

**MENTAL HEALTH AMERICA OF
NORTHEAST INDIANA, INC.
FORT WAYNE, INDIANA**

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022**



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Independent Auditor's Report

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

Opinion

We have audited the accompanying financial statements of Mental Health America of Northeast Indiana, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mental Health America of Northeast Indiana, Inc. as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Mental Health America of Northeast Indiana, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Mental Health America of Northeast Indiana, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Mental Health America of Northeast Indiana, Inc.
Independent Auditor's Report, continued**

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Mental Health America of Northeast Indiana, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Mental Health America of Northeast Indiana, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Fort Wayne, Indiana
June 25, 2024

Mental Health America of Northeast Indiana, Inc.
Statements of Financial Position
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current assets:		
Cash	\$ 156,300	\$ 226,174
Accounts receivable, net of allowance for credit losses of \$12,000 (2023)	23,640	34,013
Grants receivable	69,891	126,697
Prepaid expenses	<u>18,313</u>	<u>5,653</u>
Total current assets	268,144	392,537
Property and equipment, net	4,568	-
Beneficial interest in assets held by The Community Foundation of Greater Fort Wayne	94,307	83,045
Right-of-use assets, operating leases	<u>42,305</u>	<u>53,140</u>
Total assets	<u>\$ 409,324</u>	<u>\$ 528,722</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 4,371	\$ 5,645
Current maturities of operating lease liabilities	17,666	14,236
Accrued expenses	<u>38,404</u>	<u>39,681</u>
Total current liabilities	60,441	59,562
Operating lease liabilities, net of current maturities	<u>22,638</u>	<u>36,345</u>
Total liabilities	<u>83,079</u>	<u>95,907</u>
Net assets:		
Without donor restrictions	298,995	374,315
With donor restrictions	<u>27,250</u>	<u>58,500</u>
Total net assets	<u>326,245</u>	<u>432,815</u>
Total liabilities and net assets	<u>\$ 409,324</u>	<u>\$ 528,722</u>

See accompanying notes

Mental Health America of Northeast Indiana, Inc.
Statement of Activities
For the year ended December 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains and other support:			
Grants and contributions	135,352	27,250	162,602
Contributed nonfinancial assets	28,800	-	28,800
Government grants	442,117	-	442,117
Fee for service revenue	115,672	-	115,672
Change in value of beneficial interest in assets held by the Community Foundation of Greater Fort Wayne	11,262	-	11,262
Other revenue	446	-	446
Net assets released from restrictions	<u>58,500</u>	<u>(58,500)</u>	<u>-</u>
 Total revenues, gains and other support	 <u>792,149</u>	 <u>(31,250)</u>	 <u>760,899</u>
 Expenses:			
Program services:			
Community services	285,634	-	285,634
Guardianship services	<u>379,283</u>	<u>-</u>	<u>379,283</u>
 Total program services expenses	 664,917	 -	 664,917
 Management and general	 133,428	 -	 133,428
Fundraising	<u>69,124</u>	<u>-</u>	<u>69,124</u>
 Total expenses	 <u>867,469</u>	 <u>-</u>	 <u>867,469</u>
 Change in net assets	 (75,320)	 (31,250)	 (106,570)
 Net assets – beginning of year	 <u>374,315</u>	 <u>58,500</u>	 <u>432,815</u>
 Net assets – end of year	 <u>\$ 298,995</u>	 <u>\$ 27,250</u>	 <u>\$ 326,245</u>

