



FINANCIAL STATEMENTS  
AND  
INDEPENDENT ACCOUNTANTS' REVIEW REPORT

December 31, 2015 and 2014

# MUSTARD SEED FURNITURE BANK OF FORT WAYNE, INC.

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*Independent Accountants' Review Report*

Board of Directors  
Mustard Seed Furniture Bank of Fort Wayne, Inc.

We have reviewed the accompanying financial statements of Mustard Seed Furniture Bank of Fort Wayne, Inc. which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

***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.

***Accountants' Responsibility***

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

***Accountants' Conclusion***

Based on our review, we are not aware of any material modifications that should be made to the accompanying 2015 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

**Report on 2014 Financial Statements**

The financial statements of Mustard Seed Furniture Bank of Fort Wayne, Inc. as of and for the year ended December 31, 2014, were reviewed by Krouse, Kern & Co., Inc., who merged with Katz, Sapper & Miller, LLP as of December 1, 2015, and whose report dated April 20, 2015, stated that based on their procedures, they are not aware of any material modifications that should be made to those financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

*Katz, Sapper & Miller, LLP*

Fort Wayne, Indiana  
June 17, 2016

**MUSTARD SEED FURNITURE BANK OF FORT WAYNE, INC.**

**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2015 and 2014**

	2015	2014
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and equivalents	\$ 343,918	\$ 423,769
Grants receivable	30,000	55,000
Prepaid expenses	1,909	
Total Current Assets	<u>375,827</u>	<u>478,769</u>
<b>PROPERTY AND EQUIPMENT</b>		
Transportation equipment	76,671	66,146
Furniture and fixtures	32,226	23,827
Leasehold improvements	212,033	119,512
Software	4,584	4,584
	<u>325,514</u>	<u>214,069</u>
Less: Accumulated depreciation	(80,501)	(59,732)
Total Property and Equipment	<u>245,013</u>	<u>154,337</u>
<b>TOTAL ASSETS</b>	<u>\$ 620,840</u>	<u>\$ 633,106</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accrued expenses	\$ 1,198	\$ 1,086
Total Liabilities	<u>1,198</u>	<u>1,086</u>
<b>NET ASSETS:</b>		
Unrestricted	464,642	413,641
Unrestricted - board designated	125,000	125,000
Temporarily restricted	30,000	93,379
Total Net Assets	<u>619,642</u>	<u>632,020</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 620,840</u>	<u>\$ 633,106</u>

*See accompanying notes and accountants' review report.*

**MUSTARD SEED FURNITURE BANK OF FORT WAYNE, INC.**

**STATEMENTS OF ACTIVITIES**  
**Years Ended December 31, 2015 and 2014**

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE</b>						
Grants	\$ 145,364		\$ 145,364	\$ 180,062	\$ 60,000	\$ 240,062
Fundraising income	113,937		113,937	100,628	33,379	134,007
Contributions	125,558		125,558	60,693		60,693
Processing fees	21,330		21,330	19,215		19,215
In-kind donations	401,305		401,305	439,472		439,472
Interest income	507		507	290		290
Miscellaneous income				935		935
Net assets released from restriction	63,379	\$ (63,379)		80,528	(80,528)	
Total Support and Revenue	<u>871,380</u>	<u>(63,379)</u>	<u>808,001</u>	<u>881,823</u>	<u>12,851</u>	<u>894,674</u>
<b>EXPENSES</b>						
Program	744,384		744,384	700,778		700,778
Management and general	41,094		41,094	28,550		28,550
Fundraising	34,901		34,901	51,916		51,916
Total Expenses	<u>820,379</u>	<u>-</u>	<u>820,379</u>	<u>781,244</u>	<u>-</u>	<u>781,244</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	51,001	(63,379)	(12,378)	100,579	12,851	113,430
<b>NET ASSETS</b>						
Beginning of Year	<u>538,641</u>	<u>93,379</u>	<u>632,020</u>	<u>438,062</u>	<u>80,528</u>	<u>518,590</u>
End of Year	<u>\$ 589,642</u>	<u>\$ 30,000</u>	<u>\$ 619,642</u>	<u>\$ 538,641</u>	<u>\$ 93,379</u>	<u>\$ 632,020</u>

See accompanying notes and accountants' review report.

