



**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

For the years ended December 31, 2022 and 2021

MUSTARD SEED FURNITURE BANK OF FORT WAYNE, INC.

INDEX

	Page
INDEPENDENT AUDITOR'S REPORT	1-3
FINANCIAL STATEMENTS	
Statements of Financial Position	4
Statements of Activities	5-6
Statements of Functional Expenses	7-8
Statements of Cash Flows	9
Notes to Financial Statements	10-21

INDEPENDENT AUDITOR'S REPORT

To the Board Members of
Mustard Seed Furniture Bank of Fort Wayne, Inc.

Opinion

We have audited the accompanying financial statements of Mustard Seed Furniture Bank of Fort Wayne, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The financial statements of Mustard Seed Furniture Bank of Fort Wayne, Inc. for the year ended December 31, 2021, were audited by another auditor, who expressed an unmodified opinion on those statements on May 10, 2022.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Mustard Seed Furniture Bank of Fort Wayne, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for the design, implementation, and maintenance of the internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about Mustard Seed Furniture Bank of Fort Wayne, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsible to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Mustard Seed Furniture Bank of Fort Wayne, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgement, there are conditions or events considered in the aggregate, which raise substantial doubt about Mustard Seed Furniture Bank of Fort Wayne, Inc's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Sipe CPA Firm, LLC

Sipe CPA Firm, LLC

Fort Wayne, Indiana

May 1, 2023

Mustard Seed Furniture Bank of Fort Wayne, Inc.

Statements of Financial Position

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CURRENT ASSETS		
Cash	\$ 482,488	\$ 488,937
Investments	61,965	37,454
Inventory	63,557	61,831
Prepaid expense	-	281
Total Current Assets	<u>608,010</u>	<u>588,503</u>
PROPERTY AND EQUIPMENT		
Leasehold improvements	216,582	212,033
Transportation equipment	85,875	85,875
Furniture and fixtures	77,068	40,113
Software	4,584	4,584
Less: Accumulated depreciation	<u>(188,534)</u>	<u>(176,160)</u>
Total Fixed Assets	<u>195,575</u>	<u>166,445</u>
OTHER ASSETS		
Beneficial interests in assets held by Community Foundation	<u>19,250</u>	<u>21,979</u>
Total Other Assets	<u>19,250</u>	<u>21,979</u>
Total Assets	<u><u>\$ 822,835</u></u>	<u><u>\$ 776,927</u></u>
CURRENT LIABILITIES		
Accrued expenses	<u>\$ 5,401</u>	<u>\$ 5,637</u>
Total Current Liabilities	<u>5,401</u>	<u>5,637</u>
Total Liabilities	<u>5,401</u>	<u>5,637</u>
NET ASSETS		
With donor restrictions	659,859	648,025
Without donor restrictions	<u>157,575</u>	<u>123,265</u>
Total Net Assets	<u>817,434</u>	<u>771,290</u>
Total Liabilities and Net Assets	<u><u>\$ 822,835</u></u>	<u><u>\$ 776,927</u></u>

See Independent Auditor's Report and Notes to Financial Statements.

Mustard Seed Furniture Bank of Fort Wayne, Inc.

Statements of Activities
Year Ended December 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE			
Grants and bequests	\$ 111,293	\$ 23,750	\$ 135,043
Other contributions	211,035	1,550	212,585
In-kind donations	256,959	-	256,959
Special event and fundraising income, net of direct benefits to donors	(11,329)	64,988	53,659
PPP grant	-	-	-
Processing fees	10,343	-	10,343
Net investment return	(5,489)	-	(5,489)
Change in value of beneficial interest in assets held by Community Foundation	(2,729)	-	(2,729)
Other income	661	-	661
Net assets released from restrictions	55,978	(55,978)	-
Total revenue	<u>626,722</u>	<u>34,310</u>	<u>661,032</u>
EXPENSES			
Program services	552,072	-	552,072
General and administrative	44,211	-	44,211
Fundraising	18,605	-	18,605
Total expenses	<u>614,888</u>	<u>-</u>	<u>614,888</u>
Change in net assets from activities	11,834	34,310	46,144
INCREASE (DECREASE) IN NET ASSETS			
NET ASSETS BEGINNING OF YEAR	<u>648,025</u>	<u>123,265</u>	<u>771,290</u>
NET ASSETS END OF YEAR	<u>\$ 659,859</u>	<u>\$ 157,575</u>	<u>\$ 817,434</u>

See Independent Auditor's Report and Notes to Financial Statements.

Mustard Seed Furniture Bank of Fort Wayne, Inc.

