

Memorial Assistance Ministries

Financial Statements
and Independent Auditors' Report
for the years ended December 31, 2020 and 2019

Memorial Assistance Ministries

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Independent Auditors' Report

To the Board of Directors of
Memorial Assistance Ministries:

We have audited the accompanying financial statements of Memorial Assistance Ministries, which comprise the statements of financial position as of December 31, 2020 and 2019 and the related statements of activities, of cash flows, and of 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.

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 our audits 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 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 Memorial Assistance Ministries 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.

Blazek & Vetterling

May 10, 2021

Memorial Assistance Ministries

Statements of Financial Position as of December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash	\$ 5,431,843	\$ 3,762,111
Prepaid expenses and other receivables	60,422	95,905
Resale store inventory	424,139	363,528
Contributions receivable, net (<i>Note 4</i>)	774,363	1,114,237
Investments – board-designated endowment (<i>Notes 5 and 8</i>)	1,288,178	1,183,453
Property, net (<i>Note 6</i>)	<u>5,416,831</u>	<u>5,509,350</u>
TOTAL ASSETS	<u>\$ 13,395,776</u>	<u>\$ 12,028,584</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued liabilities	\$ 24,809	\$ 176,019
Refundable advance – Paycheck Protection Program (<i>Note 3</i>)	701,600	
Refundable advance – government grants	<u>72,054</u>	
Total liabilities	<u>798,463</u>	<u>176,019</u>
Commitments (<i>Note 13</i>)		
Net assets:		
Without donor restrictions (<i>Notes 7 and 8</i>)	10,219,562	10,372,619
With donor restrictions (<i>Note 9</i>)	<u>2,377,751</u>	<u>1,479,946</u>
Total net assets	<u>12,597,313</u>	<u>11,852,565</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 13,395,776</u>	<u>\$ 12,028,584</u>

See accompanying notes to financial statements.

Memorial Assistance Ministries

Statement of Activities for the year ended December 31, 2020

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions:			
Non-government grants	\$ 1,510,592	\$ 6,976,539	\$ 8,487,131
Government grants		43,373	43,373
In-kind contributions (<i>Note 10</i>)	2,008,317		2,008,317
Special event	437,264		437,264
Direct donor benefits provided	(1,000)		(1,000)
Resale store sales	1,103,084		1,103,084
Cost of donated goods sold	(1,089,591)		(1,089,591)
Program fees	57,048		57,048
Net investment return	<u>105,380</u>		<u>105,380</u>
Total revenue	4,131,094	7,019,912	11,151,006
Net assets released from restrictions:			
Expiration of time restrictions	95,000	(95,000)	
Program expenditures	<u>6,027,107</u>	<u>(6,027,107)</u>	
Total	<u>10,253,201</u>	<u>897,805</u>	<u>11,151,006</u>
EXPENSES:			
Program services:			
Family assistance	6,304,466		6,304,466
Family education	2,042,089		2,042,089
Resale store	<u>1,094,371</u>		<u>1,094,371</u>
Total program services	9,440,926		9,440,926
Management and general	412,079		412,079
Fundraising	<u>553,253</u>		<u>553,253</u>
Total expenses	<u>10,406,258</u>		<u>10,406,258</u>
CHANGES IN NET ASSETS	(153,057)	897,805	744,748
Net assets, beginning of year	<u>10,372,619</u>	<u>1,479,946</u>	<u>11,852,565</u>
Net assets, end of year	<u>\$10,219,562</u>	<u>\$ 2,377,751</u>	<u>\$12,597,313</u>

See accompanying notes to financial statements.

