

# **HEARTLAND HOPE MISSION**

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## **FINANCIAL STATEMENTS**

Years ended December 31, 2020 and 2019

# Heartland Hope Mission

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# VERDANT ACCOUNTING

## **INDEPENDENT AUDITOR'S REPORT**

Heartland Hope Mission  
Board of Directors

We have audited the accompanying financial statements of Heartland Hope Mission (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets, cash flows, and functional expenses 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Heartland Hope Mission as of December 31, 2020 and 2019 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.

*Verdant Accounting P.C.*

La Vista, Nebraska  
September 21, 2021

# Heartland Hope Mission

## Statement of Financial Position

December 31, 2020

	ASSETS		
	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>CURRENT ASSETS</b>			
Cash	\$ 581,917	\$ -	\$ 581,917
Accounts receivable	121	-	121
Investments	1,062	-	1,062
Inventory	814,316	-	814,316
Prepaid expenses	11,655	-	11,655
Building rent	-	11,475	11,475
Total current assets	<u>1,409,071</u>	<u>11,475</u>	<u>1,420,546</u>
<b>FIXED ASSETS</b>			
Buildings	2,058,852	-	2,058,852
Vehicles	135,786	-	135,786
Furniture and equipment	260,320	-	260,320
Less accumulated depreciation	(633,308)	-	(633,308)
Total fixed assets	<u>1,821,650</u>	<u>-</u>	<u>1,821,650</u>
<b>TOTAL ASSETS</b>	<u>\$ 3,230,721</u>	<u>\$ 11,475</u>	<u>\$ 3,242,196</u>

	LIABILITIES AND NET ASSETS		
	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 64,340	\$ -	\$ 64,340
Credit card payable	4,261	-	4,261
Accrued liabilities	34,270	-	34,270
Total current liabilities	<u>102,871</u>	<u>-</u>	<u>102,871</u>
<b>NET ASSETS</b>	<u>3,127,850</u>	<u>11,475</u>	<u>3,139,325</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 3,230,721</u>	<u>\$ 11,475</u>	<u>\$ 3,242,196</u>

See independent auditor's report and notes to financial statements.

# Heartland Hope Mission

## Statement of Financial Position

December 31, 2019

	<b>ASSETS</b>		
	<b>2019</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>CURRENT ASSETS</b>			
Cash	\$ 333,184	\$ -	\$ 333,184
Inventory	630,306	-	630,306
Prepaid expenses	13,372	-	13,372
Building rent	-	11,475	11,475
Total current assets	<u>976,862</u>	<u>11,475</u>	<u>988,337</u>
<b>FIXED ASSETS</b>			
Buildings	1,888,766	-	1,888,766
Vehicles	135,785	-	135,785
Furniture and equipment	238,043	-	238,043
Less accumulated depreciation	<u>(551,834)</u>	<u>-</u>	<u>(551,834)</u>
Total fixed assets	<u>1,710,760</u>	<u>-</u>	<u>1,710,760</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,687,622</u>	<u>\$ 11,475</u>	<u>\$ 2,699,097</u>

	<b>LIABILITIES AND NET ASSETS</b>		
	<b>2019</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 13,539	\$ -	\$ 13,539
Credit card payable	902	-	902
Payroll liabilities	22,622	-	22,622
Current portion of long-term debt	<u>14,334</u>	<u>-</u>	<u>14,334</u>
Total current liabilities	<u>51,397</u>	<u>-</u>	<u>51,397</u>
<b>LONG-TERM LIABILITIES</b>			
Long-term debt	<u>108,507</u>	<u>-</u>	<u>108,507</u>
<b>NET ASSETS</b>	<u>2,527,718</u>	<u>11,475</u>	<u>2,539,193</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 2,687,622</u>	<u>\$ 11,475</u>	<u>\$ 2,699,097</u>

See independent auditor's report and notes to financial statements.