Statements of Activities
Year Ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE			
Grants and bequests	\$ 96,150	\$ 19,700	\$ 115,850
Other contributions	155,993	13,603	169,596
In-kind donations	266,983	-	266,983
Special event and fundraising income, net of direct benefits to donors	(2,677)	84,456	81,779
PPP grant	28,700	-	28,700
Processing fees	9,540	-	9,540
Net investment return	2,727	-	2,727
Change in value of beneficial interest in assets held by Community Foundation	3,682	-	3,682
Other income	512	-	512
Net assets released from restrictions	73,967	(73,967)	-
Total revenue	<u>635,577</u>	<u>43,792</u>	<u>679,369</u>
EXPENSES			
Program services	532,612	-	532,612
General and administrative	52,016	-	52,016
Fundraising	14,918	-	14,918
Total expenses	<u>599,546</u>	<u>-</u>	<u>599,546</u>
Change in net assets from activities	36,031	43,792	79,823
INCREASE (DECREASE) IN NET ASSETS			
NET ASSETS BEGINNING OF YEAR	<u>611,994</u>	<u>79,473</u>	<u>691,467</u>
NET ASSETS END OF YEAR	<u>\$ 648,025</u>	<u>\$ 123,265</u>	<u>\$ 771,290</u>

See Independent Auditor's Report and Notes to Financial Statements.

Mustard Seed Furniture Bank of Fort Wayne, Inc.

Statements of Functional Expenses
Year Ended December 31, 2022

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 150,669	\$ 7,362	\$ 3,681	\$ 161,712
Payroll taxes	10,986	537	268	11,791
Retirement contribution	2,695	132	65	2,892
Total personnel expenses	<u>164,350</u>	<u>8,031</u>	<u>4,014</u>	<u>176,395</u>
Advertising and marketing	13,813	2,438	-	16,251
Contracted services	3,999	19,120	923	24,042
Depreciation	11,755	371	248	12,374
Insurance - business	7,271	7,270	-	14,541
Maintenance and repairs	7,199	-	-	7,199
Miscellaneous	1,401	714	-	2,115
Office expense	17,404	1,934	-	19,338
Postage and printing	3,611	525	80	4,216
Space rental - office	87,184	2,753	1,836	91,773
Special events - food, beverage, entertainment, and supplies	19,492	-	19,460	38,952
Staff development	481	64	96	641
Supplies - Beds4Kids	198,395	-	-	198,395
Utilities	18,823	991	-	19,814
Vehicle expense	<u>4,946</u>	<u>-</u>	<u>-</u>	<u>4,946</u>
TOTAL EXPENSE BY FUNCTION	560,124	44,211	26,657	630,992
Less: Expenses included with revenues on the statements of activities:				
Costs of direct benefit to donors	<u>\$ (8,052)</u>	<u>\$ -</u>	<u>\$ (8,052)</u>	<u>\$ (16,104)</u>
TOTAL EXPENSES ON THE STATEMENT OF ACTIVITIES	<u>\$ 552,072</u>	<u>\$ 44,211</u>	<u>\$ 18,605</u>	<u>\$ 614,888</u>

See Independent Auditor's Report and Notes to Financial Statements.

Mustard Seed Furniture Bank of Fort Wayne, Inc.

Statements of Functional Expenses
Year Ended December 31, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 135,522	\$ 6,929	\$ 3,464	\$ 145,915
Payroll taxes	10,181	521	260	10,962
Retirement contribution	2,667	136	68	2,871
Total personnel expenses	<u>148,370</u>	<u>7,586</u>	<u>3,792</u>	<u>159,748</u>
Advertising and marketing	6,535	6,535	-	13,070
Contracted services	1,040	27,214	5,130	33,384
Depreciation	16,212	512	341	17,065
Insurance - business	11,805	2,108	141	14,054
Maintenance and repairs	6,212	-	-	6,212
Miscellaneous	219	612	-	831
Office expense	19,416	509	339	20,264
Postage and printing	2,543	-	134	2,677
Space rental - office	83,054	2,623	1,749	87,426
Special events - food, beverage, entertainment, and supplies	7,484	-	7,484	14,968
Staff development	11,399	3,800.0	-	15,199
Supplies - Beds4Kids	202,692	-	-	202,692
Utilities	16,377	517	345	17,239
Vehicle expense	<u>3,790</u>	<u>-</u>	<u>-</u>	<u>3,790</u>
TOTAL EXPENSE BY FUNCTION	537,148	52,016	19,455	608,619
Less: Expenses included with revenues on the statements of activities:				
Costs of direct benefit to donors	<u>\$ (4,536)</u>	<u>\$ -</u>	<u>\$ (4,537)</u>	<u>\$ (9,073)</u>
TOTAL EXPENSES ON THE STATEMENT OF ACTIVITIES	<u>\$ 532,612</u>	<u>\$ 52,016</u>	<u>\$ 14,918</u>	<u>\$ 599,546</u>

See Independent Auditor's Report and Notes to Financial Statements.

Mustard Seed Furniture Bank of Fort Wayne, Inc.

