

MATT TALBOT KITCHEN & OUTREACH, INC.

LINCOLN, NEBRASKA

FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020



**DANA F. COLE  
& COMPANY<sup>LLP</sup>**  
CERTIFIED PUBLIC ACCOUNTANTS

MATT TALBOT KITCHEN & OUTREACH, INC.  
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## INDEPENDENT AUDITORS' REPORT

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

### **Opinion**

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, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years 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 Matt Talbot Kitchen & Outreach, Inc., as of December 31, 2021 and 2020, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Matt Talbot Kitchen & Outreach, Inc., and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Matt Talbot Kitchen & Outreach Inc.'s ability to continue as a going concern within one year after the date that the consolidated 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 auditor's 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment 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 responsive 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 Matt Talbot Kitchen & Outreach, 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Matt Talbot Kitchen & Outreach, 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.

Dana F Cole + Company, LLP

Lincoln, Nebraska  
April 12, 2022

MATT TALBOT KITCHEN & OUTREACH, INC.  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2021 AND 2020

ASSETS	2021	2020
ASSETS		
Cash	2,509,645	1,999,690
Certificates of deposit	681,948	670,151
Investments	189,869	101,557
Grants receivable	304,274	57,622
Prepaid expenses	41,750	37,282
Construction in process	5,500	
Land	27,600	27,600
Building	3,239,288	3,238,723
Furniture and equipment	271,964	253,332
Accumulated depreciation	<u>(1,177,993)</u>	<u>(1,078,346)</u>
 TOTAL ASSETS	 <u>6,093,845</u>	 <u>5,307,611</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	29,469	31,162
Wages payable	94,522	94,023
Payroll withholdings payable	3,250	4,114
PPP Loan		214,700
Total liabilities	<u>127,241</u>	<u>343,999</u>
 NET ASSETS		
Without donor restrictions	5,722,755	4,718,922
With donor restrictions		
Restricted by purpose or time	103,849	104,690
Restricted in perpetuity	<u>140,000</u>	<u>140,000</u>
Total net assets	<u>5,966,604</u>	<u>4,963,612</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>6,093,845</u>	 <u>5,307,611</u>

See accompanying notes to financial statements.

MATT TALBOT KITCHEN & OUTREACH, INC.  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Donations	1,285,350		1,285,350
Grant revenue	683,292	825,504	1,508,796
Special events	977,791		977,791
Investment income	34,143		34,143
Miscellaneous income	568		568
	<u>2,981,144</u>	<u>825,504</u>	<u>3,806,648</u>
Net assets released from restrictions	826,345	(826,345)	
Total revenues and other support	<u>3,807,489</u>	<u>(841)</u>	<u>3,806,648</u>
EXPENSES			
Program expenses	2,141,153		2,141,153
Support services			
Management and general	329,483		329,483
Fundraising	333,020		333,020
Total expenses	<u>2,803,656</u>	<u></u>	<u>2,803,656</u>
CHANGE IN NET ASSETS	1,003,833	(841)	1,002,992
NET ASSETS, beginning of year	<u>4,718,922</u>	<u>244,690</u>	<u>4,963,612</u>
NET ASSETS, end of year	<u>5,722,755</u>	<u>243,849</u>	<u>5,966,604</u>

See accompanying notes to financial statements.

MATT TALBOT KITCHEN & OUTREACH, INC.  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Donations	1,378,348	375	1,378,723
Grant revenue	496,258	559,970	1,056,228
Special events	884,851		884,851
Investment income	36,296		36,296
Miscellaneous income	3,078		3,078
	<u>2,798,831</u>	<u>560,345</u>	<u>3,359,176</u>
Net assets released from restrictions	586,121	(586,121)	
Total revenues and other support	<u>3,384,952</u>	<u>(25,776)</u>	<u>3,359,176</u>
EXPENSES			
Program expenses	2,036,151		2,036,151
Support services			
Management and general	350,140		350,140
Fundraising	316,289		316,289
Total expenses	<u>2,702,580</u>	<u></u>	<u>2,702,580</u>
CHANGE IN NET ASSETS	682,372	(25,776)	656,596
NET ASSETS, beginning of year	<u>4,036,550</u>	<u>270,466</u>	<u>4,307,016</u>
NET ASSETS, end of year	<u>4,718,922</u>	<u>244,690</u>	<u>4,963,612</u>

See accompanying notes to financial statements.

