

**MATTHEW 25: MINISTRIES, INC.**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED**  
**DECEMBER 31, 2016 AND 2015**

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# Steven Potter & Company, CPAs, Inc.

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Matthew 25: Ministries, Inc.

We have audited the accompanying financial statements of Matthew 25: Ministries, Inc., which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, cash flows, and functional expenses 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 U.S. generally accepted accounting principles. 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.

### *Auditor's Responsibility*

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

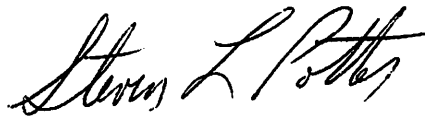
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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 do not express such an 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 Matthew 25: Ministries, Inc. as of December 31, 2016 and 2015 and the changes in its net assets and cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

A handwritten signature in black ink, appearing to read "Steven L. Potter". The signature is written in a cursive, flowing style.

June 15, 2017

Certified Public Accountant

**MATTHEW 25: MINISTRIES, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2016 AND 2015**

**ASSETS**

	<u>2016</u>	<u>2015</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents-unrestricted	\$ 1,030,422	\$ 1,464,719
Accounts receivable	127,153	137,670
Note receivable (Note 12)	-	20,000
Prepaid insurance	13,010	-
Other current assets	7,688	16,071
Inventory	61,526,318	47,065,635
Marketable securities (Notes 4, 5)	5,491,564	5,088,973
<b>TOTAL CURRENT ASSETS</b>	<u>68,196,155</u>	<u>53,793,068</u>
<b>NON CURRENT ASSETS</b>		
Property and equipment, net (Note 10)	4,651,638	4,679,163
Cash and cash equivalents-restricted (Note 7)	365,340	243,594
<b>TOTAL NON CURRENT ASSETS</b>	<u>5,016,978</u>	<u>4,922,757</u>
<b>TOTAL ASSETS</b>	<u>\$ 73,213,133</u>	<u>\$ 58,715,825</u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 155,220	\$ 120,284
Salaries, benefits and taxes payable	51,606	38,926
<b>TOTAL CURRENT LIABILITIES</b>	<u>206,826</u>	<u>159,210</u>
<b>NET ASSETS</b>		
Unrestricted	72,640,967	58,313,021
Temporarily restricted (Note 7)	365,340	243,594
<b>TOTAL NET ASSETS</b>	<u>73,006,307</u>	<u>58,556,615</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 73,213,133</u>	<u>\$ 58,715,825</u>

SEE NOTES TO FINANCIAL STATEMENTS

**MATTHEW 25: MINISTRIES, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>			<u>2015</u>		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUES</b>						
Donated products received	\$ 228,955,311	\$ -	\$228,955,311	\$180,421,069	\$ -	\$180,421,069
Contributions	3,514,766	558,853	4,073,619	3,957,035	420,077	4,377,112
Handling and shipping fees	2,227,771	-	2,227,771	2,180,762	-	2,180,762
Investment income, net (Note 4)	218,697	-	218,697	(6,607)	-	(6,607)
Event revenue (Note 13)	282,746	-	282,746	194,111	-	194,111
Other program revenue	181,589	-	181,589	121,588	-	121,588
Missions hotel revenue	71,639	-	71,639	50,299	-	50,299
Other income	35,410	-	35,410	66,298	-	66,298
Assets released from restrictions	437,107	(437,107)	-	559,877	(559,877)	-
<b>TOTAL SUPPORT AND REVENUE</b>	<u>235,925,036</u>	<u>121,746</u>	<u>236,046,782</u>	<u>187,544,432</u>	<u>(139,800)</u>	<u>187,404,632</u>
<b>EXPENSES</b>						
Program services	220,411,514	-	220,411,514	170,913,533	-	170,913,533
General and administrative	432,266	-	432,266	382,227	-	382,227
Fundraising	753,310	-	753,310	593,473	-	593,473
<b>TOTAL EXPENSES</b>	<u>221,597,090</u>	<u>-</u>	<u>221,597,090</u>	<u>171,889,233</u>	<u>-</u>	<u>171,889,233</u>
<b>CHANGE IN NET ASSETS</b>	14,327,946	121,746	14,449,692	15,655,199	(139,800)	15,515,399
<b>NET ASSETS - BEGINNING</b>	<u>58,313,021</u>	<u>243,594</u>	<u>58,556,615</u>	<u>42,657,822</u>	<u>383,394</u>	<u>43,041,216</u>
<b>NET ASSETS - ENDING</b>	<u>\$ 72,640,967</u>	<u>\$ 365,340</u>	<u>\$ 73,006,307</u>	<u>\$ 58,313,021</u>	<u>\$ 243,594</u>	<u>\$ 58,556,615</u>

