

FAITH CITY, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
with
INDEPENDENT AUDITOR'S REPORT

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Independent Auditor's Report

Board of Directors
Faith City, Inc.
Amarillo, Texas

We have audited the accompanying financial statements of Faith City, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Board of Directors
Faith City, Inc.
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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Faith City, 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 conformity with accounting principles generally accepted in the United States of America.

Stewart, Martin, Dudley & Webb, P.C.

Amarillo, Texas
November 8, 2016

FINANCIAL STATEMENTS

FAITH CITY, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2015 and 2014

ASSETS (Note 5)	2015				2014			
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total
Current assets:								
Cash and cash equivalents	\$ 641,422	\$670,524	\$125,000	\$1,436,946	\$ 471,596	\$188,121	\$ -	\$ 659,717
Investments	7,591	-	-	7,591	74,623	500,000	-	574,623
Prepaid expenses and other	44,318	-	-	44,318	33,935	-	-	33,935
Total current assets	693,331	670,524	125,000	1,488,855	580,154	688,121	-	1,268,275
Investments	-	-	-	-	-	-	125,000	125,000
Other assets	5,379	-	-	5,379	5,379	-	-	5,379
Land, buildings, and equipment - at cost, net of accumulated depreciation	2,447,981	-	-	2,447,981	2,305,023	-	-	2,305,023
Total assets	<u>\$3,146,691</u>	<u>\$670,524</u>	<u>\$125,000</u>	<u>\$3,942,215</u>	<u>\$2,890,556</u>	<u>\$688,121</u>	<u>\$125,000</u>	<u>\$3,703,677</u>
LIABILITIES AND NET ASSETS								
Current liabilities:								
Accounts payable	\$ 147,402	\$ -	\$ -	\$ 147,402	\$ 100,150	\$ -	\$ -	\$ 100,150
Accrued expenses	217,511	-	-	217,511	46,742	-	-	46,742
Note payable to bank (Note 5)	692,000	-	-	692,000	792,000	-	-	792,000
Total current liabilities	1,056,913	-	-	1,056,913	938,892	-	-	938,892
Net assets:								
Unrestricted	2,047,831	-	-	2,047,831	1,909,717	-	-	1,909,717
Board designated	41,947	-	-	41,947	41,947	-	-	41,947
Temporarily restricted	-	670,524	-	670,524	-	688,121	-	688,121
Permanently restricted	-	-	125,000	125,000	-	-	125,000	125,000
Total net assets	<u>2,089,778</u>	<u>670,524</u>	<u>125,000</u>	<u>2,885,302</u>	<u>1,951,664</u>	<u>688,121</u>	<u>125,000</u>	<u>2,764,785</u>
	<u>\$3,146,691</u>	<u>\$670,524</u>	<u>\$125,000</u>	<u>\$3,942,215</u>	<u>\$2,890,556</u>	<u>\$688,121</u>	<u>\$125,000</u>	<u>\$3,703,677</u>

See accompanying notes.

FAITH CITY, INC.

STATEMENTS OF ACTIVITIES

Years ended December 31, 2015 and 2014

	2015			2014				
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total
Support and revenue:								
Contributions and bequests	\$1,616,969	\$ 368,047	\$ -	\$1,985,016	\$1,726,531	\$ 931,743	\$ -	\$2,658,274
Program grants and contracts	53,900	55,000	-	108,900	12,300	-	-	12,300
In-kind donations	10,500	-	-	10,500	10,500	-	-	10,500
Special events - net of direct expenses	42,108	-	-	42,108	-	-	-	-
Other unrestricted revenue:								
Dividends and interest	8,673	58	-	8,731	4,246	-	-	4,246
Net loss from investments	(16,911)	-	-	(16,911)	(3,169)	-	-	(3,169)
Income from partnership interest	22,222	-	-	22,222	29,778	-	-	29,778
Clothing recycle income	7,147	-	-	7,147	17,565	-	-	17,565
Other income	49,808	-	-	49,808	27,774	-	-	27,774
	1,794,416	423,105	-	2,217,521	1,825,525	931,743	-	2,757,268
Net assets released from restrictions	440,702	(440,702)	-	-	269,981	(269,981)	-	-
Total support and revenue	2,235,118	(17,597)	-	2,217,521	2,095,506	661,762	-	2,757,268
Expenses:								
Program services:								
Mission	986,218	-	-	986,218	855,184	-	-	855,184
Family shelter	158,804	-	-	158,804	165,758	-	-	165,758
Outreach	225,971	-	-	225,971	216,259	-	-	216,259
Supporting services:								
General and administrative	281,241	-	-	281,241	270,607	-	-	270,607
Fundraising	444,770	-	-	444,770	418,743	-	-	418,743
Total expenses	2,097,004	-	-	2,097,004	1,926,551	-	-	1,926,551
Increase (decrease) in net assets	138,114	(17,597)	-	120,517	168,955	661,762	-	830,717
Transfers	-	-	-	-	-	-	-	-
Net increase (decrease) in net assets	138,114	(17,597)	-	120,517	168,955	661,762	-	830,717
Net assets at beginning of year	1,951,664	688,121	125,000	2,764,785	1,782,709	26,359	125,000	1,934,068
Net assets at end of year	\$2,089,778	\$ 670,524	\$125,000	\$2,885,302	\$1,951,664	\$ 688,121	\$125,000	\$2,764,785

