Mental Health America of Northeast Indiana

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

December 31, 2019 and 2018

MENTAL HEALTH AMERICA OF NORTHEAST INDIANA, INC.

CONTENTS

Independent Auditors' Report

Board of Directors
Mental Health America of Northeast Indiana, Inc.

We have audited the accompanying financial statements of Mental Health America of Northeast Indiana, Inc., 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 from 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 auditors consider 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 opinion.

Katz, Sapper & Miller, LLP
Certified Public Accountants

202 West Berry Street, Suite 600
Fort Wayne, IN 46802

Tel 260.496.8297
Web ksmcpa.com

An Affiliate of
KSM Business Services, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mental Health America of Northeast Indiana, Inc. as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2019 Mental Health America of Northeast Indiana, Inc. adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* and the related amendments with the same effective date and ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to these matters.

Katz, Sapper & Miller, LLP

Fort Wayne, Indiana
July 1, 2020

MENTAL HEALTH AMERICA OF NORTHEAST INDIANA, INC.

STATEMENTS OF FINANCIAL POSITION
December 31, 2019 and 2018

ASSETS

	2019	2018
CURRENT ASSETS		
Cash	$ 201,975	$ 44,470
Accounts receivable - fees, net	46,734	39,201
Promises to give, grants and contracts receivable	92,844	194,379
Prepaid expenses	9,635	9,783
Total Current Assets	351,188	287,833
PROPERTY AND EQUIPMENT, net	238,225	236,264
BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION	76,158	66,965
TOTAL ASSETS	$ 665,571	$ 591,062

LIABILITIES AND NET ASSETS

	2019	2018
CURRENT LIABILITIES		
Accounts payable	$ 33,529	$ 24,911
Accrued payroll and withholdings	36,597	29,501
Deferred revenue		2,070
Total Current Liabilities	70,126	56,482
NET ASSETS		
Without donor restrictions	515,156	502,480
With donor restrictions	80,289	32,100
Total Net Assets	595,445	534,580
TOTAL LIABILITIES AND NET ASSETS	$ 665,571	$ 591,062

See accompanying notes.

MENTAL HEALTH AMERICA OF NORTHEAST INDIANA, INC.

STATEMENTS OF ACTIVITIES
Years Ended December 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Private grants and contributions	$ 234,438	$ 222,977	$ 457,415	$ 119,880	$ 173,859	$ 293,739
Government grants and contracts	791,820		791,820	959,278		959,278
Fee for service - room and board	41,280		41,280	38,998		38,998
Fee for service - education	82,703		82,703	65,490		65,490
Fee for service - guardianship	39,165		39,165	36,083		36,083
Hospital contracts	45,000		45,000	45,000		45,000
Special events, net of direct donor benefits	11,836		11,836	19,396		19,396
In-kind contributions	68,140		68,140	69,930		69,930
Other income	2,933		2,933	30		30
Investment return	3,257		3,257	3,282		3,282
Change in value of beneficial interest in assets held by the Community Foundation	9,193		9,193	(8,121)		(8,121)
Net assets released from restriction	174,788	(174,788)		230,600	(230,600)	
Total Revenue and Support	1,504,553	48,189	1,552,742	1,579,846	(56,741)	1,523,105
EXPENSES						
Program Services:						
Community services	695,606		695,606	776,037		776,037
Guardianship services	359,604		359,604	364,863		364,863
Cedar's Hope	234,758		234,758	273,053		273,053
Supporting Services:						
Management and general	115,228		115,228	88,488		88,488
Fundraising	86,681		86,681	29,784		29,784
Total Expenses	1,491,877		1,491,877	1,532,225		1,532,225
INCREASE (DECREASE) IN NET ASSETS	12,676	48,189	60,865	47,621	(56,741)	(9,120)
NET ASSETS						
Beginning of Year	502,480	32,100	534,580	454,859	88,841	543,700
End of Year	$ 515,156	$ 80,289	$ 595,445	$ 502,480	$ 32,100	$ 534,580

See accompanying notes.

