

MATTHEW 25
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021



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**MATTHEW 25
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YEARS ENDED DECEMBER 31, 2022 AND 2021**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Matthew 25
Cedar Rapids, Iowa

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Matthew 25, which comprise the statements of financial position as of December 31, 2022 and 2021, 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 Matthew 25 as of December 31, 2022 and 2021, 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 (GAAS). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Matthew 25 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 the 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 Matthew 25's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' 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 auditors' 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 GAAS 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 GAAS, 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 Matthew 25'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 Matthew 25'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.



CliftonLarsonAllen LLP

Cedar Rapids, Iowa
July 27, 2023

MATTHEW 25
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

ASSETS	2022	2021
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,750,482	\$ 1,743,619
Unconditional Promises to Give	225,805	456,510
Inventory	35,574	-
Prepaid Expenses	40,606	38,491
Total Current Assets	2,052,467	2,238,620
LONG-TERM UNCONDITIONAL PROMISES TO GIVE, NET	35,100	135,309
PROPERTY AND EQUIPMENT		
Land	237,501	195,240
Building and Improvements	2,017,666	1,379,640
Rental Properties	1,164,757	972,318
Rehabilitations in Progress	-	553,730
Natural Playscape	81,507	81,507
Urban Farm Improvements	306,279	306,279
Furniture and Equipment	199,209	177,868
Total	4,006,919	3,666,582
Less: Accumulated Depreciation	(1,107,551)	(858,691)
Total Property and Equipment	2,899,368	2,807,891
OTHER ASSETS		
Land for Redevelopment	40,000	40,000
Beneficial Interest in Assets Held by Community Foundation	4,323	4,471
Total Other Assets	44,323	44,471
Total Assets	\$ 5,031,258	\$ 5,226,291

See accompanying Notes to Financial Statements.

MATTHEW 25
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2022 AND 2021

	2022	2021
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 75,495	\$ 20,840
Accrued Expenses	63,567	41,230
Deposits on Account	8,180	8,611
Current Portion of Notes Payable	46,536	41,956
Total Current Liabilities	193,778	112,637
 LONG-TERM LIABILITIES		
Notes Payable	712,807	645,755
Total Liabilities	906,585	758,392
 NET ASSETS		
Without Donor Restrictions:		
Undesignated	3,202,906	3,197,681
Board-Designated for Neighborhood Building Projects	500,000	500,000
Board-Designated for Endowment	4,323	4,471
Total Without Donor Restrictions	3,707,229	3,702,152
With Donor Restrictions	417,444	765,747
Total Net Assets	4,124,673	4,467,899
Total Liabilities and Net Assets	\$ 5,031,258	\$ 5,226,291

See accompanying Notes to Financial Statements.

MATTHEW 25
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 2,252,275	\$ 120,777	\$ 2,373,052
In-Kind Donations	42,643	-	42,643
Program Service Revenue	610,338	-	610,338
Investment Income	5,237	-	5,237
Change in Beneficial Interest in Assets			
Held by Community Foundation	7	-	7
Miscellaneous	-	-	-
Gain on the Disposal of Property and Equipment	33,270	-	33,270
Satisfaction of Purpose and Time Restrictions	469,080	(469,080)	-
Total Support and Revenue	3,412,850	(348,303)	3,064,547
EXPENSES			
Program Services:			
Neighborhood Building	1,740,730	-	1,740,730
Cultivate Hope	1,001,916	-	1,001,916
Community Building	20,471	-	20,471
Total Program Services	2,763,117	-	2,763,117
Supporting Activities:			
Management and General	529,185	-	529,185
Fundraising	115,471	-	115,471
Total Supporting Activities	644,656	-	644,656
Total Expenses	3,407,773	-	3,407,773
CHANGE IN NET ASSETS	5,077	(348,303)	(343,226)
Net Assets - Beginning of Year	3,702,152	765,747	4,467,899
NET ASSETS - END OF YEAR	\$ 3,707,229	\$ 417,444	\$ 4,124,673

See accompanying Notes to Financial Statements.