See accompanying notes

Mental Health America of Northeast Indiana, Inc.
Statement of Activities
For the year ended December 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains and other support:			
Grants and contributions	153,323	58,500	211,823
Contributed nonfinancial assets	39,500	-	39,500
Government grants	406,913	-	406,913
Fee for service revenue	124,052	-	124,052
Change in value of beneficial interest in assets held by the Community Foundation of Greater Fort Wayne	(10,359)	-	(10,359)
Gain on sale of property and equipment	164,371	-	164,371
Other revenue	650	-	650
Net assets released from restrictions	70,000	(70,000)	-
	<u>948,450</u>	<u>(11,500)</u>	<u>936,950</u>
Total revenues, gains and other support			
Expenses:			
Program services:			
Community services	328,250	-	328,250
Guardianship services	398,151	-	398,151
Cedar's Hope	65,467	-	65,467
	<u>791,868</u>	<u>-</u>	<u>791,868</u>
Total program services expenses			
Management and general	96,908	-	96,908
Fundraising	126,876	-	126,876
	<u>1,015,652</u>	<u>-</u>	<u>1,015,652</u>
Total expenses			
Change in net assets	(67,202)	(11,500)	(78,702)
Net assets – beginning of year	<u>441,517</u>	<u>70,000</u>	<u>511,517</u>
Net assets – end of year	<u>\$ 374,315</u>	<u>\$ 58,500</u>	<u>\$ 432,815</u>

See accompanying notes

Mental Health America of Northeast Indiana, Inc.
Statement of Functional Expenses
For the year ended December 31, 2023

	Program Services			Support Services		Total
	Community Services	Guardianship Services	Total Program	Management and General	Fund-raising	
Salaries and wages	\$ 160,220	\$ 269,288	\$ 429,508	\$ 43,838	\$ 36,582	\$ 509,928
Employee benefits	9,333	24,532	33,865	-	3,511	37,376
Payroll taxes	12,171	19,395	31,566	3,140	2,771	37,477
Total salaries, wages and related expenses	<u>181,724</u>	<u>313,215</u>	<u>494,939</u>	<u>46,978</u>	<u>42,864</u>	<u>584,781</u>
Advertising	551	117	668	-	2,309	2,977
Bad debt	-	12,175	12,175	21	-	12,196
Bank service charges	764	-	764	873	224	1,861
Contract labor	13,611	12,000	25,611	-	4,238	29,849
Depreciation	166	149	315	50	50	415
Dues	2,522	1,048	3,570	2,480	814	6,864
Education and training	1,815	900	2,715	9,180	16	11,911
Food	14,046	-	14,046	820	849	15,715
Insurance	-	-	-	13,266	-	13,266
Office expenses	2,914	1,653	4,567	6,522	2,689	13,778
Professional fees	31,874	19,217	51,091	49,055	7,123	107,269
Rent	19,348	4,662	24,010	2,062	2,287	28,359
Supplies	8,879	325	9,204	-	3,105	12,309
Technology	2,442	1,341	3,783	1,353	1,895	7,031
Telephone and internet	2,231	4,915	7,146	536	551	8,233
Travel	2,747	7,566	10,313	232	110	10,655
	<u>103,910</u>	<u>66,068</u>	<u>169,978</u>	<u>86,450</u>	<u>26,260</u>	<u>282,688</u>
	<u>\$ 285,634</u>	<u>\$ 379,283</u>	<u>\$ 664,917</u>	<u>\$ 133,428</u>	<u>\$ 69,124</u>	<u>\$ 867,469</u>

See accompanying notes

Mental Health America of Northeast Indiana, Inc.
Statement of Functional Expenses
For the year ended December 31, 2022