See accompanying notes.

FAITH CITY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2015

	Program Services			Supporting Services		Total
	Mission	Family Shelter	Outreach	General and administrative	Fundraising	
Personnel costs:						
Salaries and wages	\$436,997	\$107,957	\$ 26,658	\$155,498	\$ 43,034	\$ 770,144
Payroll taxes	19,976	8,232	3,666	21,385	5,918	59,177
Retirement plan contributions	6,490	-	-	-	-	6,490
Gifts and bonuses/temporary help	4,490	-	-	-	-	4,490
Workers' compensation insurance	7,102	-	-	-	-	7,102
Employee health insurance	36,529	6,424	4,214	24,583	6,803	78,553
Occupancy and equipment costs:						
Repairs and maintenance	6,944	4,512	-	-	-	11,456
Supplies	15,412	6,043	-	-	-	21,455
Equipment rental	1,368	-	-	-	-	1,368
Utilities and telephone	72,396	18,677	-	-	-	91,073
Property and liability insurance	69,795	-	-	-	-	69,795
Vehicle expense	18,666	-	-	-	-	18,666
Emergency expenses	15,971	-	-	-	-	15,971
Depreciation	70,564	-	-	-	-	70,564
Other costs:						
Food service	133,205	-	-	-	-	133,205
Residential programs	66,683	6,959	-	-	-	73,642
Training, conventions and seminars	2,331	-	-	-	-	2,331
Fundraising expenses	-	-	-	-	270,699	270,699
Foreign outreach	-	-	23,485	-	-	23,485
Missionary support	-	-	154,966	-	-	154,966
Other public relations/outreach	-	-	12,982	-	-	12,982
Professional fees	-	-	-	15,431	-	15,431
Staff training/uniforms	-	-	-	12,370	-	12,370
Computer costs	-	-	-	2,135	-	2,135
Office supplies	-	-	-	15,002	-	15,002
Postage	-	-	-	8,021	-	8,021
Dues and publications	-	-	-	4,712	-	4,712
Directors' and officers' liability insurance	-	-	-	1,843	-	1,843
Bank fees	-	-	-	12,668	-	12,668
Other expenses	1,299	-	-	7,593	-	8,892
Capital Campaign & Consulting	-	-	-	-	118,316	118,316
	<u>\$986,218</u>	<u>\$158,804</u>	<u>\$225,971</u>	<u>\$281,241</u>	<u>\$444,770</u>	<u>\$2,097,004</u>

See accompanying notes.