SEE NOTES TO FINANCIAL STATEMENTS

**MATTHEW 25: MINISTRIES, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<b>2016</b>	<b>2015</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 14,449,692	\$ 15,515,399
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	490,546	422,546
Change in donated goods and property	(14,460,683)	(14,676,049)
Net appreciation in fair value of investments	(229,730)	36,619
Loss on sale of assets	1,280	-
(Increase) decrease in:		
Accounts receivable	10,517	56,884
Other current assets	8,383	(7,361)
Prepaid insurance	(13,010)	-
Note receivable	20,000	20,000
Increase (decrease) in:		
Accounts payable	34,936	21,569
Salaries, benefits and taxes payable	12,680	(69,340)
	<b>324,611</b>	<b>1,320,267</b>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(447,376)	(929,696)
Donated property	(16,925)	(44,988)
Proceeds from sale of fixed assets	-	-
Purchase of investments	(5,528,430)	(4,777,961)
Proceeds from sale of investments	5,475,625	5,066,591
Donated marketable securities	(134,402)	(491,291)
Investment income received	14,346	12,636
	<b>(637,162)</b>	<b>(1,164,709)</b>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>		
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(312,551)</b>	<b>155,558</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>1,708,313</b>	<b>1,552,755</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 1,395,762</b>	<b>\$ 1,708,313</b>

SEE NOTES TO FINANCIAL STATEMENTS

**MATTHEW 25: MINISTRIES, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<b>2016</b>				<b>2015</b>			
	Program Services	General & Administrative	Fund Raising	Total	Program Services	General & Administrative	Fund Raising	Total
Compensation and related expenses								
Salaries	\$ 2,158,135	\$ 237,208	\$ 255,954	\$ 2,651,298	\$ 1,809,074	\$ 212,066	\$ 216,328	\$ 2,237,468
Employee benefits	322,894	35,490	38,295	396,679	200,390	23,490	23,963	247,843
Payroll taxes	175,767	19,319	20,846	215,932	143,844	16,862	17,201	177,907
Retirement (Note 11)	27,759	3,051	3,292	34,102	26,639	3,123	3,185	32,947
Total compensation and related expenses	<u>2,684,555</u>	<u>295,068</u>	<u>318,387</u>	<u>3,298,011</u>	<u>2,179,947</u>	<u>255,541</u>	<u>260,677</u>	<u>2,696,165</u>
Humanitarian supplies and aid	216,049,592	-	-	216,049,592	167,464,119	-	-	167,464,119
Depreciation	459,043	30,699	804	490,546	395,410	26,444	692	422,546
Supplies	313,443	11,016	22,603	347,062	240,599	10,658	18,419	269,676
Other program expenses	379,028	-	-	379,028	188,440	-	-	188,440
Occupancy	296,847	19,852	520	317,219	260,070	17,393	455	277,918
Event expenses	-	-	201,438	201,438	-	-	122,793	122,793
Printing and publication	19,749	10,934	84,645	115,327	18,594	9,558	71,203	99,355
Staff Expense	63,323	7,538	8,292	79,153	54,951	6,477	7,522	68,950
Equipment rental and maintenance	66,101	-	-	66,101	44,798	-	-	44,798
Miscellaneous expenses	-	-	56,726	56,726	-	5,015	59,694	64,709
Postage and shipping	2,053	2,053	48,596	52,702	1,471	1,471	40,256	43,197
Professional services	34,762	5,502	5,137	45,401	33,507	8,594	7,211	49,313
Bank charges	-	44,428	-	44,428	-	37,255	-	37,255
Telephone	26,636	3,171	3,488	33,295	26,720	3,149	3,657	33,527
Volunteer education	14,377	-	-	14,377	4,235	-	-	4,235
Conference and meeting	2,005	2,005	2,674	6,684	671	671	894	2,236
<b>TOTAL EXPENSES</b>	<u>\$ 220,411,514</u>	<u>\$ 432,266</u>	<u>\$ 753,310</u>	<u>\$ 221,597,090</u>	<u>\$ 170,913,533</u>	<u>\$ 382,227</u>	<u>\$ 593,473</u>	<u>\$ 171,889,233</u>