**MUSTARD SEED FURNITURE BANK OF FORT WAYNE, INC.**

**STATEMENTS OF FUNCTIONAL EXPENSES**  
**Years Ended December 31, 2015 and 2014**

	2015				2014			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Wages	\$ 128,387	\$ 8,655	\$ 7,213	\$144,255	\$ 109,117	\$ 8,680	\$ 6,200	\$ 123,997
Taxes - payroll	10,402	701	584	11,687	9,006	716	512	10,234
Miscellaneous					404	81	54	539
<b>Total Personnel Expenses</b>	<b>138,789</b>	<b>9,356</b>	<b>7,797</b>	<b>155,942</b>	<b>118,527</b>	<b>9,477</b>	<b>6,766</b>	<b>134,770</b>
Marketing	16,552	5,518		22,070	3,186	3,186		6,372
Contracted services	844	5,590	3,947	10,381	762	3,016	5,158	8,936
Depreciation	19,731	623	415	20,769	9,854	311	207	10,372
Fundraising expense	21,461		21,461	42,922			38,410	38,410
Insurance - business	3,261	6,620		9,881		6,838		6,838
Maintenance and repairs	6,124	193	129	6,446	10,883	344	229	11,456
Miscellaneous	613	3,059		3,672	405	1,321		1,726
Office expense	7,000	7,000		14,000	2,338	2,338		4,676
Postage and printing	6,809			6,809	4,012			4,012
Rent expense	41,313	1,305	870	43,488	41,313	1,305	870	43,488
Staff development	5,628	1,407		7,035	4,835			4,835
Supplies - bedding and furniture	454,152			454,152	484,613			484,613
Supplies - other					95	7	5	107
Utilities	13,394	423	282	14,099	12,876	407	271	13,554
Vehicle expense	8,713			8,713	7,079			7,079
<b>TOTAL EXPENSES</b>	<b>\$ 744,384</b>	<b>\$ 41,094</b>	<b>\$ 34,901</b>	<b>\$820,379</b>	<b>\$ 700,778</b>	<b>\$ 28,550</b>	<b>\$ 51,916</b>	<b>\$781,244</b>

*See accompanying notes and accountants' review report.*

**MUSTARD SEED FURNITURE BANK OF FORT WAYNE, INC.**

**STATEMENTS OF CASH FLOWS**  
**Years Ended December 31, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<b>OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ (12,378)	\$ 113,430
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	20,769	10,372
Donated transportation equipment		(4,000)
(Increase) decrease in certain current assets:		
Grant receivable	25,000	(42,000)
Prepaid expenses	(1,909)	3,744
Increase (decrease) in certain current liabilities:		
Accounts payable		(17,417)
Accrued expenses	112	314
Net Cash Provided by Operating Activities	<u>31,594</u>	<u>64,443</u>
<b>INVESTING ACTIVITIES</b>		
Purchases of property and equipment	<u>(111,445)</u>	<u>(56,867)</u>
Net Cash Used by Investing Activities	<u>(111,445)</u>	<u>(56,867)</u>
<b>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	(79,851)	7,576
<b>CASH AND EQUIVALENTS</b>		
Beginning of Year	<u>423,769</u>	<u>416,193</u>
End of Year	<u>\$ 343,918</u>	<u>\$ 423,769</u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Noncash activities:		
Donated services, supplies and rental space	\$ 66,305	\$ 54,206
Donated bedding and furniture	335,000	385,266

*See accompanying notes and accountants' review report.*



# MUSTARD SEED FURNITURE BANK OF FORT WAYNE, INC.

## NOTES TO FINANCIAL STATEMENTS December 31, 2015 and 2014

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**General:** Mustard Seed Furniture Bank of Fort Wayne, Inc. (the Organization) was incorporated as a nonprofit organization in 2002. The mission of the Organization is to provide household furnishings to families and individuals as they rebuild their lives after suffering disaster, personal tragedy or other misfortunes. The Organization receives support from public donations, grants and fundraising events.

**Basis of Presentation:** The financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and classify the Organization's activities and net assets based on the existence or absence of donor-imposed restrictions. Accordingly, the Organization's net assets and changes therein are classified and reported as follows:

- **Unrestricted Net Assets** represent unrestricted resources available to support the Organization's operations. Unrestricted net assets include Board-designated net assets.
- **Temporarily Restricted Net Assets** represent gifts that are subject to donor-imposed purpose or time restrictions the can be fulfilled either by actions of the Organization pursuant to those restrictions, with the passage of time, or both. Upon satisfaction of such restrictions, net assets are released from temporarily restricted net assets and recognized as unrestricted net assets.
- **Permanently Restricted Net Assets** represent gifts with donor-imposed restrictions that the original gift amounts be maintained in perpetuity as an endowment. The Organization has no permanently restricted net assets.

**Estimates:** Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amount of revenues and expenses. Actual results could vary from those estimates.

**Cash and Equivalents** consist of cash on hand or in demand deposit accounts and highly liquid investments purchased with an original maturity of three months or less. The Organization maintains its cash in bank deposit accounts which, at times, may exceed the federally insured limits. The Organization has not experienced any losses from these bank accounts.