MATTHEW 25
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 2,692,679	\$ 604,507	\$ 3,297,186
In-Kind Donations	30,987	-	30,987
Program Service Revenue	248,988	-	248,988
Investment Income	5,880	-	5,880
Change in Beneficial Interest in Assets			
Held by Community Foundation	512	-	512
Miscellaneous	45,266	-	45,266
Loss on Disposal of Property and Equipment	(1,425)	-	(1,425)
Note Payable Forgiveness	106,400	-	106,400
Satisfaction of Purpose and Time Restrictions	1,034,384	(1,034,384)	-
Total Support and Revenue	4,163,671	(429,877)	3,733,794
EXPENSES			
Program Services:			
Neighborhood Building	1,700,837	-	1,700,837
Cultivate Hope	521,028	-	521,028
Total Program Services	2,221,865	-	2,221,865
Supporting Activities:			
Management and General	318,268	-	318,268
Fundraising	94,014	-	94,014
Total Supporting Activities	412,282	-	412,282
Total Expenses	2,634,147	-	2,634,147
CHANGE IN NET ASSETS	1,529,524	(429,877)	1,099,647
Net Assets - Beginning of Year	2,172,628	1,195,624	3,368,252
NET ASSETS - END OF YEAR	\$ 3,702,152	\$ 765,747	\$ 4,467,899

See accompanying Notes to Financial Statements.

MATTHEW 25
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	Program				Supporting Activities			Total Expenses
	Neighborhood Building	Cultivate Hope	Community Building	Total	Management and General	Fundraising	Total	
Salaries and Wages	\$ 282,082	\$ 459,526	\$ 17,156	\$ 758,764	\$ 78,505	\$ 74,737	\$ 153,242	\$ 912,006
Payroll Taxes and Fringe Benefits	53,644	69,499	2,433	125,576	24,086	14,314	38,400	163,976
Professional Fees and Contract Services	1,143,571	10,459	-	1,154,030	107,410	7,525	114,935	1,268,965
Supplies	36,127	65,600	459	102,186	11,116	1,748	12,864	115,050
Printing and Publications	595	-	-	595	4,728	9,298	14,026	14,621
Postage, Shipping, and Delivery	19	-	-	19	659	2,139	2,798	2,817
Telephone	1,244	4,500	115	5,859	8,466	534	9,000	14,859
Occupancy	95,511	38,063	-	133,574	37,006	-	37,006	170,580
Bank Fees	459	9,991	5	10,455	306	1,965	2,271	12,726
Insurance	17,646	13,943	-	31,589	39,039	-	39,039	70,628
Travel and Vehicle	2,588	5,288	240	8,116	6,024	2	6,026	14,142
Meetings and Conferences	1,129	356	63	1,548	814	533	1,347	2,895
Small Equipment and Maintenance	19,054	10,370	-	29,424	678	359	1,037	30,461
Membership Dues and Subscriptions	135	783	-	918	600	259	859	1,777
Advertising and Promotion	360	21,928	-	22,288	782	1,541	2,323	24,611
Cost of Goods Sold	-	290,277	-	290,277	2,303	-	2,303	292,580
Depreciation	71,647	-	-	71,647	164,885	-	164,885	236,532
Interest Expense	14,919	-	-	14,919	10,276	-	10,276	25,195
Miscellaneous	-	1,333	-	1,333	31,502	517	32,019	33,352
Total Functional Expenses	\$ 1,740,730	\$ 1,001,916	\$ 20,471	\$ 2,763,117	\$ 529,185	\$ 115,471	\$ 644,656	\$ 3,407,773

See accompanying Notes to Financial Statements.

