Mustard Seed
FURNITURE BANK
Furnishing help to rebuild lives

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

December 31, 2019 and 2018

MUSTARD SEED FURNITURE BANK OF FORT WAYNE, INC.

CONTENTS

KATZ SAPPER & MILLER

Independent Auditors' Report

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

We have audited the accompanying financial statements of Mustard Seed Furniture Bank of Fort Wayne, Inc. (the Organization), which comprise the statements of financial position as of December 31, 2019 and 2018, 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.

Auditors' 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 auditors' 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 auditors consider 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mustard Seed Furniture Bank of Fort Wayne, Inc. as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2019 Mustard Seed Furniture Bank of Fort Wayne, Inc. adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* and related amendments with the same effective date and ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* Our opinion is not modified with respect to these matters.

Katz, Sapper & Miller, LLP

Fort Wayne, Indiana
April 14, 2020

MUSTARD SEED FURNITURE BANK OF FORT WAYNE, INC.

STATEMENTS OF FINANCIAL POSITION
December 31, 2019 and 2018

ASSETS

	2019	2018
CURRENT ASSETS		
Cash	$ 277,681	$ 295,192
Grants and bequests receivable	117,000	20,000
Investments	31,661	28,784
Inventory	36,731	43,249
Prepaid expense	513	258
Total Current Assets	463,586	387,483
PROPERTY AND EQUIPMENT		
Leasehold improvements	212,033	212,033
Transportation equipment	85,875	89,875
Furniture and fixtures	37,598	36,915
Software	4,584	4,584
	340,090	343,407
Less: Accumulated depreciation	(142,074)	(118,012)
Total Property and Equipment	198,016	225,395
OTHER ASSETS		
Grants receivable	25,000	10,000
Beneficial interest in assets held by Community Foundation	16,618	14,028
Total Other Assets	41,618	24,028
TOTAL ASSETS	$ 703,220	$ 636,906

LIABILITIES AND NET ASSETS

	2019	2018
CURRENT LIABILITIES		
Accrued expenses	$ 2,767	$ 1,994
Total Current Liabilities	2,767	1,994
NET ASSETS		
Without donor restrictions	623,605	598,104
With donor restrictions	76,848	36,808
Total Net Assets	700,453	634,912
TOTAL LIABILITIES AND NET ASSETS	$ 703,220	$ 636,906

See accompanying notes.

MUSTARD SEED FURNITURE BANK OF FORT WAYNE, INC.

STATEMENTS OF ACTIVITIES
Years Ended December 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
SUPPORT AND REVENUE						
Contributions:						
Grants and bequests	$ 143,905	$ 96,042	$ 239,947	$ 60,037	$ 123,415	$ 183,452
Other contributions	46,044	11,924	57,968	31,141	22,138	53,279
In-kind donations	457,794		457,794	347,051		347,051
Special event and fundraising income, net of direct benefit to donors	50,427	50,160	100,587	88,025	19,867	107,892
Processing fees	15,607		15,607	17,210		17,210
Net investment return	2,877		2,877	(36)		(36)
Change in value of beneficial interest in assets held by Community Foundation	2,590		2,590	(1,096)		(1,096)
Gain on sale of property and equipment	467		467	3,143		3,143
Other income	487		487	1,189		1,189
Net assets released from restrictions	118,086	(118,086)		158,612	(158,612)	
Total Support and Revenue	838,284	40,040	878,324	705,276	6,808	712,084
EXPENSES						
Program services	749,894		749,894	612,035		612,035
Supporting services:						
Management and general	43,087		43,087	34,573		34,573
Fundraising	19,802		19,802	24,472		24,472
Total Expenses	812,783		812,783	671,080		671,080
INCREASE IN NET ASSETS	25,501	40,040	65,541	34,196	6,808	41,004
NET ASSETS						
Beginning of Year	598,104	36,808	634,912	563,908	30,000	593,908
End of Year	$ 623,605	$ 76,848	$ 700,453	$ 598,104	$ 36,808	$ 634,912

See accompanying notes.

