

**Back Bay Mission
Biloxi, Mississippi**

**Consolidated Financial Statements
December 31, 2016**

Back Bay Mission
Consolidated Financial Statements

December 31, 2016

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**FLETCHER
& COMPANY, PLLC**
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

To the Board of Directors of
Back Bay Mission
Biloxi, Mississippi

We have audited the accompanying consolidated financial statements of Back Bay Mission (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2016 and 2015, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the 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.

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

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

Members:

American Institute of CPAs • AICPA Division of CPA Firms-Private Companies Practice Section • Mississippi Society of CPAs



Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Back Bay Mission as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Albino and Company, P.C.C.
Certified Public Accountants

D'Iberville, Mississippi
September 28, 2017

Back Bay Mission
Consolidated Statements of Financial Position

	December 31,	
	2016	2015
Assets		
Current assets		
Cash and cash equivalents, partially restricted	\$ 394,502	\$ 359,645
Grants receivable	85,288	-0-
Prepaid expenses	20,637	-0-
Due from Gulf Coast Housing Initiative, net	4,116	-0-
Total current assets	504,543	359,645
Long-term assets		
Investments	2,629,188	2,765,336
Utility deposits	350	350
Total long-term assets	2,629,538	2,765,686
Other assets		
Property and equipment, net of depreciation	2,710,508	2,836,328
Total assets	\$ 5,844,589	\$ 5,961,659
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 8,577	\$ -0-
Accrued payroll liabilities	31,292	640
Note payable, current portion	4,882	4,703
Total current liabilities	44,751	5,343
Noncurrent liabilities		
Note payable, long-term portion	123,145	127,942
Total liabilities	167,896	133,285
Net assets		
Unrestricted	4,818,989	5,122,693
Temporarily restricted	208,798	93,799
Permanently restricted	648,906	611,882
Total net assets	5,676,693	5,828,374
Total liabilities and net assets	\$ 5,844,589	\$ 5,961,659

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

Back Bay Mission
Consolidated Statements of Activities
For the Years Ended December 31, 2016 and 2015

	December 31, 2016			December 31, 2015				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public Support and Revenue								
Public support	\$ 416,787	\$ 142,667	\$ -0-	\$ 559,454	\$ 422,279	\$ 77,941	\$ -0-	\$ 500,220
Contributions	14,519	-0-	-0-	14,519	5,801	-0-	-0-	5,801
Bequests and trusts	8,434	-0-	-0-	8,434	6,617	-0-	-0-	6,617
Sales of promotional items	26,119	-0-	-0-	26,119	18,753	-0-	-0-	18,753
Special events	465,859	142,667	-0-	608,526	453,450	77,941	-0-	531,391
Grants and contracts								
Government	-0-	346,598	-0-	346,598	-0-	278,378	-0-	278,378
Other	40,486	-0-	-0-	40,486	518,369	-0-	-0-	518,369
Total grants and contracts	40,486	346,598	-0-	387,084	518,369	278,378	-0-	796,747
Other revenue								
Investment income (loss)	128,539	-0-	46,043	174,582	(77,778)	-0-	(16,974)	(94,752)
Program income	137,937	-0-	-0-	137,937	135,980	-0-	-0-	135,980
Rental income	63,789	-0-	-0-	63,789	59,797	-0-	-0-	59,797
BP oil settlement proceeds	36,644	-0-	-0-	36,644	-0-	-0-	-0-	-0-
Total other revenue	366,909	-0-	46,043	412,952	117,999	-0-	(16,974)	101,025
Totals	873,254	489,265	46,043	1,408,562	1,089,818	356,319	(16,974)	1,429,163
Net assets released from restrictions	385,285	(374,266)	(9,019)	-0-	299,764	(293,087)	(6,677)	-0-
Total support and revenue	1,256,539	114,999	(37,024)	1,408,562	1,389,582	63,232	(23,651)	1,429,163
Expenses								
Program services	1,136,124	-0-	-0-	1,136,124	1,131,659	-0-	-0-	1,131,659
Supporting services	424,119	-0-	-0-	424,119	327,813	-0-	-0-	327,813
Total expenses	1,560,243	-0-	-0-	1,560,243	1,459,472	-0-	-0-	1,459,472
Change in net assets	(303,704)	114,999	37,024	(151,681)	(69,890)	63,232	(23,651)	(30,309)
Net assets, beginning of year	5,122,693	93,799	611,882	5,828,374	5,192,583	30,567	635,533	5,858,683
Net assets, end of year	4,818,989	208,798	648,906	5,676,693	5,122,693	93,799	611,882	5,828,374