MATTHEW 25
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program			Supporting Activities			Total Expenses
	Neighborhood Building	Cultivate Hope	Total	Management and General	Fundraising	Total	
Salaries and Wages	\$ 251,561	\$ 338,868	\$ 590,429	\$ 21,810	\$ 58,921	\$ 80,731	\$ 671,160
Payroll Taxes and Fringe Benefits	42,903	41,779	84,682	5,928	13,431	19,359	104,041
Professional Fees and Contract Services	1,117,780	4,884	1,122,664	43,228	4,644	47,872	1,170,536
Supplies	47,753	19,363	67,116	26,272	1,237	27,509	94,625
Printing and Publications	3,674	3,926	7,600	898	7,085	7,983	15,583
Postage, Shipping, and Delivery	808	164	972	115	2,326	2,441	3,413
Telephone	2,829	4,240	7,069	7,876	497	8,373	15,442
Occupancy	109,405	10,223	119,628	2,242	-	2,242	121,870
Bank Fees	1,290	3,303	4,593	283	2,386	2,669	7,262
Insurance	29,383	1,938	31,321	18,126	-	18,126	49,447
Travel and Vehicle	4,266	2,696	6,962	2,261	1	2,262	9,224
Meetings and Conferences	986	274	1,260	(2,722)	2,244	(478)	782
Small Equipment and Maintenance	12,193	10,428	22,621	6,797	122	6,919	29,540
Membership Dues and Subscriptions	-	1,010	1,010	1,120	375	1,495	2,505
Advertising and Promotion	5,317	19,029	24,346	1,088	1,571	2,659	27,005
Cost of Goods Sold	-	57,251	57,251	-	-	-	57,251
Depreciation	59,485	-	59,485	132,416	-	132,416	191,901
Interest Expense	10,904	-	10,904	13,664	-	13,664	24,568
Miscellaneous	300	1,652	1,952	36,866	(826)	36,040	37,992
Total Functional Expenses	\$ 1,700,837	\$ 521,028	\$ 2,221,865	\$ 318,268	\$ 94,014	\$ 412,282	\$ 2,634,147

See accompanying Notes to Financial Statements.

MATTHEW 25
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (343,226)	\$ 1,099,647
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Forgiveness of PPP Loan	-	(106,400)
Change in Allowance	(5,101)	11,038
Change in Beneficial Interest in Assets Held by Community Foundation	148	(492)
Contributed Property and Equipment	-	(1,500)
(Gain) Loss on the Disposal of Fixed Assets	(33,270)	1,425
Depreciation	236,532	191,901
Contributions Received for Long-Term Use	(298,010)	(443,259)
In-Kind Contributions	1,173	824
(Increase) Decrease in Assets:		
Unconditional Promises to Give	336,015	87,605
Prepaid Expenses	(2,115)	(1,716)
Inventory	(35,574)	-
Increase (Decrease) in Liabilities:		
Accounts Payable	42,778	(184,281)
Accrued Expenses	22,337	10,889
Deposits on Account	(431)	780
Deferred Revenue	-	(10,000)
Net Cash Provided (Used) by Operating Activities	(78,744)	656,461
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(282,862)	(656,725)
Net Cash Used by Investing Activities	(282,862)	(656,725)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Long-Term Debt	113,500	113,400
Payments on Notes Payable	(43,041)	(38,548)
Receipts from Long-Term Use Contributions	298,010	443,259
Net Cash Provided by Financing Activities	368,469	518,111
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,863	517,847
Cash and Cash Equivalents - Beginning of Year	1,743,619	1,225,772
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,750,482	\$ 1,743,619
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 24,028	\$ 25,811
Noncash Purchases of Property and Equipment	\$ 12,767	\$ -

See accompanying Notes to Financial Statements.

MATTHEW 25
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization Background

Matthew 25 (the Organization) was incorporated on March 2, 2007, in the state of Iowa, as a nonprofit corporation. The mission of the Organization is to improve the health of people and neighborhoods by investing in quality affordable housing, healthy food, educational opportunities, and community building. The Organization envisions thriving, connected communities with sharing economies, where all people are valued, talents are multiplied, and neighbors live healthy, nourished lives full of opportunity. The fiscal year-end for the Organization is December 31. Significant accounting policies followed by the Organization are presented below.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The Organization considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets presently available for use by the Organization at the discretion of management.

Net Assets With Donor Restrictions – Net assets subject to donor restrictions that will be satisfied either by the passage of time or by actions of the Organization.

Description of Programs

Central to the Organization's vision is the belief in what is possible. Each program the Organization sponsors, starts with a need or desire to transform something or someone from what it is into what it might be. We divide our work into three categories: Neighborhood Building provides quality affordable housing, Cultivate Hope provides healthy food, and Community Building enhances neighborhoods by connecting people.

Neighborhood Building – Neighborhood Building revitalizes neighborhoods by supporting access to attractive, mixed-income, healthy housing which provides stability for homeowners and the neighborhood.