MATT TALBOT KITCHEN & OUTREACH, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2021

	Program Services			Support Services			Total
	Hunger Relief	Outreach	Total Program Services	Management and General	Fundraising	Total Support Services	
Salaries	142,927	550,355	693,282	205,127	204,985	410,112	1,103,394
Payroll taxes	10,825	38,773	49,598	16,490	14,026	30,516	80,114
Employee benefits	37,253	155,303	192,556	23,955	24,245	48,200	240,756
Advertising	41,757	41,757	83,514		35,793	35,793	119,307
Miscellaneous	5,526	13,359	18,885	188	8,622	8,810	27,695
Professional expense	15,844	30,336	46,180	51,047	629	51,676	97,856
Office supplies and expenses	23,862	31,821	55,683	5,832	343	6,175	61,858
Rent		86,161	86,161				86,161
Rental assistance	286	217,629	217,915		18,636	18,636	236,551
Telephone	5,729	5,830	11,559				11,559
Assistance to individuals		71,871	71,871				71,871
Postage	4,940	5,135	10,075		2,207	2,207	12,282
Interest				1		1	1
Repairs and maintenance	30,079	40,582	70,661	7,994	2,083	10,077	80,738
Pest control	927		927				927
Kitchen supplies	18,540	1,823	20,363				20,363
Food supplies	308,808	78	308,886				308,886
Utilities	18,151	24,488	42,639	4,824	1,256	6,080	48,719
Insurance	13,693	18,473	32,166	3,639	948	4,587	36,753
Printing	834	814	1,648		16,542	16,542	18,190
Depreciation	37,124	50,086	87,210	9,867	2,570	12,437	99,647
Cleaning supplies	1,952	2,634	4,586	519	135	654	5,240
Weekend security	19,788		19,788				19,788
Strategic plan implementation	7,500	7,500	15,000				15,000
<b>TOTAL EXPENSES</b>	<b>746,345</b>	<b>1,394,808</b>	<b>2,141,153</b>	<b>329,483</b>	<b>333,020</b>	<b>662,503</b>	<b>2,803,656</b>

See accompanying notes to financial statements.



MATT TALBOT KITCHEN & OUTREACH, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2020

	Program Services			Support Services			
	Hunger Relief	Outreach	Total Program Services	Management and General	Fundraising	Total Support Services	Total
Salaries	119,166	541,398	660,564	207,168	178,243	385,411	1,045,975
Payroll taxes	11,695	37,510	49,205	13,984	13,384	27,368	76,573
Employee benefits	23,195	127,541	150,736	21,987	22,037	44,024	194,760
Advertising	43,846	43,846	87,692		37,582	37,582	125,274
Miscellaneous	1,629	11,366	12,995	1,238	8,331	9,569	22,564
Professional expense	5,283	18,467	23,750	65,291	4,632	69,923	93,673
Office supplies and expenses	6,860	18,138	24,998	5,801	5,483	11,284	36,282
Rent		54,473	54,473				54,473
✓ Rental assistance		145,215	145,215				145,215
Telephone	2,243	5,930	8,173	1,220	1,793	3,013	11,186
Assistance to individuals	50	235,825	235,875				235,875
Postage	7,865	7,865	15,730	1,426		1,426	17,156
Repairs and maintenance	28,246	50,425	78,671	7,178	1,870	9,048	87,719
Pest control	883		883				883
Kitchen supplies	23,215		23,215				23,215
Food supplies	278,615		278,615				278,615
Utilities	10,475	29,663	40,138	2,434	634	3,068	43,206
Insurance	11,588	15,634	27,222	3,080	802	3,882	31,104
Printing	2,267	2,098	4,365	8,741	12,037	20,778	25,143
Depreciation	37,679	50,835	88,514	10,014	2,609	12,623	101,137
Cleaning supplies	2,173	2,932	5,105	578	150	728	5,833
Weekend security	20,017		20,017				20,017
Event expenses					26,702	26,702	26,702
<b>TOTAL EXPENSES</b>	<b>636,990</b>	<b>1,399,161</b>	<b>2,036,151</b>	<b>350,140</b>	<b>316,289</b>	<b>666,429</b>	<b>2,702,580</b>

See accompanying notes to financial statements.

MATT TALBOT KITCHEN & OUTREACH, INC.  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	<u>1,002,992</u>	<u>656,596</u>
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	99,647	101,137
Unrealized gain on investments	36,320	(6,426)
Realized gain on investments	(48,074)	(4,846)
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Grants receivable	(246,652)	28,394
Pledges receivable		24,857
Prepaid expenses	(4,468)	(9,192)
Increase (decrease) in liabilities:		
Accounts payable	(1,693)	(11,470)
Wages payable	498	23,975
Payroll taxes payable	(864)	(1,639)
Deferred income	<u>(214,700)</u>	<u>214,700</u>
Total adjustments	<u>(379,986)</u>	<u>359,490</u>
Net cash provided by operating activities	<u>623,006</u>	<u>1,016,086</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income reinvested	(13,354)	(19,365)
Purchases of investments	(75,000)	(141,740)
Sales of investments		142,638
Purchases of fixed assets	<u>(24,697)</u>	<u>(20,143)</u>
Net cash used in investing activities	<u>(113,051)</u>	<u>(38,610)</u>
NET INCREASE IN CASH	509,955	977,476
CASH, beginning of year	<u>1,999,690</u>	<u>1,022,214</u>
CASH, end of year	<u><u>2,509,645</u></u>	<u><u>1,999,690</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. (the Organization), 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 two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Without Donor Restrictions

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains or losses on investments and any other assets or liabilities are reported as increases in net assets without donor restrictions unless their use is limited by donor stipulation or by laws.

