

MOA Americas HOLDINGS, INC.

ANNUAL REPORT : 2015



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LETTER FROM THE CHAIRMAN

Reflection on 2015

From concept to reality! On December 31, 2015, construction on the Cardwell Collaborative was 82% complete. On-time and on-budget. It is amazing to think that the groundbreaking ceremony for this project was held in February 2015, less than a year before. Significant and exciting progress...

This 60,000 square foot building is more than just a real estate development. It is more than office space. It is more than wet and dry lab space. It is more than a data bank and computing center. It is more than a "collaboratory." It is more than the entrance to the Medical Center of the Americas campus. It is the symbol to our community that the game has changed in the Paso del Norte region. We have proven that we can come together as a community to strive for something that will better us, create more quality opportunities and honor our true potential. It is a force changing the way that our community sees itself and the way that other communities see us. It is a unifier. It is the future of our region.

I am proud of so many people and partners for supporting this project: the City of El Paso, Jack Cardwell, TTUHSC El Paso, Citizens Bank of Las Cruces, the Economic Development Administration, our generous donors, all the MCA board of directors, the MCA staff and many others. The teamwork demonstrated to get this project accomplished is commendable, and the entire MCA team is grateful to the community for its support, guidance and trust.

While work on this amazing building was ongoing, the MCA also created a program that will help to catapult our region's high-tech entrepreneurial spirit out of *this world*. In December 2015, the MCA announced the SPACE RACE, a PDN innovation challenge. This innovative business plan competition identifies risk-reduced, regionally relevant NASA technologies, and forms multi-disciplinary teams that will develop business plans through a robust accelerator training and competition. Winning teams will be assisted in forming start-up companies that may be funded by local angel, seed and venture investors. The exposure that this program will bring to the region is significant. Not only will it bring quality, high-tech deal flow, entrepreneurial training and media attention to our region, it will also familiarize non-local teams, mentors, judges and funders with our region's assets and capabilities.

The process that the region is going through to execute the SPACE RACE will also create a lasting change in how we collaborate and how we succeed. The program was designed to be truly regionally inclusive and to offer incentives for all to participate. We are hoping to create a regional event that introduces advanced technologies in a new and accessible way, wakes up the entrepreneurial spirit and constructs a strong innovation ecosystem that will drive economic prosperity.

If you haven't joined us already, please join us now.
There is a place for you and for everyone!

Edward Escudero

LETTER FROM THE PRESIDENT

Looking Forward to 2016

Before I write about what I think is in store for 2016, I must take a moment to acknowledge the amazing staff, contractors and board directors that are the heart, mind and muscle of the MCA. Each is unique and talented, committed to the mission of the MCA, unbounded by their imaginations as they dream up ways to bring success, hard-working and dedicated to accountability and accomplishment, and loyal to the greater good of the community. We have become a family, relying on each other, helping each other grow, and watching each other succeed. It is a privilege to work with, learn from and be friends with each of them. I am proud to be a part of this organization, and I am grateful that they are part of the MCA!

Now, on to 2016.... 2016 is the year I have been waiting for since 2006 – 10 years ago when we started this journey. Not only do we complete construction on the Cardwell Collaborative and move into this amazing building, but we also launch the SPACE RACE, a PDN Innovation Challenge. This is where the real estate side of the MCA literally blends with the programmatic side of the MCA. Through the Cardwell Collaborative we provide biomedical innovation and collaborative spaces, and through the SPACE RACE we provide amazing deal flow through NASA inventions, intensive entrepreneurial training, team building, mentoring and start-up support. Both officially open and launch in 2016, and the SPACE RACE will fill the Cardwell Collaborative with life.

As you know, the Cardwell Collaborative has become the icon for our region's proliferating biomedical industry. This year it becomes a reality. I can't wait to see the ideas that are inspired, the discoveries that are made, the partnerships that are created, and the companies that are formed there.... The spaces being

created in the Cardwell Collaborative were designed with the community in mind. This is your place. I urge you to come learn more about it, and be a part of the innovation and creation that will take place there.

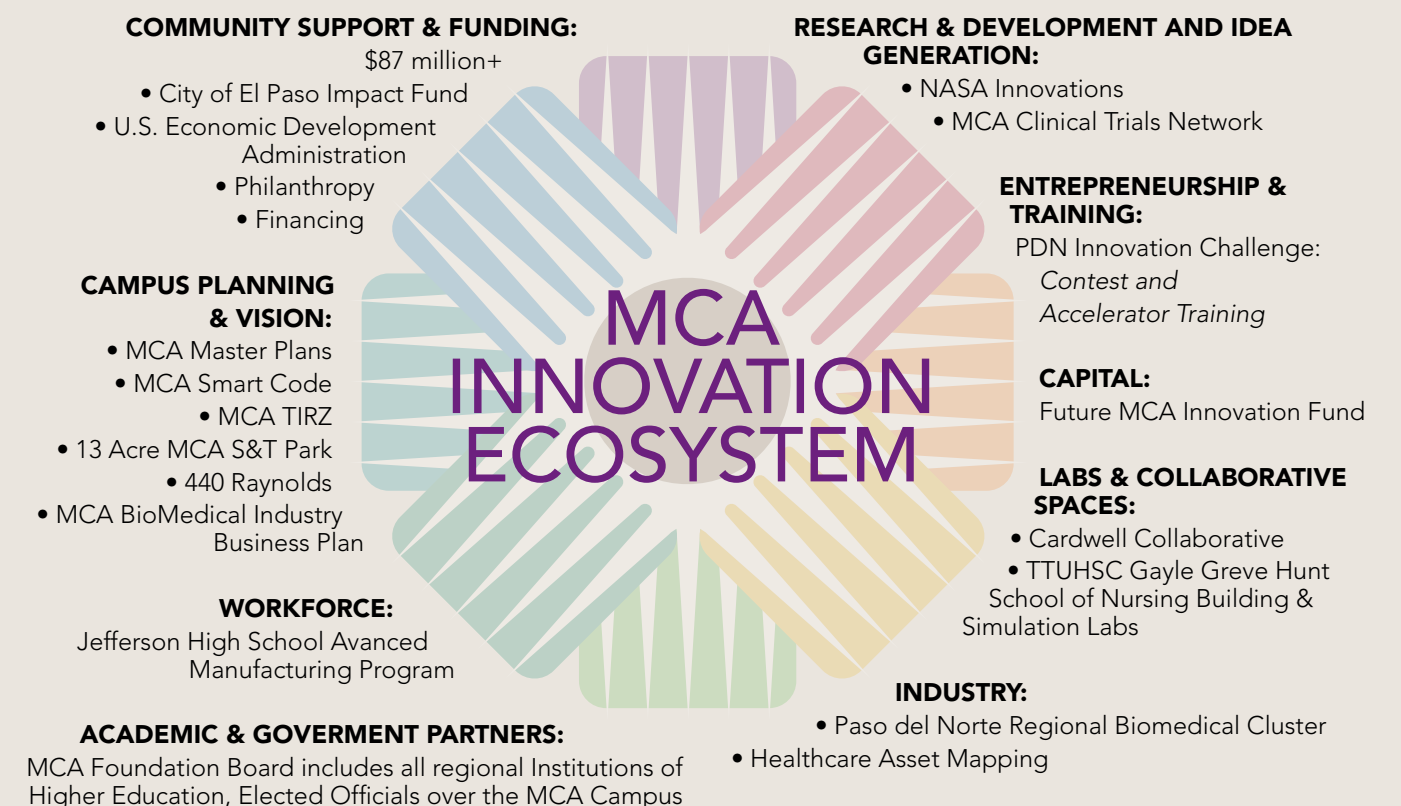
The SPACE RACE is aimed at waking up the sleeping high-tech entrepreneurial giant that I know is in our region. Over the past 15 years, our region has done all the right things to prepare it for the coming of a high-tech industry. It has invested in elevating our K-12 and higher education, it has advanced its manufacturing capabilities, it has created visionary and strategy organizations to support economic development efforts, it has improved its infrastructure and quality of life projects, it has recruited amazing people, and it has started to break down silos so that more collaboration is possible. This is the right time in the Paso del Norte region to launch an ambitious and unique program like the SPACE RACE.... with a goal of launching several high-tech start-up companies using NASA technologies. I know we can do it with the continued support of the entire community.