Statements of Cash Flows

For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ 46,144	\$ 79,823
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation	12,374	17,065
Net investment return	5,489	(2,727)
Increase in value of beneficial interests held by Community Foundation	2,729	(3,682)
Donated bedding and furniture	(1,726)	(14,863)
(Increase) decrease in certain assets:		
Grants and bequests receivable	-	25,000
Prepaid expenses	281	488
Increase in certain liabilities:		
Accrued expenses	<u>(236)</u>	<u>1,499</u>
Cash flows from operating activities	65,055	102,603
CASH FLOWS USED BY INVESTING ACTIVITIES		
Capital expenditures	(41,504)	(2,515)
Funds invested in brokerage accounts	<u>(30,000)</u>	<u>-</u>
Cash flows used by investing activities	<u>(71,504)</u>	<u>(2,515)</u>
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		
Proceeds from short term notes	-	-
Repayment on short term notes	<u>-</u>	<u>-</u>
Cash flows provided by financing activities	<u>-</u>	<u>-</u>
INCREASE (DECREASE) IN CASH	(6,449)	100,088
CASH BALANCE - beginning of year	<u>488,937</u>	<u>388,849</u>
CASH BALANCE - end of year	<u><u>\$ 482,488</u></u>	<u><u>\$ 488,937</u></u>

See Independent Auditor's Report and Notes to Financial Statements.

Mustard Seed Furniture Bank of Fort Wayne, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

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.

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 passing of time.

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 statement of activities. Restrictions expire with the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Mustard Seed Furniture Bank of Fort Wayne, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

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 promise 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 judgement 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, 2022 and 2021.

Investment Valuation and Income Recognition: Investments are 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 gain and losses, net of external and direct internal investment expenses. Interest income is recorded on the accrual basis, and dividend are reported 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.

Mustard Seed Furniture Bank of Fort Wayne, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventory consist 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 2022 or 2021.

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 judgement 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.

Mustard Seed Furniture Bank of Fort Wayne, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Donated warehouse space	\$ 91,323	\$ 86,975
Donated bedding and furniture - distributed	147,777	180,008
Donated food, beverage and services	17,859	-
	<hr/>	<hr/>
Total In-kind Donations	<u>\$ 256,959</u>	<u>\$ 266,983</u>

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 contributions related to the sponsorships are recognized when received or unconditionally promised. The exchange portion of the tickets and sponsorships of the associated events totaled \$16,104 for 2022 and \$9,073 for 2021. Contributions related to the sponsorships totaled \$115,997 for 2022 and \$108,147 for 2021.

Mustard Seed Furniture Bank of Fort Wayne, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 supported 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 expenses). 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 events 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 \$16,251 in 2022 and \$13,070 in 2021.

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 exclude 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, 2022 and 2021.

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 2019. 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.

Mustard Seed Furniture Bank of Fort Wayne, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events: Management has evaluated the financial statements for subsequent events occurring through May 1, 2023, 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, 2022 and December 31, 2021, were as follows

	<u>2022</u>	<u>2021</u>
Cash	\$ 482,488	\$ 488,937
Investments	61,965	37,454
Beneficial interest in assets held by Community Foundation	19,250	21,979
Total Financial Assets	<u>563,703</u>	<u>548,370</u>
Board-designations:		
Capital reserve	(125,000)	(125,000)
Endowment	<u>(19,250)</u>	<u>(21,979)</u>
Total Financial Assets Available Within One Year	<u>\$ 419,453</u>	<u>\$ 401,391</u>

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 \$90,000. Funds above the operating reserve requirement are transferred into short-term investments or money market funds for Organization.

Mustard Seed Furniture Bank of Fort Wayne, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 2 - AVAILABLE RESOURCES AND LIQUIDITY (CONTINUED)

The Organization's Board of Directors has designated a portion of its unrestricted resources for endowment and a capital revenue. 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 ARE 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 outputs 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.

Mustard Seed Furniture Bank of Fort Wayne, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Following is a description of the valuation methodologies used by the Organization for assets that are measured at a fair value on a recurring basis. There have been no changes in the methodologies used at December 31, 2022 and 2021.

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.

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.

	<u>2022</u>	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Investments:				
Mutual fund shares - balanced fund	\$ 24,438	\$ -	\$ -	\$ 24,438
Mutual fund shares - bond fund	19,658	-	-	19,658
Mutual fund shares - high yield fund	17,869	-	-	17,869
Beneficial interest in assets held by Community Foundation	-	19,250		19,250
Total Assets at Fair Value	<u>\$ 61,965</u>	<u>\$ 19,250</u>		<u>\$ 81,215</u>
	<u>2021</u>	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Investments:				
Mutual fund shares - balanced fund	\$ 14,885	\$ -	\$ -	\$ 14,885
Mutual fund shares - bond fund	11,932	-	-	11,932
Mutual fund shares - high yield fund	10,637	-	-	10,637
Beneficial interest in assets held by Community Foundation	-	21,979		21,979
Total Assets at Fair Value	<u>\$ 37,454</u>	<u>\$ 21,979</u>		<u>\$ 59,433</u>

Activity during 2022 and 2021 related to the asset measured at fair value on a recurring basis using a Level 3 valuation methodology is disclosed in Note 5.