# Heartland Hope Mission

Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2020

	2020		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES AND GAINS</b>			
Contributions and grants	\$ 2,593,813	\$ 440,818	\$ 3,034,631
Interest income	446	-	446
Gain on sale of investments	183	-	183
Miscellaneous income	8,373	-	8,373
Total revenues and gains	<u>2,602,815</u>	<u>440,818</u>	<u>3,043,633</u>
<b>OTHER INCOME</b>			
Gain on forgiveness of debt	85,900	-	85,900
Net assets released from restrictions	<u>440,818</u>	<u>(440,818)</u>	<u>-</u>
Total revenues after release of restrictions	3,129,533	-	3,129,533
<b>EXPENSES AND LOSSES</b>			
Program services	2,372,434	-	2,372,434
Management and general	81,462	-	81,462
Fundraising	75,505	-	75,505
Total expenses and losses	<u>2,529,401</u>	<u>-</u>	<u>2,529,401</u>
<b>CHANGE IN NET ASSETS</b>	600,132	-	600,132
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>2,527,718</u>	<u>11,475</u>	<u>2,539,193</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 3,127,850</u>	<u>\$ 11,475</u>	<u>\$ 3,139,325</u>

See independent auditor's report and notes to financial statements.

# Heartland Hope Mission

Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2019

	2019		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES AND GAINS</b>			
Contributions and grants	\$ 2,380,046	\$ 332,984	\$ 2,713,030
Interest income	1,565	-	1,565
Gain on sale of investments	337	-	337
Miscellaneous income	3,652	-	3,652
Total revenues	<u>2,385,600</u>	<u>332,984</u>	<u>2,718,584</u>
Net assets released from restrictions	<u>332,984</u>	<u>(332,984)</u>	<u>-</u>
Total revenues after release of restrictions	2,718,584	-	2,718,584
<b>EXPENSES AND LOSSES</b>			
Program services	2,492,348	-	2,492,348
Management and general	76,402	-	76,402
Fundraising	55,021	-	55,021
Total expenses and losses	<u>2,623,771</u>	<u>-</u>	<u>2,623,771</u>
<b>CHANGE IN NET ASSETS</b>	94,813	-	94,813
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>2,432,905</u>	<u>11,475</u>	<u>2,444,380</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 2,527,718</u>	<u>\$ 11,475</u>	<u>\$ 2,539,193</u>

See independent auditor's report and notes to financial statements.

# Heartland Hope Mission

## Statements of Cash Flows

For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 600,132	\$ 94,813
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	81,475	79,398
Gain on sale of assets	(183)	(337)
(Increase) decrease in assets		
Investments	(1,062)	2,560
Accounts receivable	(121)	1,805
Inventory	(184,010)	(119,896)
Prepaid expenses	1,717	384
Employee advances	-	28
Increase (decrease) in liabilities		
Accounts payable	50,801	(78,532)
Accrued liabilities	11,648	7,243
Credit card payable	3,359	(2,423)
Net cash provided (used) by operating activities	<u>563,756</u>	<u>(14,957)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment	(192,363)	(24,734)
Proceeds from sale of investments	181	337
Net cash used by investing activities	<u>(192,182)</u>	<u>(24,397)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on notes payable	(122,841)	(13,675)
Net cash used by financing activities	<u>(122,841)</u>	<u>(13,675)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	248,733	(53,029)
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	333,184	386,213
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<u>\$ 581,917</u>	<u>\$ 333,184</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for interest	\$ 5,228	\$ 5,946
Cash received for interest	\$ 446	\$ 1,565

See independent auditor's report and notes to financial statements.



# Heartland Hope Mission

## Statement of Functional Expenses

For the Year Ended December 31, 2020

	2020			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<b>SALARIES AND RELATED EXPENSES</b>				
Salaries & payroll taxes	\$ 427,625	\$ 31,595	\$ 71,334	\$ 530,554
Benefits	3,500	259	584	4,343
Total salaries and related expenses	<u>431,125</u>	<u>31,854</u>	<u>71,918</u>	<u>534,897</u>
<b>OTHER EXPENSES</b>				
Pantry	1,614,377	-	-	1,614,377
Toys	1,722	-	-	1,722
Utilities	29,028	1,613	1,613	32,254
Automobile	22,763	-	-	22,763
Bank service charges	-	5,734	-	5,734
Interest	5,228	-	-	5,228
Insurance	13,074	4,358	-	17,432
Marketing	56,942	-	-	56,942
Miscellaneous	20,321	10,110	-	30,431
Occupancy	52,047	-	-	52,047
Office supplies	32,606	1,811	1,811	36,228
Postage	-	652	163	815
Printing	-	121	-	121
Professional fees	-	16,647	-	16,647
Technology	12,002	-	-	12,002
Telephone	7,872	414	-	8,286
Total other expense before depreciation	<u>1,867,982</u>	<u>41,460</u>	<u>3,587</u>	<u>1,913,029</u>
Depreciation	<u>73,327</u>	<u>8,148</u>	<u>-</u>	<u>81,475</u>
<b>TOTAL EXPENSES</b>	<u><u>\$2,372,434</u></u>	<u><u>\$ 81,462</u></u>	<u><u>\$ 75,505</u></u>	<u><u>\$2,529,401</u></u>

See independent auditor's report and notes to financial statements.