In the words of Edith Widder, "Exploration is the engine that drives innovation. Innovation drives economic growth. So let's all go exploring." I could not have said it better. We hope that through the MCA, the community finds a platform to explore, innovate and grow. We will now have the facility to support such efforts, we have NASA technologies to create our deal flow, and now we need you to put the effort and mind power into creating strong high-tech start-ups that will lead to economic prosperity.

Emma W. Schwartz

About Us

MISSION The MCA Foundation works to improve access to quality healthcare in the Paso del Norte region by building a better healthcare infrastructure, providing superior healthcare and educational opportunities, and attracting researchers and healthcare providers to the region.



TEAM

SENIOR MANAGEMENT

Carlos Ortega, Chief Financial Officer
Emma W. Schwartz, President

STAFF

Jesus Carrillo, Manager of Engineering Projects
Jeff Fuchsberg, Director of Intellectual Property and Innovation Projects

Martha Hood, Director of Accounting

Humberto Lara-Guerra, Director of Clinical and Translational Research

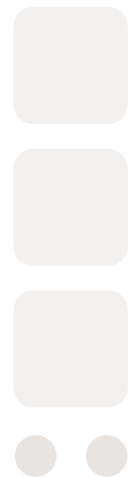
Marianne D. Mijares, Executive Assistant

Priscila Olague, Intern

Beverly Rebe, Corporate Governance

Angelica Rosales, Operations Manager

Stephen Voglewede, Assistant Director of Laboratory Projects



ORG

Comp
Boards

and
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Programs

CARDWELL
Collaborative

In 2015, the Cardwell Collaborative went from vision to reality. A tremendous amount of community support went into successfully breaking ground on the region's first biomedical technology commercialization center. On February 3, 2015, El Paso City Council unanimously approved the 3rd Amendment to the Economic Development Program Grant Agreement with the MCA to assist the MCA with the building's financing requirements. On February 6, 2015, MCA Tech Park, Inc. closed on an \$18.6 million construction loan from Citizens Bank of Las Cruces, with participation by First National Bank and Bank of Texas – a local community banking consortium. On February 9, 2015, Jordan Foster Construction began construction of the Cardwell Collaborative, and 10 days later, a groundbreaking ceremony was held with over 200 people in attendance. By December 31, 2015, construction of the Cardwell Collaborative was 82 percent complete, on-schedule and on-budget. Occupancy is expected in June 2016.

FEATURES:

- 60,000 square foot building, glass curtain wall on north exterior, contemporary interiors, expected LEED Silver certification
- Extraordinary foundation: 36 piers, 42 inches in diameter, drilled 75 feet deep, ensuring the stability of the building and ability to run sensitive laboratory equipment with very low levels of vibration
- High-tech building: first building in El Paso that has fiber pulled to every desktop and laboratory
- High Performance Computing Room / Data Center (separate fluid cooling, APC power, external power generator)
- Wet laboratory incubator (fully-furnished with flexible casework, shared lab equipment and tissue repository)
- Dry laboratory incubator (fully-furnished with flexible electrostatic casework, all power and data on movable ceiling arms)
- Fully-furnished office incubator with shared services
- Shared spaces (conference center, collaboration spaces, café)

ANCHOR TENANTS:

- MCA Foundation
- TTUHSC El Paso

KEY PROJECT COLLABORATORS:

- City of El Paso
- Citizens Bank of Las Cruces, First National Bank, Bank of Texas
- Donors
- MCA Board of Directors

PROJECT TEAM:

- Owner: MCA Tech Park, Inc.
- Project Managers: Broaddus & Associates and ECM International
- Architects: Philo Wilke Partnership
- General Contractor: Jordan Foster Construction
- Commissioning: Bath Commissioning Corporation
- Test Adjust Balance: Campos Engineering
- Security: SD Technologies
- Construction Material Testing: Professional Service Industries, Inc.
- Cabling / IT / AV: Comco, Inc.

CROWDFUNDING Campaign

In October 2015, the MCA Foundation launched a crowdfunding campaign to raise \$150,000 from the community at-large to go towards a \$10 million capital campaign for the Cardwell Collaborative. In addition to raising funds from members of the community, the crowdfunding campaign has also served as an outreach opportunity to engage the greater Paso del Norte community – providing information about the Cardwell Collaborative and the activities that will go on inside. Participants who donate \$100 or more to the crowdfunding campaign will have the opportunity to get a sneak-peak of the Cardwell Collaborative on a private tour before the official opening scheduled for June 2016. To accompany the crowdfunding campaign, the MCA produced a short video on the Cardwell Collaborative to introduce the facility and highlight the possible innovations that could be developed within its walls. To date the MCA Foundation has raised close to \$60,000. We would like to thank and acknowledge all the captains and donors who have participated in our crowdfunding campaign.

Alan Abbott	John Martin
Leah Abresch	Rodolfo Mata
Ron Acton	Jack Maxon
Ralph Adame	Alba Mendiola
Richard Aguilar	Marianne Mijares
Jerry Akin	Michael Miles
Richard Amstater	Ceci Miles Mulvihill
Edmund Archuleta	A.R. Miller III
Marshall Barclay	Rocky Miracle
Cynthia Bilbe	Agustin Montes II
Earl B. Blacksher	Ron Munden
Rep. Cesar Blanco	George Myers
Bea Briones	F. Michael Norwich Jr.
Adin Brown	Bernardino Olague
Lisa Budtke	Priscila Olague
Steve Buraczyk	Dan Olivas
J. Keith Butler	Raul Ordaz
Alex Cabrera	Amy O'Rourke
Dalton Caldwell	Michelle Ortega
Joe Cardenas	Steve Ortega
Tom Cardenas	Sylvia Ortega
Cynthia Cardona	Bruce Parsons
Nancy Carlson	William Patton
Jesus Carrillo	Kathleen Peyton
Alyssa Cervantes Benavides	Gary Paul Porras
Cindy Cooper	Larry Porras
John Cullers	Nadia Powell
J. C. Currey	Cesar Ramos
Priscilla De Lucio	Beverly Rebe
Steve DeGroat	Rennie Rebe
Jan Engels	Julissa Reza
Judge Veronica Escobar	
Edward Escudero	daria RodriopezTjTSRentord Jse RodriopezTjTAEngesicaRosaldes
Rafael Espinoza	JoeRosaldes
Johnny Faulkner	
Michelle Fenton	
Luis Fernandez	EdmunoaSalazaer
Miguel A. Fernandez	MeliiaSamDaniugo
Miguel Fernandez, Jr.	KatyaSaentsr
Rodrigo Fernandez	MeliiiaSaentsr
Steve Fox	RichardSichcater
Rick Francis	JkedSicolitke
Jeff Fuchsberg	
Philip Gaddy	
Henry Gallardo	
Caroline M. Garcia	
Maria Elena Giner	
Jessica Goldman	
Harold Hahn	
Harvey Hilley	DJreRonCal G. Shapiero
Martha Hood	RichardShephder
Ted Houghton	TomShRocleyTJTsonaaSilvgaTjTobbyaSkovITjTRs
Terry Hudson	
Chris Hunt	RichardThorpeo
Arturo Iglesias	ocosoTJTusswele VundebuergTJTStphdne V4olg
J.L. Jay	
Will Jewell	oes
Renard Johnson	T
Daniel Kelly	HenryYT
Mary E. Kipp	
Andy Krafsur	
Brad Kuykendall	
Steve Lauterbach	
Judith Lopez	
William Lovelady	
Rodrigo Lugo	
Neal Luther	
Cindy Lyons	
Melissa Maciaws	
Meyer Marcus	
D. R. Margo	

MCA in the News



MCAmericas HOLDINGS, INC.

