

# **Humble Area Assistance Ministries, Inc.**

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*Financial Statements*

**For the Years Ended  
December 31, 2015 and 2014**

**Humble Area Assistance Ministries, Inc.**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Humble Area Assistance Ministries, Inc.

### Report on the Financial Statements

We have audited the accompanying financial statements of Humble Area Assistance Ministries, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Humble Area Assistance Ministries, Inc. as of December 31, 2015 and 2014, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2016, on our consideration of Humble Area Assistance Ministries, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Humble Area Assistance Ministries, Inc.'s internal control over financial reporting and compliance.

*Seefeld Lawson Moeller LLP*

Seefeld Lawson Moeller LLP  
Certified Public Accountants

The Woodlands, Texas  
June 8, 2016

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of  
Humble Area Assistance Ministries, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Humble Area Assistance Ministries, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 8, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Humble Area Assistance Ministries, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Humble Area Assistance Ministries, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Humble Area Assistance Ministries, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Seefeld Lawson Moeller LLP*

Seefeld Lawson Moeller LLP  
Certified Public Accountants

The Woodlands, Texas  
June 8, 2016

**Humble Area Assistance Ministries, Inc.**  
**Statements of Financial Position**  
**December 31, 2015 and 2014**

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	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 773,741	\$ 775,347
Accounts Receivable	10,489	21,075
Promises to Give	99,000	-
Prepaid Expenses	14,492	12,683
Deposits and Gift Cards	5,423	5,070
Property and Equipment, Net	<u>1,468,342</u>	<u>1,517,845</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 2,371,487</u></u>	<u><u>\$ 2,332,020</u></u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	\$ 81,972	\$ 68,574
Notes Payable	<u>612,784</u>	<u>638,090</u>
<b>TOTAL LIABILITIES</b>	<u>694,756</u>	<u>706,664</u>
 <b>NET ASSETS</b>		
Unrestricted	1,581,429	1,442,289
Temporarily Restricted	<u>95,302</u>	<u>183,067</u>
<b>TOTAL NET ASSETS</b>	<u>1,676,731</u>	<u>1,625,356</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 2,371,487</u></u>	<u><u>\$ 2,332,020</u></u>

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

**Humble Area Assistance Ministries, Inc.**  
**Statement of Activities**  
**For the Year Ended December 31, 2015**

	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE</b>			
Support			
Contributions	\$ 1,900,261	\$ 294,781	\$ 2,195,042
Grants	-	211,070	211,070
Revenue			
Sale of Goods	939,414	-	939,414
Interest Income and Other	3,148	-	3,148
<b>TOTAL SUPPORT AND REVENUE</b>	<b>2,842,823</b>	<b>505,851</b>	<b>3,348,674</b>
Net Assets Released from Restrictions	593,616	(593,616)	-
<b>TOTAL SUPPORT AND REVENUE AFTER RECLASSIFICATIONS</b>	<b>3,436,439</b>	<b>(87,765)</b>	<b>3,348,674</b>
<b>EXPENSES</b>			
Program Services			
Welfare Services	2,377,429	-	2,377,429
Resale Stores	573,961	-	573,961
Supporting Services			
Management and General	250,905	-	250,905
Fundraising	42,339	-	42,339
<b>TOTAL EXPENSES</b>	<b>3,244,634</b>	<b>-</b>	<b>3,244,634</b>
Loss on Construction in Progress	52,665	-	52,665
<b>TOTAL EXPENSES AND LOSSES</b>	<b>3,297,299</b>	<b>-</b>	<b>3,297,299</b>
Change in Net Assets	139,140	(87,765)	51,375
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>1,442,289</b>	<b>183,067</b>	<b>1,625,356</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 1,581,429</b>	<b>\$ 95,302</b>	<b>\$ 1,676,731</b>

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



**Humble Area Assistance Ministries, Inc.**  
**Statement of Activities**  
**For the Year Ended December 31, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Support			
Contributions	\$ 1,538,965	\$ 378,050	\$ 1,917,015
Grants	-	222,077	222,077
Revenue			
Sale of Goods	976,534	-	976,534
Interest Income	2,236	-	2,236
<b>TOTAL SUPPORT AND REVENUE</b>	<b>2,517,735</b>	<b>600,127</b>	<b>3,117,862</b>
Net Assets Released from Restrictions	<u>603,937</u>	<u>(603,937)</u>	<u>-</u>
<b>TOTAL SUPPORT AND REVENUE AFTER RECLASSIFICATIONS</b>	<b><u>3,121,672</u></b>	<b><u>(3,810)</u></b>	<b><u>3,117,862</u></b>
<b>EXPENSES</b>			
Program Services			
Welfare Services	2,166,101	-	2,166,101
Resale Stores	558,401	-	558,401
Supporting Services			
Management and General	309,480	-	309,480
Fundraising	47,131	-	47,131
<b>TOTAL EXPENSES</b>	<b><u>3,081,113</u></b>	<b><u>-</u></b>	<b><u>3,081,113</u></b>
Change in Net Assets	40,559	(3,810)	36,749
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b><u>1,401,730</u></b>	<b><u>186,877</u></b>	<b><u>1,588,607</u></b>
<b>NET ASSETS, END OF YEAR</b>	<b><u>\$ 1,442,289</u></b>	<b><u>\$ 183,067</u></b>	<b><u>\$ 1,625,356</u></b>

