

MATT TALBOT KITCHEN & OUTREACH, INC.

LINCOLN, NEBRASKA

FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016



**DANA F. COLE
& COMPANY^{LLP}**
CERTIFIED PUBLIC ACCOUNTANTS

MATT TALBOT KITCHEN & OUTREACH, INC.
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**DANA F. COLE
& COMPANY LLP**
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Matt Talbot Kitchen & Outreach, Inc.
Lincoln, Nebraska

We have audited the accompanying financial statements of Matt Talbot Kitchen & Outreach, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, 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 of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Matt Talbot Kitchen & Outreach, Inc., as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Dana F Cole + Company, LLP

Lincoln, Nebraska
April 9, 2018

MATT TALBOT KITCHEN & OUTREACH, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

	ASSETS	
	2017	2016
ASSETS		
Cash	361,499	592,487
Certificates of deposit	592,807	583,280
Investments	70,340	61,760
Grants receivable	21,831	13,488
Pledges receivable	224,194	
Prepaid expenses	15,479	11,860
Construction in process		5,545
Land	27,600	27,600
Building	3,131,811	2,491,314
Furniture and equipment	197,442	191,174
Accumulated depreciation	<u>(786,217)</u>	<u>(700,702)</u>
TOTAL ASSETS	<u>3,856,786</u>	<u>3,277,806</u>
	LIABILITIES AND NET ASSETS	
LIABILITIES		
Accounts payable	36,414	34,902
Wages payable	34,443	22,034
Payroll withholdings payable	12,216	12,235
Deferred revenue	49,167	47,500
Total liabilities	<u>132,240</u>	<u>116,671</u>
NET ASSETS		
Unrestricted		
Designated	200,000	200,000
Undesignated	3,160,352	2,821,135
Temporarily restricted	224,194	
Permanently restricted	<u>140,000</u>	<u>140,000</u>
Total net assets	<u>3,724,546</u>	<u>3,161,135</u>
TOTAL LIABILITIES AND NET ASSETS	<u>3,856,786</u>	<u>3,277,806</u>

See accompanying notes to financial statements.

MATT TALBOT KITCHEN & OUTREACH, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND OTHER SUPPORT				
Donations	677,610	754,887		1,432,497
Grant revenue	476,362			476,362
Special events	462,862			462,862
Investment income	20,725			20,725
Miscellaneous income	2,006			2,006
	<u>1,639,565</u>	<u>754,887</u>		<u>2,394,452</u>
Net assets released from restriction	530,693	(530,693)		
Total revenues and other support	<u>2,170,258</u>	<u>224,194</u>		<u>2,394,452</u>
EXPENSES				
Program expenses	1,303,140			1,303,140
Support services				
Management and general	267,951			267,951
Fundraising	259,950			259,950
Total expenses	<u>1,831,041</u>			<u>1,831,041</u>
CHANGE IN NET ASSETS	339,217	224,194		563,411
NET ASSETS, beginning of year	<u>3,021,135</u>		<u>140,000</u>	<u>3,161,135</u>
NET ASSETS, end of year	<u>3,360,352</u>	<u>224,194</u>	<u>140,000</u>	<u>3,724,546</u>

See accompanying notes to financial statements.

MATT TALBOT KITCHEN & OUTREACH, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

	Unrestricted	Permanently Restricted	Total
REVENUES AND OTHER SUPPORT			
Donations	602,230		602,230
Grant revenue	299,849		299,849
Special events	519,664		519,664
Rent income	160		160
Investment income	15,321		15,321
Miscellaneous income	3,292		3,292
Total revenues and other support	<u>1,440,516</u>	<u></u>	<u>1,440,516</u>
EXPENSES			
Program expenses	1,205,801		1,205,801
Support services			
Management and general	178,859		178,859
Fundraising	212,402		212,402
Total expenses	<u>1,597,062</u>	<u></u>	<u>1,597,062</u>
CHANGE IN NET ASSETS	(156,546)		(156,546)
NET ASSETS, beginning of year	<u>3,177,681</u>	<u>140,000</u>	<u>3,317,681</u>
NET ASSETS, end of year	<u>3,021,135</u>	<u>140,000</u>	<u>3,161,135</u>

See accompanying notes to financial statements.