**MCAmericas Holdings, Inc. and Subsidiaries
Management's Discussion and Analysis of
Financial Condition and Results of Activities
Year Ended December 31, 2015**

The following discussion should be read together with the financial statements and notes thereto included elsewhere in this annual report. This discussion contains certain forward-looking statements that are based on management's current expectations, estimates, and projections about its activities. Such statements are subject to risks, uncertainties and changes in circumstances. Actual results may differ materially from those currently anticipated and expressed in such forward-looking statements as a result of various factors. The cautionary statements made in this report should be read as applying to all related forward-looking statements wherever they appear in this report.

Organizational Overview and Corporate Structure

MCAmericas Holdings, Inc. ("Holdings") was formed as a Texas non-profit corporation in order to serve the best interests of Medical Center of the Americas Foundation and its subsidiaries by reorganizing all entities into a new structure in 2013 that would provide: (1) centralized management; (2) placement of distinct charitable functions of MCA in separate tax exempt entities; and (3) assignment of liability to the corresponding operating entity. On August 29, 2013, the Internal Revenue Service recognized Holdings as exempt from federal income tax under Sections 501(c)(3) and 509(a)(3) of the Internal Revenue Code ("IRC") and subsequently became the parent holding company and sole member of the following entities (collectively "MCA"):

- Medical Center of the Americas Foundation ("Foundation"), a tax exempt entity under IRC Sections 501(c)(3) and 170(b)(1)(A)(vi) and its wholly owned subsidiary, BMIA, Inc. (dba "RedSky"), an IRC Subchapter C corporation;
- MCAmericas Realty, Inc. ("MCAR"), a tax exempt entity under IRC Section 501(c)(2);
- MCA Tech Park, Inc. ("Tech Park"), a tax exempt entity under IRC Section 501(c)(3);
- MCA Revere Realty, Inc. ("Revere"), a tax exempt entity under IRC Section 501(c)(3).

MCA's mission is to create a world class medical center within the Medical Center of the Americas campus that will foster and accelerate biomedical and healthcare innovation, creating new employment opportunities and meeting health care needs of the region's current and future citizens. This biomedicine-driven economic growth mission will be accomplished through a series of strategic activities involving both physical infrastructure and programmatic initiatives focused on discovery, development and deployment to harness and grow regional assets consisting of biomedical research, demographics providing for distinctive clinical trials capability, adaptive workforce and logistics and manufacturing capabilities that can accommodate biomedical business environments.

In order to assist MCA with this mission, the City of El Paso ("City") signed an the Economic Development Program Grant Agreement ("Grant") with Foundation in February 2012 pursuant to Chapter 380 of the Texas Local Government Code for the purposes of promoting local economic development and stimulating business and commercial activity within the City. Foundation was awarded this Grant based upon its economic development project consisting of biomedical cluster specific programs and infrastructure projects, as defined in the Grant ("Project"), that will, over time, be

Financials

Major Accomplishments

A summary of major accomplishments during 2015 are as follows:

- In February of 2015, Dr. Humberto Lara-Guerra joined MCA to lead the Clinical Trials Network effort. He has quickly established himself within the community and has been actively building collaborations in the community. As a result, the creation of MCA Foundation's clinical research network began moving forward during 2015. The network's initial focus will be liver cancer, a malignancy that is under-investigated but of high importance for the region with strong potential funding opportunities. The Liver Diseases Research Consortium is a collaborative effort with partners in El Paso, Las Cruces and potentially Ciudad Juarez, and strong academic partners both inside and outside Texas. Within the PDN community, potential partners at all levels have been approached: hospitals, clinics, community centers, universities, non-for-profit organizations, the Health Information Exchange and insurance companies. This initiative will tackle liver disease from prevention and early detection up to treatment and follow-up in order to reduce its immense burden on our region while also strengthening health research collaborations in the community. For this effort, MCA Foundation is pursuing different grants and partnerships with pharmaceutical companies as well as the Cancer Prevention Research Institute of Texas (CPRIT) to organize relevant clinical trials.
- On February 3, 2015, El Paso City Council unanimously approved the 3rd Amendment to the Economic Development Program Grant Agreement with Foundation to assist Tech Park with the building's financing requirements.
- On February 3, 2015, TTUHSC El Paso had the Ribbon Cutting ceremony for the Gayle Greve Hunt School of Nursing building. With that, MCA affirmed that the building had been fully completed and that nursing school operations had moved into the building.
- On February 6, 2015, Tech Park and TTUHSC El Paso entered into a ten year Lease Agreement for approximately 20,000 square feet of space in the Cardwell Collaborative.
- On February 6, 2015, Tech Park and Jordan Foster Construction entered into a General Contractor Agreement for the construction of the Cardwell Collaborative in the amount of approximately \$20.4 million.
- On February 6, 2015, Tech Park closed on an \$18.6 million Construction Loan from Citizen's Bank of Las Cruces, with participation by First National Bank and Bank of Texas – a local community bank consortium.
- On February 9, 2015, Jordan Foster Construction began construction of the Cardwell Collaborative building.
- From February 9-11, 2015, MCA attended El Paso Days in Austin to educate elected officials on MCA projects and its request for \$4 million for the equipment to create a High Performance Computing Center that would be located in the Cardwell Collaborative.
- On February 19, 2015, MCA held a Ground Breaking Ceremony for the Cardwell Collaborative Building. Approximately 200 people attended the event.
- At the end of 2015, construction on the Cardwell Collaborative was 82% complete. Construction milestones during 2015 include:

- Mechanical Penthouse steel framing completed
- Interior and exterior steel framing
- Mechanical, Electrical and Plumbing installation
- Gyp-board installation on exteriors
- Steel framing and waterproofing on exteriors
- Window installation
- Shade installation
- North facing curtain wall installation
- Aluminum siding installation
- Roofing
- Initial clean-up of the Brentwood Channel completed by the Public Service Board
- Improvement to the Brentwood Channel guardrail and pedestrian walkway
- Furniture, lab casework and lab equipment final selections made, purchase orders issued, shop drawings completed and approved, fabrication commenced on lab casework.
- In August 2015, Foundation completed a two-minute promotional video of the Cardwell Collaborative to lead a crowdfunding campaign effort aimed at raising \$150,000 in smaller donations from a wider group of donors over a two year period. The video has been very positively received by the community, as it provides insight into the exciting projects that may be housed in the Cardwell Collaborative.
- On August 19, 2015 and August 20, 2015, respectively, the RedSky Board and management team evaluated RedSky resource allocation as well as different and exciting new seed accelerator models that would help to address some of the long-standing obstacles to innovation and commercialization in the Paso del Norte region, including a lack of deal flow and few technology entrepreneurs.
- On August 20, 2015, RedSky was notified that it was one of 50 winners out of a pool of 800 applicants to the Small Business Administration's 2015 Growth Accelerator Fund competition. The purpose of this grant is to better integrate RedSky's seed accelerator into the El Paso community through partnerships with Workforce Solutions Borderplex, the Hispanic Chamber of Commerce and El Paso Community College. The grant funds will go towards efforts with these groups to educate and better prepare potential applicants to the seed accelerator, and hopefully, make the accelerator more successful through a larger, better pool of more prepared applicants.
- On October 20, 2015, Foundation was awarded a \$30,000 JPMorgan Chase Foundation Grant for the planning and project management of an advanced manufacturing workforce development project at Jefferson High School in conjunction with El Paso Independent School District, Workforce Borderplex, and several industry partners. The goals of the program are to convert a poor-performing school in the footprint of the MCA campus into an early college high school focused on advanced manufacturing skills essential to a biomedical industry and to develop an advanced manufacturing training facility on the Jefferson campus.
- On October 30, 2015, the RedSky Board agreed on new strategy and direction for the seed accelerator model, described as the "PDN Innovation Challenge." Foundation and Holdings Boards also approved the new Challenge model for immediate implementation on November 4, 2015.
- Subsequent to November 4, Foundation signed an Agreement with the Center for Advancing Innovation (a 501(c)(3) non-profit based in Washington, DC) to develop a forthcoming startup challenge, the "PDN Innovation Challenge, A Space Race – powered by the MCA Foundation," focused on launching high tech start-up companies in El Paso based on technologies developed

by NASA. The Challenge will follow a similar format of successful contests previously developed and managed by the Center for Advancing Innovation for the National Institutes of Health (“NIH”) with the support of the Avon Foundation and the Heritage Foundation. The PDN Innovation Challenge will follow a similar model for technologies developed by both NIH and NASA (whose technologies have not previously been included in any challenges), with the goal of attracting 50% of the program participants from the Paso del Norte region’s best and brightest. Work is underway for program development, invention selection, and access to local investment funding to provide early stage funding for the most promising companies to ensure lasting local impact.