	Program Services				Support Services		Total
	Community Services	Guardianship Services	Cedar's Hope	Total Program	Management and General	Fund-raising	
Salaries and wages	\$ 210,093	\$ 246,894	\$ 18,187	\$ 475,174	\$ 31,192	\$ 78,950	\$ 585,316
Employee benefits	14,202	46,153	7,790	68,145	1,193	13,225	82,563
Payroll taxes	15,713	17,189	1,537	34,439	3,558	4,553	42,550
Total salaries, wages and related expenses	240,008	310,236	27,514	577,758	35,943	96,728	710,429
Advertising	60	-	-	60	276	534	870
Bad debt	-	-	-	-	3,565	-	3,565
Bank service charges	585	-	-	585	700	360	1,645
Contract labor	20,896	11,000	-	31,896	1,313	2,400	35,609
Depreciation	-	-	10,555	10,555	1,627	-	12,182
Dues	1,627	854	80	2,561	2,984	376	5,921
Education and training	7,775	81	-	7,856	29	184	8,069
Food	113	48	-	161	363	2,780	3,304
Insurance	-	-	-	-	13,790	-	13,790
Interest	-	-	-	-	3,278	-	3,278
Office expenses	3,291	1,712	2,898	7,901	3,819	1,595	13,315
Professional fees	30,508	55,399	2,253	88,160	23,954	4,965	117,079
Rent	6,527	2,797	3,000	12,324	215	12,687	25,226
Repairs and maintenance	2,234	1,955	8,654	12,843	559	279	13,681
Supplies	3,174	31	3,602	6,807	-	1,312	8,119
Technology	4,528	2,148	301	6,977	857	1,744	9,578
Telephone and internet	3,765	5,059	3,304	12,128	509	695	13,332
Travel	1,421	5,354	581	7,356	117	14	7,487
Utilities	1,738	1,477	2,725	5,940	3,010	223	9,173
	88,242	87,915	37,953	214,110	60,965	30,148	305,223
	\$ 328,250	\$ 398,151	\$ 65,467	\$ 791,868	\$ 96,908	\$ 126,876	\$ 1,015,652

See accompanying notes

Mental Health America of Northeast Indiana, Inc.
Statements of Cash Flows
For the years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ (106,570)	\$ (78,702)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	415	12,182
Bad debt	196	3,565
Gain on sale of property and equipment	-	(164,371)
Change in value of beneficial interest in assets held by the Community Foundation of Greater Fort Wayne	(11,262)	10,359
Changes in assets and liabilities:		
Accounts receivable	10,177	9,320
Grants receivable	56,806	(43,702)
Prepaid expenses	(12,660)	9,093
Accounts payable	(1,274)	(5,713)
Accrued expenses	(719)	390
	<u>(64,891)</u>	<u>(247,579)</u>
Cash flows from investing activities:		
Proceeds from sale of property and equipment	-	425,761
Purchases of property and equipment	(4,983)	-
	<u>(4,983)</u>	<u>425,761</u>
Cash flows from financing activities:		
Payments on long-term debt	-	(806)
	<u>-</u>	<u>(806)</u>
Net increase (decrease) in cash	(69,874)	177,376
Cash, beginning of year	<u>226,174</u>	<u>48,798</u>
Cash, end of year	<u>\$ 156,300</u>	<u>\$ 226,174</u>
Supplementary Information:		
Long-term debt paid with proceeds from sale of property and equipment	\$ -	\$ 197,125
Interest paid	-	3,278

See accompanying notes

Mental Health America of Northeast Indiana, Inc.
Notes to Financial Statements

1. Summary of Significant Accounting Policies

Organization and Nature of Activities

Mental Health America of Northeast Indiana, Inc. (the “Organization”) is an Indiana not-for-profit corporation dedicated to promoting the mental and emotional health of the community by offering advocacy, education, support services, and hope within Northeast Indiana.

The Organization’s provides the following program services:

Community Services: Community Services includes the following program services:

Education and Advocacy Services: The Organization provides training to increase public knowledge regarding mental health topics. Training reduces stigma, increases acceptance of those impacted by mental health challenges, and advocates for seeking help through local resources. Participants discover training through word of mouth and other marketing efforts.

Peer Support Services: Peer support specialists with lived experience overcoming various challenges provide wellness classes and support groups for individuals who are working towards their own recovery. The Organization coordinates Community Health Worker and Certified Recovery Specialist state certification courses across Indiana on behalf of the Indiana Division of Mental Health and Addiction, including an annual conference.

Guardianship Services: The Organization provides professional guardians, supported by volunteers, to undertake the responsibility of making major life decisions, advocates for proper medical care, and enhances the quality of life for adults with incapacitating conditions such as intellectual and developmental disabilities, dementia, mental illness, and other aging disorders. Referrals are primarily received from nursing homes and housing providers.