Memorial Assistance Ministries

Statement of Activities for the year ended December 31, 2019

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions:			
Non-government grants	\$ 1,416,437	\$ 2,180,013	\$ 3,596,450
Government grants		36,960	36,960
In-kind contributions (<i>Note 10</i>)	1,712,232		1,712,232
Special event	416,214	217,450	633,664
Direct donor benefits provided	(20,101)		(20,101)
Resale store sales	1,665,142		1,665,142
Cost of donated goods sold	(1,645,642)		(1,645,642)
Program fees	93,016		93,016
Net investment return	<u>191,032</u>		<u>191,032</u>
Total revenue	3,828,330	2,434,423	6,262,753
Net assets released from restrictions:			
Program expenditures	<u>2,397,493</u>	<u>(2,397,493)</u>	
Total	<u>6,225,823</u>	<u>36,930</u>	<u>6,262,753</u>
EXPENSES:			
Program services:			
Family assistance	2,058,761		2,058,761
Family education	2,062,754		2,062,754
Family assistance – flood relief	770,529		770,529
Resale store	<u>1,069,515</u>		<u>1,069,515</u>
Total program services	5,961,559		5,961,559
Management and general	423,184		423,184
Fundraising	<u>509,906</u>		<u>509,906</u>
Total expenses	<u>6,894,649</u>		<u>6,894,649</u>
CHANGES IN NET ASSETS	(668,826)	36,930	(631,896)
Net assets, beginning of year	<u>11,041,445</u>	<u>1,443,016</u>	<u>12,484,461</u>
Net assets, end of year	<u>\$10,372,619</u>	<u>\$ 1,479,946</u>	<u>\$11,852,565</u>

See accompanying notes to financial statements.

Memorial Assistance Ministries

Statements of Cash Flows for the years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 744,748	\$ (631,896)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	246,963	226,505
Contribution of donated land	(797,731)	
Net realized and unrealized gain on investments	(92,948)	(167,529)
Changes in operating assets and liabilities:		
Prepaid expenses and other receivables	35,483	27,099
Resale store inventory	(60,611)	18,020
Contributions receivable	339,874	(552,249)
Accounts payable and accrued liabilities	(151,210)	28,858
Refundable advances	<u>773,654</u>	<u> </u>
Net cash provided (used) by operating activities	<u>1,038,222</u>	<u>(1,051,192)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(641,270)	(270,511)
Proceeds from sale of investments	616,255	268,787
Change in cash and money market mutual funds held as investments	13,238	(19,248)
Proceeds from sale of donated land	797,731	
Purchases of property	<u>(154,444)</u>	<u>(58,353)</u>
Net cash provided (used) by investing activities	<u>631,510</u>	<u>(79,325)</u>
NET CHANGE IN CASH	1,669,732	(1,130,517)
Cash, beginning of year	<u>3,762,111</u>	<u>4,892,628</u>
Cash, end of year	<u>\$ 5,431,843</u>	<u>\$ 3,762,111</u>

See accompanying notes to financial statements.

Memorial Assistance Ministries

Statement of Functional Expenses for the year ended December 31, 2020

<u>EXPENSES</u>	<u>PROGRAM SERVICES</u>			<u>TOTAL</u>	<u>SUPPORTING SERVICES</u>		<u>TOTAL EXPENSES</u>
	<u>FAMILY ASSISTANCE</u>	<u>FAMILY EDUCATION</u>	<u>RESALE STORE</u>		<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	
Salaries and related costs	\$ 905,184	\$ 1,612,533	\$ 766,138	\$ 3,283,855	\$ 311,716	\$ 475,090	\$ 4,070,661
Flexible assistance	3,449,450			3,449,450			3,449,450
Direct assistance	1,749,933	83,291		1,833,224			1,833,224
Professional services	92,240	117,546	35,914	245,700	48,397	7,331	301,428
Depreciation	47,337	49,082	134,037	230,456	8,875	7,632	246,963
Equipment rental	7,567	123,513	3,386	134,466		69	134,535
Utilities	10,324	9,762	37,634	57,720	1,816	1,544	61,080
Supplies	17,376	4,837	17,031	39,244	10,107	8,062	57,413
Insurance	6,621	10,067	30,860	47,548	5,130	1,231	53,909
Repairs and maintenance	6,859	8,322	25,954	41,135	1,207	1,026	43,368
Bank charges	1,101	2,022	18,356	21,479	3,018	17,541	42,038
Marketing	50		8,536	8,586	1,919	26,278	36,783
Printing and postage	3,158	3,179	1,626	7,963	781	5,380	14,124
Communications	3,849	8,243	543	12,635	597	590	13,822
Professional development	614	4,181	49	4,844	850		5,694
Other	2,803	5,511	14,307	22,621	17,666	1,479	41,766
Total expenses	<u>\$ 6,304,466</u>	<u>\$ 2,042,089</u>	<u>\$ 1,094,371</u>	<u>\$ 9,440,926</u>	<u>\$ 412,079</u>	<u>\$ 553,253</u>	10,406,258
Cost of donated goods sold							1,089,591
Direct donor benefits – other							<u>1,000</u>
Total							<u>\$11,496,849</u>