# Heartland Hope Mission

## Statement of Functional Expenses

For the Year Ended December 31, 2019

	2019			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<b>SALARIES AND RELATED EXPENSES</b>				
Salaries & payroll taxes	\$ 370,532	\$ 29,511	\$ 51,151	\$ 451,194
Benefits	2,926	233	404	3,563
Total salaries and related expenses	<u>373,458</u>	<u>29,744</u>	<u>51,555</u>	<u>454,757</u>
<b>OTHER EXPENSES</b>				
Pantry	1,823,905	-	-	1,823,905
Toys	4,927	-	-	4,927
Utilities	33,004	1,834	1,834	36,671
Automobile	27,911	-	-	27,911
Bank service charges	-	2,180	-	2,180
Interest	5,946	-	-	5,946
Insurance	6,679	2,226	-	8,905
Marketing	59,132	-	-	59,132
Miscellaneous	20,827	10,414	-	31,241
Occupancy	31,435	-	-	31,435
Office supplies	23,422	1,301	1,301	26,024
Postage	-	1,324	331	1,655
Printing	-	482	-	482
Professional fees	-	18,695	-	18,695
Technology	5,250	-	-	5,250
Telephone	4,994	263	-	5,257
Total other expense before depreciation	<u>2,047,432</u>	<u>38,719</u>	<u>3,466</u>	<u>2,089,616</u>
Depreciation	71,458	7,940	-	79,398
<b>TOTAL EXPENSES</b>	<u><u>\$2,492,348</u></u>	<u><u>\$ 76,402</u></u>	<u><u>\$ 55,021</u></u>	<u><u>\$2,623,771</u></u>

See independent auditor's report and notes to financial statements.

# Heartland Hope Mission

## Notes to Financial Statements

For the Years Ended December 31, 2020 and 2019

### **NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OPERATIONS**

The summary of significant accounting policies of Heartland Hope Mission (the Organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

#### Organization and Nature of Activities

Heartland Hope Mission (the Organization) is a non-profit organization distributing food, clothing, hygiene products, and household items while also providing emergency assistance programs in the Omaha, Nebraska area. The Organization was organized on January 21, 2003 with an amendment on October 9, 2009 reclassifying it as a religious organization. The name of the Organization was changed on July 8, 2011. It was formerly known as Mission for all Nations.

#### Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Promises to Give and Contributions

The Organization accounts for contributions in accordance with the FASB Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. In accordance with ASC 958, contributions received are recorded as with donor restrictions or without donor restrictions, depending on the existence or nature of any donor restrictions. All revenue is recognized in the period when the contribution, pledge, or unconditional promise to give is received.

All contributions are generally available for unrestricted use unless specifically restricted by the donor. The organization receives support for its three major programs through public support. Public support is mainly non-cash contributions. Monies are received from corporate and individual sponsors, and the Organization also receives grants both with and without donor restrictions. Policies concerning donated material and services are described in Note C.

#### Vacation Accrual

Full-time employees who work more 40 hours per week and part-time employees who work more than 25 hours per week earn paid time off with some exceptions. In service years 1-3 employees earn 2.31 hours per week up to a maximum of 120 hours. After the 3<sup>rd</sup> anniversary, employees accrue paid time off at the rate of 3.08 hours per week up to a maximum of 120 hours. Part-time employees earn a proportionate share of paid time off hours. At December 31, 2020 and 2019, the Organization accrued \$15,920 and \$10,083 of future compensation, respectively.

# Heartland Hope Mission

## Notes to Financial Statements

For the Years Ended December 31, 2020 and 2019

### **NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OPERATIONS (CONTINUED)**

#### Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting and have been prepared in accordance with ASC 958, *Not-for-Profit Entities*. Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions. In the accompanying financial statements, net assets that have similar characteristics have been combined into similar categories.

*Net assets without donor restrictions:* Net assets without donor restrictions consist of resources that are available for general use in carrying out the mission of the Organization.

*Net assets with donor restrictions:* Net assets with donor restrictions represent contributions subject to donor-imposed restrictions. Some restrictions are temporary in nature, stipulating that resources be used after a specified date or for a particular purpose. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of a restriction is accomplished, net assets are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

#### Cash and Cash Equivalents

For purposes of the balance sheet and statement of cash flows, the Organization considers all unrestricted liquid investments with an initial maturity of three months or less to be cash equivalents.