Cedar’s Hope: The Organization provides permanent, supporting housing program for women with moderate to severe mental illness who are homeless or at risk of homelessness. This program was closed during the year ended December 31, 2022.

Basis of Accounting

The Organization prepares its financial statements using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) for not-for-profit entities.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. On an ongoing basis, management evaluates the estimates and assumptions based upon historical experience and various other facts and circumstances. Management believes these estimates and assumptions are reasonable; however, actual results could differ from those estimates.

Mental Health America of Northeast Indiana, Inc.
Notes to Financial Statements

1. Summary of Significant Accounting Policies, continued

Net Assets

The financial statements report net assets and changes in net assets based on the existence or absence of donor or grantor imposed restrictions. A description of the net asset classes are as follows:

Net Assets Without Donor Restrictions – Resources that are without donor-imposed restrictions and available to support operations subject to the nature of the Organization, the environment in which it operates, and the specified purpose in its application for tax-exempt status. The Organization may designate, from net assets without donor restrictions, net assets for specific purposes by action of the Board of Directors.

Net Assets With Donor Restrictions – Resources whose use by the Organization is restricted by the donor for a particular purpose or particular future period. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the release of restriction is reported in the financial statements by reclassifying the net assets.

Cash

Cash includes deposit and savings. The Organization places its cash with high credit quality institutions. At times such balances may be in excess of the Federal Deposit Insurance Corporation limit of \$250,000. As of December 31, 2023 and 2022, the Organization's account balances did not exceed the federally insured limits. The Organization has not experienced any losses on these accounts and management believes the Organization is not exposed to any significant risk on cash accounts.

Accounts Receivable

Accounts receivable are primarily unsecured non-interest-bearing amounts due from program service customers and are stated at net realizable value. Management provides for probable uncollected amounts through a provision for bad debt expense and a credit to a valuation allowance based on its assessment of the current status of individual customer accounts. Outstanding balances after management has used reasonable collection efforts are written off with a corresponding charge to the valuation allowance. For the years ended December 31, 2023 and 2022, bad debt expense was \$12,196 and \$3,565, respectively.

The allowance for credit losses is an amount that management believes will be adequate to absorb possible losses on existing accounts receivable that may become uncollectible based on evaluations of collectability of accounts receivable and prior credit loss experience. Because of uncertainties inherent in the estimation process, management's estimate of credit losses inherent in existing accounts receivable and related allowance may change in the near term. Accounts receivable, net of allowance for credit losses, was \$23,640, \$34,013, and 46,898 as of December 31, 2023, 2022 and 2021, respectively.

Grants Receivable

Grants receivable are unconditional promises to give that are recognized as contributions when the promise is received. Grants receivable that are expected to be collected in less than one year are reported at net realizable value. Grants that are expected to be collected in more than one year are recorded at fair value at the date of the promise and are computed using a present value discount for anticipated cash flows. Amortization of the present value discount is recognized as additional contribution revenue. As of December 31, 2023, grants receivable are collectible within one year.

Mental Health America of Northeast Indiana, Inc.
Notes to Financial Statements

1. Summary of Significant Accounting Policies, continued

Investments and Investment Income

The Organization's investments are reported at fair value. 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. See Note 5 for discussion of fair value measurements.

Purchases and sales are recorded on a trade-date basis. Interest income is recorded when received. Dividends are recorded on the ex-dividend date.

Realized and unrealized investment gains or losses are determined by comparison of specific asset cost to net proceeds received at the time of sale and changes in the difference between market values and cost, respectively.

The Organization's investment portfolio is managed by professional investment managers in compliance with the investment policy established by The Community Foundation of Greater Fort Wayne. Investments are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the value of investments will occur in the near term and that such changes could materially affect account balances.

Revenue Recognition

The Organization reports gifts of cash and other assets as restricted support if received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with restrictions are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restrictions. The Organization classifies donor-restricted contributions as net assets without restrictions if the restrictions are met in the same reporting period in which the contributions are received.