See accompanying notes to financial statements.

Memorial Assistance Ministries

Statement of Functional Expenses for the year ended December 31, 2019

EXPENSES	PROGRAM SERVICES				SUPPORTING SERVICES		TOTAL EXPENSES
	FAMILY ASSISTANCE	FAMILY EDUCATION	RESALE STORE	TOTAL	MANAGEMENT AND GENERAL	FUNDRAISING	
Salaries and related costs	\$ 785,971	\$ 1,597,072	\$ 717,416	\$ 3,100,459	\$ 288,953	\$ 446,340	\$ 3,835,752
Direct assistance	801,298	33,286		834,584			834,584
Professional services	46,844	146,478	37,095	230,417	102,438	10,670	343,525
Depreciation	39,662	42,300	130,153	212,115	8,100	6,290	226,505
Utilities	12,506	11,825	45,209	69,540	2,200	1,870	73,610
Supplies	11,437	24,577	20,175	56,189	7,371	7,122	70,682
Insurance	8,790	11,932	37,978	58,700	5,194	1,649	65,543
Repairs and maintenance	7,055	7,348	26,793	41,196	1,252	1,053	43,501
Bank charges		956	26,660	27,616	9	10,739	38,364
Marketing	641	1,783	9,485	11,909	3,020	10,328	25,257
Printing and postage	2,928	3,729	1,711	8,368	618	8,484	17,470
Communications	3,996	11,808	697	16,501	794	734	18,029
Professional development	1,424	16,703	2,513	20,640	2,164	4,276	27,080
Direct assistance – flood relief	770,529			770,529			770,529
Grant for Hurricane Harvey assistance	323,568			323,568			323,568
Equipment rental	10,333	142,152	4,083	156,568	75	9	156,652
Other	2,308	10,805	9,547	22,660	996	342	23,998
Total expenses	<u>\$ 2,829,290</u>	<u>\$ 2,062,754</u>	<u>\$ 1,069,515</u>	<u>\$ 5,961,559</u>	<u>\$ 423,184</u>	<u>\$ 509,906</u>	6,894,649
Cost of donated goods sold							1,645,642
Direct donor benefits – meal costs and venue rental							20,101
Total							<u>\$ 8,560,392</u>

See accompanying notes to financial statements.

Memorial Assistance Ministries

Notes to Financial Statements for the years ended December 31, 2020 and 2019

NOTE 1 – ORGANIZATION

Organization – Memorial Assistance Ministries (MAM) is a nonprofit corporation ensuring families in northwest and west Houston have the means to meet their basic needs. Since 1983, MAM has provided a platform for neighbors to help neighbors, and continues to be supported by faith communities and a wide range of funders in the Houston area. In 2020, MAM impacted the lives of over 32,400 people.

MAM helps families avoid homelessness and become more self-sufficient by offering a wide variety of programs and services focused on creating financially stable families, a stronger workforce, and healthy, supportive communities.