With Donor Restrictions

Net assets subject to donor- or grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service.

Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both, and are reported in the statements of activities as net assets released from restrictions.

Contributions restricted by donors received in the same period when the associated stipulated time or purpose restriction is accomplished are reported as increases in net assets without donor restrictions. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2021 and 2020, the Organization had no cash equivalents.

Pledges Receivable

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

Investments

The Organization utilizes 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 and debt and equity securities held by not-for-profit organizations.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 - 39 years.

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.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising

Advertising costs are expensed as incurred. Advertising expense was \$119,307 and \$125,274 for the years ended December 31, 2021 and 2020, respectively.

Functional Expenses

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

NOTE 2. PROPERTY AND EQUIPMENT

The major classes of fixed assets in service at December 31, 2021 and 2020, are as follows:

	2021	2020
Land	27,600	27,600
Building	3,239,288	3,238,723
Construction in process	5,500	
Furniture and equipment	<u>271,964</u>	<u>253,332</u>
	3,544,352	3,519,655
Less accumulated depreciation	<u>(1,177,993)</u>	<u>(1,078,346)</u>
Net property and equipment	<u><u>2,366,359</u></u>	<u><u>2,441,309</u></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 \$306,078 and \$248,871 for the years ended December 31, 2021 and 2020, 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 (FDIC) up to \$250,000. As of December 31, 2021 and 2020, there were uninsured deposits of \$963,152 and \$48,153, respectively.

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

NOTE 5. INVESTMENTS

The Organization utilizes 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 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, 2021, 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.

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

NOTE 5. INVESTMENTS (Continued)

Marketable Equity Securities (Continued)

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, 2021 and 2020, at fair value on a recurring basis.

	2021			
	Total	Level 1	Level 2	Level 3
Balanced index mutual fund	<u>189,869</u>	<u>189,869</u>	<u>      </u>	<u>      </u>
	2020			
	Total	Level 1	Level 2	Level 3
Balanced index mutual fund	<u>101,557</u>	<u>101,557</u>	<u>      </u>	<u>      </u>

The carrying amounts, market value, unrealized gains, and unrealized losses of the investments at December 31, 2021 and 2020, are as follows:

	2021		
	Total Cost	Unrealized Gains (Losses)	Estimated Fair Value
Balanced index mutual fund	<u>175,000</u>	<u>14,869</u>	<u>189,869</u>
	2020		
	Total Cost	Unrealized Gains (Losses)	Estimated Fair Value
Balanced index mutual fund	<u>100,000</u>	<u>1,557</u>	<u>101,557</u>



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

NOTE 5. INVESTMENTS (Continued)

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 statements of activities for the years ended December 31, 2021 and 2020:

	2021	2020
Interest and dividends	22,389	25,024
Realized gains	48,074	4,846
Unrealized gains (losses)	<u>(36,320)</u>	<u>6,426</u>
	<u>34,143</u>	<u>36,296</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 up to 3% of wages. The Organization's expense was \$19,524 and \$24,210 for the years ended December 31, 2021 and 2020, respectively.

NOTE 7. LEASE COMMITMENTS

The Organization leases housing for its transitional housing program leased under two noncancelable leases. The leases both expire in March 2022.

In October 2018, the Organization entered into a lease for copier equipment for 60 months. The lease is effective until October 2023 with a monthly payment of \$379, including applicable sales taxes and fees.

The future minimum rental payments required under the lease agreements are as follows:

Year Ended	
2022	9,892
2023	<u>3,790</u>
	<u>13,682</u>

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NOTE 8. NET ASSETS

	2021	2020
Net assets with donor restrictions:		
Subject to the passage of time		
Promises to give that are not restricted by donors but which are unavailable for expenditure until due	<u>103,849</u>	<u>104,690</u>
Restricted in perpetuity	<u>140,000</u>	<u>140,000</u>
Total net assets with donor restrictions	<u><u>243,849</u></u>	<u><u>244,690</u></u>

*Net Assets Restricted in Perpetuity*

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 net assets restricted in perpetuity on the statement of financial position.

The Organization's net assets without donor restrictions is comprised of undesignated and board-designated amounts for the following purposes at:

	2021	2020
Undesignated	5,522,755	4,518,922
Board-designated for capital improvements	<u>200,000</u>	<u>200,000</u>
Total net assets without donor restrictions	<u><u>5,722,755</u></u>	<u><u>4,718,922</u></u>

*Board-Designated for Capital Improvements*

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.

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NOTE 9. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2021	2020
Cash and cash equivalents	2,509,645	1,999,690
Certificates of deposit	681,948	670,151
Grants receivable	<u>304,274</u>	<u>57,622</u>
	3,495,867	2,727,463
Less:		
Assets with donor restrictions	(243,849)	(244,690)
Assets with board designations	<u>(200,000)</u>	<u>(200,000)</u>
 Total financial assets available to management for general expenditure within one year	 <u>3,052,018</u>	 <u>2,282,773</u>

NOTE 10. SUBSEQUENT EVENT

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 12, 2022, the date the financial statements were available to be issued.