



FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

December 31, 2020 and 2019

MENTAL HEALTH AMERICA OF NORTHEAST INDIANA, INC.

CONTENTS

	Page
Independent Auditors' Report	1-2
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5-6
Statements of Cash Flows	7
Notes to Financial Statements	8-16

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, 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 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.

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, 2020 and 2019, 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.

Katz, Sapper & Miller, LLP

Fort Wayne, Indiana
July 21, 2021

MENTAL HEALTH AMERICA OF NORTHEAST INDIANA, INC.

STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

ASSETS

	2020	2019
CURRENT ASSETS		
Cash	\$ 296,112	\$ 201,975
Accounts receivable - fees, net	42,202	46,734
Promises to give and grants and contracts receivable	213,563	92,844
Prepaid expenses	8,690	9,635
Total Current Assets	<u>560,567</u>	<u>351,188</u>
PROPERTY AND EQUIPMENT, net	506,201	238,225
BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION	<u>79,713</u>	<u>76,158</u>
TOTAL ASSETS	<u><u>\$ 1,146,481</u></u>	<u><u>\$ 665,571</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 29,414	\$ 33,529
Accrued payroll and withholdings	56,835	36,597
Current maturities of long-term debt	6,925	
Total Current Liabilities	<u>93,174</u>	<u>70,126</u>
LONG-TERM DEBT, less current maturities	<u>197,931</u>	
NET ASSETS		
Without donor restrictions	752,021	515,156
With donor restrictions	103,355	80,289
Total Net Assets	<u>855,376</u>	<u>595,445</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,146,481</u></u>	<u><u>\$ 665,571</u></u>

See accompanying notes.

MENTAL HEALTH AMERICA OF NORTHEAST INDIANA, INC.

STATEMENTS OF ACTIVITIES
Years Ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Private grants and contributions	\$ 107,807	\$ 643,556	\$ 751,363	\$ 234,438	\$ 222,977	\$ 457,415
PPP grant	192,300		192,300			
Government grants and contracts	716,968		716,968	791,820		791,820
Fee for service - room and board	26,037		26,037	41,280		41,280
Fee for service - education	78,402		78,402	82,703		82,703
Fee for service - guardianship	47,530		47,530	39,165		39,165
Hospital contracts				45,000		45,000
Special events, net of direct donor benefits	6,099		6,099	11,836		11,836
In-kind contributions	41,120		41,120	68,140		68,140
Other income	100		100	2,933		2,933
Investment return	3,299		3,299	3,257		3,257
Change in value of beneficial interest in assets held by the Community Foundation	3,555		3,555	9,193		9,193
Gain on sale of property and equipment	137,414		137,414			
Net assets released from restriction	620,490	(620,490)		174,788	(174,788)	
Total Revenue and Support	1,981,121	23,066	2,004,187	1,504,553	48,189	1,552,742
EXPENSES						
Program Services:						
Community services	958,563		958,563	695,606		695,606
Guardianship services	333,247		333,247	359,604		359,604
Cedar's Hope	237,341		237,341	234,758		234,758
Supporting Services:						
Management and general	123,991		123,991	115,228		115,228
Fundraising	91,114		91,114	86,681		86,681
Total Expenses	1,744,256		1,744,256	1,491,877		1,491,877
INCREASE IN NET ASSETS	236,865	23,066	259,931	12,676	48,189	60,865
NET ASSETS						
Beginning of Year	515,156	80,289	595,445	502,480	32,100	534,580
End of Year	\$ 752,021	\$ 103,355	\$ 855,376	\$ 515,156	\$ 80,289	\$ 595,445

See accompanying notes.

MENTAL HEALTH AMERICA OF NORTHEAST INDIANA, INC.