Family Assistance helps families gain or maintain financial stability as they work toward becoming more self-sufficient. Services include: Financial Assistance for rent, utilities, transportation, medical, vision and dental care; Navigation Services and Case Management; Public Benefits Enrollment Assistance for Harris Health System Financial Assistance program, Medicaid, CHIP, Children’s Medicaid and SNAP (Supplemental Nutrition Assistance Program); Back to School and Christmas Share. During 2020, MAM received additional funding to provide direct assistance to individuals impacted by the Watson Explosion and COVID-19.

During 2020, MAM provided additional Flexible Assistance payments to eligible families impacted by the pandemic. Flexible assistance provides direct, flexible financial support to individuals and households impacted by the pandemic, allowing them to address their most pressing needs. The Lost Loved One Bereavement Fund provides flexible financial assistance to eligible families who suffered the loss of a direct family member to COVID-19.

Family Education offers classes and support for community members to build essential skills to achieve personal, financial and career goals. Programs include: Employment Services, English as a Second Language (ESL), Citizenship Preparation, Financial Education and Coaching, Immigration and Legal Services, and Mental Health Counseling.

Resale Store sells donated goods to provide a low-cost source of clothing, furniture, books, toys, and household goods to families served by MAM and to others in the community. The store is staffed with regular volunteers and serves as a site for court-ordered community service and local volunteer organizations. Students from MAM’s ESL and employment programs also volunteer to improve their skills.

Federal income tax status – MAM is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code and is classified as a public charity under §509(a)(2).

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash – At times, bank deposits exceed the federally insured limit per depositor per institution.

Resale store inventory is carried at the lower of cost or net realizable value. Cost is the average cost of purchased inventory and the estimated fair value at the date of gift for donated inventory.

Contributions receivable that are expected to be collected within one year are reported at net realizable value. Contributions receivable that are expected to be collected after one year are discounted, if material, to estimate the present value of future cash flows. An allowance is provided for uncollectible receivables when management believes that the balances may not be collected in full.

Investments are reported at fair value. Net investment return consists of interest and dividends, realized and unrealized gains and losses, net of external and direct internal investment expenses.

Property is reported at cost if purchased or at fair value at the date of gift if donated. Generally, acquisitions of property and equipment in excess of \$500 are capitalized. Depreciation is provided using the straight-line method over estimated useful lives of 5 to 40 years.

Net asset classification – Net assets, revenue, gains and losses are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Net assets without donor restrictions* are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.
- *Net assets with donor restrictions* are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both.

Contributions are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are classified as with donor restrictions. Conditional contributions are subject to one or more barriers that must be overcome before MAM is entitled to receive or retain funding. Conditional contributions are recognized as revenue at fair value when the conditions have been met. Funding received before conditions are met is reported as refundable advances. At December 31, 2020, MAM has approximately \$615,000 of conditional contributions from various government agencies, which have not been recognized in the accompanying financial statements because the conditions have not been met. MAM will recognize these grants as qualifying grant expenditures are incurred and/or performance requirements are met.

Donated materials and services – Donated materials are recognized at fair value as contributions when an unconditional commitment is received from the donor. The related expense is recognized as the item is used or sold. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Program fees and retail store sales revenue are recognized when goods or services are provided to a customer, in an amount that reflects the consideration that MAM expects to be entitled to in exchange for those goods or services. Payment is due at point of sale or program registration. The nature of these services does not give rise to contract costs or any variable considerations, warranties or other obligations. Sales and fees are from customers residing in or near Harris County, Texas. There are no receivables or deferred revenues associated with this revenue.

Cost of donated goods sold is based on the estimated fair value of the donated goods that are sold in the resale store.

Functional allocation of expenses – Expenses are reported by their functional classification. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Fundraising activities include the solicitation of contributions of money, securities,

materials, facilities, other assets, and time. Management and general activities are not directly identifiable with specific program or fundraising activities. Expenses that are attributable to more than one activity are allocated among the activities benefitted. Salaries and related costs are allocated on the basis of estimated time and effort expended. Depreciation, security, utilities and other occupancy costs are allocated based on square footage.