MATTHEW 25
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Programs (Continued)

Neighborhood Building (Continued) – Since our inception, the Organization has worked on more than one thousand homes throughout Cedar Rapids and Linn County. More than 250 homes were repaired following the 2008 flood and nearly 400 were repaired following the derecho of 2020. Each year, the Organization helps at least 20 homeowners through owner-occupied repairs during our Transform program. Other housing supports include:

- Energy efficient, affordable new home construction
- Rehabilitation of affordable housing rentals
- Tool lending library for home repair, lawn, and garden tool and education access

Cultivate Hope – Cultivate Hope advances a healthy neighborhood culture by increasing opportunities to grow, purchase, and eat good food within economically marginalized neighborhoods. Programs include:

Cultivate Hope Urban is the first urban farm in the state of Iowa. It was created in 2012, following a catastrophic flood in 2008 that destroyed more than twelve hundred homes and businesses. The Organization turned 18 vacant, abandoned lots in the middle of a food desert into a fresh food oasis and educational center. Each year, the farm hosts market nights, community gardens, and holds a variety of educational workshops. The farm also grows produce that is sold at the Cultivate Hope Corner Store and used in Groundswell Café.

Groundswell Café – A Pay-It Forward eatery, is a place where everyone has access to fresh, healthy food regardless of their ability to pay. At this café, guests can round up their bill or make a donation to help pay for a meal for someone who cannot afford it. Those who cannot afford to pay are able to order and enjoy our super-fresh, healthy food at no cost.

Cultivate Hope Corner Store is a small grocery store located a block from the urban farm in what was formerly a food desert. The Corner Store offers a wide variety of fresh produce and foods at affordable prices. Additionally, the pay-it-forward section of the store helps people extend their food budgets by providing produce for free.

High School Youth Development Program – Fifteen youth from diverse backgrounds are hired to plant, tend, harvest, process and sell produce throughout the growing season. In addition to learning how to grow things, the youth learn leadership and entrepreneurial skills.

School and Community Garden Education – Works with kindergarten students though adults to teach people how to grow, harvest, and eat healthy foods. Cooking classes are also taught at schools, Groundswell Café and the Corner Store.

MATTHEW 25
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Programs (Continued)

Community Building – In a time where many of our neighbors feel lonely and divided, the Organization recognizes that society and neighborhoods are made stronger and healthier through positive and diverse relationships. Therefore, the Organization is actively engaged in the work of community building. The Organization does this work in three primary ways:

One-on-One Listening – An organized process of listening to our neighbors, seeking deeper understanding of their gifts, talents and dreams for their own lives and their neighborhood.

Community Building Events – Growing the number of places where people can intentional connect in meaningful ways.

Volunteer Coordination – Helping people to work in a purposeful way on issues they care about with an overall goal of helping diverse groups of people to support one another. In addition to resident volunteers, this area also involves Green Iowa Americorps members who work on home energy efficiency, environmental education and other neighborhood revitalization efforts.

Support and Revenue

Contributions are recognized when cash, other assets, or an unconditional promise to give is received. Conditional promises to give are not recognized until the conditions on which they depend have been met. The Organization has been awarded cost-reimbursable grants of approximately \$609,562 that have not been recognized as of December 31, 2022 because qualifying expenditures have not yet been incurred.

Contributions and grants received are classified as with and without donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions and grants receivable are recognized when an unconditional promise to give is received. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. The Organization has not recorded the present value discount for long-term contributions as they have determined it does not materially impact the financial statements. Management estimates an allowance for promises to give based on historical experience and other circumstances which may affect the ability of donors to meet their obligations.

Contributions of donated goods are recorded at fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Contributions received in advance of services performed or conditions being met are recorded as deferred revenue.

MATTHEW 25
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Support and Revenue (Continued)

The Organization recognizes revenue from exchange transaction grants upon fulfillment of requirements detailed in the grant documents.

Program service revenue is derived from rentals from the tool library, guest room, housing, and food and beverage sales. Rental income is recognized when the performance obligation of providing the space is satisfied. Rental from the tool library and food and beverage sales is recognized as goods are delivered to the buyer.

Rental Properties

Rental properties consists primarily of land and houses that have been either donated or purchased for the purpose of being used as long-term, low-income rentals. Contributions of land and houses are reported in the period received and are recorded at fair value. Purchased land and houses are recorded at cost. The rental properties are either currently in the process of being rehabilitated or are complete and being rented.

Property and Equipment

Purchased property and equipment are recorded at cost, while contributed property and equipment are recorded at estimated fair value at the date of gift. Depreciation is computed utilizing the straight-line method over the estimated useful lives of the assets which range from 2 to 50 years. The Organization follows a formal policy of capitalizing all property and equipment purchases over \$1,000 whose useful life is greater than one year.

Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell.

Beneficial Interest in Assets Held by Community Foundation

A board-designated quasi-endowed fund is held by The Greater Cedar Rapids Community Foundation (the Foundation) for the benefit of the Organization. The transactions with the Foundation are deemed to be reciprocal and, therefore, the value of the funds held by the Foundation is recognized as an asset (beneficial interest in assets held by community foundation) by the Organization. Control over the investment or reinvestment of the funds is exercised exclusively by the Foundation. The board-designated fund is available at any time for distribution to the Organization.

MATTHEW 25
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Beneficial Interest in Assets Held by Community Foundation (Continued)

Other designated funds are held by the Foundation for the benefit of the Organization. These funds have been established by separate donors who have explicitly granted variance power to the Foundation in a nonreciprocal transfer. As such, these funds have not been recognized as an asset by the Organization. The fund balance at December 31, 2022 and 2021 was \$142,221 and \$150,559, respectively. For the years ended December 31, 2022 and 2021, \$5,248 and \$3,294 was distributed to the Organization, respectively.

Functional Expenses

The Organization allocates its expenses on a functional basis among its various program services and supporting activities. Expenses that can be identified with a specific program and supporting activity are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated on the basis of estimates of square footage and time and effort.

Advertising

Advertising costs are expensed as incurred.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar section of the Iowa income tax law, which provides income tax exemption for corporations organized and operated exclusively for religious, charitable, or educational purposes. The Internal Revenue Service has not classified the Organization as a private foundation.

The Organization files information returns in the U.S. federal jurisdiction. The Organization follows the standard for evaluating uncertain tax positions and has determined that it was not required to record a liability related to uncertain tax positions.

Paycheck Protection Program

Grants from the government are recognized when all conditions of such grants are fulfilled or there is a reasonable assurance that they will be fulfilled. On April 22, 2020, the Organization received a loan from Cedar Rapids Bank and Trust Company in the amount of \$106,400 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration (SBA). Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Organization fails to apply for forgiveness within the 10 months after the covered period, then payment of principal and interest shall begin on that date. The amount may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. The Organization is following ASC 470, *Debt*, to account for the initial receipt related to the PPP Loan. On February 18, 2021, the SBA processed the Organization's PPP Loan forgiveness application and notified Cedar Rapids Bank and Trust Company the PPP Loan qualified for full forgiveness. Loan proceeds were received by the bank from the SBA on that date.

MATTHEW 25
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Paycheck Protection Program (Continued)

Therefore, the Organization was legally released from the debt and loan forgiveness has been recorded as a gain on extinguishment of debt, which is included in note payable forgiveness income during the year ended December 31, 2021.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Organization's financial position.

Adoption of Accounting Principles

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU was issued to improve the effectiveness of disclosures related to contribution of nonfinancial assets. This adoption of this standard did not have a significant impact on the accompanying financial statements or disclosures.

Additionally, in February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of the financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the requirements of the guidance effective January 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption. The Organization has elected to adopt the package of practical expedients available in the year of adoption. The Organization has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assess impairment of the Organization's ROU assets. The adoption of this standard did not have a significant impact on the accompanying financial statements or disclosures.

NOTE 2 LIQUIDITY AND AVAILABILITY

The Organization regularly monitors the availability of resources required to meet its operating needs and other commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities as well as the conduct of services to support those activities to be general expenditures.

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NOTE 2 LIQUIDITY AND AVAILABILITY (CONTINUED)

The Organization receives 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.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

As of December 31, the following table shows the total financial assets held by the Organization and the amounts of those financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 1,750,482	\$ 1,743,619
Receivables	225,805	456,510
Total	<u>1,976,287</u>	<u>2,200,129</u>
Less: Donor Restrictions	<u>(365,768)</u>	<u>(717,304)</u>
Total	<u>\$ 1,610,519</u>	<u>\$ 1,482,825</u>

NOTE 3 UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consist of the following as of December 31:

	<u>2022</u>	<u>2021</u>
General Pledges	\$ 120,858	\$ 287,490
Capital Campaign Pledges	147,634	317,017
Gross Unconditional Promises to Give	<u>268,492</u>	<u>604,507</u>
Less: Allowance for Uncollectible Pledges	<u>(7,587)</u>	<u>(12,688)</u>
Total	<u>\$ 260,905</u>	<u>\$ 591,819</u>