MENTAL HEALTH AMERICA OF NORTHEAST INDIANA, INC.

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2019

	Community Services	Guardianship Services	Cedar's Hope	Total Program	Management and General	Fundraising	Total
Salaries	$ 400,671	$ 220,599	$ 125,517	$ 746,787	$ 19,900	$ 58,122	$ 824,809
Payroll taxes	28,837	15,512	9,099	53,448	1,278	3,460	58,186
Employee benefits	23,157	19,859	3,447	46,463	6,680	7,963	61,106
Total Salaries and Related Expenses	452,665	255,970	138,063	846,698	27,858	69,545	944,101
Contract labor	85,531	11,299	1,320	98,150	720	2,145	101,015
Professional fees	9,901	49,536	4,950	64,387	50,878		115,265
Rent	19,534	11,253	3,532	34,319	1,573	1,920	37,812
Travel	23,915	9,547	4,761	38,223	782	533	39,538
Telephone	3,527	3,403	5,894	12,824	256	139	13,219
Office expenses	7,517	4,932	1,798	14,247	2,052	2,550	18,849
Education and training	4,584	3,433	2,025	10,042	223	756	11,021
Food	35		6,082	6,117			6,117
Insurance	532	301	8,383	9,216	1,073	82	10,371
Interest					1,087		1,087
Maintenance	1,342	671	9,213	11,226	1,050	134	12,410
Marketing	619		298	917		2,388	3,305
Information technology	7,635	2,386	2,281	12,302	1,603	1,224	15,129
Dues and subscriptions	125	774	666	1,565	2,740	421	4,726
Postage	1,487	730	289	2,506	581	1,790	4,877
Printing	6,824	1,260	1,500	9,584	491	1,576	11,651
Miscellaneous	2,387	356	1,088	3,831	4,138	837	8,806
Supplies	12,824		5,203	18,027			18,027
Utilities	6,514	3,753	16,871	27,138	524	641	28,303
Depreciation			20,541	20,541	2,600		23,141
Bad debt					14,999		14,999
Client assistance	6,738			6,738			6,738
Meetings and events	41,370			41,370		7,826	49,196
TOTAL EXPENSES BY FUNCTION	695,606	359,604	234,758	1,289,968	115,228	94,507	1,499,703
Less: Expenses included with revenues on the statements of activities:							
Cost of direct donor benefits						(7,826)	(7,826)
TOTAL EXPENSES ON THE STATEMENTS OF ACTIVITIES	$ 695,606	$ 359,604	$ 234,758	$ 1,289,968	$ 115,228	$ 86,681	$ 1,491,877

See accompanying notes.

MENTAL HEALTH AMERICA OF NORTHEAST INDIANA, INC.

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2018

	Community Services	Guardianship Services	Cedar's Hope	Total Program	Management and General	Fundraising	Total
Salaries	$ 327,353	$ 215,268	$ 156,597	$ 699,218	$ 15,227	$ 18,880	$ 733,325
Payroll taxes	23,812	15,383	11,558	50,753	1,045	1,363	53,161
Employee benefits	14,554	19,342	6,162	40,058	1,049	1,690	42,797
Total Salaries and Related Expenses	365,719	249,993	174,317	790,029	17,321	21,933	829,283
Contract labor	128,944	8,500		137,444			137,444
Professional fees	600	66,080		66,680	49,032		115,712
Rent	19,081	10,770	1,584	31,435	1,584	1,584	34,603
Travel	24,581	10,097	2,283	36,961	473		37,434
Telephone	1,814	3,655	5,369	10,838	213	173	11,224
Office expenses	4,015	1,668	1,683	7,366	1,168	577	9,111
Education and training	3,209	2,170	1,718	7,097	135	180	7,412
Food	3,525	132	13,266	16,923	562	56	17,541
Insurance	490	335	7,923	8,748	1,289	29	10,066
Interest					1,474		1,474
Maintenance	265		15,412	15,677			15,677
Marketing	396	275		671		584	1,255
Information technology	8,155	3,739	1,927	13,821	687	345	14,853
Dues and subscriptions	50	350	643	1,043	1,695	145	2,883
Postage	1,525	821	165	2,511	118	1,093	3,722
Printing	2,520	1,382	1,296	5,198	195	1,328	6,721
Miscellaneous	1,646			1,646	928	213	2,787
Supplies	24,780	626	4,886	30,292	54	916	31,262
Utilities	6,405	4,137	16,863	27,405	598	608	28,611
Depreciation			22,632	22,632	3,722		26,354
Bad debt					6,925		6,925
Client assistance	125,275		774	126,049			126,049
Meetings and events	53,042	133	312	53,487	315	7,780	61,582
TOTAL EXPENSES BY FUNCTION	776,037	364,863	273,053	1,413,953	88,488	37,544	1,539,985
Less: Expenses included with revenues on the statements of activities:							
Cost of direct donor benefits						(7,760)	(7,760)
TOTAL EXPENSES ON THE STATEMENTS OF ACTIVITIES	$ 776,037	$ 364,863	$ 273,053	$ 1,413,953	$ 88,488	$ 29,784	$ 1,532,225