SEE NOTES TO FINANCIAL STATEMENTS



**MATTHEW 25: MINISTRIES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016 AND 2015**

NOTE 1 - THE ORGANIZATION

Matthew 25: Ministries, Inc. (the Organization) is a not-for-profit, non-denominational, ecumenical, inter-faith ministry headquartered in Blue Ash, Ohio. The purpose of the Organization is to help those in need regardless of religious tradition or political persuasion. The Organization receives goods donated by United States corporations, hospitals, and individuals. The goods are processed and distributed to those in need, both domestically and internationally. Other funding is from shipping and handling fees collected to defray warehousing and transportation expenses and monetary contributions from individuals, businesses and churches. The Organization has a 100% owned subsidiary, M25M Haiti, LLC which was formed to lease, purchase, invest in the renovation, construction, management and operation of lodging and hotel facilities for missionaries and their guests in the country of Haiti and to undertake programs for aid and humanitarian relief.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies followed in preparation of the financial statements. These policies conform to accounting principles generally accepted in the United States of America for not-for-profit organizations.

Basis of Presentation

The Organization is required to report 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. Contributions whose restrictions are met within the same reporting period are reported as unrestricted net assets. The Organization has no permanently restricted net assets.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor, including pledges, is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributed Services

Contributed services are recognized as contributions only if the contributed services create or enhance nonfinancial assets or require specialized skills, and would typically be purchased if not

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provided by donation to the Organization. There were no such contributed services recorded in 2016 or 2015.

Many individuals volunteer their time and perform a variety of tasks that assist the Organization in the accomplishment of its programs, but these services do not meet the criteria for recognition as contributed services. The Organization received approximately 160,000 volunteer hours in 2016 and 139,000 volunteer hours in 2015.

Inventory

Donated inventory consists primarily of clothing, fabric, food, personal care items, medical and school supplies donated by businesses, individuals, and other organizations. Donated inventory is recorded as revenue at estimated wholesale value on the date of the receipt and such items are recorded as an expense when they are shipped. Purchased inventory is recorded at the lower of cost or market using the FIFO method. The Organization uses the specific identification method to determine the value of ending donated inventory. The value of inventory was \$61,526,318 and \$47,065,635 as of December 31, 2016 and 2015 respectively.

Investments

Investments in marketable securities with readily determinable fair market values and all investments in debt securities are reported at their fair market values in the statement of financial position. Fair market value of equity and debt investments is based on the quoted market price of the underlying securities. Unrealized gains and losses are included as a change in net assets.

Property and Equipment

Property and equipment with an economic life of more than one year are capitalized and recorded at cost, if purchased or at fair market value at the time of receipt, if contributed. Maintenance and repair costs are charged to expense as incurred. Depreciation is provided over the estimated useful lives of property and equipment using the straight-line method.

Accounts and Pledges Receivable

Accounts receivable are amounts due from organizations for shipping and handling fees. Management believes that all accounts receivable are fully collectible within a reasonable period after year end. Therefore, no allowance for uncollectible accounts is provided.

Pledges receivable are reported using a discount rate of 0% in 2016. No allowance is provided as management believes that all pledges are fully collectible. The amount of pledges receivable as of December 31, 2016 is as follows:

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Less than one year	\$ 1,605
One to five years	<u>-</u>
Total	<u>\$ 1,605</u>

Income Tax Status

The Organization is a not-for profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and is, therefore, not subject to federal income tax. The Organization qualifies for deductible contributions as provided in IRC Section 170(b)(1)(A)(vi) and has not been classified as a private foundation within the meaning of IRC Section 509(a).

Functional Allocation of Expenses

The cost of programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Management has made certain allocations of expenses among program, administrative and fund raising expenses according to their judgment of the categories receiving the benefit.

Use of 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. Actual results could differ from those estimates.

Reclassification

Certain prior year amounts in the financial statements have been reclassified to conform with the current year financial statement presentation.

NOTE 3 - STATEMENT OF CASH FLOWS--SUPPLEMENTAL INFORMATION

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

No income taxes or interest were paid in the years ended December 31, 2016 and 2015.