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

**Humble Area Assistance Ministries, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2015**

	Program Services		Supporting Services		Total
	Welfare	Resale Stores	Management and General	Fundraising	
Advertising	\$ 2,842	\$ 1,800	\$ 6,272	\$ 4,679	\$ 15,593
Back to School Project	36,650	-	-	-	36,650
Depreciation and Amortization	17,594	39,798	2,083	239	59,714
Food	1,272,505	-	-	-	1,272,505
Insurance - Workers Comp	5,057	6,525	1,302	130	13,014
Insurance - Other	10,955	24,227	4,655	152	39,989
Interest Expense	-	31,583	3,067	-	34,650
Postage	1,504	230	1,913	1,549	5,196
Professional	29,433	8,624	25,044	408	63,509
Repairs	3,885	6,285	2,825	26	13,021
Salaries, Wages, and Benefits	384,422	340,414	167,387	25,623	917,846
Seasonal Programs	137,414	-	-	-	137,414
Shelter and Other Assistance	367,978	-	3,278	-	371,256
Supplies and Operations	60,042	44,929	9,031	7,330	121,332
Taxes - Payroll and Other	28,328	24,285	21,543	1,857	76,013
Telephone	3,812	5,788	569	76	10,245
Utilities	11,719	26,108	1,630	232	39,689
Waste Removal	3,289	13,365	306	38	16,998
<b>TOTAL EXPENSES</b>	<b>\$ 2,377,429</b>	<b>\$ 573,961</b>	<b>\$ 250,905</b>	<b>\$ 42,339</b>	<b>\$ 3,244,634</b>

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

**Humble Area Assistance Ministries, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2014**

	Program Services		Supporting Services		Total
	Welfare	Resale Stores	Management and General	Fundraising	
Advertising	\$ 4,940	\$ 3,044	\$ 7,319	\$ 1,161	\$ 16,464
Back to School Project	42,661	-	-	-	42,661
Depreciation and Amortization	22,100	29,229	941	-	52,270
Food	1,142,997	-	-	-	1,142,997
Insurance - Workers Comp	3,392	8,155	1,149	442	13,138
Insurance - Other	13,314	24,317	3,981	49	41,661
Interest Expense	-	32,573	3,282	-	35,855
Postage	1,774	437	3,246	1,808	7,265
Professional	28,065	5,079	35,115	1,178	69,437
Repairs	448	6,704	3,714	-	10,866
Salaries, Wages, and Benefits	351,111	330,210	210,902	34,007	926,230
Seasonal Programs	104,820	-	-	-	104,820
Shelter and Other Assistance	320,332	-	-	-	320,332
Supplies and Operations	85,332	54,446	14,447	5,844	160,069
Taxes - Payroll and Other	25,910	23,978	23,504	2,553	75,945
Telephone	6,190	8,366	531	32	15,119
Utilities	9,174	22,409	1,185	52	32,820
Waste Removal	3,541	9,454	164	5	13,164
<b>TOTAL EXPENSES</b>	<b>\$ 2,166,101</b>	<b>\$ 558,401</b>	<b>\$ 309,480</b>	<b>\$ 47,131</b>	<b>\$ 3,081,113</b>

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

**Humble Area Assistance Ministries, Inc.**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 51,375	\$ 36,749
Adjustments to reconcile change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization	59,714	52,270
Loss on Construction in Progress	52,665	377
(Increase) Decrease in:		
Accounts Receivable	10,586	(3,271)
Promises to Give	(99,000)	60,000
Prepaid Expenses	(1,809)	3,373
Deposits and Gift Cards	(353)	5,073
Increase (Decrease) in:		
Accounts Payable and Accrued Liabilities	13,398	14,345
Net Cash Provided by Operating Activities	<u>86,576</u>	<u>168,916</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	<u>(62,877)</u>	<u>(54,076)</u>
Net Cash Used by Investing Activities	<u>(62,877)</u>	<u>(54,076)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Notes Payable	<u>(25,305)</u>	<u>(24,102)</u>
Net Cash Used by Financing Activities	<u>(25,305)</u>	<u>(24,102)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,606)	90,738
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>775,347</u>	<u>684,609</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 773,741</u>	<u>\$ 775,347</u>

Supplemental disclosures:

Cash paid for interest during the years ended December 31, 2015 and 2014 was \$34,650 and \$35,854, respectively.

