	$ 440,403
Interest, Dividends, Realized and Unrealized Activity	-	(9,951)	-	(9,951)
Endowment Additions	-	-	3,000	3,000
Endowment Fees	-	(2,710)	-	(2,710)
Endowment Balance at June 30, 2016	$ -	$ 102,742	$ 328,000	$ 430,742

Total endowment balance at June 30, 2016 includes $405,742 of Beneficial Interest in Funds Held by Others (see Note 4).

NOTE 10 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets in the accompanying consolidated statement of financial position are available for the following purposes as of June 30, 2016:

Time Restrictions on Pledges Receivable	$ 1,531,942
Unappropriated Endowment Earnings on Beneficial Interest in Assets Held by Others	102,742
Total	$ 1,634,684

Net assets were released from restriction in the accompanying consolidated statement of activities during the year ended June 30, 2016 for satisfaction of time restrictions on pledges receivable of $1,625,254.

NOTE 11 RETIREMENT PLAN

The Ministries has a Section 401(k) plan for its eligible employees. Full-time employees over the age of 21 who have worked for the Ministries for three months or more are eligible to participate in the plan. Employees are fully vested upon entrance to the plan. The plan provides an employer match of 100% on the first 3% of compensation and 50% on the next 2% of compensation. Plan contributions by the Ministries for the year ended June 30, 2016 approximated $112,000.

NOTE 12 GRANT REVENUE

The following is a summary of governmental grant revenue earned during the year ended June 30, 2016:

Federal	
Emergency Food and Shelter Program	$ 75,092
U.S. Department of Agriculture	287,916
Department of Transportation	67,743
U.S. Department of Housing and Urban Development	159,926
	590,677
State	
Florida Department of Education	16,286
Florida Department of Economic Opportunity	921,950
Florida Department of Children and Families	9,749
	947,985
County	
Children's Board of Hillsborough County	1,610,063
Hillsborough County Board of County Commissioners	1,098,966
Hillsborough County Finance Authority	162,555
	2,871,584
Total	$ 4,410,246

NOTE 13 NEW MARKETS TAX CREDIT TRANSACTIONS

The Ministries entered into several debt and receivable transactions during the fiscal years ended June 30, 2013 and 2014, in order to make additional funds available to it through the New Markets Tax Credit (NMTC) Program, as described in Note 7. As part of these transactions, the Ministries created MiraclePlace Foundation, Inc. (MPF) and MiraclePlace, Inc. (MPI) in 2012 and MiraclePlace Pasco Tampa Initiative, Inc. (MPTI) in 2014, as described in Note 1 under Principles of Consolidation.

The NMTC Program permits taxpayers to claim a credit against federal income taxes for Qualified Equity Investments (QEI) in designated Community Development Entities (CDEs). These designated CDEs must use substantially all (85%) of the proceeds to make Qualified Low-Income Community Investments (QLICI). The taxpaying investor is provided with a tax credit which is claimed over a seven-year period. The credit is equal to 5% of the total amount paid for the capital investment over the first three years and 6% annually for the final four years.

NOTE 13 NEW MARKETS TAX CREDIT TRANSACTIONS (CONTINUED)

2012 NMTC Transaction

JP Morgan Chase Bank through its Chase NMTC FL Met Min Investment Fund, LLC (Chase Fund) made a $10,000,000 qualified equity investment in Enhanced Capital New Market Development Fund XI, LLC (Fund XI). Fund XI made a leverage loan of $10,000,000 to the Chase Fund. The Chase Fund made QEIs of $10,000,000 plus an additional investment of $2,931,577 to Florida Community New Markets Fund X, LLC (Fund FCX). Fund FCX made two QLICI loans totaling $10,000,000 to MPI in amounts of $6,919,000 and $3,081,000, and a non-QLICI loan to MPI in the amount of $2,431,577.

Whitney New Markets CDE 16, LLC (Whitney CDE) also made two QLICI loans totaling $6,000,000 to MPI in the amounts of $4,455,600 and $1,544,400.

MPI used the proceeds from the QLICI loans to purchase land, building and improvements from the Ministries for $4,800,000 and to fund development and construction. New construction was completed in September 2013 and renovation of emergency housing units was completed in May 2014.

MPF issued loans to the Chase Fund for $8,370,000 and to the Whitney CDE for $4,455,600 (see Note 3).

2014 NMTC Transaction

JPMorgan Chase Bank through its Chase NMTC Met Min 2 Investment Fund, LLC (Chase Fund 2) made an $11,000,000 qualified equity investment in Florida Community New Markets Fund XV, LLC (Fund FXV). Fund FXV made two QLICI loans totaling $10,505,000 to MPTI in amounts of $7,439,300 and $3,065,700.

Whitney New Markets Investor 27, LLC (Whitney CDE 2) also made QLICI loans totaling $5,000,000 to MPTI in the amounts of $3,700,000 and $1,300,000.

MPTI used the proceeds from the QLICI loans for payment of a ground lease of land and buildings from the Ministries for $4,216,000 and to fund new development. Construction was completed in Pasco County in October 2014, on the Tampa campus in May 2015, and a new school in Tampa in August 2015.

MPF issued loans to the Chase Fund 2 for $7,439,300 and to the Whitney COE 2 for $3,700,000 (see Note 3).

NOTE 13 NEW MARKETS TAX CREDIT TRANSACTIONS (CONTINUED)

In connection with making the loans to the Chase and Whitney investment funds, the Ministries entered into put options with Chase Community Equity, LLC, and with Whitney Bank (the Investors). The agreements allow the Investors to put their interest in the Chase and Whitney funds to the Ministries at any time during the four to six months following the seventh anniversary of the effective date. The purchase price of the interests is $1,000. Also, the Ministries entered into call options that, if the Chase and Whitney investment funds do not exercise their put options, the Ministries may call the Investors' interests, three to six months following the seven year anniversary of the QEI. The call options may be executed by the Ministries at any time during the 24-month period following the end of the put options period. The purchase price of the call options is the fair market value of the Investors' interests at the time of the call. The purchase price of the funds' interests are the greater of the fair market value of the CDEs' interest or the aggregate amount of principal and interest owed by the funds on the leverage loan as of the call options closing date. No amounts have been recorded on the accompanying consolidated financial statements related to the put and call options.

NOTE 14 CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Ministries to concentrations of credit risk consist principally of cash deposits at Bank of America. The Ministries' cash and cash equivalents may exceed, on occasion, amounts in excess of the Federal Deposit Insurance Corporation insured amount. The Ministries have not experienced any losses in such accounts.

NOTE 15 CHANGE IN ACCOUNTING ESTIMATE

The Ministries regularly evaluates accounting estimates and makes necessary changes prospectively. During the year ended June 30, 2016, the Ministries recognized a change in estimate that increased amortization expense for deferred loan costs and reduced unrestricted net assets by $355,077. These deferred loan costs from the New Markets Tax Credit transactions are now amortized through the expected dates of exercise of put options that will effectively retire the New Markets Tax Credit Notes Payable and Notes Receivable in 2020 and 2021 (see Note 7), rather than the stated maturity dates of the notes.

NOTE 16 SUBSEQUENT EVENTS

The Ministries have evaluated events and transactions occurring subsequent to June 30, 2016 as of October 19, 2016, which is the date the consolidated financial statements were available to be issued.