The program will run for up to four years, should the Foundation provide Notice to Proceed to a subsequent Challenge, each year with a different technology focus that is aligned with the Region's Strategic Plan:

- Year 1 = Advanced Manufacturing
- Year 2 = Life Sciences (with a cluster-specific focus to be determined)
- Year 3 = Clean Energy and Water Technologies
- Year 4 = Border Trade and Cyber Security

The program will provide a 4 to 6 month robust mandatory web-based accelerator training to participating teams that will help the teams develop business plans, pitch decks and elevator pitches that will be presented to a panel of distinguished judges. Up to 10 winning teams selected each year (one team for each NASA technology included in the Challenge) will be given a prize as well as the right to launch the start-up company with an initial equity ownership in the company ranging from 45% to 51%. Over 4 years, up to 40 start-ups are expected to be launched. The “intangible goals” of the Challenge include:

- Providing national and international exposure to the PDN region's resources (e.g., universities, incubators, professional resources, City of El Paso incentives and programs, regional manufacturing industry).
 - Bringing high-level tech executives to the region on multiple occasions for demo days, etc. for networking and familiarization.
 - Providing national and international exposure to the PDN region's quality of life offerings.
 - Creating incentives for regional stakeholders to collaborate.
 - Providing training to various organizations not directly participating in Challenge team through the accelerator training (e.g., Hispanic Chamber staff, Workforce Borderplex staff, EPISD teachers, administrators and students, etc.).
 - Creating a key event in the region that will unlock its underlying entrepreneurial potential.
- Beginning in November 2015, MCA began leading a major data collection project in El Paso, Las Cruces and Juarez to capture the size, capacity and capabilities of the regional biomedical cluster, as well as to track changes.

Financial Highlights

MCA net assets for the year 2015 increased by approximately \$781,000 as compared to approximately \$743,000 in 2014. The slight increase over the prior year was primarily attributable to the decrease in expenses from the prior year of approximately \$390,000 which was partially offset by lower revenues from 2014 of approximately \$350,000. The lower revenues in 2015 were primarily attributable to a grant awarded in 2014 by the U.S. Department of Commerce Economic Development Administration ("EDA") to support design and engineering for the Cardwell Collaborative.

MCA expenses for the year 2015 decreased from approximately \$3.1 million in 2014 to approximately \$2.7 million. The net decrease in expenses was primarily attributable to the following:

- Salaries, wages and benefits decreased approximately \$463,000 due primarily to certain changes in strategic direction and reallocation of resources for Biomedical Cluster Programs.
- Marketing expenses increased approximately \$60,000 due to certain marketing and promotional expenses incurred by RedSky as well as various crowdfunding, social media and web content expenses for MCA.
- Professional and contract services increased approximately \$59,000 due to certain RedSky grant writing activities outsourced as well as increased legal fees related to RedSky operations.
- Approximately \$43,000 was incurred in connection with the PDN Innovation Challenge which was approximately \$73,000 less than amounts incurred in connection with proof of concept awards and the Dynamica regional symposium held in November 2014.

Liquidity and Financial Resources

MCA total assets at December 31 increased from approximately \$14.5 million in 2014 to approximately \$28 million in 2015. The net increase in assets was primarily attributable to the increase in construction-in-progress for the Cardwell Collaborative of approximately \$17.8 million which was partially funded by early collection of contributions receivable restricted to the Cardwell Collaborative from a certain donor in the amount of approximately \$3 million.

MCA total liabilities at December 31 increased from approximately \$2.5 million in 2014 to approximately \$15.2 million in 2015 primarily due to the secured construction loan credit facility with Citizens Bank and the increase in accounts payable related to construction of the Cardwell Collaborative.

MCA net assets at December 31 increased from approximately \$11.9 million in 2014 to approximately \$12.7 million in 2015.

During 2015, MCA operating activities provided cash of approximately \$1.1 million as compared to cash provided by operating activities of approximately \$11,000 in 2014. The increase was primarily attributable to the maturity of certain short term investments and the collection of various contributions receivable.

MCA investing activities used cash of approximately \$14.7 million in 2015 primarily for construction of the Cardwell Collaborative. Construction-in-progress amounts through 2015 have been funded by Cardwell Collaborative contributions received, EDA grant proceeds, construction loan proceeds and MCA's cash balances.

MCA financing activities provided cash of approximately \$14 million in 2015 primarily due to construction loan proceeds and Cardwell Collaborative contributions received in 2015.

MCA's primary sources of liquidity are Grant payments received from the City, philanthropic contributions from corporate and private donors, rental revenues and bank financing. With cash and contributions receivable totaling approximately \$4.7 million at December 31, 2015, MCA believes its financial resources are sufficient to fund its operating obligations during the year ending December 31, 2016.

Funding for the Cardwell Collaborative development is expected to be provided primarily from a combination of bank loans, EDA government grant proceeds and capital campaign contributions from private donors. MCA intends to raise an additional \$2 million over the next two years, bringing total Cardwell Collaborative campaign contributions to approximately \$10 million. In February 2015, Tech Park secured a credit facility from a consortium of local banks totaling \$18.6 million. As more fully described in Note 8 to the Consolidated Financial Statements, the credit facility provides for a construction loan with an interest-only 27 month term which is then convertible into a 15 year permanent loan secured by the property. In addition, Tech Park is also pursuing potential New Market Tax Credit funding for the Cardwell Collaborative from various Community Development Entities in 2016; however, no assurances can be provided at this time.

MCA's principal contractual obligations and commitments at December 31, 2015 consist of its annual payments of \$612,000 through December 2029 pursuant to the TTUHSC Nursing School Facility Funding Agreement, monthly consulting fees pursuant to its Services Agreement with the Center for Advancing Innovation in the amount of approximately \$28,000 through December 2016 and its monthly debt service commitments beginning in May 2016 of approximately \$77,000 through May 2017 at which time the construction loan is convertible into a 15-year permanent loan secured by the property. In addition, as of December 31, Tech Park has commitments outstanding in the amount of approximately \$7.8 million for the Cardwell Collaborative development. The Cardwell Collaborative is expected to be substantially complete by the end of April 2016 and occupancy is expected at the beginning of June 2016.

Management's Report on the Consolidated Financial Statements

We have prepared the accompanying consolidated financial statements of MCAmericas Holdings, Inc. and subsidiaries (collectively, “MCA”) for the years ended December 31, 2015 and 2014. We are responsible for the content and integrity of such financial statements as well as other financial information included in this annual report. The financial statements have been prepared in conformity with generally accepted accounting principles applicable to nonprofit organizations promulgated by the Financial Accounting Standards Board in its Codification of Financial Accounting Standards and reflect our best estimates and judgments. The other financial information included in this annual report is consistent with the financial statements. We believe that such financial statements present fairly MCA’s financial position; results of its activities and changes in net assets; and cash flows.

MCA's consolidated financial statements have been audited by Lauterbach, Borschow & Co., independent certified public accountants, whose report thereon appears herein. The Lauterbach firm was given unrestricted access to all financial records and related information, including minutes of meetings of the various Boards of Directors and committees. We believe that all representations made to the Lauterbach firm during its audit were valid, timely and appropriate.

We recognize our responsibility for fostering a strong ethical climate so that MCA’s affairs are conducted according to the highest standards of conduct. This responsibility is characterized and reflected in MCA’s Code of Ethics and Conduct (“Code”). The Code addresses, among other things, the necessity of assuring open communication within MCA, potential conflicts of interest, compliance with all applicable domestic laws, and the confidentiality of proprietary information. We maintain a formal and systematic program to assess compliance with the Code, including a requirement that all employees and Board members must periodically affirm their compliance.