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

**Humble Area Assistance Ministries, Inc.**  
**Notes to Financial Statements**  
**December 31, 2015 and 2014**

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**NOTE 1 – Organization and Nature of Activities**

Humble Area Assistance Ministries, Inc. (“HAAM” or the “Organization”) is incorporated in the State of Texas as a non-profit charitable organization. HAAM was established as a community coalition supported by contributions and resale store sales which provide social services and food that help the homeless and hungry people in the northeast Harris and east Montgomery counties.

**NOTE 2 – Summary of Significant Accounting Policies**

***Basis of Accounting***

The Organization uses the accrual basis of accounting. Revenues are recognized when they are earned. Expenses are recognized when they are incurred.

***Basis of Presentation***

The Organization 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 can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by the passage of time.
- *Permanently restricted net assets*: Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of such assets permit the Organization to use all or part of the income earned on the assets. (The Organization has no permanently restricted net assets.)

In addition, the Organization is required to present a Statement of Cash Flow and Statement of Functional Expenses.

***Support***

HAAM follows the recommendations of authoritative guidance for contributions received and contributions made. Accordingly, the contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily restricted or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or the purpose is accomplished), temporarily or permanently restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Humble Area Assistance Ministries, Inc.**  
**Notes to Financial Statements**  
**December 31, 2015 and 2014**

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***Fair Value of Financial Instruments***

The carrying amounts reported in the Statements of Financial Position for cash and cash equivalents approximate their fair value. The carrying value of debt is reported at the undiscounted amount of future cash outflows.

***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

***Cash and Cash Equivalents***

For purposes of the Statements of Cash Flows, cash equivalents include demand deposits, savings accounts, and certificates of deposit. The Organization considers highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

***Promises to Give***

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

***Functional Allocation of Expenses***

HAAM allocates expenses on a functional basis among its programs and support services based on management's estimates.

***Property and Equipment***

Property and equipment are recorded at cost except for contributed assets which are recorded at fair market value at the date of contribution. Depreciation and amortization are computed by the straight-line method using a forty year life for buildings and a three to five year life for other assets. An asset is tested for recoverability whenever events indicate that its carrying value may not be recoverable. If this procedure indicates that an asset is not recoverable, an impairment loss is recognized. The loss is the amount by which the carrying amount of the asset exceeds its fair market value. Additionally, acquisitions of property and equipment in excess of \$2,000 are capitalized.

**Humble Area Assistance Ministries, Inc.**  
**Notes to Financial Statements**  
**December 31, 2015 and 2014**

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***Donated Goods***

Individuals make significant contributions of goods to HAAM. Donated goods of sufficient quality are sold by the resale stores. At times, the donated goods are provided by HAAM to an ultimate beneficiary. The value of the donated goods is not reflected in these financial statements since these donations have subjective measurement or valuation.

The Organization also receives donated goods for its food pantry and other activities. The value of these donated goods reflected in the statements of activities as contributions is \$1,358,384 and \$1,195,293 for the years ended December 31, 2015 and 2014, respectively. In 2013, the Organization began recording donated food received from the Houston Food Bank at a standard rate of \$1.69 per pound.

***Donated Services***

A substantial number of unpaid volunteers make significant contributions of their time to develop HAAM's programs. However, the value of these donated services is not reflected in the accompanying financial statements since there is no objective basis available by which to measure the value of such services. Donated services which have been provided by entities that normally offer those services for compensation have been reflected in the accompanying statements as support contributions and expenses in the amount of \$6,276 and \$378 for the years ended December 31, 2015 and 2014, respectively.

***Income Taxes***

HAAM is a non-profit, charitable organization which is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for federal income tax has been included in these financial statements

***Date of Management Review***

The Organization has evaluated subsequent events through June 8, 2016, the date which these financial statements were available to be issued.

**NOTE 3 – Cash**

The Organization maintains cash balances at financial institutions which, at times, exceed federally insured amounts. Balances in excess of federally insured limits were \$1,512 and \$141,085 as of December 31, 2015 and 2014, respectively.