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

Back Bay Mission
Consolidated Statements of Functional Expenses
For the Years Ended December 31, 2016 and 2015

	<u>December 31, 2016</u>				<u>December 31, 2015</u>			
	<u>Supporting Services</u>				<u>Supporting Services</u>			
	<u>Program</u> <u>Services</u>	<u>Management</u> <u>& General</u>	<u>Fund</u> <u>Raising</u>	<u>Total</u>	<u>Program</u> <u>Services</u>	<u>Management</u> <u>& General</u>	<u>Fund</u> <u>Raising</u>	<u>Total</u>
Personnel								
Salaries	\$ 339,289	\$ 37,670	\$ 114,021	\$ 490,980	\$ 335,847	\$ 19,713	\$ 106,184	\$ 461,744
Housing and moving expense	-0-	20,000	-0-	20,000	15,000	2,500	2,500	20,000
Payroll taxes and employee benefits	70,443	43,395	30,805	144,643	113,541	7,289	26,289	147,119
Total personnel	<u>409,732</u>	<u>101,065</u>	<u>144,826</u>	<u>655,623</u>	<u>464,388</u>	<u>29,502</u>	<u>134,973</u>	<u>628,863</u>
Occupancy								
Security	-0-	2,251	-0-	2,251	1,042	401	160	1,603
Repairs and maintenance	17,785	26,526	-0-	44,311	46,824	6,041	1,061	53,926
Telephone	1,799	10,042	-0-	11,841	8,854	2,385	954	12,193
Utilities	14,411	3,613	-0-	18,024	32,488	1,626	650	34,764
Total occupancy expenses	<u>33,995</u>	<u>42,432</u>	<u>-0-</u>	<u>76,427</u>	<u>89,208</u>	<u>10,453</u>	<u>2,825</u>	<u>102,486</u>
Direct Program Expenses								
Permanent housing and homeless assistance	154,694	-0-	-0-	154,694	159,752	-0-	-0-	159,752
Affordable housing	26,161	-0-	-0-	26,161	19,243	-0-	-0-	19,243
Emergency assistance	64,772	-0-	-0-	64,772	62,644	-0-	-0-	62,644
Food pantry and feeding programs	18,093	-0-	-0-	18,093	12,971	-0-	-0-	12,971
Workcamp and housing rehab	155,283	-0-	-0-	155,283	139,084	-0-	-0-	139,084
Community empowerment	7,416	-0-	-0-	7,416	30,342	-0-	-0-	30,342
Micah Day Center	2,445	-0-	-0-	2,445	3,590	-0-	-0-	3,590
Health Initiatives	15,897	-0-	-0-	15,897	-0-	-0-	-0-	-0-
Rental Assistance	70,984	-0-	-0-	70,984	-0-	-0-	-0-	-0-
Veterans support	13,358	-0-	-0-	13,358	-0-	-0-	-0-	-0-
Total direct program expenses	<u>529,103</u>	<u>-0-</u>	<u>-0-</u>	<u>529,103</u>	<u>427,626</u>	<u>-0-</u>	<u>-0-</u>	<u>427,626</u>
Balance carried forward	<u>972,830</u>	<u>143,497</u>	<u>144,826</u>	<u>1,261,153</u>	<u>981,222</u>	<u>39,955</u>	<u>137,798</u>	<u>1,158,975</u>

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

Back Bay Mission
Consolidated Statements of Functional Expenses
For the Years Ended December 31, 2016 and 2015
(Continued)

