

MATT TALBOT KITCHEN & OUTREACH, INC.

LINCOLN, NEBRASKA

FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019



**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, 2020 and 2019, 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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, 2020 and 2019, 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
May 18, 2021

MATT TALBOT KITCHEN & OUTREACH, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	ASSETS	
	2020	2019
ASSETS		
Cash	1,999,690	1,022,214
Certificates of deposit	670,151	658,648
Investments	101,557	83,320
Grants receivable	57,622	86,016
Pledges receivable		24,857
Prepaid expenses	37,282	28,090
Land	27,600	27,600
Building	3,238,723	3,223,223
Furniture and equipment	253,332	248,689
Accumulated depreciation	<u>(1,078,346)</u>	<u>(977,208)</u>
 TOTAL ASSETS	 <u>5,307,611</u>	 <u>4,425,449</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	31,162	42,632
Wages payable	94,023	70,048
Payroll withholdings payable	4,114	5,753
PPP Loan	214,700	
Total liabilities	<u>343,999</u>	<u>118,433</u>
 NET ASSETS		
Without donor restrictions	4,718,922	4,036,550
With donor restrictions		
Restricted by purpose or time	104,690	130,466
Restricted in perpetuity	140,000	140,000
Total net assets	<u>4,963,612</u>	<u>4,307,016</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>5,307,611</u>	 <u>4,425,449</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>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 ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Donations	1,077,821	94,155	1,171,976
Grant revenue	271,504	455,601	727,105
Special events	640,727		640,727
Investment income	45,316		45,316
Miscellaneous income	2,083		2,083
	<u>2,037,451</u>	<u>549,756</u>	<u>2,587,207</u>
Net assets released from restrictions	517,596	(517,596)	
Total revenues and other support	<u>2,555,047</u>	<u>32,160</u>	<u>2,587,207</u>
EXPENSES			
Program expenses	1,591,259		1,591,259
Support services			
Management and general	309,771		309,771
Fundraising	321,963		321,963
Total expenses	<u>2,222,993</u>		<u>2,222,993</u>
CHANGE IN NET ASSETS	332,054	32,160	364,214
NET ASSETS, beginning of year	<u>3,704,496</u>	<u>238,306</u>	<u>3,942,802</u>
NET ASSETS, end of year	<u>4,036,550</u>	<u>270,466</u>	<u>4,307,016</u>

See accompanying notes to financial statements.

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

	Program Services			Support Services			Total
	Hunger Relief	Outreach	Total Program Services	Management and General	Fundraising	Total Support Services	
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
TOTAL EXPENSES	636,990	1,399,161	2,036,151	350,140	316,289	666,429	2,702,580

See accompanying notes to financial statements.

MATT TALBOT KITCHEN & OUTREACH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

	Program Services			Support Services			Total
	Hunger Relief	Outreach	Total Program Services	Management and General	Fundraising	Total Support Services	
Salaries	136,495	421,925	558,420	195,107	154,017	349,124	907,544
Payroll taxes	10,742	31,668	42,410	12,609	11,883	24,492	66,902
Employee benefits	21,923	94,623	116,546	22,055	26,002	48,057	164,603
Advertising	47,143	47,143	94,286		40,408	40,408	134,694
Miscellaneous	1,159	5,318	6,477	1,075	5,972	7,047	13,524
Professional expense	4,112	10,872	14,984	42,227	3,287	45,514	60,498
Office supplies and expenses	6,494	17,170	23,664	5,022	5,191	10,213	33,877
Rent		32,100	32,100				32,100
Rental assistance		141,044	141,044				141,044
Telephone	3,042	8,041	11,083	1,654	2,431	4,085	15,168
Assistance to individuals	303	51,526	51,829				51,829
Interest				29		29	29
Postage	2,606	2,606	5,212	757	6,122	6,879	12,091
Repairs and maintenance	28,217	46,459	74,676	7,195	1,875	9,070	83,746
Pest control	775		775				775
Kitchen supplies	15,514		15,514				15,514
Food supplies	226,536		226,536				226,536
Utilities	11,800	25,165	36,965	2,779	724	3,503	40,468
Insurance	11,458	15,459	26,917	3,045	793	3,838	30,755
Printing	1,675	1,718	3,393	6,110	2,582	8,692	12,085
Depreciation	36,272	48,936	85,208	9,640	2,511	12,151	97,359
Cleaning supplies	1,758	2,372	4,130	467	122	589	4,719
Weekend security	19,090		19,090				19,090
Event expenses					58,043	58,043	58,043
TOTAL EXPENSES	587,114	1,004,145	1,591,259	309,771	321,963	631,734	2,222,993

See accompanying notes to financial statements.