Special event revenue includes elements of both contributions and exchange transactions and are recognized when an event occurs. Direct donor benefits provided represents the cost of goods or services provided to attendees of the event.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts reported as revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

Recent financial accounting pronouncement – In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. Under this ASU, a lessee should recognize in the statement of financial position a lease liability and a lease asset representing its right to use the underlying asset for the term of the lease for both finance and operating leases. An entity may make an accounting policy election not to recognize lease assets and lease liabilities for leases with a term of 12 months or less. Recognition, measurement and presentation of expenses and cash flows arising from a lease by a lessee have not changed significantly. Qualitative and quantitative disclosures are required by lessees and lessors to enable users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. MAM is required to adopt this ASU for fiscal year 2022. Management has not yet determined the impact adoption of this ASU will have on the financial statements.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available to meet cash needs for general expenditures within one year of December 31 are comprised of the following:

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash	\$ 5,431,843	\$ 3,762,111
Other receivables	7,888	7,433
Contributions receivable, net	774,363	1,132,717
Investments	<u>1,288,178</u>	<u>1,183,453</u>
Total financial assets	7,502,272	6,085,714
Less financial assets not available for general expenditure:		
Contributions receivable due in more than one year	(70,966)	(84,338)
Board-designated endowment	<u>(1,288,178)</u>	<u>(1,183,453)</u>
Total financial assets available for general expenditure	<u>\$ 6,143,128</u>	<u>\$ 4,817,923</u>

For purposes of analyzing resources available to meet general expenditures over a 12-month period, MAM considers all expenditures related to its ongoing activities to be general expenditures. MAM has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. MAM has a board-designated endowment that it does not intend to make available for general expenditures within one year; however, the funds remain available to be spent at the discretion of the Board of Directors.

The coronavirus COVID-19 outbreak in the United States caused business disruptions through mandated and voluntary closings. The MAM offices, resale shop and donation center closed to the public from March 17, 2020 to May 11, 2020 and MAM’s program facilities remained partially closed for the remainder of the year. MAM continued to offer client services remotely via phone, e-mail and virtual classes. The full extent of the impact on MAM’s future operational and financial performance will depend on developments such as the duration and spread of the COVID-19 outbreak, impact on donors, employees and vendors, all of which are uncertain and cannot be predicted. MAM continues to plan for the situation to negatively impact its operating results and financial position, however, the financial impact cannot be reasonably estimated at this time.

In April 2020, MAM received \$701,600 under the Small Business Administration’s Paycheck Protection Program (PPP). The loan was forgiven in March 2021 as MAM met the eligibility requirements and used the loan to fund qualified payroll and other eligible costs. The loan is considered a conditional contribution and will be recognized as contribution revenue in fiscal year 2021.

NOTE 4 – CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following:

	<u>2020</u>	<u>2019</u>
Contributions receivable	\$ 779,363	\$ 1,119,237
Allowance for uncollectible receivables	<u>(5,000)</u>	<u>(5,000)</u>
Contributions receivable, net	<u>\$ 774,363</u>	<u>\$ 1,114,237</u>

Contributions receivable at December 31, 2020 are expected to be collected as follows:

Receivable in less than one year	\$ 708,397
Receivable in one to five years	<u>70,966</u>
Total contributions receivable	<u>\$ 779,363</u>

At December 31, 2020, 68% of contributions receivable are due from three donors and at December 31, 2019, 58% of contributions receivable are due from two donors.

NOTE 5 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Generally accepted accounting principles require that certain assets and liabilities be reported at fair value and establish a hierarchy that prioritizes inputs used to measure 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. The three levels of the fair value hierarchy are as follows:

- *Level 1* – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the reporting date.
- *Level 2* – Inputs are other than quoted prices included in Level 1, which are either directly observable or can be derived from or corroborated by observable market data at the reporting date.
- *Level 3* – Inputs are not observable and are based on the reporting entity’s assumptions about the inputs market participants would use in pricing the asset or liability.