	December 31, 2016			December 31, 2015		
	Program Services	Supporting Services Management & General	Fund Raising Total	Program Services	Supporting Services Management & General	Fund Raising Total
Balance brought forward	<u>\$ 972,830</u>	<u>\$ 143,497</u>	<u>\$ 144,826</u>	<u>\$ 981,222</u>	<u>\$ 39,955</u>	<u>\$ 137,798</u>
	<u>\$ 1,261,153</u>			<u>\$ 1,158,975</u>		
Administrative						
Insurance	23,019	6,187	-0-	25,794	8,598	-0-
Miscellaneous	3,328	3,395	-0-	-0-	-0-	5,702
Outside services	6,074	8,651	10,925	-0-	4,666	19,653
Postage and office expense	-0-	26,024	939	19,780	3,297	10,353
Printing	-0-	-0-	21,016	-0-	-0-	27,804
Promotion	-0-	13,983	6,467	-0-	-0-	6,204
Travel	1,225	8,210	6,274	4,465	4,465	13,242
Board of Directors expenses	-0-	11,831	-0-	10,979	1,830	1,830
Total administrative expense	<u>33,646</u>	<u>78,281</u>	<u>45,621</u>	<u>61,018</u>	<u>22,856</u>	<u>84,788</u>
						<u>168,662</u>
Other expenses						
Conferences and training	-0-	10,082	969	3,169	4,924	528
						<u>8,621</u>
Total expenses before depreciation expense	<u>1,006,476</u>	<u>231,860</u>	<u>191,416</u>	<u>1,045,409</u>	<u>67,735</u>	<u>223,114</u>
						<u>1,336,258</u>
Depreciation expense	<u>129,648</u>	<u>843</u>	<u>-0-</u>	<u>86,250</u>	<u>18,482</u>	<u>18,482</u>
						<u>123,214</u>
Total functional expenses	<u>\$ 1,136,124</u>	<u>\$ 232,703</u>	<u>\$ 191,416</u>	<u>\$ 1,131,659</u>	<u>\$ 86,217</u>	<u>\$ 241,596</u>
						<u>\$ 1,459,472</u>

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

Back Bay Mission
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2016 and 2015

	December 31,	
	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Cash received from public support	\$ 608,526	\$ 531,391
Cash received from grants and contracts	297,680	392,313
Cash received from program operations	137,937	135,980
Cash received from rental operations	63,789	59,797
Cash received from BP oil spill settlement	36,644	-0-
Cash disbursed for program expenses	(1,102,894)	(1,044,813)
Cash disbursed for supporting service expenses	(308,266)	(290,849)
Net cash used in operating activities	<u>(266,584)</u>	<u>(216,181)</u>
Cash flows from investing activities		
Net investment redemptions	268,286	263,692
Net receipts in support of construction	-0-	9,318
Purchases of property and equipment	(4,671)	(58,130)
Cash received from dividends and interest	<u>42,444</u>	<u>36,494</u>
Net cash provided by investing activities	<u>306,059</u>	<u>251,374</u>
Cash flows from financing activities		
Principal payments on outstanding debt	(4,618)	(2,035)
Net increase in cash and cash equivalents	34,857	33,158
Cash and cash equivalents, beginning of year	<u>359,645</u>	<u>326,487</u>
Cash and cash equivalents, end of year	<u>\$ 394,502</u>	<u>\$ 359,645</u>
Reconciliation of changes in net assets to net cash provided by operating activities:		
Change in net assets	\$(151,681)	\$(30,309)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	130,491	123,214
Investment (income) loss	(174,582)	94,752
Noncash support and revenue	-0-	(404,434)
Increase in receivables	(89,404)	-0-
Increase in prepaid expenses	(20,637)	-0-
Increase in accounts payable	8,577	-0-
Increase in accrued expenses	<u>30,652</u>	<u>596</u>
Net cash used in operating activities	<u>\$(266,584)</u>	<u>\$(216,181)</u>
Supplemental disclosures:		
Interest paid	<u>\$ 5,074</u>	<u>\$ 2,003</u>
Noncash acquisition of property and equipment	<u>\$ -0-</u>	<u>\$ 529,796</u>

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

Back Bay Mission
Notes to Consolidated Financial Statements
December 31, 2016 and 2015

Note 1 - Description of Organization

Back Bay Mission (the Mission), located in Biloxi, Mississippi, is an affiliate of the United Church of Christ and is a non-profit community welfare organization, which meets community needs and improves the welfare of citizens. The Mission is supported primarily through contributions from the public and various churches and state conferences.

Back Bay Mission is exempt from federal and state income tax Section 501(c)(3) of the Internal Revenue Code and has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Code.

Note 2 - Summary of Significant Accounting Policies

Basis of accounting - The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America under the accrual basis of accounting. The accrual basis of accounting is the method of accounting under which liabilities and expenses are recorded when incurred, whether or not paid, and income is recorded when earned, whether or not received.

Basis of presentation - The consolidated financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Mission 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.

Principles of Consolidation – The accompanying consolidated financial statements include the accounts of Back Bay Mission and its limited liability company, Homeport LLC. All intercompany balances and transactions have been eliminated in consolidation.