**MATTHEW 25: MINISTRIES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 4 - MARKETABLE SECURITIES**

The Organization invests excess cash in portfolios that contain mutual funds, equity securities, corporate bonds, government securities, and certificates of deposit. All of the Organization's investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

Marketable securities as of December 31 consist of the following:

	<u>2 0 1 6</u>	<u>2 0 1 5</u>
Equity securities	\$ 3,257,319	\$ 1,019,136
Bonds	2,214,709	1,718,421
Mutual funds	-	1,981,550
Certificate of deposits	19,536	369,866
	<u>                    </u>	<u>                    </u>
Total	<u>\$ 5,491,564</u>	<u>\$ 5,088,973</u>

Cost, market value, and unrealized gains and losses of marketable securities as of December 31 are summarized as follows:

	<u>2 0 1 6</u>	<u>2 0 1 5</u>
Market Value	\$ 5,491,564	\$ 5,088,973
Cost	5,261,834	5,125,592
	<u>                    </u>	<u>                    </u>
Unrealized investment gain/(loss)	<u>\$ 229,730</u>	<u>\$ (36,619)</u>

Investment income consists of the following and is included in support and revenue on the Statements of Activities:

	<u>2 0 1 6</u>	<u>2 0 1 5</u>
Interest and dividends	\$ 92,328	\$ 74,728
Realized gain/(losses)	(75,396)	(22,928)
Unrealized gain/(losses)	229,730	(36,619)
Investment fees	(27,965)	(21,788)
	<u>                    </u>	<u>                    </u>
Total investment income	<u>\$ 218,697</u>	<u>\$ (6,607)</u>

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Included in certificates of deposit are four CD's with a total market value of \$19,536 in 2016 and \$ 15,645 in 2015 which are assigned to Ohio Department of Job and Family Services as a pledge against future unemployment benefits.

**NOTE 5 - FAIR VALUE MEASUREMENTS**

The Financial Accounting Standards Board, in FASB *Accounting Standards Codification 820, Fair Value Measurements and Disclosures* (ASC 820), defined fair value, established a framework for measuring fair value, and expanded disclosures about fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability, or in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by ASC 820, are used to measure fair value. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels as follows:

**Level 1**-inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets (examples include equity securities);

**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 or liability other than quoted prices, either directly or indirectly, including inputs in market that are not considered to be active (examples include corporate or municipal bonds);

**Level 3**-inputs to the valuation methodology are unobservable and significant to the fair value measurement. The inputs to the determination of fair value require significant management judgment (examples include certain private equity securities and hedge funds)

The following presents assets carried at fair value as of December 31, 2016 by ASC 820 valuation hierarchy (as described above):

Description	Level 1	Level 2	Level 3	Total
Equity securities	\$ 3,257,319	\$ -	\$ -	\$ 3,257,319
Mutual funds	-	-	-	-
Bonds	-	2,214,709	-	2,214,709
Certificates of deposit	-	19,536	-	19,536
 Total fair value of investments	 <u>\$ 3,257,319</u>	 <u>\$ 2,234,245</u>	 <u>\$ -</u>	 <u>\$ 5,491,564</u>

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The following presents assets carried at fair value as of December 31, 2015 ASC 820 valuation hierarchy (as described above):

Description	Level 1	Level 2	Level 3	Total
Equity securities	\$ 1,019,136	\$ -	\$ -	\$ 1,019,136
Mutual funds	1,981,550	-	-	1,981,550
Bonds	-	1,718,421	-	1,718,421
Certificate of deposit	-	369,866	-	369,866
Total fair value of investments	<u>\$ 3,000,686</u>	<u>\$ 2,088,287</u>	<u>\$ -</u>	<u>\$ 5,088,973</u>

The fair value of a financial instrument is defined in FASB ASC Topic 825, *Financial Instruments*, as “the amount at which the instrument could be exchanged in a current transaction between willing parties.” The carrying amounts reported in the accompanying statements of financial position for cash and cash equivalents, accounts receivable, other receivables, and payables approximate fair value given the short-term nature of each financial instrument.

**NOTE 6 - CONCENTRATIONS OF RISK**

The Organization distributes humanitarian supplies to other not-for-profit organizations who pay shipping and handling fees to cover warehousing and transportation costs. The volume of business conducted with one such organization was 76% and 71% of the total shipping and handling revenue in 2016 and 2015, respectively.

The value of the inventory is not covered under any of the Organization’s insurance policies.