#### Recent Accounting Pronouncements

In 2018, the FASB issued ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions made*. ASU 2018-18 clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The Organization adopted the new guidance effective January 1, 2019 and applied the changes prospectively.

In 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU establishes principles for reporting useful information to users of financial statements about the nature, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers, particularly, than an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expected to be entitled in exchange for those goods or services. The Organization adopted the new guidance effective January 1, 2019 and applied the modified retrospective approach.

In 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for the Organization's 2022 financial statements. Early adoption is permitted.

# Heartland Hope Mission

## Notes to Financial Statements

For the Years Ended December 31, 2020 and 2019

### **NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OPERATIONS (Continued)**

#### Reclassification

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

#### Functional Expenses

The cost of providing programs and supporting services have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated on a square-footage basis include utilities, insurance, telephone, and depreciation. Salaries, payroll taxes, and employee benefits are allocated on the basis of estimates of time and effort. Office supplies, postage, and miscellaneous expenses are allocated on an as needed basis.

#### Property and Equipment

Property and equipment acquired by the Organization are considered to be owned by the Organization. The Organization follows the practice of capitalizing, at cost, all expenditures for property and equipment. Depreciation is computed on a straight-line basis over the useful lives of the assets. Depreciation expense for the years ended December 31, 2020 and 2019 was \$81,475 and \$79,398, respectively.

#### Income Tax Status

The Organization qualifies as a nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code (the "Code") and, accordingly, no income taxes are included in these financial statements. The Organization has also been classified as an entity that is not a private foundation within the mean of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(A)(vi).

The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization's Federal, *Return of Organization Exempt from Tax*, Form 990, for 2019, 2018, and 2017 are subject to examination by the IRS, generally for three years after they were filed.

#### Evaluation of Subsequent Events

Management has evaluated subsequent events through September 21, 2021, the date the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosures in these financial statements.

# Heartland Hope Mission

## Notes to Financial Statements

For the Years Ended December 31, 2020 and 2019

### NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OPERATIONS (CONTINUED)

#### Investment in Securities

Investments in securities, including equity and debt securities, are reported at fair value. Investments in securities traded on a national securities exchange are valued at the latest quoted market prices. Unlisted investments are valued at the latest bid prices according to broker quotations or current redeemable values. Realized gains and losses on sales of investments are recognized in the statement of activities as specific investments are sold or donated. Interest income is recognized as earned. Dividend income is recognized on the ex-dividend date. All realized and unrealized gains and losses and income arising from investments are recognized in the statement of activities as increases or decreases to net assets without donor restrictions.

### NOTE B PLEDGES RECEIVABLE

Pledges are promises to give and are recorded as receivables and revenue when received. The Organization distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. Pledges receivable are stated at unpaid balances less an allowance for doubtful pledges. There were no pledges receivable as of December 31, 2020 and 2019.

### NOTE C DONATED MATERIAL AND SERVICES

Donated non-cash assets are recorded as contributions in the accompanying statements at their fair value in the period received. A pantry in Millard, Nebraska is occupied by the Organization rent free. The initial agreement started in February 2016 and ended in January 2019 and has been extended for two years expiring in January 2021. Management estimates the fair value of rent to be approximately \$137,700 for the years ended December 31, 2020 and 2019. In addition, numerous volunteers have donated significant amounts of time to the Organization's program services. Management estimates the fair value of those services to be approximately \$365,693 and \$520,753 for the years ended December 31, 2020 and 2019, respectively. The Organization was also a recipient of advertising time donated in-kind, amounting to \$46,353 and \$54,479 for the years ended December 31, 2020 and 2019, respectively.

### NOTE D INVENTORY

Inventory consists primarily of food, clothing and household items. Food has been valued and recorded in the accompanying financial statements at the estimated weighted average wholesale amount per pound as determined by Second Harvest National Food Bank Network, a national consortium of regional food banks. Clothing has been valued at an amount set by both the Denver Rescue Mission and the Consumer Price Index for the Midwest region. Household items and other items are stated at standards set by other nonprofit entities in the area.