Unconditional promises to give as of December 31, 2022 are scheduled to be received in the following years:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 233,392
2024	25,050
2025	10,050
Total	<u>\$ 268,492</u>

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NOTE 4 NOTES PAYABLE

<u>Description</u>	<u>2022</u>	<u>2021</u>
Notes payable to the Housing Fund for Linn County, requiring monthly payments of \$580, at 0% interest, with final payments due in December 2028.	\$ 36,822	\$ 45,739
Note payable to bank, requiring monthly payments of \$2,614 at 5.00% interest, with final payment due in July 2021. This note was refinanced in June 2021, requiring monthly payments of \$2,461 at 3.51% interest, with final payment due in May 2026. This note is secured by property located in Cedar Rapids, Iowa.	278,286	297,536
Note payable to bank, up to \$210,000. This note was refinanced in June 2021, requiring monthly payments of \$735 at 3.51% interest, with final payment due in May 2026. This note is secured by real estate mortgage and assignment of rents dated October 11, 2017.	125,727	129,993
Note payable to bank, up to \$116,000. This note was refinanced in June 2021, requiring monthly payments of \$611 at 3.51% interest, with final payment due in May 2026. This note is secured by real estate mortgage on real estate located at 616 4th Street SW.	104,562	108,110
Note payable to bank, \$72,500, requiring monthly payments of \$365 at 3.51% interest, with final payment due in May 2026. This note is secured by a real estate mortgage for property located at 703 F Avenue.	69,574	71,446
Note payable to bank, \$25,000, requiring monthly payments of \$456 at 3.51% interest, with final payment due in July 2026. This note is secured by a real estate mortgage and assignment of rents dated July 9, 2021 for property located at 603 A Avenue NW.	18,356	23,077
Note payable up to \$31,800 to Housing Fund of Linn County at 0% interest for purchase and rehabilitation of two homes for rental purposes. Monthly payments to begin in July 2023. Agreement expires in June 2038.	31,800	15,900
Note payable to bank, \$97,600, requiring monthly payments of \$538 at 4.35%, with final payment due in June 2027. This note is secured by a real estate mortgage dated June 15, 2022 for property located at 427 F Avenue NW.	96,486	-
Total Notes Payable	761,613	691,801
Less: Current Portion	(46,536)	(41,956)
Less: Imputed Interest on 0% Loans	(2,270)	(4,090)
Long-Term Portion	<u>\$ 712,807</u>	<u>\$ 645,755</u>

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NOTE 4 NOTES PAYABLE (CONTINUED)

Future maturities of notes payable as of December 31, 2022 is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 46,536
2024	48,906
2025	49,231
2026	496,856
2027	92,733
Thereafter	27,351
Total	<u>\$ 761,613</u>

NOTE 5 NATURE AND AMOUNT OF NET ASSETS

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

	<u>2022</u>	<u>2021</u>
Imputed Interest	\$ 7,176	\$ 3,943
Urban Farm	44,500	44,500
Green Iowa	3,200	3,200
Future Operations	112,977	112,977
Healthy Neighborhoods	140,047	386,236
Derecho Relief	92,040	211,954
Transform	17,504	2,937
Total	<u>\$ 417,444</u>	<u>\$ 765,747</u>

Net assets were released from donor restrictions by incurring expense, satisfying the restricted purpose or by occurrence of the passage of time or other events specified by donors as following for the years ending December 31:

	<u>2022</u>	<u>2021</u>
Satisfaction of Purpose Restrictions	\$ 12,207	\$ 1,001,484
Expiration of Time Restrictions	456,873	32,900
Total	<u>\$ 469,080</u>	<u>\$ 1,034,384</u>

NOTE 6 DISCLOSURE ABOUT CERTAIN CONCENTRATIONS

Cash Balances

The Organization maintains its cash accounts in one bank in Cedar Rapids. As of December 31, 2022, cash balances in the checking and money market accounts were insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor per bank. Balances in excess of FDIC limits are uninsured. As of December 31, 2022, the Organization had cash balances on deposit of \$482,564.