See accompanying notes.

MENTAL HEALTH AMERICA OF NORTHEAST INDIANA, INC.

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2019 and 2018

	2019	2018
OPERATING ACTIVITIES		
Increase (decrease) in net assets	$ 60,865	$ (9,120)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	23,141	26,354
Change in value of beneficial interest in assets held by others	(9,193)	8,121
Bad debt expense	14,999	6,925
(Increase) decrease in current assets:		
Accounts receivable - fees	(22,532)	(23,071)
Promises to give, grants and contracts receivable	101,535	(52,791)
Hospital contracts receivable		7,500
Prepaid expenses	148	3,116
Increase (decrease) in current liabilities:		
Accounts payable	8,618	11,628
Accrued payroll and withholdings	7,096	8,901
Deferred revenue	(2,070)	2,070
Net Cash Provided (Used) by Operating Activities	182,607	(10,367)
INVESTING ACTIVITIES		
Purchases of property and equipment	(25,102)	(13,248)
Net Cash Used by Investing Activities	(25,102)	(13,248)
NET INCREASE (DECREASE) IN CASH	157,505	(23,615)
CASH		
Beginning of Year	44,470	68,085
End of Year	$ 201,975	$ 44,470

See accompanying notes.

MENTAL HEALTH AMERICA OF NORTHEAST INDIANA, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General: Mental Health America of Northeast Indiana, Inc. (the Organization) is an Indiana not-for-profit corporation dedicated to providing essential information, resources, advocacy and education to help individuals and families better gain access to the prevention, treatment and recovery programs they need to be successful.

The Organization's major programs are:

- ***Community Services*** provide community advocacy and peer support through trained community advocates that provide no-cost consultations for individuals and families facing a mental health or substance use challenge.

- ***Guardianship Services*** provide legal guardians to undertake the responsibility of making major life decisions and advocate on behalf of their wards to enhance the quality of life for adults with intellectual/developmental disabilities, dementias, mental illness, and other aging disorders.

- ***Cedar's Hope*** provides a permanent, supportive housing program for women with moderate to severe mental illness who are homeless or at-risk of homelessness.

The Organization's primary sources of revenue are private grants and contributions, government grants and contracts, in-kind contributions, fee for services, hospital contracts and special events.

New Accounting Pronouncement: On January 1, 2019, the Organization adopted the Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* and the related amendments with the same effective date (together, ASC 606), as prescribed by the Financial Accounting Standards Board (FASB) using the modified retrospective method of adoption. The core principle of ASC 606 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The adoption of ASC 606 did not have a significant impact on the Organization's revenue recognition, financial position, results of operations, or cash flows. Therefore, no cumulative-effect adjustment to net assets as of January 1, 2019 was required upon adoption.