Inventory at December 31, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Personal hygiene	\$ 50,798	\$ 44,213
Household	35,195	46,808
Clothing	452,900	314,047
Food – all	267,048	199,593
Other	8,375	25,645
Total	<u>\$ 814,316</u>	<u>\$ 630,306</u>

# Heartland Hope Mission

## Notes to Financial Statements

For the Years Ended December 31, 2020 and 2019

### NOTE E LONG-TERM DEBT

Long term debt at December 31, 2020 and 2019 consists of the following:

	<u>2020</u>	<u>2019</u>
4.50% note payable to American National Bank with monthly principal and interest payments maturing in April, 2021, collateralized by a deed of trust on a building and assignment of all rents on real property.	\$ -	\$ 122,841
Less current maturities	<u>-</u>	<u>14,334</u>
Long-term debt	<u>\$ -</u>	<u>\$ 108,507</u>

### NOTE F NET ASSETS RELEASED FROM RESTRICTIONS

Net assets are released from restrictions as funds are utilized by the donors. The amount of net assets released from restriction for the years ended December 31, 2020 and 2019 was \$440,818 and \$332,984, respectively.

### NOTE G UNINSURED BANK DEPOSITS

The federal depository insurance covers deposits only up to \$250,000 per depositor and does not cover money market funds. At December 31, 2020 and 2019, the Organization had \$359,089 and \$65,055, respectively, in cash deposits that were uninsured.

### NOTE H RETIREMENT PLANS

The Organization has a section 403(b) plan whereby employees can elect to contribute a portion of their salary on a pre-tax basis to the plan. The Organization also makes contributions to the plan based on a percentage of the employee's salary. The Organization matches one half of one percent of the employee contribution (deferral) up to two percent of an employee's compensation. The Organization's contribution for the years ended December 31, 2020 and 2019 totaled \$4,343 and \$3,563, respectively.

# Heartland Hope Mission

## Notes to Financial Statements

For the Years Ended December 31, 2020 and 2019

### NOTE I INVESTMENTS

The Organization adopted the provisions of the fair value accounting literature which establishes a three-level hierarchal disclosure framework that prioritizes and ranks the level of market price observability used in measuring assets and liabilities at fair value. Market price observability is impacted by a number of factors, including the type of asset or liability and its characteristics. Assets and liabilities with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

The three levels are defined as follows:

- 1) *Level 1* – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.
- 2) *Level 2* – Inputs to the valuation methodology include:
  - quoted prices for similar assets and 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;
  - inputs that are derived principally from or corroborated by observable market data by correlation or other means
- 3) *Level 3* – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

For the years ended December 31, 2020 and 2019, the application of valuation techniques applied to similar assets has been consistent. The Organization considers the carrying amounts of all financial instruments to be a reasonable estimate of fair value and all investments are classified as available for sale.

As of December 31, 2020, all investments held by the Organization are categorized as Level 1 investments. The Organization does not have investments considered to be Level 2 or 3.

Investments are recorded at fair value, and are composed of the following:

	<u>2020</u>	<u>2019</u>
Common stocks	\$ 1,062	\$ -
TOTAL	<u>\$ 1,062</u>	<u>\$ -</u>

### NOTE J LINE OF CREDIT

The Organization has a line of credit with a local bank that provides borrowings up to \$10,000 with an interest rate of 0.14%. There was no outstanding balance as of December 31, 2020 and 2019.



# Heartland Hope Mission

## Notes to Financial Statements

For the Years Ended December 31, 2020 and 2019

### NOTE K LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets available to meet cash needs for general expenditures within one year of the dates of the statements of financial position include:

	<u>2020</u>		<u>2019</u>
Cash and cash equivalents	\$ 581,917	\$	333,184
Short-term investments	1,062		-
Accounts receivable	121		-
Total	<u>\$ 583,100</u>	<u>\$</u>	<u>333,184</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. To help manage unanticipated liquidity needs, the Organization has a committed line of credit in the amount of \$10,000, available to be withdrawn in its entirety at December 31, 2020.

### NOTE L NET ASSETS WITH DONOR IMPOSED RESTRICTIONS

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

	<u>2020</u>		<u>2019</u>
Amounts without donor restrictions			
Undesignated	<u>\$ 3,127,850</u>	<u>\$</u>	<u>2,527,718</u>
Amounts with donor restrictions			
Amounts restricted by purpose:			
Use of donated facilities	<u>11,475</u>		<u>11,475</u>
Total	<u>11,475</u>		<u>11,475</u>
Total net assets	<u>\$ 3,139,325</u>	<u>\$</u>	<u>2,539,193</u>