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NOTE 6 DISCLOSURE ABOUT CERTAIN CONCENTRATIONS (CONTINUED)

The Organization is also a part of an Insured Cash Sweep (ICS) Deposit Placement Agreement with the same bank in Cedar Rapids in which the bank will transfer funds from accounts at that bank to be placed in deposit accounts at other depository institutions that are insured by the FDIC. As of December 31, 2022, the Organization had cash in the ICS account of \$1,167,872.

Concentration of Credit

The Organization is supported primarily through contributions from eastern Iowa individuals, churches, foundations, businesses, government agencies, and other nonprofits. During the years ended December 31, 2022 and 2021, the Organization received certain support and revenue from the following major funding sources, defined as greater than 10% of total support and revenue. The amount of support and revenue, the approximate percentage of support and revenue, and the amounts outstanding at December 31 are listed as follows:

	2022			2021		
	Amount	Percentage	Receivable	Amount	Percentage	Receivable
Funding Source A	\$ 1,252,663	45%	\$ -	\$ 763,677	21%	\$ 139,430
Funding Source B	126,521	5%	-	507,638	14%	-

NOTE 7 REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table provides information about the Organization's disaggregated revenue according to the timing and transfer of goods or services:

	2022	2021
Revenue Recognized at a Point in Time:		
Sales of Merchandise and Services	\$ 462,541	\$ 134,259
Rent Income	147,797	114,729
Total	<u>\$ 610,338</u>	<u>\$ 248,988</u>

NOTE 8 RETIREMENT PLAN

The Organization contributes to a retirement plan administered through the United Methodist Church on behalf of the executive director. The level of support is determined annually by the board of directors or a committee of its designation. The Organization's cost totaled \$11,459 and \$14,687 for the years ended December 31, 2022 and 2021, respectively.

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NOTE 8 RETIREMENT PLAN (CONTINUED)

The Organization entered into a SIMPLE IRA Plan (the Plan) in April of 2016. The Plan is available to all employees who earned at least \$5,000 per year during any two preceding years and who are expected to earn at least \$5,000 in the current year. The Organization is required to contribute to the Plan annually in one of two ways: 1) dollar-for-dollar match made for each eligible employee who is contributing to the Plan up to 3% of the eligible employee's compensation or 2) nonelective contribution equal to 2% of each eligible employee's compensation per year, even for those eligible employees who do not make contributions on their own. The Organization can switch between these two options annually. The Organization's contribution to the Plan for the years ended December 31, 2022 and 2021 totaled \$13,141 and \$7,620, respectively.

NOTE 9 COMMITMENTS

The Organization had entered into an agreement for private redevelopment with the city of Cedar Rapids to acquire certain real property for the Ellis Urban Village with minimum improvements of at least \$80,000.

The agreement for private redevelopment provided a lease with option to purchase agreement for 16 parcels of land. The agreement provided for a rental payment of \$1 per month beginning in December 2011. The agreement covered a period of three years and expired in December 2014. The Organization agreed to carry out the development activities pursuant to the terms and conditions of Community Development Block Grant (CMDB) for the length of the lease and substantially complied with the terms of the agreement. The agreement also provided for an option to purchase the development property for \$1 after the lease term of three years. The property was purchased by the Organization in April of 2015. This in-kind contribution is recorded as net assets with donor restrictions until June 2023 when all obligations will be satisfied.

The Organization is leasing a copier under an operating lease expiring in October 2023, requiring monthly payments of \$265. The Organization has adopted lease guidance under ASC 842 as described in Note 1, however, due to materiality, a ROU asset and lease liability have not been recorded in these financial statements.

Future minimum payments under this lease for the years ending December 31 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	<u>\$ 2,653</u>
Total Minimum Lease Payments	<u><u>\$ 2,653</u></u>

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NOTE 10 CONTINGENCY

During the year ended December 31, 2017, the Housing Fund for Linn County (HFfLC) provided the Organization with a \$20,000 forgivable loan award to complete the rehabilitation of a property located at 616 4th Street SW, Cedar Rapids, IA (the Project). The Project will assist two renter households with income at or below 80% of the area median income for a 15-year affordability period. HFfLC will, at its sole discretion, determine if the Organization has satisfied the terms of the agreement. If the HFfLC determines that the Organization has satisfied the terms, then repayment of the forgivable loan shall be permanently waived. Should the HFfLC determine that the Organization has not satisfied the terms of the agreement or operated in a manner substantially inconsistent with the grant application under which the terms of the award was made, the Organization may be required to repay all or part of the forgivable loan funds.