**Pledges and Grants Receivable** consist of unconditional promises to give that are expected to be collected in future years and grants classified as conditional promises to the extent that conditions have been met but reimbursement from the grantor has not yet been received. Pledges and grants receivable are reported as either temporarily or permanently restricted support unless explicit donor stipulations or circumstances surrounding the pledge make clear the donor intended it to be used to support activities of the current period.

Pledges receivable are recorded at the present value of the estimated future cash flows. The discounts on these amounts are computed using risk-adjusted rates applicable in the years in which those promises are received. Amortization of the discounts is included in contributions and grants in the statements of activities. Pledges and grants receivable are reviewed for collectability and a provision for doubtful pledges receivable is recorded based on management's judgment and analysis of the creditworthiness of the donors, past collection experience, and other relevant factors.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Property and Equipment:** Expenditures for property and equipment, and items which substantially increase the useful lives of assets are capitalized at cost. Donated property and equipment are capitalized at fair value at the date of donation. The Organization provides depreciation using the straight-line method over the estimated economic useful lives as follows:

Transportation equipment	5-7 years
Furniture and fixtures	5-7 years
Leasehold improvements	39 years
Software	3 years

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by comparison of the asset's carrying amount to future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds their fair market value. To date, no adjustments to the carrying amount of property and equipment have been required.

**Support and Revenue:** The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 statement of activities as net assets released from restrictions.

**Donated Services, Goods and Rental Space:** Donated services, goods and rental space are reflected as contributions at their estimated fair value at date of donation and are reported as unrestricted support unless explicit donor stipulations specify how donated assets must be used. These amounts have been reported as both donated contribution revenue and expenses in the statements of activities. The Organization recognizes the fair value of contributed services received if such services a) create or enhance non-financial assets or b) requires specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. The Organization receives services from a large number of volunteers who give significant amounts of their time to the Organization's programs and fund-raising campaigns but which do not meet the criteria for financial statement recognition. The Organization receives and distributes to the general public donated furniture and bedding.

**Functional Expenses:** Operating expenses directly identifiable with a functional area are charged to that area and, where expenses affect more than one area, they are allocated on the basis of ratios determined by management.

**Income Taxes:** The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision or liability for income taxes has been included in the financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the years ended December 31, 2015 and 2014.

The Organization files U.S. federal and state of Indiana information tax returns. In general, the Organization is no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2012.

**Reclassifications:** Certain amounts in the 2014 financial statements have been reclassified to conform to the presentation of the 2015 financial statements.

**Subsequent Events:** In preparing these financial statements, the Organization has evaluated subsequent events and transactions occurring through June 17, 2016, the date the financial statements were available to be issued.

## NOTE 2 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were released from restriction for the following purposes for the years ended December 31, 2015 and 2014:

	2015	2014
Beds4Kids	\$33,379	\$68,528
Capital Projects	5,000	
Family Development Grant	15,000	10,000
Operations	<u>10,000</u>	<u>2,000</u>
Total Temporarily Restricted Net Assets Released	<u>\$63,379</u>	<u>\$80,258</u>

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

	2015	2014
Beds4Kids		\$33,379
Capital Projects		5,000
Family Development Grant	\$30,000	45,000
Operations	<u></u>	<u>10,000</u>
Total Temporarily Restricted Net Assets Available	<u>\$30,000</u>	<u>\$93,379</u>

## NOTE 3 - CONCENTRATIONS OF REVENUE

The Organization receives a substantial amount of support from local organizations and a fundraising event. A substantial reduction in support from these sources may have a significant impact on the Organization's programs and operations.

The Organization received 12% and 13% of its unrestricted revenue from one organization in 2015 and 2014, respectively.

## NOTE 4 - RELATED PARTY TRANSACTIONS

The Organization purchases bedding from a board member's family business. During 2015 and 2014, the Organization had purchases of \$119,957 and \$87,734, respectively, from this entity. Also during 2015, the Organization paid expenses to another board member's business for hosting a fundraising event in the amount of \$5,953.

## NOTE 5 - SIMPLE IRA PLAN

In 2015, the Organization adopted a SIMPLE IRA retirement savings plan for all of its qualified employees. All plan participants are permitted to make contributions to the Plan up to the maximum allowed by law. The Organization also makes a matching contribution to the Plan of up to 3% of each participant's annual eligible earnings. The Organization made contributions to the 401(k) Plan of \$1,254 in 2015.

## NOTE 6 - OPERATING LEASES

The Organization has a lease agreement for office and warehouse space that expires in September 2024. The agreement calls for a \$1 annual lease payment. Either party has the ability to cancel the lease with a 90-day written notice.

The value of rental space donated under the above lease agreement has been recorded at the estimated fair market value at the time of donation and is reflected in the accompanying statements of activities as in-kind donations and as program and supporting service expense in 2015 and 2014. Management has determined the fair market value of the rental space for the years ending December 31, 2015 and 2014 to be \$43,488.