Mustard Seed Furniture Bank of Fort Wayne, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 4 - GRANTS AND BEQUEST RECEIVABLE

There were no grants or bequests receivable as of December 31, 2022 and 2021.

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 fund 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 asset and reported as beneficial interest in Community Foundation, for the years ended December 31, 2022 and 2021, are summarized as follows:

Balance at December 31, 2020	\$ 18,297
Change in value of beneficial interest in assets held by the Community Foundation	<u>3,682</u>
Balance at December 31, 2021	21,979
Change in value of beneficial interest in assets held by the Community Foundation	<u>(2,729)</u>
Balance at December 31, 2022	<u>\$ 19,250</u>

Unrealized gains during 2022 and 2021 related to beneficial interest in Community Foundation were reported in changes in beneficial interest in Community Foundation in the statements of activities.

The valuation methodology for the beneficial interest in assets held in Community Foundation does not utilize any unobservable inputs.

Mustard Seed Furniture Bank of Fort Wayne, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 5 - ENDOWMENT (CONTINUED)

For those assets measured at fair value, management determines the fair value measurement policies and procedures in consultation with the Organization's Finance Committee. Those policies and procedures are reassessed at least annually to determine if the current valuation techniques are still appropriate. At that time, the unobservable inputs used in the fair value measurements are evaluated and adjusted as necessary, based on correct market conditions and other third-party information.

Returns 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 consider 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 2022 and 2021.

NOTE 6 - NET ASSETS

Net Asset Without Donor Restrictions

Net assets without donor restrictions consisted of the following as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Board designated capital revenue	\$ 125,000	\$ 125,000
Board designated endowment fund	19,250	21,979
Invested in property and equipment, net	195,575	166,445
Undesignated	320,034	334,601
Total Net Assets Without Donor Restrictions	<u>\$ 659,859</u>	<u>\$ 648,025</u>

Mustard Seed Furniture Bank of Fort Wayne, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 6 - NET ASSETS (CONTINUED)

Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Subject to Expenditures for Specified Purpose		
Beds4Kids	\$ 157,575	\$ 123,265
Subject to Passage of Time:		
Grants receivable that are not restricted by donors, but which are unavailable for expenditure until due	-	-
Total Net Assets With Donor Restrictions	<u>\$ 157,575</u>	<u>\$ 123,265</u>

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 follow for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Expiration of time restrictions	\$ -	\$ 25,000
Satisfaction of Purpose Restrictions:		
Beds4Kids	<u>55,978</u>	<u>48,967</u>
Total Net Assets Released From Restrictions	<u>\$ 55,978</u>	<u>\$ 73,967</u>

NOTE 7 - GOVERNMENT ASSISTANCE

On April 17, 2020, the Organization was granted a Paycheck Protection Program Loan (PPP Loan) of \$30,127. PPP loans, including accrued interest, are forgivable as long as the entity uses the proceeds for eligible purposes, including payroll, benefits, rent and utilities. Under the PPP, the amount of forgiveness is reduced if the entity terminates employees or reduces salaries during the covered period. The Organization substantially met the conditions of the PPP, including incurring qualified expenses. Therefore, the Organization recognized income as a PPP grant of \$30,127 in 2020 related to government assistance provided by the PPP. The Organization received full forgiveness from the bank and the U.S. Small Business Administration (SBA in 2021).

Mustard Seed Furniture Bank of Fort Wayne, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 7 - GOVERNMENT ASSISTANCE (CONTINUED)

On March 18, 2021, the Organization received additional loan proceeds of \$28,700 under the PPP, as expanded and amended under the Consolidated Appropriation Act, 2021. The Organization substantially met the conditions of the PPP, including incurring qualified expenses. Therefore, the Organization recognized income as a PPP grant of \$28,700 in 2021 related to government assistance provided by the PPP. The Organization received full forgiveness from the Bank and the SBA in 2021.

NOTE 8 - OPERATING LEASES

The Organization has a lease agreement for the 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 2022 and 2021. Management has determined the fair market value of the rental space was \$91,323 and \$86,975 for the years ending December 31, 2022 and 2021, respectively.

NOTE 9 - 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 \$2,892 in 2022 and \$2,871 in 2021.

NOTE 10 - RELATED PARTY TRANSACTIONS

The Organization received donations from the Board of Directors of \$13,172 and \$9,183 in 2022 and 2021, respectively.