During the year ended December 31, 2020, the HFfLC awarded the Organization with a \$21,200 grant toward acquisition and rehabilitation of two homes for rental purposes in the Taylor and Time Check neighborhoods in Cedar Rapids, assisting two households with income at or below 80% percent of the area median income with the agreement expiring June 30, 2038. This agreement will cease to be in force and effect upon the occurrence of one of the following: 1) the grant is repaid in full or required part, 2) the agreement is terminated by HFfLC, 3) no disbursement of grant funds has occurred within the 24 months immediately following the effective date, or 4) the project completion date. During the years ended December 31, 2022 and 2021, the Organization received \$21,200 for the acquisition and rehabilitation of a home located at 603 A Avenue SW.

During the year ended December 31, 2020, the Organization received award notice of a \$185,000 grant from an Anonymous Foundation, the Grantee, for the project Cultivate Hope Corner Market (the Market) to construct and operate a mission-driven grocery dedicated to developing retail solutions that work in, and for, the Time Check neighborhood, a food desert community, by providing people with access to food (through multiple approaches) and access to basic services (basic cooking skills and food preparation). The Organization is required to notify the Grantee of any change that are fundamental to or having an adverse impact on the Market. If the Market is sold or ceases to conduct market operations in the grant period, prior to June 30, 2026, the Grantee may direct the Organization to donate to one or more qualified donees and amount based upon the amount of grant funds paid and the amount of time the Market was owned and used to conduct market operations. During the year ended December 31, 2021, the Organization received \$185,000 from the Grantee.

NOTE 11 RELATED PARTIES

The Organization has 0% interest loans and a forgivable loan with the Housing Fund for Linn County (HFfLC). The executive director of the Organization is not a board member with voting rights but is a member of its finance committee.

The brother of the executive director is an employee of the Organization. All amounts paid are approved by the board of directors.

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NOTE 12 CONTRIBUTED NONFINANCIAL ASSETS

The Organization received \$-0- and \$1,500 of donated equipment for the years ending December 31, 2022 and 2021. The items are recorded at the value determined by the donor which approximates the value the Organization would otherwise have to pay in its market if the items weren't donated. Management believes the valuation is adequate based on historical donations and information currently known. Depreciation expense related to the donated equipment is allocated among program and supporting services based on estimated time and effort and square footage.

The Organization receives various services and supplies and products for general operations, programming, and fundraising. These items are recorded at the value determined by the donor which approximates the value the Organization would otherwise have to pay in its market if the services or supplies and products were not donated. Management believes the valuation is adequate based on historical donations and information currently known. There were no donor-imposed restrictions related to these nonfinancial asset contributions for the years ending December 31, 2022 and 2021.

The Organization received the following nonfinancial asset contributions for the years ending December 31:

	December 31, 2022			
	Program Services	Management and General	Fundraising	Total
Services	\$ 26,329	\$ -	\$ -	\$ 26,329
Supplies and Products	15,294	1,020	-	16,314
Total	\$ 41,623	\$ 1,020	\$ -	\$ 42,643
	December 31, 2021			
	Program Services	Management and General	Fundraising	Total
Services	\$ 16,200	\$ 3,230.00	\$ -	\$ 19,430
Supplies and Products	11,507	50	-	11,557
Total	\$ 27,707	\$ 3,280	\$ -	\$ 30,987

NOTE 13 RECLASSIFICATION OF AMOUNTS

Certain reclassifications have been made to the 2021 financial statement presentation to correspond to the current year format. Total assets, net assets and change in net assets were unchanged due to these reclassifications.

NOTE 14 SUBSEQUENT EVENTS

Subsequent to year-end, the Organization purchased properties for \$125,000 and \$50,000, took out a loan for \$75,000, maturing in April 2028, and purchased equipment totaling \$23,851.

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NOTE 14 SUBSEQUENT EVENTS (CONTINUED)

Management evaluated subsequent events through July 27, 2023, the date the financial statements were available to be issued. Events or transactions occurring after December 31, 2022, but prior to July 27, 2023 that provided additional evidence about conditions that existed at December 31, 2022, have been recognized in the financial statements for the year ended December 31, 2022. Events or transactions that provided evidence about conditions that did not exist at December 31, 2022 but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended December 31, 2022.



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