MCA management has established and maintains a system of internal controls that provides reasonable assurance as to the integrity and reliability of its financial statements, protection of assets from unauthorized use or disposition, and the prevention and detection of fraudulent financial reporting. This system of internal controls provides for appropriate division of responsibility and is documented by written policies and procedures that are communicated to employees with significant roles in the financial reporting process and are updated as necessary. Management regularly monitors the system of internal controls for compliance. In planning and performing its audit of MCA's financial statements, the Lauterbach firm considered MCA's internal controls relevant to MCA's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on such financial statements, but not for the purpose of expressing an opinion on the effectiveness of MCA's internal control.

In addition, MCA has an Audit Committee that oversees the audit process. The Audit Committee, consists of members of the Board of Directors of MCA, provides an oversight role in achieving financial reporting quality as well as the hiring, replacing and supervision of the MCA's independent accounting firm. The Audit Committee is chaired by Ms. Lisa Budtke. Other members of the Audit Committee are Mr. James Volk, Mr. Gary Hedrick and Mr. Edward Escudero, as ex officio. Ms. Budtke is Director of Treasury Services and Investor Relations of El Paso Electric Company. Mr. Escudero is President and CEO of Sierra Finance and is also former Executive Vice President and CFO of C&R Distributing. Mr. Hedrick is currently clinical professor of Corporate Enterprise at the University of Texas at El Paso and former CEO and CFO of El Paso Electric Company. Mr. Volk is a former executive of various regional financial institutions.

Summa

Emma W. Schwartz, President

Carlos Cerezo

Carlos Ortega, Chief Financial Officer

**MCAMERICAS HOLDINGS, INC.
AND SUBSIDIARIES**

Consolidated Financial Statements

December 31, 2015 and 2014

With Independent Auditor's Report

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of MCAmericas Holdings, Inc. and subsidiaries 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

February 23, 2016
El Paso, Texas

Consolidated Statements of Financial Position
December 31, 2015 and 2014

See accompanying notes to consolidated financial statements.

Consolidated Statements of Activities
Years ended December 31, 2015 and 2014

Consolidated Statements of Cash Flows
Years ended December 31, 2015 and 2014

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements
December 31, 2015 and 2014

MCAmericas Holdings, Inc. was formed and incorporated in the State of Texas as a non-profit and supporting organization, exempt from federal income tax under Sections 501(c)(3) and 509(a)(3) of the Internal Revenue Code ("Code"). MCAmericas Holdings, Inc. is a holding company that operates through its subsidiary companies which consist of the following (collectively "MCA"):

- MCA's mission is to create a world class medical center within the Medical Center of the Americas campus that will foster and accelerate biomedical and healthcare innovation, creating new employment opportunities and meeting health care needs of the region's current and future citizens. This biomedicine-driven economic development mission will be accomplished through a series of strategic activities involving both physical and programmatic initiatives focused on discovery, development and deployment to harness and grow regional assets consisting of biomedical and healthcare research, demographics providing for distinctive clinical trials capability, adaptive workforce and logistics and manufacturing capabilities that can accommodate biomedical business environments in the region. MCA is committed to creating a biomedical industry and all elements that make up a biomedical and innovation ecosystem from assisting with workforce development, providing access to capital, and creating environments ripe for collaborative research and unlocking the region's entrepreneurial potential.

Notes to Consolidated Financial Statements
December 31, 2015 and 2014

bringing solutions to the region's health challenges and elevating the quality of healthcare for its residents with potentially advanced life-saving or life-improving technology.

- **Infrastructure:** This program consists of activities directed to the development of the physical infrastructure needed to support the Biomedical Cluster by establishing the region's first biomedical and healthcare research park, beginning with its anchor building, the Cardwell Collaborative (Note 5), as well as providing funding for the construction of Texas Tech University Health Sciences Center Gayle Greve Hunt School of Nursing building (Note 7).

- Foundation was organized on November 27, 2006 and provides management and general activities necessary to provide support for the organization's Project activities. Management and general activities include those that provide governance, oversight, board management, executive management, financial management, accounting, budgeting, legal support, tax exempt compliance, human resource management and other similar activities that ensure an adequate working environment and equitable employment. Fundraising activities include publicizing and conducting fundraising campaigns; maintaining donor lists; conducting special fundraising events; and other activities involved with soliciting grants and contributions from corporate and individual donors. Other activities include programs aimed at spurring innovation and entrepreneurship in the region and awarding grants for biomedical and healthcare research and collaboration.
- RedSky was organized on May 4, 2012 to establish, launch and scale operations for the discovery, development and deployment of biomedical innovation in the Paso del Norte region by providing a bridge for university research and intellectual property to the marketplace. During 2015, it was reorganized to provide future access to capital to the MCA innovation ecosystem and serve as a regional resource to all institutions of higher education, entrepreneurs and others who wish to start a high tech company in the biomedical space or any way that touches life sciences or healthcare.
- Tech Park was organized on July 14, 2011 for the development and long-term growth of a vibrant, state-of-the-art research park for life sciences and healthcare, beginning with a 60,000 square foot anchor building, the Cardwell Collaborative (Notes 5 and 13).
- MCAR was organized on December 14, 2009 for the exclusive purpose of investing, acquiring and managing income-producing real property (Note 12).
- Revere was organized on July 30, 2014 for the exclusive purpose of acquiring a certain parcel of undeveloped land from the City of El Paso.

Notes to Consolidated Financial Statements
December 31, 2015 and 2014

MCA prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit entities. The significant accounting and reporting policies are described in the following sections to enhance usefulness and understandability of the financial statements.

Basis of Financial Statement Presentation – Under Financial Accounting Standards Board in its Codification of Financial Accounting Standards (the Codification), net assets, revenues, and expenses, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of MCA and changes therein are classified and reported as follows:

- **Unrestricted Net Assets** – Unrestricted net assets represent resources that are not subject to donor-imposed stipulations and over which the Board of Directors has discretionary control. When a donor-stipulated time restriction ends or a purpose restriction is accomplished, the restricted net assets are reclassified to unrestricted net assets and are reported in the Statement of Activities as net assets released from restriction. Net assets received and expended within the reporting period are reported in the Statements of Activities as unrestricted support or revenue.
- **Temporarily Restricted Net Assets** – Temporarily restricted net assets represent resources resulting from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions pursuant to the stipulations.
- **Permanently Restricted Net Assets** – Permanently restricted net assets represent resources whose use by the organization is limited by donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time. There are no permanently restricted net assets as of December 31, 2015 and 2014.

Revenue Recognition – Contributions are recognized when the donor makes a promise to give to MCA that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as

Notes to Consolidated Financial Statements
December 31, 2015 and 2014

increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Gifts restricted to the acquisition or construction of long-lived assets are reported as temporarily restricted revenue and released to unrestricted net assets when long-lived assets are placed in service.

Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met.

Cash and Cash Equivalents – Cash equivalents consist of short-term, interest bearing certificates of deposit with high quality banking institutions in El Paso, Texas having original maturities of three months or less.

The investment policy specific to these investments is monitored by the Investment Committee of MCA's Board of Directors. The policy requires that such investments be insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000.

**MCAMERICAS HOLDINGS, INC.
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements
December 31, 2015 and 2014

Concentrations of Risk – MCA maintains cash balances and certificates of deposit at high quality financial institutions in El Paso, Texas. Cash accounts are insured by the FDIC for up to \$250,000. Although at times balances in bank deposit accounts may exceed federally insured limits, management believes MCA is not exposed to significant credit risk on those amounts.

MCA receives a substantial amount of its support from public and private contributions primarily located in the El Paso, Texas borderplex region. In 2015 and 2014, approximately 78 percent and 70 percent, respectively, of MCA's total revenues and support is provided by the City of El Paso pursuant to the Grant with Foundation. Therefore, MCA's ability to continue as a going concern is dependent on the level of support received from such contributions and the economic health of the region.

Credit risk with respect to contributions receivable is limited due to the number and creditworthiness of the donors who comprise the contributor base.