The Organization reports gifts of property and equipment as net assets without restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Conditional grants and promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which it depends have been substantially met. Contributions received with donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.

The Organization provides educational and training offerings for various mental health topics as well as guardianship services to assist individuals with legal, financial, or other life decisions. Revenue is recognized in the period the offerings and services occur. Billings occur at the beginning of each month for all completed services in the previous month and are generally paid within 30 days. Payments received from customers in advance are recorded as a liability until the services occur and are recognized as revenue within the course of the following year. For the year ended December 31, 2023, the Organization recognized \$66,497 of education revenue and \$49,175 of guardianship service fees. For the year ended December 31, 2022, the Organization recognized \$75,122 of education revenue and \$48,930 of guardianship service fees.

Mental Health America of Northeast Indiana, Inc.
Notes to Financial Statements

1. Summary of Significant Accounting Policies, continued

Contributed Nonfinancial Assets

Contributed nonfinancial assets include donated professional services which are recorded at the respective fair values of the goods or services received. The Organization's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the Organization. If an asset is provided that does not allow the Organization to utilize it in its normal course of business, the asset will be sold at its fair market value.

The Organization recognized \$28,800 and \$39,500 of donated professional services that was recorded by the Organization as contributions without restrictions offset by professional fees for the years ended December 31, 2023 and 2022, respectively. Donated fair market value is determined using hourly rates for similar professional services in scope and complexity.

Advertising Costs

Advertising costs (non-direct response and direct response) are expensed as incurred. Total advertising expense was \$2,977 and \$870 for the years ended December 31, 2023 and 2022, respectively.

Income Tax

The Organization is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization is not classified as a private foundation. No provision for federal income taxes has been made in the accompanying financial statements. There was no unrelated business income for the years ended December 31, 2023 and 2022.

The Organization recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the positions related to the potential sources of income subject to unrelated business income tax (UBIT). There were no unrecognized tax benefits identified or recorded as liabilities for the years ended December 31, 2023 and 2022.

Functional Allocation of Expenses

The costs of program and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain categories of expenses are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include rent, technology, telephone and internet, and utilities which are allocated on a square footage basis, as well as salaries and wages, employee benefits, payroll taxes and travel which are allocated on the basis of estimates of time and effort.

Mental Health America of Northeast Indiana, Inc.
Notes to Financial Statements

2. Liquidity and Availability

Financial assets without donor-imposed restriction and available for general expenditures, within one year of the statement of financial position date, comprised the following as of December 31:

	<u>2023</u>	<u>2022</u>
Cash	\$ 145,300	\$ 176,174
Accounts receivable	23,640	34,013
Grants receivable	<u>53,641</u>	<u>118,197</u>
	<u>\$ 222,581</u>	<u>\$ 328,384</u>

The Organization receives significant contributions and promises to give restricted 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. The Organization manages its liquidity and reserves following three guiding principles: operating within budgetary compliance in a prudent range of financial stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. To achieve these targets, the entity forecasts its future cash flows and monitors its liquidity quarterly, and monitors its reserves annually. The Organization has a line of credit available in the amount of \$50,000 which could be drawn upon in the event of an unanticipated liquidity need. During the years ended December 31, 2023 and 2022, the level of liquidity and reserves was managed within the policy requirements.

The board-designated endowment of \$94,307 is subject to an annual spending rate of 4.50% as described in Note 4. Although the Organization does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of our Board's annual budget approval and appropriation), these amounts could be made available if necessary.

3. Conditional Promise to Give

For the year ended December 31, 2023, the Organization received various grant awards that contain donor conditions. Since the grants represent conditional promises to give, they are not recorded as contribution revenue until donor conditions are met, which have not occurred as of December 31, 2023. As of December 31, 2023, there was \$257,270 of outstanding conditional promises to give.