MATT TALBOT KITCHEN & OUTREACH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017

	Program Services			Support Services			Total
	Hunger Relief	Outreach	Total Program Services	Management and General	Fundraising	Total Support Services	
Salaries	118,992	313,695	432,687	149,003	146,315	295,318	728,005
Payroll taxes	8,748	23,062	31,810	10,954	10,757	21,711	53,521
Employee benefits	18,987	50,055	69,042	23,776	23,347	47,123	116,165
Advertising	58,453	58,453	116,906		12,990	12,990	129,896
Miscellaneous	1,425	5,261	6,686		2,868	2,868	9,554
Professional expense	9,644	9,419	19,063	43,642	1,040	44,682	63,745
Office supplies and expenses	3,705	5,612	9,317	18,928	3,154	22,082	31,399
Rent		26,700	26,700				26,700
Rental assistance		62,181	62,181				62,181
Telephone	4,251	4,251	8,502	3,644		3,644	12,146
Assistance to individuals	275	40,494	40,769				40,769
Postage	3,065	3,066	6,131		11,386	11,386	17,517
Repairs and maintenance	25,693	26,393	52,086				52,086
Pest control	723		723				723
Kitchen supplies	8,313	8,304	16,617				16,617
Food supplies	232,456		232,456				232,456
Utilities	10,853	21,665	32,518	1,891	567	2,458	34,976
Insurance	12,442	12,442	24,884				24,884
Printing		261	261	7,561	18,250	25,811	26,072
Depreciation	31,640	42,758	74,398	8,552	2,565	11,117	85,515
Cleaning supplies	3,684		3,684				3,684
Weekend security	12,637		12,637				12,637
Strategic plan implementation	11,541	11,541	23,082				23,082
Event expenses					26,711	26,711	26,711
TOTAL EXPENSES	577,527	725,613	1,303,140	267,951	259,950	527,901	1,831,041

See accompanying notes to financial statements.

MATT TALBOT KITCHEN & OUTREACH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016

	Program Services			Support Services			Total
	Hunger Relief	Outreach	Total Program Services	Management and General	Fundraising	Total Support Services	
Salaries	105,943	274,410	380,353	123,245	124,565	247,810	628,163
Payroll taxes	8,209	21,262	29,471	9,549	9,651	19,200	48,671
Employee benefits	15,893	41,165	57,058	18,487	18,687	37,174	94,232
Advertising	53,615	53,616	107,231		11,915	11,915	119,146
Miscellaneous	1,510	1,670	3,180		2,048	2,048	5,228
Professional expense	27,516	31,095	58,611		138	138	58,749
Office supplies and expenses	2,342	4,267	6,609	13,219	2,203	15,422	22,031
Rent		24,000	24,000				24,000
Public relations and fundraising		1,040	1,040				1,040
Telephone	3,629	3,629	7,258	3,111		3,111	10,369
Assistance to individuals		23,713	23,713				23,713
Postage	2,302	2,357	4,659		8,650	8,650	13,309
Repairs and maintenance	21,329	22,732	44,061				44,061
Pest control	634		634				634
Kitchen supplies	8,145	8,533	16,678				16,678
Food supplies	230,919	92	231,011				231,011
Utilities	13,545	20,805	34,350				34,350
Insurance	14,069	14,069	28,138				28,138
Printing	19,223	19,223	38,446				38,446
Depreciation	71,241		71,241	11,248	11,248	22,496	93,737
Cleaning supplies	3,916		3,916				3,916
Weekend security	12,151		12,151				12,151
Strategic plan implementation	10,996	10,996	21,992				21,992
Event expenses					23,297	23,297	23,297
TOTAL EXPENSES	<u>627,127</u>	<u>578,674</u>	<u>1,205,801</u>	<u>178,859</u>	<u>212,402</u>	<u>391,261</u>	<u>1,597,062</u>

See accompanying notes to financial statements.

MATT TALBOT KITCHEN & OUTREACH, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	<u>563,411</u>	<u>(156,546)</u>
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	85,515	93,737
Unrealized gain on investments	(7,224)	(3,706)
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Grants receivable	(8,343)	(853)
Pledges receivable	(224,194)	
Prepaid expenses	(3,619)	(2,794)
Increase (decrease) in liabilities:		
Accounts payable	1,512	(4,665)
Wages payable	12,409	7,979
Payroll taxes payable	(19)	2,566
Deferred income	<u>1,667</u>	<u>42,500</u>
Total adjustments	<u>(142,296)</u>	<u>134,764</u>
Net cash provided by (used in) operating activities	<u>421,115</u>	<u>(21,782)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income reinvested	(10,883)	(10,661)
Purchases of fixed assets	<u>(641,220)</u>	<u>(13,187)</u>
Net cash used in investing activities	<u>(652,103)</u>	<u>(23,848)</u>
NET DECREASE IN CASH	(230,988)	(45,630)
CASH, beginning of year	<u>592,487</u>	<u>638,117</u>
CASH, end of year	<u><u>361,499</u></u>	<u><u>592,487</u></u>

See accompanying notes to financial statements.