Management Estimates and Assumptions – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported periods. On an ongoing basis, MCA's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. MCA's management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

Expense Recognition and Allocation – Significant expenses that relate to two or more programs or support activities are allocated to the respective programs and activities. These costs principally relate to occupancy and support costs and are allocated based upon estimated usage, time spent or square footage. The cost of providing MCA's programs and other activities is summarized on a functional basis in the Statement of Activities and by natural classification in Note 10.

Expenses that can be identified with a specific program or support service are charged directly to that program or support service.

Management and general expenses include those costs that are not directly identifiable with any specific program but which provide for the overall support and direction of MCA.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. MCA generally does not conduct its fundraising activities in conjunction with its other activities.

Notes to Consolidated Financial Statements
December 31, 2015 and 2014

Analysis for Impairment – Management reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment is determined based upon a comparison of future cash flows to the recorded value of the assets. Impairment losses are measured based upon the fair value of impaired assets. In management's opinion, there is no impairment of MCA's long-lived assets at December 31, 2015 and 2014.

Debt Issuance Costs – Debt issuance costs are reported as a direct deduction from the face amount of the related debt and are amortized over the term of the respective debt using the straight line method which approximates the interest rate method. During the year ended

December 31, 2015, issuance costs of approximately \$149,000 were recorded. Amortization expense of approximately \$8,000 was recorded in 2015. No debt issuance costs were incurred in 2014.

Income Tax Status – MCAmericas Holdings, Inc., Foundation, Tech Park and Revere are non-profit organizations exempt from federal income taxes under Section 501(c)(3) of the Code. MCAR is a non-profit organization exempt from federal income taxes under Section 501(c)(2) of the Code. Accordingly, no liability or provision for federal income and state franchise taxes is included in the accompanying consolidated financial statements. However, income from activities not directly related to their tax-exempt purposes is subject to taxation as unrelated business income. There was no tax on unrelated business income in 2015 and 2014.

Contributions to MCA are tax deductible to donors under Section 170 of the Code. MCA is not classified as a private foundation within the meaning of Sections 170(b)(1)(A)(vi) and 509(a)(1) of the Code.

RedSky is a C corporation that is not a tax exempt entity for federal income tax purposes and does not meet the definitional requirements of Section 501(c)(3) of the Code. RedSky accounts for income taxes under the asset and liability method pursuant to FASB ASC 740. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets are evaluated as to their recoverability and a valuation allowance is established if necessary to reduce deferred tax assets to an amount that is more likely than not to be realized. Accrued interest and penalties, if

Notes to Consolidated Financial Statements
December 31, 2015 and 2014

Under U.S. generally accepted accounting principles, a tax provision resulting from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination. Income tax positions must meet a more-likely-than-not recognition threshold at the effective date in order to be recognized. Management has analyzed the tax positions taken by MCA, and has concluded that as of December 31, 2015 and 2014, no uncertain tax positions have been taken or are expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

MCA is subject to audit by taxing authorities; however, there are currently no audits for any tax periods in progress. The tax years ending after 2011 are still open to audit for both federal and state purposes.

Prior Year Information – Certain prior year amounts have been reclassified to conform to the current year's financial statement presentation.

Subsequent Events – Management has evaluated subsequent events through February 23, 2016 the date the financial statements were available to be issued. No subsequent events were identified that required adjustment to or disclosure within the consolidated financial statements. Events occurring after that date have not been evaluated to determine whether a change in the consolidated financial statements would be required.

On February 7, 2012, El Paso City Council approved the City of El Paso ("City") to enter into a Grant Agreement ("Grant") with Foundation for the development of biomedical cluster specific programs and infrastructure projects. Except for the first year, the Grant provides for quarterly payments through August 31, 2030 which are equivalent to 75 percent of the City's Impact Fund and are projected to total approximately \$60 million. The Impact Fund is collected from the franchise fee that the City charges El Paso Electric Company. Grant payments, which are subject to annual appropriation by the City, are to be used to pay Project costs and are subject to Performance Indicators and building component deadlines, as defined in such Grant.

Grant revenue is recognized when the conditions to the Grant have been substantially met through the annual appropriation of such funds and an assessment that Performance Indicators are substantially met or considered remote that they would not be met. At December 31, 2015 and 2014, contributions receivable from the Grant were approximately \$2.7 million, respectively.

On February 3, 2015, the Grant was amended to provide that in the event of default under the Loan Agreement with Citizens Bank ("Lender"), as more fully described in Note 8, the City will cure any of Tech Park's payment defaults under the Loan Agreement and will continue to make payments to Lender as required until all sums owing to Lender are paid in full.

Notes to Consolidated Financial Statements
December 31, 2015 and 2014

On June 24, 2013, the Department of Commerce's Economic Development Administration ("EDA") approved a Financial Assistance Award for \$1,000,000 to Foundation in order to support the design and engineering efforts for Tech Park's biomedical research and technology commercialization center in El Paso, Texas ("Cardwell Collaborative") (Note 5). The Award is subject to certain conditions, including a non-federal cash contribution match of approximately 25% by Foundation which has been met. Revenue is recognized on a reimbursement basis only to the extent of eligible costs incurred. As of December 31, 2014, all \$1,000,000 had been

Notes to Consolidated Financial Statements
December 31, 2015 and 2014

Contributions receivable at December 31 are due as follows:

	<u>2015</u>	<u>2014</u>
Amounts due in:		
Less than one year	\$ 2,743,716	2,826,813
One to five years	25,100	195,450
More than five years	<u>2,500</u>	<u>5,000</u>
	\$ 2,771,316	3,027,263

In February 2015, Tech Park began construction of an approximately 60,000-square foot life sciences research and technology building, the Cardwell Collaborative, as the anchor for the development of a 13-acre life sciences research and technology park in the Medical Center of the Americas campus. The building size was reduced from approximately 80,000 to 60,000 square feet during 2014 due to changes in a certain tenant's occupancy of the building. The Cardwell Collaborative will house office suites, researcher offices and core research space, incubator space, wet and dry laboratories and a high performance computing center. Major tenants for the Cardwell Collaborative are currently Texas Tech University Health Sciences Center El Paso (Note 12) and MCA.

Project cost for the Cardwell Collaborative is estimated at approximately \$27.5 million, exclusive of furniture and equipment of approximately \$1.1 million. Substantial completion is projected for April 2016. At December 31, 2015 and 2014, approximately \$20.8 million and \$3.0 million, respectively, is reflected in construction in progress (Note 6). Funding for the Cardwell Collaborative will be provided primarily through a combination of a bank loan (Note 8), government grant (Note 3), capital campaign contributions from private donors and MCA funds.

Through December 31, 2015, MCA has raised approximately \$7.9 million in unconditional pledges and contributions toward its capital campaign goal from a government grant and individual and corporate donors. At December 31, 2015 and 2014, contributions receivable restricted to investment in property and equipment in the accompanying Consolidated Statements of Financial Condition are as follows:

MCAMERICAS HOLDINGS, INC.
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Notes to Consolidated Financial Statements
December 31, 2015 and 2014

7. CONTRIBUTIONS PAYABLE (continued)

payments are subject to annual appropriation of funds under the Grant Agreement and satisfaction of the conditions of the Funding Agreement, as specified therein. It is Foundation's intent that amounts reflected as grants payable in the accompanying Consolidated Statements of Financial Position will be fulfilled.

8. LONG-TERM DEBT

In February 2015, Tech Park as borrower and Holdings and Foundation as guarantors entered into a Loan Agreement with Citizens Bank of Las Cruces for an \$18.6 million loan to finance the construction of the Cardwell Collaborative building. The Loan Agreement provides for a 27-month construction loan followed by a 180-month permanent loan. The construction loan bears interest at a daily floating rate equal to 1% above the Prime Rate, as defined, but not less than 4.25% per annum and matures on May 6, 2017. The permanent loan bears interest equal to

of Dallas ("FHLB-Dallas") plus 325 basis points, fixed for the first 7 years of the 15 year term of the loan, but not less than 5.45%. At the end of the first 7 years, the rate of interest will be adjusted

MCAMERICAS HOLDINGS, INC.
AND SUBSIDIARIES

Notes to Consolidated Financial Statements
December 31, 2015 and 2014

8. LONG-TERM DEBT (continued)

As of December 31, 2015 and 2014, long-term debt consisted of the following:

	2015	2014
Secured Construction Loan Agreement, net of unamortized debt issuance costs of \$141,546	\$ 9,625,446	—
Non-interest bearing note payable to City of El Paso, net of unamortized discount of \$841,474	1,058,525	1,058,525
Note payable to bank	507,745	530,681
Less: Current portion	(22,207)	(21,196)
	\$ 11,169,509	1,568,010

Note payable to bank bears interest at 6.13 percent per annum with monthly payments of \$4,465 through April 2030, collateralized by a building (Note 6). The interest is adjustable to the Federal Home Bank rate plus 2 percent in April 2020.