The Federal Deposit Insurance Corporation insures cash balances at participating banks at amounts up to \$250,000. The Organization had no uninsured balances as of December 31, 2016. The uninsured balances are computed on the balances on deposit with the bank as of December 31 and do not take into consideration outstanding checks or deposits.

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**NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS**

Net assets are temporarily restricted as of December 31 for the following purposes:

	<u>2 0 1 6</u>	<u>2 0 1 5</u>
Philippines relief	\$ 147,879	\$ 224,340
Hurricane Matthew	77,769	-
Domestic Disasters	74,338	-
CEO supplement grant	32,450	-
Syrian Refugees	10,000	-
Ecuador Earthquake	8,928	-
Holy Land container	6,583	6,583
Ebola relief	4,793	4,793
Haiti	2,100	-
Nigeria container	500	500
Nepal earthquake	-	4,369
Nicaraguan housing	-	2,689
Water project	-	320
	<u>\$ 365,340</u>	<u>\$ 243,594</u>

**NOTE 8 - LEASE COMMITMENTS**

The Organization leases a copier for \$933 per month and a trash compactor for \$355 per month.

In July 2014, the Organization entered into a ten year land lease in Haiti with a non-profit organization. The lease is for \$1 per year.

The future minimum lease payments are:

2017	\$ 15,452
2018	15,452
2019	6,126
2020	4,261
2021	-
	<u>\$ 41,291</u>

**NOTE 9 - CREDIT LINE**

The Organization has an unsecured line of credit of \$150,000 on a credit card. The available credit as of December 31, 2016 was \$ 100,371.

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**NOTE 10 - PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 31:

	<u>2 0 1 6</u>	<u>2 0 1 5</u>
Building and improvements	\$ 3,436,758	\$ 3,392,154
Land	361,200	361,200
Machinery and equipment	925,692	919,004
Office furniture and equipment	301,999	234,622
Vehicles	642,622	622,630
Leasehold improvements	919,509	848,201
Capital work in progress	252,199	-
Total cost	<u>6,839,979</u>	<u>6,377,811</u>
Less: Accumulated depreciation	<u>(2,188,341)</u>	<u>(1,698,648)</u>
Net property and equipment	<u>\$ 4,651,638</u>	<u>\$ 4,679,163</u>

Depreciation expense was \$490,546 and \$422,546 for the years ended December 31, 2016 and 2015, respectively.

**NOTE 11 - RETIREMENT PLANS**

The Organization has adopted a retirement plan under the provisions of Internal Revenue Code 403(b). The plan is a defined contribution plan and the Organization matches voluntary employee contributions up to 2% of employees' annual salary. All employees who have completed 3 months of service are eligible for participation in the plan. Matching contributions paid by the Organization were \$34,102 and \$32,947 for the years ended December 31, 2016 and 2015, respectively.

**NOTE 12 - RELATED PARTY TRANSACTION**

In 2012, the Board of Directors approved a \$60,000 loan to the CEO. The terms of the loan agreement call for monthly payments of interest at prevailing rates, for a ten-year period, at which time the entire principal balance is due and payable. If the CEO leaves the Organization within the ten-year period, the loan becomes payable in full immediately. At the end of December 31, 2016 total amount of \$60,000 had been forgiven by action of the Board of directors. There was no loan balance outstanding as on December 31, 2016.



**MATTHEW 25: MINISTRIES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016 AND 2015**

**NOTE 13 - FUNDRAISING EVENTS**

The following events contributed to the resources available for programs during the years ended December 31, 2016 and 2015.

	2016		
	Revenue	Expenses	Net Profit
Golf outing	55,650	676	54,974
5K race and hunger drive	143,802	103,269	40,533
Gala event	81,275	66,233	15,042
Other events	2,019	31,260	(29,241)
	\$ 282,746	\$ 201,438	\$ 81,308
	2015		
	Revenue	Expenses	Net Profit
Golf outing	70,500	1,355	69,145
5K race and hunger drive	122,238	95,286	26,952
Gala event	-	-	-
Other events	1,373	26,152	(24,779)
	\$ 194,111	\$ 122,793	\$ 71,318

**NOTE 14 - SUBSEQUENT EVENTS**

The organization entered in to a purchase agreement with Kirkwood Ministries and Miami Baptist Association as on May 9, 2017 to purchase Kirkwood Camp and Conference Center located at Clinton County, Ohio for \$670,000.

Subsequent events have been evaluated through June 15, 2017, the date of the audit report.