**Humble Area Assistance Ministries, Inc.**  
**Notes to Financial Statements**  
**December 31, 2015 and 2014**

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**NOTE 4 – Promises to Give**

Promises to Give at December 31 are as follows:

	<u>2015</u>	<u>2014</u>
Houston Endowment	\$ 75,000	
Alliance of Community Assistance Ministries	<u>24,000</u>	<u>\$ -</u>
Total	<u>\$ 99,000</u>	<u>\$ -</u>
Receivable in less than one year	<u>\$ 99,000</u>	<u>\$ -</u>
Total Promises to Give	<u>\$ 99,000</u>	<u>\$ -</u>

The Houston Endowment, a philanthropic foundation, awarded the Organization a grant of \$105,000, to be received in 2015 and 2016, conditional upon terms set forth in an agreement with this Foundation. Since \$30,000 of this grant represents a conditional promise to give, this amount has not been recorded as a Promise to Give since the donor imposed conditions have not been met.

**NOTE 5 – Property and Equipment**

Property and equipment consist of the following at December 31:

	<u>2015</u>	<u>2014</u>
Land	\$ 704,369	\$ 704,369
Buildings and Improvements	1,093,437	1,093,437
Furniture and Equipment	164,612	160,442
Vehicles	101,700	90,097
Construction in Progress	<u>23,498</u>	<u>52,665</u>
Total Property and Equipment	2,087,616	2,101,010
Accumulated Depreciation and Amortization	<u>(619,274)</u>	<u>(583,165)</u>
Property and Equipment, Net	<u>\$ 1,468,342</u>	<u>\$ 1,517,845</u>

Depreciation and amortization expense for the years ended December 31, 2015 and 2014 amounted to \$59,714 and \$52,270, respectively.

In 2011, the Organization developed plans for building renovations and additions. As of December 31, 2015, the Organization abandoned these plans and wrote off the full amount in the construction in progress account that was related to these renovations. The loss on construction in progress amounted to \$52,665.



# Humble Area Assistance Ministries, Inc.

## Notes to Financial Statements

December 31, 2015 and 2014

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### NOTE 6 – Notes Payable

The Organization has an installment loan which originated in 2013 after the consolidation and refinancing of two other loans. The loan has an interest rate of 4% and a maturity date of January 2018, with a final balloon payment due of \$122,370. The principal outstanding balance is \$145,310 and \$156,146 at December 31, 2015 and 2014, respectively.

In July 2013, the Organization purchased the property and building previously leased for the Black Cat Junction Resale Store. The property was purchased for \$564,000, which includes a contribution of \$64,000 and a note payable for the principal amount of \$500,000, payable over 20 years at an annual interest rate of 6%. The principal outstanding balance is \$467,474 and \$481,944 at December 31, 2015 and 2014, respectively.

The future maturities of the Notes Payable are as follows:

Years Ending December 31		
2016	\$	26,598
2017		28,025
2018		139,635
2019		18,369
2020		19,501
Thereafter		380,656
Total	\$	612,784

### NOTE 7 – Net Assets

Temporarily restricted net assets at December 31 consist of the following:

Purpose	2015	2014
Building Fund	\$ 50,975	\$ 50,975
Program Services	44,327	132,092
	\$ 95,302	\$ 183,067

### NOTE 8 – Contingencies

In the normal course of HAAM's activities, there could be various outstanding contingent liabilities such as violations of regulatory body's regulations or violations of grant contract provisions.

No accrual for potential contingent liabilities, such as, but not limited to, those described above, are reflected in the accompanying financial statements. No such liabilities have been asserted, and therefore, no estimate of loss has been made.

**Humble Area Assistance Ministries, Inc.**  
**Notes to Financial Statements**  
**December 31, 2015 and 2014**

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**NOTE 9 – Concentration**

For the years ended December 31, 2015 and 2014, HAAM was not dependent on any organization for a significant portion of its support.

**NOTE 10 – Operating Lease**

The Organization has an equipment operating lease. Rent expense related to this lease for the years ending December 31, 2015 and 2014 was \$9,072 and \$9,421, respectively.

As of December 31, 2015, the future operating lease obligations for the next five years are as follows:

Years Ending December 31	
2016	\$ 7,971
2017	4,650
2018	-
2019	-
2020	-
Total	<u>\$ 12,621</u>

**NOTE 11 – Related Party Transactions**

In the course of business, the Organization paid \$13,304 and \$5,195 in 2015 and 2014, respectively, for advertising and marketing to companies owned by current and past board members. These companies were awarded business based on the Organization's normal vendor selection and due diligence process.