Assets measured at fair value at December 31, 2020 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Mutual funds:				
Corporate bond	\$ 293,650			\$ 293,650
Strategic income	292,170			292,170
International growth	156,837			156,837
Large-cap value	154,438			154,438
Global infrastructure and real estate	138,313			138,313
Equity growth	129,213			129,213
Emerging markets equity	52,220			52,220
Money market	19,954			19,954
International equity exchange-traded funds	<u>51,383</u>			<u>51,383</u>
Total assets measured at fair value	<u>\$ 1,288,178</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,288,178</u>

Assets measured at fair value at December 31, 2019 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Mutual funds:				
Strategic income	\$ 232,383			\$ 232,383
International growth	145,644			145,644
Large-cap value	111,208			111,208
Global real estate	44,734			44,734
Equity growth	60,577			60,577
Emerging markets equity	36,543			36,543
Money market	33,192			33,192
Risk parity	110,893			110,893
MLP and energy	59,783			59,783
International equity exchange-traded funds	47,784			47,784
Corporate bonds		\$ 231,631		231,631
Short maturity exchange-traded funds	<u>69,081</u>			<u>69,081</u>
Total assets measured at fair value	<u>\$ 951,822</u>	<u>\$ 231,631</u>	<u>\$ 0</u>	<u>\$ 1,183,453</u>

Valuation methods used for assets measured at fair value are as follows:

- *Mutual funds* are valued at the reported net asset value of shares held.
- *Exchange-traded funds* are valued at the closing price reported on the active market on which the individual securities or funds are traded.
- *Corporate bonds* are valued using prices obtained from independent quotation bureaus that use computerized valuation formulas which may include market-corroborated inputs for credit risk factors, interest rate and yield curves and broker quotes to calculate fair values.

These valuation methods may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while MAM believes its valuation methods are appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date.

Investments are exposed to various risks such as interest rate, market, and credit risks. Because of these risks, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position and statement of activities.

NOTE 6 – PROPERTY

Property consists of the following:

	<u>2020</u>	<u>2019</u>
Land and improvements	\$ 790,105	\$ 790,105
Buildings	6,347,355	6,347,355
Equipment, furniture, and fixtures	<u>800,398</u>	<u>645,954</u>
Total property, at cost	7,937,858	7,783,414
Accumulated depreciation	<u>(2,521,027)</u>	<u>(2,274,064)</u>
Property, net	<u>\$ 5,416,831</u>	<u>\$ 5,509,350</u>

NOTE 7 – NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consist of the following:

	<u>2020</u>	<u>2019</u>
Undesignated	\$ 3,514,553	\$ 3,679,816
Property, net	5,416,831	5,509,350
Board-designated endowment	<u>1,288,178</u>	<u>1,183,453</u>
Total net assets without donor restrictions	<u>\$ 10,219,562</u>	<u>\$ 10,372,619</u>

NOTE 8 – BOARD-DESIGNATED ENDOWMENT

The MAM Endowment Fund (the Fund) is a board-designated endowment established by the Board of Directors (the Board) for the long-term support of MAM's operations.

Changes in net assets of the board-designated endowment fund are as follows:

	<u>WITHOUT DONOR RESTRICTIONS</u>
Endowment net assets, December 31, 2018	\$ 994,952
Net investment return	<u>188,501</u>
Endowment net assets, December 31, 2019	1,183,453
Net investment return	<u>104,725</u>
Endowment net assets, December 31, 2020	<u>\$ 1,288,178</u>

Investment and Spending Policies

The investment goal of the Fund is the achievement of moderate capital growth in line with appropriate investment industry benchmarks, recognizing that some accommodation will be required in light of MAM's possible need from time to time to withdraw a portion of the Fund's assets. The target rate of return on the Fund's assets shall be an absolute 6%, long term, after expenses. In order to achieve this goal, the policy has a set asset allocation target of 70% equity securities, 25% fixed-income securities, and 5% cash equivalents.