FAITH CITY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2014

	Program Services			Supporting Services		Total
	Mission	Family Shelter	Outreach	General and administrative	Fundraising	
Personnel costs:						
Salaries and wages	\$371,221	\$109,180	\$ 25,895	\$163,488	\$ 41,392	\$ 711,176
Payroll taxes	15,123	7,191	3,601	22,734	5,756	54,405
Retirement plan contributions	2,961	2,371	-	-	-	5,332
Gifts and bonuses/temporary help	4,599	-	-	-	-	4,599
Workers' compensation insurance	12,611	-	-	-	-	12,611
Employee health insurance	9,764	7,988	2,865	18,086	4,579	43,282
Occupancy and equipment costs:						
Repairs and maintenance	18,986	4,049	-	-	-	23,035
Supplies	15,015	5,995	-	-	-	21,010
Equipment rental	2,688	-	-	-	-	2,688
Utilities and telephone	72,338	20,513	-	-	-	92,851
Property and liability insurance	40,731	-	-	-	-	40,731
Vehicle expense	18,295	-	-	-	-	18,295
Emergency expenses	14,879	-	-	-	-	14,879
Depreciation	72,285	-	-	-	-	72,285
Other costs:						
Food service	124,096	-	-	-	-	124,096
Residential programs	56,161	8,471	-	-	-	64,632
Training, conventions and seminars	2,453	-	-	-	-	2,453
Fundraising expenses	-	-	-	-	316,065	316,065
Foreign outreach	-	-	23,263	-	-	23,263
Missionary support	-	-	148,918	-	-	148,918
Other public relations/outreach	-	-	11,678	-	-	11,678
Professional fees	-	-	-	12,566	-	12,566
Staff training/uniforms	-	-	-	9,685	-	9,685
Computer costs	-	-	-	5,328	-	5,328
Office supplies	-	-	-	13,167	-	13,167
Postage	-	-	-	6,243	-	6,243
Dues and publications	-	-	-	3,706	-	3,706
Directors' and officers' liability insurance	-	-	-	1,749	-	1,749
Bank fees	-	-	-	6,272	-	6,272
Other expenses	978	-	-	7,583	-	8,561
Capital Campaign & Consulting	-	-	39	-	50,951	50,990
	<u>\$855,184</u>	<u>\$165,758</u>	<u>\$216,259</u>	<u>\$270,607</u>	<u>\$418,743</u>	<u>\$1,926,551</u>

See accompanying notes.

FAITH CITY, INC.

STATEMENTS OF CASH FLOWS

Years ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Increase in net assets	\$ 120,517	\$ 830,717
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	70,564	72,285
Unrealized loss on investments	-	3,169
Increase in operating assets:		
Prepaid expenses and other	(10,383)	(25,454)
Increase in operating liabilities - accounts payable and accrued expenses	<u>218,021</u>	<u>36,956</u>
Net cash provided by operating activities	398,719	917,673
Cash flows from investing activities:		
Purchases of fixed assets	(213,522)	(1,004,277)
Net (increase) decrease in investments	<u>692,032</u>	<u>(504,004)</u>
Net cash provided (used) by investing activities	478,510	(1,508,281)
Net cash flows provided (used) by financing activities - advances (payments) on note payable to bank	<u>(100,000)</u>	<u>792,000</u>
Net increase in cash and cash equivalents	777,229	201,392
Cash at beginning of year	<u>659,717</u>	<u>458,325</u>
Cash at end of year	<u>\$1,436,946</u>	<u>\$ 659,717</u>

See accompanying notes.

FAITH CITY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

1. Summary of significant accounting policies

Nature of organization and activities - Faith City, Inc. (Organization or Faith City) is a nonprofit voluntary welfare organization, established by Reverend and Mrs. Richard Hogan, Sr. under the laws of the State of Texas, and holding a corporate charter dated December 2, 1954. The entity owns and operates two adjacent facilities in the downtown area of the City of Amarillo: Faith City Mission, which was established at the inception of the Organization, and Faith City Family Shelter, which was opened in 1984. It is controlled by a Board of Directors who employ an Executive Director to manage the day to day affairs of the Organization.

The facility designated as the Mission provides food, clothing, and shelter to homeless men, and has adopted a structured program to assist them in returning to productive lives. The facility known as the Family Shelter provides temporary emergency housing, food, and clothing to families, couples, single parents and women who are in need. Additionally, the Organization provides a number of outreach services, such as prison ministries.

Faith City is supported primarily by contributions and bequests from churches, foundations, and the general public.

Basis of accounting - The financial statements of Faith City have been presented in accordance with accounting principles generally accepted in the United States of America as applicable to nonprofit organizations.

Basis of presentation - Faith City 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.

FAITH CITY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

1. Summary of significant accounting policies (cont'd)

Cash and cash equivalents - For financial reporting purposes, cash equivalents include time deposits and highly liquid debt instruments that are readily convertible to cash and have original maturities of three months or less.

Statement of cash flows - Interest paid during the years ended December 31, 2015 and 2014, was \$30,784 and \$0, respectively. Of these amounts, \$30,784 and \$0 for the years ended December 31, 2015 and 2014, respectively, was capitalized as part of the ongoing construction project at the Mission Ranch property.