Use of estimates - The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income taxes – Back Bay Mission is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code and therefore, has made no provision for income taxes in the consolidated financial statements. In addition, Back Bay Mission has been determined by the Internal Revenue Service not to be a "private foundation". The Mission believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements. The Mission's Form 990's are subject to examination by the Internal Revenue Service generally for three years from the date filed.

Back Bay Mission
Notes to Consolidated Financial Statements
December 31, 2016 and 2015

Note 2 – Summary of Significant Accounting Policies (Continued)

Cash and cash equivalents - Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months.

Investments - Investments in equity securities with readily determinable fair values are measured at fair value in the consolidated statements of financial position. Investment income or loss (including gains and losses on investments, interest and dividends) is included in the consolidated statements of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted.

Property and equipment - Acquisitions of property and equipment in excess of \$500 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method.

Net Assets - The Mission reports information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets – net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Mission and/or the passage of time.

Permanently restricted net assets – net assets subject to donor-imposed stipulations that they be maintained permanently by the Mission.

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

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

Unconditional promises to give are recorded at the time the pledge is received as temporarily restricted support because they are not available for unrestricted use. Pledges expected to be received in the next year are reflected as current promises to give and are recorded at their net realizable value. Pledges due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts.

Back Bay Mission
Notes to Consolidated Financial Statements
December 31, 2016 and 2015

Note 2 – Summary of Significant Accounting Policies (Continued)

Revenue recognition (continued) - Uncollectible pledges are charged to bad debt expense at the time they are determined to be uncollectible. As of December 31, 2016 and 2015, the Mission had no significant unconditional promises to give recorded in the consolidated financial statements.

Donated services, materials and assets – The Mission receives a substantial amount of services donated by volunteers in carrying out the Mission's ministry. No amounts have been reflected in the consolidated financial statements for those services since they do not meet the criteria for recognition under SFAS No. 116. The Mission receives various donations of food, health kits (including toiletries), and other miscellaneous items from time to time for use in the Mission's ministries. However, such items are not valued by the Mission when received. In addition, the Mission acquires food for its Food Pantry Program from Twelve Baskets, Inc. at prices below fair market value and obtains commodities free of charge through the U.S.D.A. The difference between the true value of the food and the minimal amount paid has not been valued or recorded in the consolidated financial statements.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received.

Expense allocation - The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. For example, directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Mission.

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

Concentration of credit risk - The Mission maintains several bank accounts at a local financial institution. The Federal Deposit Insurance Corporation (FDIC) insures depositor's accounts up to \$250,000. At December 31, 2016, the Mission had deposits in excess of FDIC insurance totaling \$59,760.

Back Bay Mission
Notes to Consolidated Financial Statements
December 31, 2016 and 2015

Note 3 – Grants Receivable

Grants receivable consists of grant proceeds due from grantors for grant-related expenditures incurred but not reimbursed as of the end of the fiscal year. At December 31, 2016 and 2015, the Mission had grants receivable totaling \$85,288 and -0-, respectively.

Note 4 – Prepaid Expense

At December 31, 2016, the Mission had prepaid pension contributions totaling \$19,673 and prepaid insurance premiums totaling \$964, for a total of \$20,637 in prepaid expenses. There were no prepaid expenses as of December 31, 2015.

Note 5 – Investments

The Mission carries investments in various publicly-traded equity and government-backed debt securities. A summary of investments as of December 31, 2016 and 2015 is as follows:

	December 31, 2016			December 31, 2015		
	Cost/ Donated Value	Fair Value	Carrying Value	Cost/ Donated Value	Fair Value	Carrying Value
Unrestricted	\$ 1,531,921	\$ 1,980,282	\$ 1,980,282	\$ 1,737,735	\$ 2,153,454	\$ 2,153,454
Permanently restricted	<u>527,488</u>	<u>648,906</u>	<u>648,906</u>	<u>526,486</u>	<u>611,882</u>	<u>611,882</u>
Total investments	<u>\$ 2,059,409</u>	<u>\$ 2,629,188</u>	<u>\$ 2,629,188</u>	<u>\$ 2,264,221</u>	<u>\$ 2,765,336</u>	<u>\$ 2,765,336</u>

Investment returns are summarized as follows:

	December 31, 2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Dividends and interest	\$ 32,423	\$ -0-	\$ 10,021	\$ 42,444
Net realized gains	67,622	-0-	-0-	67,622
Net unrealized gains	<u>28,494</u>	<u>-0-</u>	<u>36,022</u>	<u>64,516</u>
Net investment income	<u>\$ 128,539</u>	<u>\$ -0-</u>	<u>\$ 46,043</u>	<u>\$ 174,582</u>
	December 31, 2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Dividends and interest	\$ 29,075	\$ -0-	\$ 7,419	\$ 36,494
Net realized gains	58,210	-0-	-0-	58,210
Net unrealized losses	(164,688)	-0-	(24,393)	(189,081)
Investment expenses	<u>(375)</u>	<u>-0-</u>	<u>-0-</u>	<u>(375)</u>
Net investment loss	<u>\$ (77,778)</u>	<u>\$ -0-</u>	<u>\$ (16,974)</u>	<u>\$ (94,752)</u>

Back Bay Mission
Notes to Consolidated Financial Statements
December 31, 2016 and 2015

Note 6 – Property and Equipment

Property and equipment at December 31, 2016 and 2015 consisted of the following:

	December 31,	
	<u>2016</u>	<u>2015</u>
Land	\$ 84,542	\$ 84,542
Building and improvements:		
Administration Building	366,185	366,185
Micah Center	1,007,415	1,007,415
Workcamp Dormitory	1,369,020	1,369,020
Guest House	120,669	120,669
Homeport I Building	162,850	162,850
Homeport II Building	529,796	529,796
Vehicles	91,424	86,753
Office furniture and equipment	<u>64,790</u>	<u>64,790</u>
Total property and equipment	3,796,691	3,792,020
Less: Accumulated depreciation	<u>1,086,183</u>	<u>955,692</u>
 Total property and equipment, net	 <u>\$ 2,710,508</u>	 <u>\$ 2,836,328</u>

Depreciation expense for 2016 and 2015 totaled \$130,491 and \$123,214 respectively.

Note 7 – Note Payable

On July 16, 2015, Homeport LLC refinanced a construction loan with The Peoples Bank, originally secured for financing the construction of the Homeport II project. The original amount of the note was \$134,680, payable \$808 monthly, bearing interest at 3.8238% with a maturity date of July 15, 2030. The balance of the note as of December 31, 2016 and 2015 totaled \$128,027 and \$132,645, respectively.

The expected maturity of note payable is as follows:

<u>Year Ended December 31,</u>	<u>Principal Due</u>
2017	\$ 4,882
2018	5,072
2019	5,270
2020	5,475
2021	5,688
Thereafter	<u>101,640</u>
 Total	 <u>\$ 128,027</u>

Back Bay Mission
Notes to Consolidated Financial Statements
December 31, 2016 and 2015

Note 8 – Restrictions and Designations of Net Assets

Restrictions – Temporarily restricted net assets consisting of grant-related cash balances and unexpended designated gifts as of December 31, 2016 and 2015 were as follows:

	December 31,	
	<u>2016</u>	<u>2015</u>
Art Class	\$ 423	\$ -0-
Biloxi Housing Rehab	4,837	-0-
Bridges Out of Poverty	3,780	-0-
Community Garden	875	-0-
Department of Housing and Urban Development	-0-	9,406
Emergency Assistance	1,829	-0-
FEMA	42	42
Food Pantry	606	-0-
Long-Term Housing Recovery	28,356	-0-
Savings Endowment	153,476	66,070
Shari Prestemon Social Justice Internship	12,567	18,281
Veterans Support Fund	<u>2,007</u>	<u>-0-</u>
Total	<u>\$ 208,798</u>	<u>\$ 93,799</u>

Permanently restricted net assets as of December 31, 2016 and 2015 were as follows:

	December 31,	
	<u>2016</u>	<u>2015</u>
UCF CCM Endowment	\$ 446,661	\$ 421,177
UCF Endowment Fund	<u>202,245</u>	<u>190,705</u>
Total	<u>\$ 648,906</u>	<u>\$ 611,882</u>

The earnings on these permanently restricted assets cannot be utilized for any purpose until such time and purpose that is designated by the board.

Note 9 – Description of Program and Supporting Services

The following program and supporting services are included in the accompanying consolidated financial statements:

Back Bay Mission's primary program areas –

Direct services - To low-income and elderly people through emergency assistance, counseling, referral and distribution of food and clothing. Food, prescriptions, gasoline, rental and utility assistance, counseling, advocacy and referral services were provided to 7,669 and 7,067 clients during 2016 and 2015, respectively.

Community empowerment - Organizing new services, improving existing ones and changing public attitudes and social legislation.