Maturities of long-term debt, exclusive of debt issuance costs of \$141,536, are as follows:

Year ending December 31,

2016	\$ 22,207
2017	241,487
2018	371,558
2019	394,474
2020	415,713
Thereafter	9,887,823
	\$ 11,333,262

Notes to Consolidated Financial Statements
December 31, 2015 and 2014

At December 31, 2015 and 2014, Tech Park has outstanding commitments for construction and other related capital contracts of approximately \$7.8 million and \$4 million, respectively, in connection with the Cardwell Collaborative (Notes 5 and 6).

Foundation and RedSky lease office space under operating leases aggregating \$7,679 per month that expire May 2016. Rental expense was \$92,831 and \$94,538 for the years ended December 31, 2015 and 2014, respectively.

Temporarily restricted net assets consisted of the following at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Operating purposes	\$ 3,774,317	4,031,654
Investment in property and equipment	<u>7,723,288</u>	<u>6,978,525</u>
	\$ 11,497,605	11,010,179

At December 31, 2015 and 2014, RedSky has available net operating loss carry-forwards of approximately \$4.1 million and \$3 million, respectively, for federal income tax purposes which expire from 2020 to 2023. The federal tax carry-forwards resulted from cumulative losses generated through December 31, 2015. A valuation allowance for the full amount of the deferred tax assets relating to such tax loss carryforwards has been recorded.

Generally, for tax years which produce net operating losses, the statute of limitations does not close, to the extent of these tax attributes, until the expiration of the statute of limitations for the tax year in which they are fully utilized.

Notes to Consolidated Financial Statements
December 31, 2015 and 2014

MCA bylaws incorporate a conflict of interest policy. The purpose of this is to protect MCA's interests when it is contemplating a transaction or arrangement that might benefit the private interest of a member of its Board of Directors or officers. A person who has a financial interest may have a conflict of interest only if the Board of Directors decides that a conflict of interest exists. All members of the Board, officers and professional staff complete a conflict of interest document when joining MCA as well as annually, when changes occur, or when business interests change.

During 2015 and 2014, contributions from certain officers, members of the Board and entities with common board members totaled approximately \$150,000 and \$48,000, respectively. Undiscounted pledges and contributions receivable from such related parties were approximately \$298,000 and \$278,000 as of December 31, 2015 and 2014, respectively.

SUPPLEMENTARY INFORMATION

MCAMERICAS HOLDINGS, INC.
AND SUBSIDIARIES

Consolidating Statement of Financial Position
December 31, 2015

	Medical Center of the Americas Foundation	MCAmericas Holdings, Inc.	MCAmericas Realty, Inc.	RedSky	MCA Tech Park, Inc.	MCA Revere Realty, Inc.	Eliminations	Consolidated
Assets								
Current assets:								
Cash and cash equivalents	\$ 1,581,923	1,000	47,941	36,839	256,785	1,000	—	1,925,488
Contributions receivable	8,922,533	10,628	—	—	—	—	(6,169,890)	2,763,271
Prepaid expenses and other current assets	3,134	7,172	948	237	—	—	—	11,491
Total current assets	10,507,590	18,800	48,889	37,076	256,785	1,000	(6,169,890)	4,700,250
Non-current assets:								
Contributions restricted to investment in property and equipment	548,483	—	—	—	—	—	—	548,483
Property and equipment, net	8,807	—	567,240	43,623	21,659,719	430,293	—	22,709,682
Investment in RedSky	3,583,269	—	—	—	—	—	(3,583,269)	—
Total assets	\$ 14,648,149	18,800	616,129	80,699	21,916,504	431,293	(9,753,159)	27,958,415
Liabilities and Net Assets								
Current liabilities:								
Accounts payable	\$ —	2,000	—	357,571	9,048,078	112,485	(6,169,890)	3,350,244
Accrued expenses and other liabilities	46,604	16,800	1,300	2,200	1,500	1,251	—	69,655
Contributions payable	612,000	—	—	—	—	—	—	612,000
Current portion of long-term debt	—	—	22,207	—	—	—	—	22,207
Total current liabilities	658,604	18,800	23,507	359,771	9,049,578	113,736	(6,169,890)	4,054,106
Long-term debt, net	—	—	485,538	—	10,366,414	317,557	—	11,169,509
Total liabilities	658,604	18,800	509,045	359,771	19,415,992	431,293	(6,169,890)	15,223,615
Net assets:								
Common stock	—	—	—	1,000	—	—	(1,000)	—
Additional paid in capital	—	—	—	3,582,269	—	—	(3,582,269)	—
Unrestricted	2,491,940	—	107,084	(3,862,341)	2,500,512	—	—	1,237,195
Temporarily restricted	11,497,605	—	—	—	—	—	—	11,497,605
Total net assets	13,989,545	—	107,084	(279,072)	2,500,512	—	(3,583,269)	12,734,800
Total liabilities and net assets	\$ 14,648,149	18,800	616,129	80,699	21,916,504	431,293	(9,753,159)	27,958,415

See accompanying notes to consolidated financial statements.

<div> <div>MCAMERICAS HOLDINGS, INC. AND SUBSIDIARIES</div> <div>Consolidating Statement of Financial Position</div> <div>December 31, 2014</div> </div>						
	Medical Center of the Americas Foundation	MCAmericas Holdings, Inc.	MCAmericas Realty, Inc.	RedSky	MCA Tech Park, Inc.	MCA Revere Realty, Inc.
Assets						Eliminations
Current assets:						Consolidated
Cash and cash equivalents	\$ 1,190,123	1,000	20,699	1,000	262,796	—
Short term investments	254,483	—	—	—	254,949	—
Contributions receivable	4,449,753	—	—	—	67,861	(1,518,538)
Prepaid expenses and other current assets	10,832	7,171	1,050	20,881	—	—
Total current assets	5,905,191	8,171	21,749	21,881	585,606	(1,518,538)
Non-current assets:						
Contributions restricted to investment in property and equipment	4,550,139	—	—	—	—	—
Property and equipment, net	7,353	—	581,253	99,648	3,799,747	—
Investment in RedSky	2,380,625	—	—	—	—	(2,380,625)
Total assets	\$ 12,843,308	8,171	603,002	121,529	4,385,353	(3,899,163)
						14,482,649
Liabilities and Net Assets						
Current liabilities:						
Accounts payable	\$ 21,926	8,171	—	370,106	1,190,717	102,891
Accrued expenses and other liabilities	30,574	—	—	122,196	—	—
Contributions payable	612,000	—	—	—	—	—
Current portion of long-term debt	—	—	21,196	—	—	—
Total current liabilities	664,500	8,171	21,196	492,302	1,190,717	102,891
Long-term debt, net	—	—	509,484	—	740,968	317,558
Total liabilities	664,500	8,171	530,680	492,302	1,931,685	420,449
						(1,518,538)
Net assets:						
Common stock	—	—	—	1,000	—	(1,000)
Additional paid in capital	—	—	—	2,379,625	—	(2,379,625)
Unrestricted	1,168,629	—	72,322	(2,751,398)	2,453,668	943,221
Temporarily restricted	11,010,179	—	—	—	—	—
Total net assets	12,178,808	—	72,322	(370,773)	2,453,668	11,953,400
Total liabilities and net assets	\$ 12,843,308	8,171	603,002	121,529	4,385,353	(3,899,163)
						14,482,649

See accompanying notes to consolidated financial statements.