Also, as of January 1, 2019, the Organization adopted ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU was prescribed by the FASB and clarifies and improves accounting guidance for contributions received and contributions made by providing guidance on whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Accounting Standards Codification Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and whether a contribution is conditional. ASU No. 2018-08 has been applied using a modified prospective basis in the 2019 financial statements by which the ASU was applied for agreements that were either not completed as of December 31, 2018 or entered into after December 31, 2018. Therefore, no prior period results were restated and there was no cumulative-effect adjustment to net assets as of January 1, 2019.

Basis of Presentation: The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

- ***Net Assets Without Donor Restrictions*** are not subject to donor-imposed restrictions and may be used at the discretion of the Organization's management and Board of Directors. This net asset category includes funds functioning as an endowment through designation by the Board of Directors.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- ***Net Assets With Donor Restrictions*** are subject to stipulations imposed by donors. All of the Organization's donor restrictions are temporary in nature and those restrictions will be met by actions of the Organization or by the passage of time.

  Donor-restricted contributions that were initially classified as conditional contributions are reported as increases in net assets without donor restrictions when the conditions are met, if the restrictions expire in the same year in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, and when a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities. Restrictions expire when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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, the disclosure of contingent assets and liabilities, and reported amounts of revenue and expenses. Actual results could differ from those estimates.

Cash consists of cash on hand or in demand deposit accounts. The Organization maintains its cash in bank deposit accounts which, at times, may exceed the federally insured limits. The Organization has not experienced any losses from its bank accounts.

Accounts Receivable - Fees represent accounts due for program services provided. Amounts are billed monthly for guardianship services and semi-annually for hospital contract services and due within thirty days of invoice date. Accounts receivable are reviewed regularly for collectability and an allowance for doubtful accounts is recorded, if necessary, based on management's judgement and analysis of the creditworthiness of the creditors, historical experience, economic conditions, and other relevant factors. Accounts receivable are written off against the allowance for doubtful accounts when deemed uncollectible. At December 31, 2019 and 2018, the allowance for doubtful accounts was $3,565 and $6,925, respectively.

Promises to Give and Grants and Contracts Receivable: Unconditional promises to give and grants and contracts receivable are expected to be collected within one year and are recorded at net realizable value. Conditional promises to give and grants are recognized when the conditions on which they depend are substantially met.

Promises to give and grants and contracts receivable are reviewed for collectability and a provision for doubtful accounts is recorded based on management's judgment and analysis of the creditworthiness of the donors and grantors, historical experience, economic conditions, and other relevant factors. Management determined that no allowance was necessary at December 31, 2019 and 2018.

Property and Equipment: Expenditures for property and equipment are stated at cost for purchased assets, or at fair value at the date of donation for donated assets, less accumulated depreciation. Expenditures for normal repairs and maintenance are charged to expense as incurred. Depreciation of property and equipment is provided on a straight-line basis over the estimated useful lives as follows:

Buildings and improvements	10-40 years
Equipment	5-10 years

The Organization's property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by comparison of the carrying amount to future net undiscounted cash flows expected to be generated by the related asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount exceeds the fair market value of the assets. No adjustments to the carrying amount of property and equipment were required in 2019 or 2018.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Beneficial Interest in Assets Held by Community Foundation: The Organization established an endowment fund that is perpetual in nature with the Community Foundation of Greater Fort Wayne (Community Foundation) by transferring assets without donor restrictions to the Community Foundation and naming itself as the beneficiary of the fund. The Organization granted variance power to the Community Foundation, which allows the Community Foundation to modify the terms of the fund if continued adherence to any condition or restriction is in the judgment of the Community Foundation's Board of Directors unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community served by the Community Foundation. The fund is held and invested by the Community Foundation for the benefit of the Organization, and the Organization may draw up to a certain percentage of the value each year, as specified in the Community Foundation's spending policy, but may only obtain a return of the full value of the assets upon consent of the Community Foundation. Distributions from the fund held at the Community Foundation to the Organization are recorded as investment return in the statements of activities. The fund is reported at fair value in the statements of financial position, with changes in fair value recognized in the statements of activities. See Note 3 for fair value measurements.