Back Bay Mission
Notes to Consolidated Financial Statements
 December 31, 2016 and 2015

Note 9 – Description of Program and Supporting Services (Continued)

Workcamping - A program offering educational opportunities for Christian service, individual and group growth to United Church of Christ youth and adult groups. These groups currently focus on housing recovery for low-income persons.

Affordable Housing Initiatives – A program to develop new construction affordable housing for low to moderate income persons in Harrison County, Mississippi.

Permanent Supportive Housing and Services for the Homeless – Seventeen apartments are leased in the community for placement of homeless disabled persons, outreach and case management services are also offered, funded by the United States Department of Housing and Urban Development.

Supportive Services for Veteran Families – A program that assists veterans and veteran families in need of a home or at risk of losing theirs with services including health care, financial planning, transportation, child care and legal assistance.

Micah Day Center – The Micah Day Center provides multiple services to homeless guests at a single site, such as showers, laundry, access to telephones and the internet, and case management.

Management and general - Includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Mission's program strategy; secure proper administrative functioning of the Board of Directors; and manage the financial and budgetary responsibilities of the Mission.

Fundraising - Provides the structure necessary to encourage and secure private financial support from individuals, churches and other organizations.

Note 10 – Homeport Homeless Veterans Housing Project

In April, 2014, the Mission formed a Mississippi single-member LLC known as HomePort LLC; for the purpose of acquiring, developing, owning and operating all phases of the housing development known as Homeport. The Mission is the sole member of the LLC. The Homeport II building was completed February 2, 2015; and effective in July 17, 2015, title to the properties located at 288 and 294 Couevas Street, Biloxi Mississippi, was transferred to the HomePort LLC.

Note 11 – Related Party Transactions

Gulf Coast Housing Initiative, Inc. (GCHI) is a nonprofit organization that provides affordable, safe and dignified housing opportunities and services to low and moderate income individuals and families on the Mississippi Gulf Coast. It was formed as an initiative of the Mission in 2007 and is affiliated with the Mission through common governance. GCHI develops and manages real property for the Mission through development, sub-grant and property management agreements.

Back Bay Mission
Notes to Consolidated Financial Statements
December 31, 2016 and 2015

Note 11 – Related Party Transactions (Continued)

During the year ended December 31, 2015, construction of the Homeport II building was completed and a certificate of occupancy was issued on February 2, 2015. The Mission has recorded the building at the cost of construction totaling \$529,796; and grant revenue of \$404,434 in recognition of grants and other support received by GCHI in support of project construction.

On January 2, 2015, Back Bay Mission and GCHI entered into a Joint Services and Resources Agreement whereby Back Bay Mission is to provide accounting and bookkeeping services for an annual fee of \$2,750; funds development services including grant writing at an hourly rate of \$45 per hour; construction services for GCHI housing projects; and office space and use of office equipment for an annual fee of \$3,000. The agreement has a term of two years ending December 31, 2016. Back Bay Mission received a total of \$5,750 under this agreement during the years ended December 31, 2016 and 2015.

In connection with the completion of the Homeport complex, Back Bay Mission and GCHI entered into a Real Estate Management Agreement whereby GCHI is to rent, lease, operate, control and manage the HomePort LLC properties for a fee of ten percent (10%) of rents collected each month or \$23 per unit per month, whichever is less. The term of the agreement is for one year beginning January 1, 2015, renewing annually thereafter. Management fees paid by Back Bay Mission to GCHI under this agreement during the years ended December 31, 2016 and 2015 totaled \$5,952 and \$2,208, respectively.

Note 12 – Retirement Arrangement with Staff Employees

All full-time employees of the Mission are eligible to participate in the Annuity Fund - United Church of Christ (the Plan). The Plan is a defined contribution, tax-sheltered annuity plan and is available to clergy and lay employees. Eligible clergy must have full ministerial standing in an Association or Conference of the United Church of Christ. The Mission makes quarterly contributions to the Plan each year equal to 14% of all participants' compensation. Retirement plan expense for 2016 and 2015, totaled \$57,574 and \$57,827, respectively.

Note 13 – Risk Management

The Mission is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, personal injury, and natural disasters for which the Mission carries commercial insurance.

Note 14 – Subsequent Events

Management of Back Bay Mission has evaluated the activity of the Organization through September 28, 2017, the date the consolidated financial statements were available to be issued, and determined that no subsequent events have occurred requiring disclosure in the notes to consolidated financial statements.