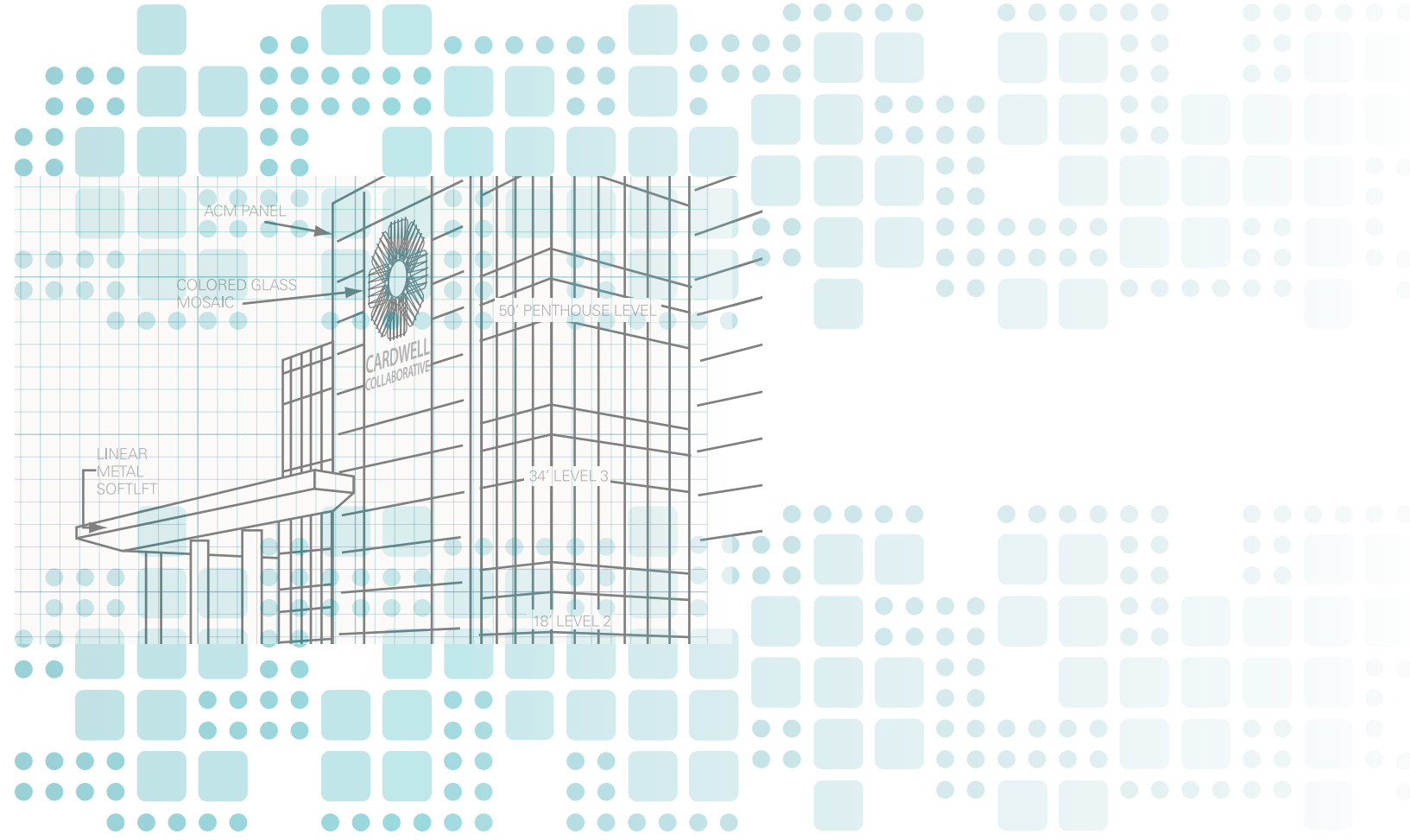
<div> <div>MCAMERICAS HOLDINGS, INC. AND SUBSIDIARIES</div> <div>Consolidating Statement of Activities</div> <div>For the Year Ended December 31, 2015</div> </div>						
	Medical Center of the Americas Foundation	MCAmericas Holdings, Inc.	MCAmericas Realty, Inc.	RedSky	MCA Tech Park, Inc.	MCA Revere Realty, Inc.
						Eliminations
						Consolidated
Revenue and support:						
Contributions	\$ 30,785	—	—	—	—	—
Grant	43,329	—	—	246,013	23,679	(313,021)
In-kind donations	77,622	180	—	7,522	950	—
Management fees	355,200	—	—	—	—	(355,200)
Rent	—	—	100,980	—	—	—
Interest	16,923	—	—	876	—	(15,952)
Other	—	—	—	106,000	—	—
Total revenue and other support	480,530	43,509	100,980	254,411	24,629	(684,173)
Net assets released from restriction	2,697,133	—	—	—	—	—
Total	3,177,663	43,509	100,980	106,000	24,629	2,697,133
						3,023,019
Expenses:						
Programs:						
Biomedical Cluster	309,257	—	—	1,216,943	—	(157,552)
Infrastructure	1,083,884	—	66,217	—	24,629	(469,572)
Other	10,401	—	—	—	—	10,401
Management and general	404,297	43,509	—	—	—	(57,049)
Fundraising	46,515	—	—	—	—	—
Total expenses	1,854,354	43,509	66,217	1,216,943	24,629	46,515
						2,729,045
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	1,323,309	—	34,763	(1,110,943)	46,845	—
						293,974
Temporarily restricted net assets						
Changes in temporarily restricted net assets:						
Grants	2,739,203	—	—	—	—	—
Contributions restricted to investment in property and equipment, net of reclassification	445,356	—	—	—	—	—
						2,739,203
						445,356

**MCAMERICAS HOLDINGS, INC.
AND SUBSIDIARIES**

	Medical Center of the Americas Foundation	MCAmericas Holdings, Inc.	MCAmericas Realty, Inc.	RedSky	MCA Tech Park, Inc.	MCA Revere Realty, Inc.	Eliminations	Consolidated
Unrestricted net assets								
Changes in unrestricted net assets:								
Revenue and support:								
Contributions	\$ 36,388	—	—	—	—	—	—	36,388
Grant	—	43,851	—	—	2,678,440	8,060	(2,730,351)	—
In-kind donations	11,136	—	1,346	—	53,212	1,542	—	67,236
Management fees	313,649	—	—	—	—	—	(313,649)	—
Rent	—	—	100,980	—	—	—	—	100,980
Interest	18,039	—	—	—	1,471	—	(15,889)	3,621
Other	78,032	—	—	5,852	—	—	—	83,884
Total revenue and other support	457,244	43,851	102,326	5,852	2,733,123	9,602	(3,059,889)	292,109
Net assets released from restriction	3,204,903	—	—	—	—	—	—	3,204,903
Total	3,662,147	43,851	102,326	5,852	2,733,123	9,602	(3,059,889)	3,497,012
Expenses:								
Programs:								
Biomedical Cluster	262,746	—	—	1,611,073	—	—	(82,338)	1,791,481
Infrastructure	3,489,352	—	89,316	—	285,230	9,602	(2,920,500)	953,000
Other	—	—	—	—	—	—	—	35,814
Management and general	339,173	43,851	—	—	—	—	(57,051)	325,973
Fundraising	14,476	—	—	—	—	—	—	14,476
Total expenses	4,141,561	43,851	89,316	1,611,073	285,230	9,602	(3,059,889)	3,120,744
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	(479,414)	—	13,019	(1,605,221)	2,447,893	—	—	376,268

Temporarily restricted net assets

Changes in temporarily restricted net assets:						
Grants						3,216,720
Contributions restricted to investment in property and equipment, net of reclassification						
Grants and contributions released from restrictions	354,629	—	—	—	—	354,629
	(3,204,903)	—	—	—	—	(3,204,903)
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	366,446	—	—	—	—	366,446
TOTAL INCREASE (DECREASE) IN NET ASSETS	(112,968)	—	13,010	(1,605,221)	2,447,893	742,714
NET ASSETS, Beginning of year	12,291,777	—	59,312	(1,146,177)	5,774	11,210,686
NET ASSETS, End of year	\$ 12,178,809	—	72,322	(2,751,398)	2,453,667	11,953,400





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