

MATT TALBOT KITCHEN & OUTREACH, INC.

LINCOLN, NEBRASKA

FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018



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, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2019 and 2018, 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 20, 2020

MATT TALBOT KITCHEN & OUTREACH, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

	ASSETS		2019	2018
ASSETS				
Cash			1,022,214	729,584
Certificates of deposit			658,648	542,936
Investments			83,320	68,332
Grants receivable			86,016	6,875
Pledges receivable			24,857	98,306
Prepaid expenses			28,090	25,700
Land			27,600	27,600
Building			3,223,223	3,212,029
Furniture and equipment			248,689	210,906
Accumulated depreciation			<u>(977,208)</u>	<u>(879,850)</u>
 TOTAL ASSETS			 <u>4,425,449</u>	 <u>4,042,418</u>
 LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable			42,632	35,654
Wages payable			70,048	49,620
Payroll withholdings payable			<u>5,753</u>	<u>14,342</u>
Total liabilities			<u>118,433</u>	<u>99,616</u>
 NET ASSETS				
Without donor restrictions			4,036,550	3,704,496
With donor restrictions				
Restricted by purpose or time			130,466	98,306
Restricted in perpetuity			<u>140,000</u>	<u>140,000</u>
Total net assets			<u>4,307,016</u>	<u>3,942,802</u>
 TOTAL LIABILITIES AND NET ASSETS			 <u>4,425,449</u>	 <u>4,042,418</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 restriction	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 ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Donations	1,047,809	25,017	1,072,826
Grant revenue	573,185		573,185
Special events	597,501		597,501
Investment income	12,586		12,586
Miscellaneous income	613		613
	<u>2,231,694</u>	<u>25,017</u>	<u>2,256,711</u>
Net assets released from restriction	150,905	(150,905)	
Total revenues and other support	<u>2,382,599</u>	<u>(125,888)</u>	<u>2,256,711</u>
EXPENSES			
Program expenses	1,373,671		1,373,671
Support services			
Management and general	289,442		289,442
Fundraising	375,342		375,342
Total expenses	<u>2,038,455</u>		<u>2,038,455</u>
CHANGE IN NET ASSETS	344,144	(125,888)	218,256
NET ASSETS, beginning of year	<u>3,360,352</u>	<u>364,194</u>	<u>3,724,546</u>
NET ASSETS, end of year	<u>3,704,496</u>	<u>238,306</u>	<u>3,942,802</u>

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.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

	Program Services			Support Services			Total
	Hunger Relief	Outreach	Total Program Services	Management and General	Fundraising	Total Support Services	
Salaries	133,878	349,570	483,448	171,899	154,358	326,257	809,705
Payroll taxes	9,697	26,642	36,339	11,449	12,093	23,542	59,881
Employee benefits	22,645	72,579	95,224	24,387	21,804	46,191	141,415
Advertising	4,155	4,155	8,310	4,748	105,642	110,390	118,700
Miscellaneous	839	10,335	11,174	1,073	3,894	4,967	16,141
Professional expense	8,583	8,640	17,223	46,666	9	46,675	63,898
Office supplies and expenses	7,345	19,419	26,764	5,542	5,872	11,414	38,178
Rent		27,600	27,600				27,600
Rental assistance		103,804	103,804				103,804
Telephone	2,546	6,731	9,277	1,385	2,035	3,420	12,697
Assistance to individuals	575	47,357	47,932				47,932
Postage	984	2,582	3,566	533	7,613	8,146	11,712
Repairs and maintenance	23,456	33,870	57,326	5,951	1,550	7,501	64,827
Pest control	1,075		1,075				1,075
Kitchen supplies	14,212		14,212				14,212
Food supplies	260,741		260,741				260,741
Utilities	11,725	23,703	35,428	2,687	700	3,387	38,815
Insurance	8,853	11,944	20,797	2,353	613	2,966	23,763
Printing	1,678	4,406	6,084	909	16,316	17,225	23,309
Depreciation	34,884	47,063	81,947	9,271	2,415	11,686	93,633
Cleaning supplies	2,217	2,991	5,208	589	153	742	5,950
Weekend security	18,205		18,205				18,205
Strategic plan implementation	993	994	1,987				1,987
Event expenses					40,275	40,275	40,275
TOTAL EXPENSES	569,286	804,385	1,373,671	289,442	375,342	664,784	2,038,455

See accompanying notes to financial statements.

MATT TALBOT KITCHEN & OUTREACH, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	<u>364,214</u>	<u>218,256</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	97,359	93,633
Unrealized gain (loss) on investments	(13,119)	3,570
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Grants receivable	(79,141)	14,956
Pledges receivable	73,449	125,888
Prepaid expenses	(2,390)	(10,221)
Increase (decrease) in liabilities:		
Accounts payable	6,978	(760)
Wages payable	20,428	15,177
Payroll taxes payable	(8,589)	2,126
Deferred income		(49,167)
Total adjustments	<u>94,975</u>	<u>195,202</u>
Net cash provided by operating activities	<u>459,189</u>	<u>413,458</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income reinvested	(10,518)	(10,989)
Certificates of deposit redeemed	542,936	59,298
Certificates of deposit purchased	(650,000)	
Purchases of fixed assets	<u>(48,977)</u>	<u>(93,682)</u>
Net cash used in investing activities	<u>(166,559)</u>	<u>(45,373)</u>
NET INCREASE IN CASH	292,630	368,085
CASH, beginning of year	<u>729,584</u>	<u>361,499</u>
CASH, end of year	<u><u>1,022,214</u></u>	<u><u>729,584</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.

New Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). The provisions of ASU No. 2014-09 apply to exchange transactions with customers that are bound by contracts or similar arrangements and establish a performance obligation approach to revenue recognition. The new standard also requires expanded disclosures regarding the qualitative and quantitative information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The standard is effective for annual reporting periods beginning after December 15, 2018, and permits the use of either a full retrospective or a modified retrospective approach.

The Organization adopted the new standard on January 1, 2019, using the modified retrospective method. Based on the Organization's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. The adoption of the ASU No. 2014-09 did not have an impact on the Organization's financial statements. Therefore, no cumulative adjustment was recognized in net assets upon adoption.

In 2019, the Organization adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This accounting standard is meant to help not-for profit entities evaluate whether transactions should be accounted for as contributions or as exchange transactions and, if the transaction is identified as a contribution, whether it is conditional or unconditional. ASU 2018-08 clarifies how an organization determines whether a resource provider is receiving commensurate value in return for a grant. If the resource provider does receive commensurate value from the grant recipient, the transaction is an exchange transaction and would follow the guidance under ASU 2014-09 (ASC Topic 606 - *Revenue Recognition*). If no commensurate value is received by the grant maker, the transfer is a contribution. ASU 2018-08 stresses that the value received by the general public as a result of the grant is not considered to be commensurate value received by the provider of the grant. ASU 2018-08 was implemented on a modified prospective basis. Therefore, in 2019, the new standard was applied to agreements that were either not completed as of January 1, 2019, or entered into after January 1, 2019. The 2018 financial statements were not restated and continue to be reported under the accounting standards in effect in that period. There was no material impact to the financial statements as a result of adoption. Accordingly, no adjustment to opening net assets was recorded.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions (Continued)

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, 2019 and 2018, 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.

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.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Advertising

Advertising costs are expensed as incurred. Advertising expense was \$134,694 and \$118,700 for the years ended December 31, 2019 and 2018, 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, 2019 and 2018, are as follows:

	2019	2018
Land	27,600	27,600
Building	3,223,223	3,212,029
Furniture and equipment	248,689	210,906
	<u>3,499,512</u>	<u>3,450,535</u>
Less accumulated depreciation	(977,208)	(879,850)
	<u>2,522,304</u>	<u>2,570,685</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 \$248,871 and \$284,941 for the years ended December 31, 2019 and 2018, 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, 2019 and 2018, there were uninsured deposits of \$12,423 and \$42,936, respectively.

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

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, 2019, 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, 2019 and 2018, at fair value on a recurring basis.

	2019			
	Total	Level 1	Level 2	Level 3
Balanced index mutual fund	<u>83,320</u>	<u>83,320</u>	=====	=====
	2018			
	Total	Level 1	Level 2	Level 3
Balanced index mutual fund	<u>68,332</u>	<u>68,332</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, 2019 and 2018, are as follows:

	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>
	2018		
	Total Cost	Unrealized Gains (Losses)	Estimated Fair Value
Balanced index mutual fund	<u>44,958</u>	<u>23,374</u>	<u>68,332</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, 2019 and 2018:

	2019	2018
Interest and dividends	32,197	16,156
Unrealized gains (losses)	<u>13,119</u>	<u>(3,570)</u>
	<u>45,316</u>	<u>12,586</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 \$14,631 and \$12,231 for the years ended December 31, 2019 and 2018, 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:

	2019	2018
Gross amount due in:		
One year or less	31,071	102,302
Two to five years		1,250
	31,071	103,552
Less discount to present value		(72)
	31,071	103,480
Less allowance for doubtful accounts	(6,214)	(5,174)
	24,857	98,306

The discount will be recognized as contribution income in years 2019 through 2020.

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		
2020		52,642
2021		50,842
2022		9,892
2023		3,790
		117,166

NOTE 9. RELATED PARTIES

Pledges receivable at December 31, 2019 and 2018, included \$779 and \$10,301 of promises to give by employees, Board members or their immediate families.

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NOTES TO FINANCIAL STATEMENTS

NOTE 10. NET ASSETS

	2019	2018
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	130,466	98,306
Restricted in perpetuity	140,000	140,000
Total net assets with donor restrictions	270,466	238,306

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:

	2019	2018
Undesignated	3,836,550	3,504,496
Board-designated for capital improvements	200,000	200,000
Total net assets without donor restrictions	4,036,550	3,704,496

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 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:

	2019	2018
Cash and cash equivalents	1,002,086	729,584
Certificates of deposit	658,648	542,936
Grants receivable	<u>60,372</u>	<u>6,875</u>
 Total financial assets available to management for general expenditure within one year	 <u>1,721,106</u>	 <u>1,279,395</u>

NOTE 12. SUBSEQUENT EVENTS

The COVID-19 (coronavirus) outbreak has prompted global health concern. Consequently, the Organization may experience a loss in revenue sourced due to the economic impacts of the virus, or may experience an increase in costs to provide services. An estimate of the effect of the COVID-19 pandemic cannot be made at this time.

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 20, 2020, the date the financial statements were available to be issued.