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2020

	Community Services	Guardianship Services	Cedar's Hope	Total Program	Management and General	Fundraising	Total
Salaries	\$ 637,391	\$ 229,086	\$ 129,884	\$ 996,361	\$ 25,905	\$ 58,715	\$ 1,080,981
Payroll taxes	45,492	16,105	9,624	71,221	1,895	3,430	76,546
Employee benefits	44,048	29,091	3,571	76,710	2,980	8,755	88,445
Total Salaries and Related Expenses	<u>726,931</u>	<u>274,282</u>	<u>143,079</u>	<u>1,144,292</u>	<u>30,780</u>	<u>70,900</u>	<u>1,245,972</u>
Contract labor	87,548	9,775	197	97,520	39	466	98,025
Professional fees	21,542	7,503	5,205	34,250	70,053		104,303
Rent	27,613	10,682	8,767	47,062	1,613	2,481	51,156
Travel	5,533	1,360	776	7,669	300	73	8,042
Telephone	4,429	3,729	6,409	14,567	152	357	15,076
Office expenses	23,190	9,817	5,491	38,498	2,095	4,030	44,623
Education and training	6,472	283	343	7,098	177	846	8,121
Food			5,552	5,552			5,552
Insurance	2,252	850	7,133	10,235	4,327	220	14,782
Interest	4,326	1,622	1,159	7,107	242	386	7,735
Maintenance	9,038	3,461	7,631	20,130	1,772	810	22,712
Marketing	100			100		2,304	2,404
Information technology	12,303	3,854	2,734	18,891	546	1,576	21,013
Dues and subscriptions	3,777	1,028	602	5,407	1,636	1,331	8,374
Postage	1,322	648	482	2,452	296	1,393	4,141
Printing	3,179	762	1,105	5,046	120	2,740	7,906
Miscellaneous	1,335	333	331	1,999	2,569	446	5,014
Supplies	9,283		4,500	13,783			13,783
Utilities	8,390	3,258	20,806	32,454	469	755	33,678
Depreciation			15,039	15,039	9,513		24,552
Bad debt expense (recoveries)					(2,708)		(2,708)
Meetings and events						485	485
TOTAL EXPENSES BY FUNCTION	<u>958,563</u>	<u>333,247</u>	<u>237,341</u>	<u>1,529,151</u>	<u>123,991</u>	<u>91,599</u>	<u>1,744,741</u>
Less: Expenses included with revenues on the statements of activities:							
Cost of direct donor benefits						(485)	(485)
TOTAL EXPENSES ON THE STATEMENTS OF ACTIVITIES	<u>\$ 958,563</u>	<u>\$ 333,247</u>	<u>\$ 237,341</u>	<u>\$ 1,529,151</u>	<u>\$ 123,991</u>	<u>\$ 91,114</u>	<u>\$ 1,744,256</u>

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	<u>452,665</u>	<u>255,970</u>	<u>138,063</u>	<u>846,698</u>	<u>27,858</u>	<u>69,545</u>	<u>944,101</u>
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	<u>695,606</u>	<u>359,604</u>	<u>234,758</u>	<u>1,289,968</u>	<u>115,228</u>	<u>94,507</u>	<u>1,499,703</u>
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	<u>\$ 695,606</u>	<u>\$ 359,604</u>	<u>\$ 234,758</u>	<u>\$ 1,289,968</u>	<u>\$ 115,228</u>	<u>\$ 86,681</u>	<u>\$ 1,491,877</u>

See accompanying notes.

MENTAL HEALTH AMERICA OF NORTHEAST INDIANA, INC.