MATT TALBOT KITCHEN & OUTREACH, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

Matt Talbot Kitchen & Outreach, Inc., is organized to provide the working poor and homeless of Lincoln, Nebraska, with a safe, welcome place where they can receive two free nutritious meals daily - 365 days a year. In addition, the Organization provides a wide array of outreach and homeless prevention services which include but are not limited to: Housing, Case Management, Substance Use Services, Life Skills Training, Nutrition Counseling, and a wide array of basic and emergency services such as telephone services, a mailing address, showers, and laundry services for our community's homeless.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the FASB ASC 958-205, *Financial Statements of Not-for-Profit Organizations*. Under this standard, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. A description of the net asset categories utilized by Matt Talbot Kitchen & Outreach, Inc., follows:

Unrestricted net assets include amounts that are not subject to donor-imposed restrictions and consist of the net assets, revenues, and expenses associated with the management and general activities of Matt Talbot Kitchen & Outreach, Inc.

Temporarily restricted net assets include amounts for which donor or other externally imposed restrictions have not been met.

Permanently restricted net assets include gifts, trusts, and pledges receivable which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor.

Contributions

The Organization utilizes FASB ASC 958-605, *Not-for-Profit Entities Revenue Recognition*. This standard requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Contributed Materials and Services

The Organization records various types of in-kind contributions. Contributed services are recognized at fair market value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment.

MATT TALBOT KITCHEN & OUTREACH, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions (Continued)

Volunteers

Donated materials are reflected as contributions in the financial statements at their fair market value at date of receipt. No amounts have been reflected in the statements for donated services provided by volunteers inasmuch as no objective basis is available to measure the value of such services and because the services provided do not meet the recognition criteria of FASB ASC 958-605; however, a substantial number of volunteers have donated significant amounts of their time in Matt Talbot Kitchen & Outreach, Inc., programs.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. At December 31, 2017 and 2016, the Organization had no cash equivalents.

Pledges Receivable

The Organization uses the allowance method to account for uncollectible pledges receivable.

Investments

The Organization has adopted FASB ASC 958-320, *Not-for-Profit Entities, Investments - Debt and Equity Securities*. FASB ASC 958-320 establishes standards of reporting at fair value certain investments, debt and equity securities, held by not-for-profit organizations.

Property and Equipment

Property and equipment are stated at cost, if purchased, or fair value, if donated. Major expenditures for property and those which substantially increase useful lives are capitalized. Maintenance, repairs, and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

Depreciation

The Organization provides for depreciation of property and equipment using annual rates which are sufficient to amortize the cost of depreciable assets using the straight-line method over their estimated useful lives, which range from 5 to 39 years.

MATT TALBOT KITCHEN & OUTREACH, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

Full-time, year-round employees are entitled to paid vacation depending on the length of service and other factors. Employees' vacation benefits are recognized in the period earned.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Organization utilizes the provisions of FASB ASC 740-10, *Accounting for Uncertain Tax Positions*. The Organization continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law, and new authoritative rulings. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that would be material to the financial statements.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising

Advertising costs are expensed as incurred. Advertising expense was \$129,897 and \$119,146 for the years ended December 31, 2017 and 2016, respectively.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

MATT TALBOT KITCHEN & OUTREACH, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2. PROPERTY AND EQUIPMENT

The major classes of fixed assets in service at December 31, 2017 and 2016, are as follows:

	2017	2016
Land	27,600	27,600
Building	3,131,811	2,491,314
Furniture and equipment	197,442	191,174
	<u>3,356,853</u>	<u>2,710,088</u>
Less accumulated depreciation	(786,217)	(700,702)
Net property and equipment	<u>2,570,636</u>	<u>2,009,386</u>

NOTE 3. CONTRIBUTED SERVICES AND MATERIALS

In-kind contributions - principally donated food supplies and accounting services - are recorded as revenue and expensed in the period the items are received. These contributions amounted to \$259,887 and \$256,852 for the years ended December 31, 2017 and 2016, respectively.

NOTE 4. CONCENTRATIONS OF CREDIT RISK

The Organization maintains cash balances at several financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2017 and 2016, there were uninsured deposits of \$133,599 and \$156,686, respectively.

NOTE 5. INVESTMENTS

The Organization has adopted FASB ASC 820-10, *Fair Value Measurements*, which provides a framework for measuring fair value under generally accepted accounting principles. FASB ASC 820-10 applies to all financial instruments that are being measured and reported on a fair value basis.