4. Beneficial Interest

The investments held by the Community Foundation of Greater Fort Wayne, Indiana, Inc. ("Foundation") are the result of an agreement whereby the Organization has transferred assets, without variance power, to the Foundation and has specified itself as the beneficiary of those assets. The Organization may draw up to 4.50% of the fund balance each year per the agreement between the Foundation and the Organization. The Foundation is responsible for managing these funds in investments at its discretion. The value of investment assets held by the Foundation was \$94,307 and \$83,045 as of December 31, 2023 and 2022, respectively.

Mental Health America of Northeast Indiana, Inc.
Notes to Financial Statements

4. Beneficial Interest, continued

The Organization's endowment consists of a fund established for providing revenue from earnings. Its endowment includes Board designated amounts and no donor restricted endowment funds. As required by accounting principles generally accepted in the United States of America (GAAP), net assets that are perpetual in nature, including designated funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

Return objectives and risk parameters: The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predicable stream of funding to programs while seeking to maintain the purchasing power of the endowment assets. Endowment assets include no donor-restricted funds, only board designated funds. The Organization expects its endowment fund, over time, to provide an average rate of return of approximately 4.5% annually. Actual returns in any given year may vary from this amount.

Strategies employed for achieving objectives: To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Spending policy: The Organization has not appropriated any endowment funds for distribution. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to maintain the current value. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

The following summarizes changes in the assets held by the Foundation for the year ended December 31:

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 83,045	\$ 93,404
Interest and dividends	2,683	2,527
Net realized and unrealized gain (loss)	9,101	(12,367)
Investment and administrative fees	<u>(522)</u>	<u>(519)</u>
Balance, end of year	<u>\$ 94,307</u>	<u>\$ 83,045</u>

Additionally, the Foundation holds investment assets with a value of \$43,345 and \$36,998 at December 31, 2023 and 2022, respectively, for the benefit of the Organization for which the Foundation has retained variance power. These assets are not recorded as assets of the Organization.

In addition, the Organization was named beneficiary of a charitable remainder unitrust. The fair value of the trust assets were \$455,955 and \$431,149, respectively, for which the Organization is expected to receive 10.0%. However, these assets are not recorded by the Organization as the trust has revocable rights to change the beneficiary interest.

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5. Fair Value Measurements

The Organization reports fair value measures of its assets using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The asset measurements within the fair value hierarchy is based on the lowest level of input that is significant to the measurement. The three levels of inputs used to measure fair value are as follows:

- | | |
|---------|---|
| Level 1 | Quoted prices for identical assets or liabilities in active markets to which the Organization has access at the measurement date. |
| Level 2 | <p>Inputs other than quoted prices included in level 1 that are observed for the asset or liability, either directly or indirectly. Level 2 inputs include:</p> <ul style="list-style-type: none"> • Quoted prices for similar assets or liabilities in active markets; • Quoted prices for identical or similar assets or liabilities in inactive markets; • Observable inputs other than quoted prices for the assets or liabilities; and • Inputs derived principally from, or corroborated by, observable market data by correlation or by other means. |
| Level 3 | Inputs derived principally from, or corroborated by, observable market data by correlation or by other means. |

The fair value measurement level of assets and liabilities 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.

Following is a description of the valuation methodologies and inputs used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2023.

Beneficial interest in assets: Valued based upon the Organization’s proportionate share of the Community Foundation of Greater Fort Wayne (“Foundation”) pooled investment portfolio. The Organization’s Board of Directors reviews the valuation and returns in comparison to industry benchmarks and other information provided by the Foundation.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization’s assets measured at fair value as of December 31:

	Hierarchy	2023	2022
Beneficial interest in assets held by The Community Foundation of Greater Fort Wayne	Level 3	\$ 94,307	\$ 83,045

A reconciliation of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) can be found in Note 4.

Mental Health America of Northeast Indiana, Inc.
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6. Leases

The Organization leases office space and equipment under various long-term noncancelable operating lease agreements. The leases expire at various dates through 2026 and provide for renewal options ranging from one year to two years. The renewal options are included in the determination of the right-of-use assets and lease liabilities when it is reasonably certain to be exercised.