Investments - Except for cash equivalents as described above, time deposits and debt instruments are reported as investments.

Investments in marketable securities with readily determinable fair values and all investments in debt securities are presented at their fair values in the statements of financial position, with both realized and unrealized gains and losses included in the statements of activities. Fair values are determined by quoted market prices.

Property and equipment - All acquisitions of property and equipment and all expenditures for repairs, maintenance, renewals and betterments of \$500 or more that materially prolong the useful lives of assets are capitalized. Property and equipment are recorded at cost or, in the case of donated property, at estimated fair value at the date of receipt. Faith City provides for depreciation of furniture and equipment using the straight-line method over the estimated useful lives of the assets.

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

FAITH CITY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

1. Summary of significant accounting policies (cont'd)

Contributions (cont'd) - 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 statements of activities as net assets released from restrictions.

Federal income taxes - Faith City, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Internal Revenue Service has ruled that Faith City, Inc. is not a private foundation pursuant to Sections 509(a)(1) and (3) of the Internal Revenue Code and qualifies for the charitable contributions deduction for individual donors.

Donated materials and services - Faith City serves over 100,000 meals annually to the homeless. In order to support these efforts, direct food costs were incurred in amounts of \$133,205 and \$124,096 for 2015 and 2014, respectively. Much of this food was purchased at discounted prices or received as in-kind contributions from the community. In addition to feeding services, the Organization provides clothing and household items to the homeless that have been donated to the Organization. Much of the clothing donated to the Organization must be disposed by sales to recyclers, and these donations are valued at the sales proceeds net of expenses of cleaning and sorting. Neither the value of clothing that is distributed to the residents and other needy persons, nor the added value of discounted food purchases or donated food or household items, have been reflected in the accompanying financial statements because no objective basis is available to track and measure the value of such donations.

FAITH CITY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

1. Summary of significant accounting policies (cont'd)

Donated materials and services (cont'd) - A large number of people have contributed significant amounts of time to the activities of Faith City without compensation. The financial statements do not reflect the value of those contributed services because, although clearly substantial, such services do not require identifiable specialized skills, and because no reliable basis exists for determining an appropriate amount.

2. Investments

At December 31, 2015 and 2014, investments consist of the following:

	<u>2015</u>		
	<u>Fair value</u>	<u>Cost</u>	<u>Unrealized (losses)</u>
Common stock in corporation	<u>\$ 7,591</u>	<u>\$ 7,591</u>	<u>\$ -</u>

Investment income from these investments for 2015 consisted of dividends and interest of \$0 and unrealized loss of \$0.

	<u>2014</u>		
	<u>Fair value</u>	<u>Cost</u>	<u>Unrealized (losses)</u>
Cash and cash equivalents	\$576,954	\$576,954	\$ -
Income mutual funds	<u>122,669</u>	<u>125,000</u>	<u>(2,331)</u>
	<u>\$699,623</u>	<u>\$701,954</u>	<u>\$(2,331)</u>

Investment income from these investments for 2014 consisted of dividends and interest of \$4,154 and unrealized loss of \$3,169.

FAITH CITY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

3. Land, buildings and equipment

Land, buildings and equipment consist of the following at December 31, 2015 and 2014:

	<u>Carrying value</u>	
	<u>2015</u>	<u>2014</u>
Faith City Mission:		
Land	\$ 273,786	\$ 273,786
Buildings and improvements	2,297,624	2,099,027
Equipment	247,121	236,742
Furniture and fixtures	106,301	101,755
Autos and trucks	<u>77,737</u>	<u>77,737</u>
	3,002,569	2,789,047
Family Shelter:		
Land	49,510	49,510
Buildings and improvements	827,722	827,722
Equipment	51,086	51,086
Furniture and fixtures	<u>52,181</u>	<u>52,181</u>
	980,499	980,499
Total land, buildings and equip- ment	3,983,068	3,769,546
Less accumulated depreciation	<u>(1,535,087)</u>	<u>(1,464,523)</u>
	<u>\$ 2,447,981</u>	<u>\$ 2,305,023</u>

4. Other assets

The interest in the limited partnership, which holds producing oil and gas royalty interest, was received as a contribution in 1998. Faith City carries this investment on its books at the amount of its capital account as reflected on the partnership's income tax return. However, income in amounts of \$22,222 in 2015 and \$29,778 in 2014 indicate that the fair value of the partnership interest is substantially in excess of the partnership capital account.