MUSTARD SEED FURNITURE BANK OF FORT WAYNE, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2019 and 2018

	2019				2018			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Wages	$ 137,933	$ 7,416	$ 2,966	$ 148,315	$ 134,133	$ 6,525	$ 3,263	$ 143,921
Taxes - payroll	10,819	582	232	11,633	9,490	1,116	558	11,164
Retirement contribution	2,792	150	60	3,002	2,170	255	128	2,553
Total Personnel Expenses	151,544	8,148	3,258	162,950	145,793	7,896	3,949	157,638
Advertising	10,144	715	6,090	16,949	6,841	1,207	7,258	15,306
Contracted services	1,057	22,487	3,891	27,435	1,111	18,160	5,396	24,667
Depreciation	26,342	832	555	27,729	19,420	613	409	20,442
Insurance - business	10,311	1,862	103	12,276	9,146	1,901	131	11,178
Maintenance and repairs	6,018	190	127	6,335	4,807	152	101	5,060
Miscellaneous	3,315	3,143	172	6,630	2,918	593	2,323	5,834
Office expense	11,073	1,094	1,226	13,393	12,100	1,189	1,396	14,685
Postage and printing	4,408		1,369	5,777	6,071		1,700	7,771
Space rental - office	126,891	4,007	2,671	133,569	70,823	2,237	1,490	74,550
Special events - food, beverage, and entertainment	13,670		13,670	27,340	13,703		13,703	27,406
Staff development	296	99		395	442	147		589
Supplies - Beds4Kids	373,634			373,634	306,564			306,564
Utilities	16,135	510	340	16,985	15,131	478	319	15,928
Vehicle expense	8,726			8,726	10,868			10,868
TOTAL EXPENSES BY FUNCTION	763,564	43,087	33,472	840,123	625,738	34,573	38,175	698,486
Less: Expenses included with revenues on the statements of activities:								
Costs of direct benefit to donors	(13,670)		(13,670)	(27,340)	(13,703)		(13,703)	(27,406)
TOTAL EXPENSES ON THE STATEMENTS OF ACTIVITIES	$ 749,894	$ 43,087	$ 19,802	$ 812,783	$ 612,035	$ 34,573	$ 24,472	$ 671,080

See accompanying notes.

MUSTARD SEED FURNITURE BANK OF FORT WAYNE, INC.

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2019 and 2018

	2019	2018
OPERATING ACTIVITIES		
Increase in net assets	$ 65,541	$ 41,004
Adjustments to reconcile increase in net assets to net cash used by operating activities:		
Depreciation	27,729	20,442
Net investment return	(2,877)	36
(Increase) decrease in value of beneficial interests in assets held by Community Foundation	(2,590)	1,096
Gain on disposal of property and equipment	(467)	(3,143)
Donated bedding and furniture	6,518	(13,704)
Contribution for capital purchase - vehicle		(46,702)
(Increase) decrease in certain assets:		
Grants and bequests receivable	(112,000)	
Prepaid expense	(255)	786
Decrease in certain liabilities:		
Accrued expenses	773	
Net Cash Used by Operating Activities	(17,628)	(185)
INVESTING ACTIVITIES		
Purchases of property and equipment	(683)	(40,797)
Proceeds from sale of fixed assets	800	
Net Cash Provided (Used) by Investing Activities	117	(40,797)
FINANCING ACTIVITIES		
Collection of contribution for capital purchase - vehicle		46,702
Net Cash Provided by Financing Activities		46,702
NET INCREASE (DECREASE) IN CASH	(17,511)	5,720
CASH		
Beginning of Year	295,192	289,472
End of Year	$ 277,681	$ 295,192
SUPPLEMENTAL DISCLOSURES		
Noncash investing and financing activities:		
Trade-in value received for vehicle		$ 4,150

See accompanying notes.

MUSTARD SEED FURNITURE BANK OF FORT WAYNE, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General: Mustard Seed Furniture Bank of Fort Wayne, Inc., (the Organization) is an Indiana not-for-profit corporation formed 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. The Organization's major program is:

> ***Bedding and Furniture Distribution*** provides furniture, bedding and other household items on a referral basis and serves families, individuals and children in the counties of Adams, Allen, DeKalb, Huntington, Noble, Wells and Whitley. The families and individuals are referred through a partner agency of the Organization who has performed an assessment of each family or individual's needs.

New Accounting Pronouncement: On January 1, 2019, the Organization adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* and the related amendments with the same effective date (together, ASC 606) as prescribed by the Financial Accounting Standards Board (FASB) using the modified retrospective method of adoption. The core principle of ASC 606 is that an entity recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The adoption of ASC 606 did not have a significant impact on the Organization's revenue recognition, financial position, results of operations or cash flows. Therefore, no cumulative-effect adjustment to net assets as of January 1, 2019 was required upon adoption.

Also on January 1, 2019, the Organization adopted ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU No. 2018-08) as prescribed by the FASB using a modified prospective basis by which the ASU was applied for agreements that were either not completed as of December 31, 2018, or entered into after December 31, 2018. ASU No. 2018-08 clarifies and improves accounting guidance for contributions received and contributions made by providing guidance on whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Accounting Standards Codification Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and whether a contribution is conditional. The adoption of ASU No. 2018-08 did not have a significant impact on the Organization's revenue recognition, financial position, results of operations, or cash flows. Therefore, no prior period results were restated, and no cumulative-effect adjustment to net assets as of January 1, 2019 was required upon adoption.