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2020 and 2019

	2020	2019
OPERATING ACTIVITIES		
Increase in net assets	\$ 259,931	\$ 60,865
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	24,552	23,141
Change in value of beneficial interest in assets held by the Community Foundation	(3,555)	(9,193)
Gain on sale of property and equipment	(137,414)	
Bad debt expense (recoveries)	(2,708)	14,999
(Increase) decrease in current assets:		
Accounts receivable - fees	7,240	(22,532)
Promises to give and grants and contracts receivable	(120,719)	101,535
Prepaid expenses	945	148
Increase (decrease) in current liabilities:		
Accounts payable	(4,115)	8,618
Accrued payroll and withholdings	20,238	7,096
Deferred revenue		(2,070)
Net Cash Provided by Operating Activities	<u>44,395</u>	<u>182,607</u>
INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	200,000	
Purchases of property and equipment	(144,714)	(25,102)
Net Cash Provided (Used) by Investing Activities	<u>55,286</u>	<u>(25,102)</u>
FINANCING ACTIVITIES		
Principal payments on long-term debt	<u>(5,544)</u>	
Net Cash Used by Financing Activities	<u>(5,544)</u>	
NET INCREASE IN CASH	94,137	157,505
CASH		
Beginning of Year	<u>201,975</u>	<u>44,470</u>
End of Year	<u>\$ 296,112</u>	<u>\$ 201,975</u>
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	\$ 7,735	\$ 1,087
Noncash investing and financing transactions:		
Purchase of property and equipment with long-term debt	210,400	

See accompanying notes.

MENTAL HEALTH AMERICA OF NORTHEAST INDIANA, INC.

NOTES TO FINANCIAL STATEMENTS December 31, 2020 and 2019

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, 2020, the Organization retrospectively adopted Accounting Standards Update (ASU) No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement* (ASU No. 2018-13) as prescribed by the Financial Accounting Standards Board. As a result of the adoption of ASU No. 2018-13, the Organization removed and modified certain disclosure requirements related to Level 3 fair value measurements. The adoption of ASU No. 2018-13 did not have an impact on the Organization's financial position or change in net assets.

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.
- **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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2020 and 2019, the allowance for doubtful accounts was \$0 and \$3,565, respectively. Accounts receivable – fees, net at January 1, 2019 were \$39,201.

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, 2020 and 2019.

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 2020 or 2019.

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, 2020 and 2019, the fair value of the fund was \$35,040 and \$33,071, 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, 2020, the Organization had outstanding promises to give of \$257,349, 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 \$2,404 in 2020 and \$3,305 in 2019.

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, 2020 and 2019.

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 2017. 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.

Subsequent Events: Management has evaluated the financial statements for subsequent events occurring through July 21, 2021, the date the financial statements were available to be issued. See Notes 10 and 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, 2020 and 2019:

	2020	2019
Cash	\$296,112	\$ 201,975
Accounts receivable	42,202	46,734
Promises to give and grants and contracts receivable	213,563	92,844
Beneficial interest in assets held by Community Foundation	<u>79,713</u>	<u>76,158</u>
Total financial assets	631,590	417,711
Board-designations:		
Board-designated endowment	<u>(79,713)</u>	<u>(76,158)</u>
Total Financial Assets Available Within One Year	551,877	341,553
Line of credit availability	<u>50,000</u>	<u>50,000</u>
Total Financial Assets and Liability Resources Available to Meet General Expenditures Within One Year	<u>\$601,877</u>	<u>\$391,553</u>

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, 2020 and 2019.

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.

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, 2020 and 2019:

	2020	Level 3	Total
Assets			
Beneficial interest in assets held by Community Foundation		<u>\$79,713</u>	<u>\$79,713</u>
	2019	Level 3	Total
Assets			
Beneficial interest in assets held by Community Foundation		<u>\$76,158</u>	<u>\$76,158</u>

Activity during 2020 and 2019 related to assets measured at fair value on a recurring basis using Level 3 valuation methodologies is included in Note 5.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31, 2020 and 2019:

	2020	2019
Land	\$ 46,544	\$ 20,000
Buildings and improvements	465,850	308,464
Equipment	71,186	52,645
Construction in progress	<u>4,000</u>	<u>2,500</u>
	587,580	383,609
Less: Accumulated depreciation	<u>(81,379)</u>	<u>(145,384)</u>
Total Property and Equipment, net	<u>\$ 506,201</u>	<u>\$ 238,225</u>

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 \$3,197 in 2020 and \$3,223 in 2019, which are reported as investment return.