The Organization has been named a beneficiary of a fund held by the Community Foundation which was established by a donor directly with the Community Foundation. This fund is not included in the Organization's statements of financial position because it was not established by the Organization and the Community Foundation has variance power over the funds. At December 31, 2019 and 2018, the fair value of the fund was $33,071 and $28,830, respectively.

Contributions and Grants are recognized as revenue when they are received or unconditionally promised. Grants and contracts are classified as contributions in instances in which a resource provider is not itself receiving commensurate value for the resources provided. Contributions are considered conditional when the agreement with the resource provider includes a barrier that must be overcome and either a right of return of assets transferred or right of release of a promisor's obligation to transfer assets. Conditional contributions are not recognized as revenue until the conditions are substantially met. Cash received prior to when conditions are substantially met are recognized as refundable advances.

The Organization receives a significant amount of financial assistance from government grants and contracts. Grants and contracts normally provide for the recovery of direct and indirect costs. Entitlement to the recovery of the direct and related indirect costs is conditional upon compliance with the terms and conditions of the grant agreements and with applicable regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance reviews and audits by the grantors. Management believes an adverse material outcome from those reviews and audits is unlikely. At December 31, 2019, the Organization had outstanding promises to give of $393,231, which are conditional upon the Organization incurring direct costs in accordance with the respective grant agreements and applicable regulations.

In-kind Contributions: Contributions of services, which consists primarily of professional fees, are recorded at estimated fair value when received if such services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. Contributions of food, equipment, and other goods are recorded at estimated fair value when received.

Fee for Service Revenue relates to contracts with individuals and is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services as follows:

- *Room and Board* includes housing, meals, and supportive services. Revenue related to housing is recognized each day access to a room is provided. Revenue related to meals and supportive services are recognized at the point in time when the meal or service is provided to the individual. Any amounts for payments received in advance for above services are included in deferred revenue until services are provided.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- *Education* revenue relates to classes on various mental health topics and trainings to assist individuals with mental health issues. Revenue is recognized at the point in time when classes and trainings occur. Any amounts for payments received in advance for above services are included in deferred revenue until services are provided.

- *Guardianship* revenue relates to services to individuals to assist with legal, financial or other life decisions as necessary. The Organization uses a practical expedient for the recognition of guardianship revenue which allows the Organization to recognize revenue in the amount it has a right to invoice when that amount is equal to the value provided the individual for the Organization's performance completed to date. Any amounts for payments received in advance for above services are included in deferred revenue until services are provided.

Hospital Contracts includes income received from contracts with hospitals and is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing training to hospital staff and medical and legal advocacy services to hospital patients. Revenue is recognized as performance obligations are satisfied at a point in time when services are provided. Costs are accumulated and submitted for reimbursement from the hospital twice each year in July and December.

Special Event Revenue, including related sponsorship revenue and other contributions, is recognized upon occurrence of the event. Revenue and support received for events occurring subsequent to the statement of financial position date is reflected as deferred revenue.

Functional Allocation of Expenses: The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Directly identifiable expenses are charged to the specific programs and supporting services benefited. Expenses related to more than one function are allocated among programs and supporting services based on occupied space (including rent, telephone, insurance, utilities and depreciation) or time spent by Organization staff (including salaries, payroll taxes, and employee benefits). Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Advertising Costs are expensed as incurred and totaled $3,305 in 2019 and $1,255 in 2018.

Income Taxes: The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income tax for the years ended December 31, 2019 and 2018.

The Organization files U.S. federal and Indiana information returns. The Organization is no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2016. Management believes that the Organization's income tax filing positions will be sustained on audit and does not anticipate any adjustments that will result in a material change.

Reclassifications: Certain amounts in the 2018 financial statements have been reclassified to conform to the presentation of the 2019 financial statements.

Subsequent Events: Management has evaluated the financial statements for subsequent events occurring through July 1, 2020, the date the financial statements were available to be issued. See Note 11.