Basis of Presentation: The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

- ***Net Assets Without Donor Restrictions*** are not subject to donor-imposed restrictions and may be used at the discretion of the Organization's management and Board of Directors. This net asset category includes funds functioning as an endowment through designation by the Board of Directors and other Board-designated net assets.

- ***Net Assets With Donor Restrictions*** are subject to stipulations imposed by donors. Some of the Organization's donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities. Restrictions expire when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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 consists of cash on hand or in demand deposit accounts. 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.

Grants and Bequests Receivable: Unconditional grants and bequests receivable expected to be collected within one year are recorded at net realizable value. Amounts expected to be collected in future years are recorded at the present value of their 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 in the statements of activities. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Grants and bequests receivable are reviewed for collectability and a provision for doubtful accounts is recorded based on management's judgment and analysis of the creditworthiness of the donors and grantors, historical experience, economic conditions, and other relevant factors. Management determined that no allowance was necessary at December 31, 2019 and 2018.

Investment Valuation and Income Recognition: Investments initially recorded at cost, if purchased, or at fair value, if donated. Thereafter, investments are stated at fair value. See Note 3 for discussion of fair value measurements.

Investment return reported in the statements of activities consists of interest and dividend income and realized and unrealized capital gains and losses, net of external and direct internal investment expenses. Interest income is recorded on the accrual basis, and dividends are recorded on the ex-dividend date. Purchases and sales of investments are recorded on the trade date. Gains and losses on the sale of investments are determined using the specific-identification method.

Inventory consists of donated furniture, bedding and household items and is recorded at the estimated fair value when received as determined by the average thrift store value of each item.

Property and Equipment: Expenditures for property and equipment are stated at cost for purchased assets, or at fair value at the date of donation for donated assets, less accumulated depreciation. The Organization provides depreciation using the straight-line method over the estimated economic useful lives as follows:

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

The Organization's 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 carrying amount to future net undiscounted cash flows expected to be generated by the related asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount exceeds the fair market value of the assets. No adjustments to the carrying amount of property and equipment were required in 2019 or 2018.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Beneficial Interest in Assets Held by Community Foundation: The Organization established an endowment fund that is perpetual in nature with the Community Foundation of Greater Fort Wayne (Community Foundation) by transferring assets without donor restrictions to the Community Foundation and naming itself as the beneficiary of the fund. The Organization granted variance power to the Community Foundation, which allows the Community Foundation to modify the terms of the fund if continued adherence to any condition or restriction is in the judgment of the Community Foundation's Board of Directors unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community served by the Community Foundation. The fund is held and invested by the Community Foundation for the benefit of the Organization, and the Organization may draw up to a certain percentage of the value each year, as specified in the Community Foundation's spending policy. The fund is reported at fair value in the statements of financial position, with distributions and changes in fair value recognized in the statements of activities. See Note 3 for discussion of fair value measurements.

Grants, Bequests and Other Contributions are recognized as support when they are received or unconditionally promised. Grants and contracts are classified as contributions in instances in which a resource provider is not itself receiving commensurate value for the resources provided. Contributions are considered conditional when the agreement with the resource provider includes a barrier that must be overcome and either a right of return of assets transferred or right of release of a promisor's obligation to transfer assets. Conditional contributions are not recognized as revenue until the conditions are substantially met.

In-kind Donations: Contributions of services, which consisted primarily of professional services and advertising, are recorded at estimated fair value when received if such services require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not donated. Contributions of space, bedding and furniture, food, beverages, and other goods are recorded at estimated fair value when received. Volunteers also contribute significant amounts of time to the Organization's activities that do not meet recognition criteria, and the value of these contributed services is not reflected in the financial statements.

In-kind donations consisted of the following in 2019 and 2018:

	2019	**2018**
Donated warehouse space	$133,569	$ 74,550
Donated bedding and furniture – distributed	279,665	221,922
Donated food, beverage and services	44,560	50,579
Total In-kind Donations	$457,794	$347,051

Special Event Revenue, including related sponsorship revenue and other contributions, relates to multiple special events where sponsorships and tickets are purchased for the events. Each special event has a single performance obligation, the occurrence of the event, which is satisfied at a point in time. The exchange portion of the tickets and sponsorships are recognized upon occurrence of the event and totaled $16,799 for 2019. Contributions related to the sponsorships are recognized when received or unconditionally promised and totaled $111,128 for 2019. Deferred revenue is recorded for exchange transactions received prior to occurrence of the event. There was no deferred revenue at December 31, 2019 and 2018.