As defined in FASB ASC 820-10, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses various methods including market, income, and cost approaches. Based on these approaches, the Organization often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market-corroborated, or generally unobservable inputs. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Organization is required to provide the following information according to the fair value hierarchy. The fair

MATT TALBOT KITCHEN & OUTREACH, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 5. INVESTMENTS (Continued)

value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 - Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.

Level 3 - Valuations for assets and liabilities that are derived from other valuation methodologies, including option-pricing models, discounted cash flow models, and similar techniques, and not based on market exchange, dealer, or broker-traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

For the year ended December 31, 2017, the application of valuation techniques applied to similar assets has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

Marketable Equity Securities

The fair value of marketable equity securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker-dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the instrument.

Fair Value on a Recurring Basis

The table below presents the balances of assets measured at December 31, 2017 and 2016, at fair value on a recurring basis.

	2017			
	Total	Level 1	Level 2	Level 3
Balanced index mutual fund	<u>70,340</u>	<u>70,340</u>	<u> </u>	<u> </u>
	2016			
	Total	Level 1	Level 2	Level 3
Balanced index mutual fund	<u>61,760</u>	<u>61,760</u>	<u> </u>	<u> </u>

MATT TALBOT KITCHEN & OUTREACH, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 5. INVESTMENTS (Continued)

The carrying amounts, market value, unrealized gains, and unrealized losses of the investments at December 31, 2017 and 2016, are as follows:

	2017		
	Total Cost	Unrealized Gains (Losses)	Estimated Fair Value
Balanced index mutual fund	<u>43,397</u>	<u>26,943</u>	<u>70,340</u>
	2016		
	Total Cost	Unrealized Gains (Losses)	Estimated Fair Value
Balanced index mutual fund	<u>42,041</u>	<u>19,719</u>	<u>61,760</u>

Management evaluates securities for other than temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial conditions and near-term prospects of the issuer, and (3) the intent and ability of the Organization to retain its investments in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. As management has the ability to hold securities for the foreseeable future, no declines are deemed to be other than temporary.

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended December 31, 2017 and 2016:

	2017	2016
Interest and dividends	13,501	11,615
Unrealized gains	<u>7,224</u>	<u>3,706</u>
	<u>20,725</u>	<u>15,321</u>

NOTE 6. RETIREMENT PLAN

The Organization maintains a SIMPLE IRA plan for all eligible employees. Employer contributions are made based on a 1-for-1 match of the employee's contributions. The Organization's expense was \$9,619 and \$7,801 for the years ended December 31, 2017 and 2016, respectively.

MATT TALBOT KITCHEN & OUTREACH, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 7. PLEDGES RECEIVABLE

Promises to give, net of discount to present value at 6% and allowance for doubtful accounts, are due to be collected as follows:

	2017	2016
Gross amount due in:		
One year or less	157,703	
Two to five years	84,169	
	<u>241,872</u>	
Less discount to present value	(5,585)	
	<u>236,287</u>	
Less allowance for doubtful accounts	(12,093)	
	<u><u>224,194</u></u>	<u><u>- 0 -</u></u>

The discount will be recognized as contribution income in years 2018 through 2021.

NOTE 8. LEASE COMMITMENTS

The Organization leases housing for its transitional housing program leased under two noncancellable leases. The leases both expire in March 2022. The Organization has various one year leases for its Housing First program. The future minimum rental payments required under the lease agreements are as follows:

Year Ended	
2018	27,600
2019	27,600
2020	28,500
2021	29,700
2022	3,750
	<u><u>117,150</u></u>

NOTE 9. DESIGNATED NET ASSETS

In 2003, the Board of Directors designated \$115,000 of unrestricted net assets to be used for capital improvements. The amount was increased to \$200,000 in 2005.

NOTE 10. PERMANENTLY RESTRICTED NET ASSETS

During 2013, the Organization entered into negotiations with the City of Lincoln to repay the loans due to the City that were incurred during the Organization's relocation in 2009. The City agreed to reduce the amounts owed by \$140,000, under the provision that if the Organization should no longer use the property for services to homeless and near-homeless individuals or the property is sold, the amount would be due in full. The Organization has recorded the \$140,000 as a permanently restricted net asset on the statement of financial position.

MATT TALBOT KITCHEN & OUTREACH, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 11. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following:

	2017	2016
Building campaign pledges receivable	<u>224,194</u>	<u> </u>

NOTE 12. RELATED PARTIES

Pledges receivable at December 31, 2017, included \$32,573 of promises to give by employees, board members or their immediate families.

NOTE 13. SUBSEQUENT EVENTS

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 9, 2018, the date the financial statements were available to be issued.