MATT TALBOT KITCHEN & OUTREACH, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	<u>656,596</u>	<u>364,214</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	101,137	97,359
Unrealized gain on investments	(6,426)	(13,119)
Realized gain on investments	(4,846)	
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Grants receivable	28,394	(79,141)
Pledges receivable	24,857	73,449
Prepaid expenses	(9,192)	(2,390)
Increase (decrease) in liabilities:		
Accounts payable	(11,470)	6,978
Wages payable	23,975	20,428
Payroll taxes payable	(1,639)	(8,589)
Deferred income	<u>214,700</u>	
Total adjustments	<u>359,490</u>	<u>94,975</u>
Net cash provided by operating activities	<u>1,016,086</u>	<u>459,189</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income reinvested	(19,365)	(10,518)
Purchases of investments	(141,740)	
Sales of investments	142,638	
Certificates of deposit redeemed		542,936
Certificates of deposit purchased		(650,000)
Purchases of fixed assets	<u>(20,143)</u>	<u>(48,977)</u>
Net cash used in investing activities	<u>(38,610)</u>	<u>(166,559)</u>
NET INCREASE IN CASH	977,476	292,630
CASH, beginning of year	<u>1,022,214</u>	<u>729,584</u>
CASH, end of year	<u>1,999,690</u>	<u>1,022,214</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 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, 2020 and 2019, 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, 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 to 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 \$125,274 and \$134,694 for the years ended December 31, 2020 and 2019, 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.

NOTE 2. PROPERTY AND EQUIPMENT

The major classes of fixed assets in service at December 31, 2020 and 2019, are as follows:

	2020	2019
Land	27,600	27,600
Building	3,238,723	3,223,223
Furniture and equipment	253,332	248,689
	<u>3,519,655</u>	<u>3,499,512</u>
Less accumulated depreciation	<u>(1,078,346)</u>	<u>(977,208)</u>
Net property and equipment	<u><u>2,441,309</u></u>	<u><u>2,522,304</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, 2020 and 2019, 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. December 31, 2020 and 2019, there were uninsured deposits of \$48,153 and \$12,423, 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, 2020, 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, 2020 and 2019, at fair value on a recurring basis.

	2020			
	Total	Level 1	Level 2	Level 3
Balanced index mutual fund	<u>101,557</u>	<u>101,557</u>	<u> </u>	<u> </u>
	2019			
	Total	Level 1	Level 2	Level 3
Balanced index mutual fund	<u>83,320</u>	<u>83,320</u>	<u> </u>	<u> </u>

The carrying amounts, market value, unrealized gains, and unrealized losses of the investments at December 31, 2020 and 2019, are as follows:

	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>
	2019		
	Total Cost	Unrealized Gains (Losses)	Estimated Fair Value
Balanced index mutual fund	<u>46,830</u>	<u>36,490</u>	<u>83,320</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 statement of activities for the years ended December 31, 2020 and 2019:

	2020	2019
Interest and dividends	25,024	32,197
Realized gains	4,846	
Unrealized gains	<u>6,426</u>	<u>13,119</u>
	<u>36,296</u>	<u>45,316</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 \$24,210 and \$14,631 for the years ended December 31, 2020 and 2019, respectively.

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:

	2020	2019
Gross amount due in:		
One year or less		31,071
Two to five years		
	<u> </u>	<u>31,071</u>
Less discount to present value		
	<u> </u>	<u>31,071</u>
Less allowance for doubtful accounts		<u>(6,214)</u>
	<u>- 0 -</u>	<u>24,857</u>

The discount was recognized as contribution income in 2020.

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

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.

A third lease was entered into for the transitions corrections program. This lease expires in October 2021.

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	
2021	50,842
2022	9,892
2023	<u>3,790</u>
	<u>64,524</u>

NOTE 9. RELATED PARTIES

Pledges receivable at December 31, 2020 and 2019, included \$- 0 - and \$779 of promises to give by employees, Board members, or their immediate families.

NOTE 10. NET ASSETS

	2020	2019
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>104,690</u>	<u>130,466</u>
Restricted in perpetuity	<u>140,000</u>	<u>140,000</u>
Total net assets with donor restrictions	<u>244,690</u>	<u>270,466</u>

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

NOTE 10. NET ASSETS (Continued)

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:

	2020	2019
Undesignated	4,518,922	3,836,550
Board-designated for capital improvements	<u>200,000</u>	<u>200,000</u>
Total net assets without donor restrictions	<u>4,718,922</u>	<u>4,036,550</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.

NOTE 11. 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:

	2020	2019
Cash and cash equivalents	1,999,690	1,002,086
Certificates of deposit	670,151	658,648
Grants receivable	<u>57,622</u>	<u>60,372</u>
Total financial assets available to management for general expenditure within one year	<u>2,727,463</u>	<u>1,721,106</u>

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

NOTE 12. PPP LOAN

Matt Talbot Kitchen & Outreach, Inc. received \$214,700 loan from the SBA's Payroll Protection Program. This program provides loans to businesses that may be forgiven, provided certain criteria are met. Any amounts unforgiven have a maturity of two years, with an interest rate of 1%. The Organization expects to complete the loan forgiveness process during the next fiscal year. After the process is completed, the portion forgiven will be included in income.

NOTE 13. CONTINGENCIES

The extent of the impact of the ongoing COVID-19 pandemic on the Organization's operational and financial performance will depend on certain factors, including the duration and spread of the outbreak, the impact on Organization's grantors and donors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Organization's financial condition or results of operations is uncertain.

NOTE 14. SUBSEQUENT EVENT

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through May 18, 2021, the date the financial statements were available to be issued.