Processing Fees are recognized at the time the service is performed based on the amount collected.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses: The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Directly identifiable expenses are charged to the specific programs and supporting services benefited. Expenses related to more than one function are allocated among program and support services based on occupied space (including, depreciation, maintenance and repairs, space rental - office, and utilities) or time spent by Organization staff (including, personnel expenses, miscellaneous and office expense). Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

The Organization conducts activities that include fundraising appeals as well as program components. These activities include direct mail, advertising, and other special event and consumer relationship activities. These joint costs must meet certain criteria to be allocated, rather than reported entirely as fundraising. Certain costs have met the criteria to be allocated between fundraising and program services expenses.

Advertising Costs are expensed as incurred and amounted to $16,949 in 2019 and $15,306 in 2018.

Income Taxes: The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded in the 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 tax for the years ended December 31, 2019 and 2018.

The Organization files U.S. federal and Indiana information returns. The Organization is no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2016. Management believes that the Organization's income tax filing positions will be sustained on audit and does not anticipate any adjustments that will result in a material change.

Reclassifications: Certain amounts in the 2018 financial statements have been reclassified to conform to the presentation of the 2019 financial statements.

Subsequent Events: Management has evaluated the financial statements for subsequent events occurring through April 14, 2020, the date the financial statements were available to be issued.

NOTE 2 - AVAILABLE RESOURCES AND LIQUIDITY

The Organization's financial assets available for general expenditure within one year of December 31, 2019 and December 31, 2018 were as follows:

	2019	**2018**
Cash	$ 277,681	$ 295,192
Grants and bequests receivable	142,000	30,000
Investments	31,661	28,784
Beneficial interest in assets held by Community Foundation	16,618	14,028
Total Financial Assets	467,960	368,004
Donor imposed restrictions:		
Funds subject to time restrictions	(25,000)	(10,000)
Board-designations:		
Capital reserve	(125,000)	(125,000)
Endowment	(16,618)	(14,028)
Total Financial Assets Available Within One Year	$ 301,342	$ 218,976

NOTE 2 - AVAILABLE RESOURCES AND LIQUIDITY (CONTINUED)

For purposes of analyzing resources available to meet general expenditures over a twelve-month period, the Organization considers all expenditures related to its ongoing activities of its program services as well as the conduct of services undertaken to support those activities to be general expenditures.

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Organization invests cash in excess of daily requirements in short-term investments or money market funds.

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization has a goal to maintain financial assets on hand, which consist of cash and operating investments to meet 90 days of normal operating expenses, which are, on average, approximately $85,000. Funds above the operating reserve requirement are transferred into short-term investments or money market funds for future needs of the Organization.

The Organization's Board of Directors has designated a portion of its unrestricted resources for endowment and a capital reserve. Those amounts are identified as board-designated in the above table. These funds are invested for long-term appreciation and current income but remain available and may be spent at the discretion of the Board of Directors.

NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Organization has categorized its assets and liabilities that are measured at fair value into a three-level fair value hierarchy. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology may include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and/or inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. In situations where there is little or no market activity for the asset or liability, the Organization makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

Following is a description of the valuation methodologies used by the Organization for assets that are measured at fair value on a recurring basis.

Mutual Fund Shares: Valued at the daily closing price as reported by the funds. These funds are required to publish their daily net asset value (NAV) and to transact at that price. These funds are deemed to be actively traded.

NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Beneficial Interest in Community Foundation: Valued based on the Organization's proportionate share of the fair value of the underlying investments in the Community Foundation's pooled investment portfolio as reported by the Community Foundation, without adjustment.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization's management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain assets could result in a different fair value measurement at the reporting date.

Following is a summary, by major nature and risks class within each level of the fair value hierarchy, of the Organization's assets that are measured at fair value on a recurring basis as of December 31, 2019 and 2018:

2019	**Level 1**	**Level 3**	**Total**
Assets			
Investments:			
Mutual fund shares – balanced fund	$11,599		$11,599
Mutual fund shares – bond fund	10,881		10,881
Mutual fund shares – high yield fund	9,181		9,181
Beneficial interest in assets held by Community Foundation		$16,618	16,618
Total Assets at Fair Value	$31,661	$16,618	$48,279
2018			
Assets			
Investments:			
Mutual fund shares – large cap fund	$28,784		$28,784
Beneficial interest in assets held by Community Foundation		$14,028	14,028
Total Assets at Fair Value	$28,784	$14,028	$42,812

At December 31, 2019 and 2018, the Organization had no other assets and no liabilities that are measured at fair value on a recurring basis. Activity during 2019 and 2018 related to the asset measured at fair value on a recurring basis using a Level 3 valuation methodology is disclosed in Note 5.