NOTE 2 - AVAILABLE RESOURCES AND LIQUIDITY

The following reflects the Organization's financial assets and liquidity resources available for general expenditure within one year of December 31, 2019 and 2018:

	2019	2018
Cash	$201,975	$ 44,470
Accounts receivable	46,734	39,201
Grants and contracts receivable	92,844	194,379
Beneficial interest in assets held by Community Foundation	76,158	66,965
Total financial assets	417,711	345,015
Board-designations:		
Board-designated endowment	(76,158)	(66,965)
Total Financial Assets Available Within One Year	341,553	278,050
Line of credit availability	50,000	50,000
Total Financial Assets and Liability Resources Available to Meet General Expenditures Within One Year	$391,553	$328,050

The Organization receives significant contributions by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include administrative, general expenses and fundraising expenses expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the Organization's fiscal year.

The Organization's Board of Directors has designated a portion of its unrestricted resources for an endowment held by the Community Foundation. These funds are not available for withdrawal except for the amount made available in accordance with the annual spending rate established by the Community Foundation, which is currently 4.50% of the fund. See Note 5.

The Organization has a line of credit available, which is used to borrow funds to cover cash shortfalls when the Organization experiences delays in the receipt of reimbursements from funding sources throughout the year. Upon receipt of reimbursements, the Organization immediately pays off any outstanding balance on the line of credit. See Note 6 for information about this arrangement.

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments through an annual budget approved by the Board of Directors and monthly finance committee meetings where actual results are compared to the approved budget.

NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Organization has categorized its assets and liabilities that are measured at fair value into a three-level fair value hierarchy. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology may include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and/or inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. In situations where there is little or no market activity for the asset or liability, the Organization makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

Following is a description of the valuation methodology used by the Organization for assets that are measured at fair value on a recurring basis. There have been no changes in the methodology used at December 31, 2019 and 2018.

Beneficial Interest in Assets Held by Community Foundation: Valued based on the Organization's proportionate share of the fair value of the underlying investments in the Community Foundation's pooled investment portfolio as reported by the Community Foundation, without adjustment.

The preceding method may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization's management believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain assets could result in a different fair value measurement at the reporting date.

Following is a summary, by major nature and risks class within each level of the fair value hierarchy, of the Organization's assets that are measured at fair value on a recurring basis as of December 31, 2019 and 2018:

2019	**Level 3**	**Total**
Assets		
Beneficial interest in assets held by Community Foundation	$76,158	$76,158

2018	**Level 3**	**Total**
Assets		
Beneficial interest in assets held by Community Foundation	$66,965	$66,965

At December 31, 2019 and 2018, the Organization had no other assets and no liabilities that are measured at fair value on a recurring basis.

Activity during 2019 and 2018 related to assets measured at fair value on a recurring basis using Level 3 valuation methodologies is included in Note 7.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31, 2019 and 2018:

	2019	2018
Land	$ 20,000	$ 20,000
Buildings and improvements	308,464	275,774
Equipment	52,645	49,485
Construction in progress	2,500	13,248
	381,109	345,259
Less: Accumulated depreciation	(145,384)	(122,243)
Total Property and Equipment, net	$ 238,225	$ 236,264

NOTE 5 - ENDOWMENT

The endowment consists of net assets without donor restrictions that have been designated by the Board of Directors. The Organization's endowment is held at the Community Foundation for the benefit of the Organization.

Investment and Spending Policies

The Organization's objective for the endowment fund is to provide a predictable stream of funding to programs supported by its endowment while maintaining the purchasing power of the endowment assets. The endowment has been invested in the Community Foundation; and therefore, asset management is governed by the investment policies and appropriations are limited to the spending policies of the Community Foundation.

The Organization has a policy consistent with the Community Foundation's policy, which is designated to take into account total return concepts of investing and spending, with the goal of preserving the real spending power of the endowments over time while balancing the need for consistent spending to support the charitable and similar exempt purposes of such endowments. The Community Foundation's annual spending rate is currently 4.50% of the fund. The Organization may elect to withdraw up to this amount from the fund. Distributions from the endowment were $3,223 in 2019 and $3,193 in 2018, which are reported as investment return.