Although the Fund’s goal is long-term appreciation and retention of Fund assets, certain limited types of withdrawals are permitted in order to support MAM’s activities and requirements. As long as the Fund’s assets are less than \$1,200,000, up to 50% of prior year Fund earnings (dividends and interest only) may be withdrawn at the start of each calendar year for support of MAM’s ongoing operations. The Finance Committee is authorized to change the percentage of Fund earnings that can be withdrawn annually every three years beginning January 1, 2013. The Board of MAM must approve any withdrawal in excess of the prescribed amount. When the market value of the Fund reaches \$1,200,000 or more, the Board, at the beginning of each calendar year, may authorize the withdrawal of total Fund earnings (defined as interest, dividends, realized gains/losses, unrealized gains/losses, capital gain distributions for mutual funds less investment fees) instead of the dividends and interest provided for above. The target amount of the Fund withdrawal shall be between 2% and 5% of the Fund’s market value at the prior year end.

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose:		
COVID-19 financial assistance	\$ 1,026,418	
Young adult employment program	494,447	\$ 466,168
Client and medical assistance	320,895	513,351
Employment services	258,338	269,500
ESL	104,000	63,000
Literacy Advance programs	103,954	26,250
Other	49,699	26,677
Subject to passage of time:		
For future operating periods	<u>20,000</u>	<u>115,000</u>
Total net assets with donor restrictions	<u>\$ 2,377,751</u>	<u>\$ 1,479,946</u>

NOTE 10 – IN-KIND CONTRIBUTIONS

The majority of items sold in the MAM Resale Store are contributed by the general public. The fair value of these contributions is based on the estimated sale price of each item and is recognized in the financial statements as in-kind contributions. During 2020, MAM also received a gift of donated land, which was sold during 2020. The value of the contribution recorded was based on proceeds received on the sale, which approximates the fair value on the date of donation. In-kind contributions are as follows:

	<u>2020</u>	<u>2019</u>
Resale Store donated inventory	\$ 1,133,669	\$ 1,608,647
Donated land (sold during 2020)	797,731	
Program services:		
Clothing, hygiene and other items	51,465	56,510
Christmas Share program supplies	24,330	42,318
Other	<u>1,122</u>	<u>4,757</u>
Total in-kind contributions	<u>\$ 2,008,317</u>	<u>\$ 1,712,232</u>

A substantial number of volunteers have contributed significant amounts of time in connection with programs, administration, and fundraising for which no amount has been recorded in the financial statements because the donated services did not meet the criteria for recognition under generally accepted accounting principles. The hours contributed by volunteers approximated 33,839 in 2020 and 65,340 in 2019, primarily in the Resale Store and Family Assistance programs. The Independent Sector and Bureau of Labor Statistics estimated the value of one hour of volunteer service in the United States at \$27.20 in 2020 and \$25.43 in 2019. Using these rates, the estimated value of volunteer services not recognized (in these financial statements) is approximately \$920,420 for 2020 and \$1,661,596 for 2019.

NOTE 11 – IN-KIND FACILITIES PROVIDED TO PARTNERS

MAM provides the use of its facilities to twelve not-for-profit and other partners who provide services to people in the community. The estimated value of the facilities provided by MAM was \$17,000 in 2020 and \$39,000 in 2019.

NOTE 12 – EMPLOYEE BENEFIT PLAN

All employees of MAM are eligible to participate in a §403(b) plan upon employment. Starting after the first full year of service, participating employees receive an employer matching contribution ranging from 1% to 5% of the employee's annual wages depending on the number of years of service. MAM's contribution to this plan totaled approximately \$58,000 and \$53,000 during 2020 and 2019, respectively.

NOTE 13 – COMMITMENTS

MAM entered into a contract of approximately \$850,000 in January 2021 to purchase certain property. The commitment under this contract may be canceled with notice.

NOTE 14 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 10, 2021, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events other than as discussed in Notes 3 and 13, were identified that are required to be disclosed.