NOTE 4 - GRANTS AND BEQUESTS RECEIVABLE

Grants and bequests receivable were estimated to be collected as follows as of December 31, 2019 and 2018:

	2019	**2018**
Within one year	$117,000	$20,000
In one to five years	25,000	10,000
Total Grants and Bequests Receivable	$142,000	$30,000

NOTE 5 - ENDOWMENT

The Organization's board-designated endowment consists of a beneficial interest in the Community Foundation. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. Funds designated by the Board to function as endowments are classified as without donor restrictions. The Organization's endowment is made up entirely of board-designated funds, and therefore, is classified as without donor restrictions.

Changes in the endowment, classified as without donor restrictions net assets and reported as beneficial interest in Community Foundation, for the years ended December 31, 2019 and 2018, are summarized as follows:

Balance at December 31, 2017	$15,124
Change in value of beneficial interest in assets held by Community Foundation	(1,096)
Balance at December 31, 2018	14,028
Change in value of beneficial interest in assets held by Community Foundation	2,590
Balance at December 31, 2019	$16,618

Return Objectives, Risk Parameters and Strategies

The Organization's objective for the endowment fund is to provide a predictable stream of funding to programs supported by its endowment while maintaining the purchasing power of the endowment assets. The endowment has been invested in the Community Foundation; and therefore, asset management is governed by the investment policies and appropriations are limited to the spending policies of the Community Foundation.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy consistent with the Community Foundation's policy, which is designated to take into account total return concepts of investing and spending, with the goal of preserving the real spending power of the endowments over time while balancing the need for consistent spending to support the charitable and similar exempt purposes of such endowments. The Community Foundation's approved spending rate was 4.5% for 2019 and 2018.

NOTE 6 - NET ASSETS

Net Assets Without Donor Restrictions

Net assets without donor restrictions consisted of the following as of December 31, 2019 and 2018:

	2019	**2018**
Board designated capital reserve	$125,000	$125,000
Board designated endowment fund	16,618	14,028
Invested in property and equipment, net	198,016	225,395
Undesignated	283,971	233,681
Total Net Assets Without Donor Restrictions	$623,605	$598,104

NOTE 6 - NET ASSETS (CONTINUED)

Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following as of December 31, 2019 and 2018:

	2019	2018
Subject to Expenditures for Specified Purpose:		
Beds4Kids	$16,848	$16,808
Subject to Passage of Time:		
Grants receivable that are not restricted by donors, but which are unavailable for expenditure until due	60,000	20,000
Total Net Assets With Donor Restrictions	$76,848	$36,808

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by donors as follows for the years ended December 31, 2019 and 2018:

	2019	2018
Expiration of time restrictions	$ 35,000	$ 10,000
Satisfaction of Purpose Restrictions:		
Beds4Kids	83,086	101,910
Capital purchase - vehicle		46,702
Total Net Assets Released From Restrictions	$118,086	$158,612

NOTE 7 - 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; therefore, the lease is considered an intention to give.

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 2019 and 2018. Management has determined the fair market value of the rental space for the years December 31, 2019 and 2018 to be $133,569 and $74,550, respectively.

NOTE 8 - SIMPLE IRA PLAN

The Organization has a SIMPLE IRA retirement savings plan (the 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 of $3,002 in 2019 and $2,553 in 2018.

NOTE 9 - RELATED PARTY TRANSACTIONS

The Organization received donations from the Board of Directors of $8,759 and $15,160 in 2019 and 2018, respectively.

NOTE 10- CONCENTRATION

The Organization had two donors which comprised 91% of grants receivable, 64% of grant and bequests revenue, and 18% of total revenue for the year ended December 31, 2019. There were no support concentrations for the year ended December 31, 2018.

NOTE 11 - UNCERTAINTY RELATED TO CORONAVIRUS

On January 30, 2020, the World Health Organization declared a global health emergency over the novel coronavirus known as COVID-19. The ultimate impact of the outbreak to the Organization's financial results and operations cannot be determined at this time; however, management has closed the Organization's facility as ordered by the Governor of the State of Indiana until April 20, 2020. If that order is extended by the Governor, management would comply with the new date. The Organization is working to arrange alternative ways to receive donated goods and are pursuing options to replace revenue lost while the facility is closed. They are actively pursuing a Paycheck Protection Program loan and management believes these current actions will allow the Organization to mitigate the impact of the outbreak.