The endowment activity, for 2020 and 2019, which is all included in net assets without donor restrictions, is summarized as follows:

	2020	2019
Endowment at Beginning of Year	\$76,158	\$66,965
Change in value of beneficial interest in assets held by Community Foundation	<u>3,555</u>	<u>9,193</u>
Endowment at End of Year	<u>\$79,713</u>	<u>\$76,158</u>

NOTE 6 - DEBT AND CREDIT ARRANGEMENTS

The Organization had an agreement with Old National Bank for a revolving line of credit in the amount of \$50,000 which matured on July 7, 2021. The Organization is currently negotiating a renewal of the line of credit for \$100,000 and with the similar terms of the previous agreement. The matured line of credit bore interest at the prime rate as published by *The Wall Street Journal* (3.25% as of December 31, 2020), and was secured by substantially all assets of the Organization. There were no borrowings outstanding at December 31, 2020 and 2019.

The Organization entered into a mortgage note payable in February 2020. The note payable is paid in monthly installments of \$1,326, including interest computed at 4.4% through maturity February 2027, and is secured by substantially all assets of the Organization. At December 31, 2020, the outstanding balance was \$204,856.

At December 31, 2020, the aggregate maturities of the mortgage note payable in each of the next five years were as follows:

Payable In Fiscal Year	Principal
2021	\$6,925
2022	7,240
2023	7,570
2024	7,891
2025	8,274

NOTE 7 - NET ASSETS

Net Assets Without Donor Restrictions

Net assets without donor restrictions consisted of the following as of December 31, 2020 and 2019:

	2020	2019
Board-designated endowment fund	\$ 79,713	\$ 76,158
Invested in property and equipment	506,201	238,225
Undesignated	<u>166,107</u>	<u>200,773</u>
Total Net Assets Without Donor Restrictions	<u>\$752,021</u>	<u>\$515,156</u>

Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following as of December 31, 2020 and 2019:

	2020	2019
Subject to Expenditures for Specified Purpose:		
Board development	\$ 6,000	
Education	41,632	
Cedar's Hope		\$40,000
Community services – Kids on the Block	5,221	5,221
Community services – Parent Café	13,270	10,000
Community services – Stop Suicide	5,068	5,068
Guardianship services – VASIA	<u>32,164</u>	<u>20,000</u>
Total Net Assets With Donor Restrictions	<u>\$103,355</u>	<u>\$80,289</u>

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, 2020 and 2019:

	2020	2019
Satisfaction of Purpose Restrictions:		
Board development	\$ 4,000	
Cedar's Hope	111,500	\$ 68,377
Community services – Education	400,424	16,100
Community services – Parent Cafe	16,730	
Community services – Kids on the Block		11,879
Community services – Stop Suicide		1,932
Guardianship services – VASIA	47,836	40,000
Peer support	<u>40,000</u>	<u>36,500</u>
Total Net Assets Released from Restrictions	<u>\$620,490</u>	<u>\$174,788</u>

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 2020 and 2019.

NOTE 9 - 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 45% and 51% of total revenue and support in 2020 and 2019, respectively. Revenue from one other funding source was 19% of total revenue and support in 2020.

NOTE 10 - GOVERNMENT ASSISTANCE

On April 29, 2020, the Organization was granted a Paycheck Protection Program Loan (PPP loan) of \$192,300. PPP loans, including accrued interest, are forgivable as long as the entity uses the proceeds for eligible purposes, including payroll, benefits, rent and utilities. Under the PPP, the amount of forgiveness is reduced if the entity terminates employees or reduces salaries during the covered period. The Organization believes it used the proceeds for purposes consistent with the PPP and has received forgiveness from the bank. The Organization substantially met the conditions of the PPP, including incurring qualified expenses. Therefore, the Organization recognized PPP grant of \$192,300 in 2020 related to government assistance provided by the PPP. The Organization has received forgiveness from the bank and the SBA in 2021.

NOTE 11 - SUBSEQUENT EVENT

During April 2021, the Organization received notification that a program being funded by a foundation would no longer be supported by the foundation, and the unspent grant funds provided to the Organization in 2020 of \$43,598 would need to be repaid in 2021. The financial effect of this will be a decrease in net assets with donor restrictions and an increase in current liabilities in April 2021.