The endowment activity, for 2019 and 2018, which is all included in net assets without donor restrictions, is summarized as follows:

	2019	2018
Endowment at Beginning of Year	$66,965	$75,086
Change in value of beneficial interest in assets held by Community Foundation	9,193	(8,121)
Endowment at End of Year	$76,158	$66,965

NOTE 6 - LINE OF CREDIT

The Organization has an agreement with Old National Bank for a revolving line of credit in the amount of $50,000 which matures on July 7, 2020. The line of credit bears interest at the prime rate as published by *The Wall Street Journal* (4.75% as of December 31, 2019), and is secured by substantially all assets of the Organization. There were no borrowings outstanding at December 31, 2019 and 2018.

NOTE 7 - NET ASSETS

Net Assets Without Donor Restrictions

Net assets without donor restrictions consisted of the following as of December 31, 2019 and 2018:

	2019	2018
Board-designated endowment fund	$ 76,158	$ 66,965
Invested in property and equipment	238,225	236,264
Undesignated	200,773	199,251
Total Net Assets Without Donor Restrictions	$515,156	$502,480

Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following as of December 31, 2019 and 2018:

	2019	2018
Subject to Expenditures for Specified Purpose:		
Cedar's Hope	$40,000	$15,000
Community services – Kids on the Block	5,221	17,100
Community services – Parent Café	10,000	
Community services – Stop Suicide	5,068	
Guardianship services – VASIA	20,000	
Total Net Assets With Donor Restrictions	$80,289	$32,100

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by donors as follows for the years ended December 31, 2019 and 2018:

	2019	2018
Satisfaction of Purpose Restrictions:		
Cedar's Hope	$ 68,377	$ 66,360
Community services – Education	16,100	
Community services - Kids on the Block	11,879	30,909
Community services – Stop Suicide	1,932	
Guardianship services - VASIA	40,000	133,331
Peer Support	36,500	
Total Net Assets Released from Restrictions	$174,788	$230,600

NOTE 8 - RETIREMENT PLAN

The Organization sponsors an individual retirement account (IRA) plan available for all of its qualified employees. All plan participants are permitted to make salary reduction contributions to the plan. The Organization may make a discretionary contribution to the IRA plan, determined annually based on eligible earnings of participants. The Organization made no contributions to the IRA plan in 2019 and 2018.

NOTE 9 - OPERATING LEASES

The Organization currently leases its facility with an operating lease agreement that expires on May 30, 2022. The Organization has the option to extend the lease for an additional five-year period beyond the original agreement. Total rental expense was $37,812 in 2019 and $34,603 in 2018.

At December 31, 2019, the future minimum rental payments required by all long-term operating leases were as follows:

Payable In	Rental Payments
2020	$40,160
2021	40,160
2022	16,733
	$97,053

NOTE 10 - CONCENTRATIONS

The Organization receives a substantial amount of support from government grants and contracts. A substantial reduction in support from these sources may have a significant impact on the Organization's programs and operations. Revenue from government grants and contracts was 49% and 63% of total revenue and support in 2019 and 2018, respectively.

NOTE 11 - UNCERTAINTY RELATED TO CORONAVIRUS

On January 30, 2020, the World Health Organization declared a global health emergency over the novel coronavirus known as COVID-19. The ultimate impact of the outbreak to the Organization's financial results and operations cannot be determined at this time; however, management closed their offices as ordered by the Governor of the State of Indiana from March 24, 2020 through May 4, 2020. The offices remain closed currently and most of the management team of the Organization has been able to work remotely, as needed and is pursuing options to provide services and replace revenue lost while the office is closed.

On April 29, 2020, the Organization received a loan of $192,300 under the Paycheck Protection Program of the CARES Act. The loan bears interest at 1.0% and matures in April 2022. The loan will be fully or partially forgiven if the Organization meets certain conditions, including use of the funds for qualifying purposes.