The Company has elected to apply the short-term lease exception to all leases with a term of one year or less and are not recorded as right-of-use assets and related lease liabilities. Lease payments for short-term leases are recognized on a straight-line basis over the lease term.

The following summarizes the line items in the statement of financial position which include amounts for operating and finance leases as of December 31:

	<u>2023</u>	<u>2022</u>
Operating leases:		
Right-of-use asset, operating leases	\$ <u>42,305</u>	\$ <u>53,140</u>
Current maturities of operating lease liabilities	\$ 17,666	\$ 14,236
Operating lease liabilities, net of current maturities	<u>22,638</u>	<u>36,345</u>
	<u>\$ 40,304</u>	<u>\$ 50,581</u>

The following summarizes the line items in the statement of functional expenses which include the components of lease expense for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Operating lease cost:		
Rent	\$ 15,893	\$ 10,595
Office expenses	2,730	2,730
Short-term lease cost:		
Rent	\$ 12,466	\$ 14,631

The following summarizes cash flow information related to leases for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 31,089	\$ 27,956

The weighted-average discount rate is based on the discount rate implicit in the lease. If the implicit rate is not readily determinable from the lease, an applicable incremental borrowing rate is used. The following summarizes the weighted average remaining lease term and discount rate as of December 31, 2023:

Weighted-average remaining lease term	2.23 years
Weighted-average discount rates	2.82%

Mental Health America of Northeast Indiana, Inc.
Notes to Financial Statements

6. Leases, continued

The maturities of lease liabilities as of December 31, 2023 were as follows:

2024	\$	18,581
2025		17,600
2026		5,495
2027		-
2028		-
Thereafter		-
		<hr/>
Total lease payments		41,676
Less:		
Amounts representing interest		1,372
Current maturities		17,666
		<hr/>
	\$	<u>22,638</u>

7. Line of Credit

The Organization has a revolving line of credit agreement with Old National Bank to provide for short-term working capital requirements up to \$50,000. The agreement matures in August 2024, is secured by substantially all business assets of the Organization and bears interest at the bank's prime rate (8.50% as of December 31, 2023). There was no outstanding balance as of December 31, 2023 and 2022.

8. Net Assets With Donor Restrictions

Net assets were released from restrictions by incurring expenses satisfying the donor-imposed restriction. The amounts released was \$58,500 and \$70,000 for the years ended December 31, 2023 and 2022, respectively.

Net assets with donor restrictions are available for the following purposes or periods as of December 31, 2023:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specific purpose:		
Peer Support	\$ 15,250	\$ -
Guardianship	10,000	2,500
VASIA program	1,000	50,000
Other	1,000	-
Subject to the passage of time:		
2023 operations	-	6,000
	<hr/>	<hr/>
	\$ <u>27,250</u>	\$ <u>58,500</u>

Mental Health America of Northeast Indiana, Inc.
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9. Concentrations

A significant portion, approximately 58% and 43%, of the Organization's revenue was from government grant awards from the state of Indiana and other local government agencies for the years ended December 2023 and 2022, respectively. As of December 31, 2023 and 2022, \$55,064 and \$113,555 was receivable from these sources.

The majority of the Organization's contributions and grants are received from corporations, foundations, and individuals located in the Fort Wayne, Indiana and from agencies of the state of Indiana. As such, the Organization's ability to generate resources via contributions and grants is dependent upon the economic health of that area and the state of Indiana.

10. New Accounting Pronouncements

As of January 1, 2022, the Company adopted FASB ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The Company adopted this new guidance utilizing the retrospective transition method. The adoption of this Standard did not have a material impact on the Company's financial statements but did change how the allowance for credit losses is determined.

11. Subsequent Event

Subsequent events for possible adjustment to the financial statements or disclosures have been evaluated through June 25, 2024, which is the date the financial statements were available to be issued.