FAITH CITY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

5. Note payable to bank

In 2014, Faith City acquired property it intends to renovate and use as a mission facility. In order to fund the purchase, Faith City entered into a note payable dated December 22, 2014, with a bank in Amarillo. The principal amount of the note was \$792,000 and the note bore interest at the London Interbank Offered Rate plus .75% with a floor of 4.00% (4.00% as of December 31, 2015). The note was originally due on demand or December 22, 2015, and was renewed on December 22, 2015, under the same terms, being due on demand or on December 22, 2016. The note was renewed in the amount of \$692,000 and is collateralized by the aforementioned real property.

6. Restricted net assets

Temporarily restricted assets were available for the following purposes at December 31, 2015 and 2014, respectively:

	<u>2015</u>	<u>2014</u>
Amino acid expense	\$ 341	\$ 2,781
Employment expenses	270	270
Christmas bikes	5,769	5,769
Success University	708	1,058
Women's ministry	6,624	5,008
Empty stocking	1,984	4,528
Mission Ranch	641,576	658,126
Ranch Chapel	7,435	-
Various ongoing ministries	<u>5,817</u>	<u>10,581</u>
Total temporarily restricted balances	<u>\$670,524</u>	<u>\$688,121</u>

Permanently restricted net assets is funds received in 2001 from the Alta Belle Briley Trust (Briley Trust). Per the governing document, the \$125,000 is to be held in an endowment fund bearing Alta Belle Briley's name and distribute only income from the fund in perpetuity.

FAITH CITY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

6. Restricted net assets (cont'd)

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires Faith City to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were \$0 as of December 31, 2015. Previously, deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the Board of Directors. Subsequent gains that restore the fair value of the assets of the endowment funds to the required level will be classified as an increase in unrestricted net assets. Deficiencies as of December 31, 2015 and 2014, were \$0 and \$2,331, respectively, in unrestricted net assets.

7. Retirement plan

In 1994, Faith City adopted a tax sheltered annuity plan (the Plan) under Internal Revenue Code Section 403(b). All full-time employees are eligible for the Plan after one year of service. The underlying annuity contracts are owned by the individual employees. Employees may make contributions to their retirement accounts at their discretion.

Faith City currently contributes 5% of the employee's salary to the Plan. The Organization's cost for the Plan in 2015 and 2014 was \$6,490 and \$5,332, respectively.

8. Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. The Family Shelter is operated as an adjunct to the Mission, and some indirect costs of operating this facility are included in Mission expenses.

FAITH CITY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

9. Compensated absences

Vacation leave is earned by full-time and regular part-time employees. Vacation leave is accrued at the rate of five days per year and increases to ten days per year after one year of service. Unused vacation time at the end of each calendar year is lost. Employees that terminate during the year are entitled to vacation for accrued leave upon termination of employment.

All full-time and regular part-time employees accrue sick leave at the rate of one-half day per month of service. This time may accumulate from year to year up to fifteen days, but employees are not compensated for accrued sick leave upon termination.

10. Fundraising

The Organization uses an outside fundraising company to handle much of its contribution solicitations. Fees, including postage, paid to this company for 2015 and 2014 were \$253,597 and \$312,795, respectively.

11. Fair value of financial instruments

Cash, receivables and payables

The carrying amount approximates fair value because of their short maturities or due dates.

Investments

The fair values of all investments are based on quoted market prices for those or similar investments.

The following table presents Faith City's fair value hierarchy for the financial assets measured at fair value on a recurring basis at December 31, 2015:

	<u>Fair value</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>
Investments - common stock in corporation	<u>\$ 7,591</u>	<u>\$ 7,591</u>

FAITH CITY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

11. Fair value of financial instruments (cont'd)

Investments (cont'd)

The following table presents Faith City's fair value hierarchy for the financial assets measured at fair value on a recurring basis at December 31, 2014:

	<u>Fair value</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>
Investments:		
Cash and cash equivalents	\$576,954	\$576,954
Mutual funds	<u>122,669</u>	<u>122,669</u>
	<u>\$699,623</u>	<u>\$699,623</u>

12. Subsequent events

Subsequent events were evaluated through November 8, 2016, the date these financial statements were available to be issued.