

**MATTHEW 25: MINISTRIES, INC.**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED**  
**DECEMBER 31, 2019 AND 2018**

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# Steven Potter & Company, CPAs, Inc.

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Matthew 25: Ministries, Inc.

We have audited the accompanying financial statements of Matthew 25: Ministries, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, 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 U.S. generally accepted accounting principles. 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 audits. We conducted our audits in accordance with U.S. generally accepted auditing standards. 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 do not express such an 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 Matthew 25: Ministries, Inc. as of December 31, 2019 and 2018 and the changes in its net assets and cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

A handwritten signature in black ink, reading "Steven L. Potts". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Certified Public Accountant

November 5, 2020

**MATTHEW 25: MINISTRIES, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2019 AND 2018**

	<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		\$ 1,525,189	\$ 194,757
Accounts receivable		772,260	1,020,699
Pledge Receivable--Current Portion		-	333,333
Prepaid insurance		-	9,728
Other current assets		1,500	3,925
Inventory		85,182,962	53,906,992
Marketable securities (Notes 4, 6)		5,438,099	5,039,954
<b>TOTAL CURRENT ASSETS</b>		<u>92,920,010</u>	<u>60,509,388</u>
<b>NON CURRENT ASSETS</b>			
Property and equipment, net (Note 11)		12,724,853	9,437,185
Pledge Receivable		-	333,334
Cash and cash equivalents-restricted (Note 9)		556,457	2,244,106
<b>TOTAL NON CURRENT ASSETS</b>		<u>13,281,310</u>	<u>12,014,625</u>
<b>TOTAL ASSETS</b>		<u>\$ 106,201,320</u>	<u>\$ 72,524,013</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable		\$ 614,362	\$ 474,288
Salaries, benefits and taxes payable		97,159	3,657
Current portion of long term liabilities		50,000	50,000
<b>TOTAL CURRENT LIABILITIES</b>		<u>761,521</u>	<u>527,945</u>
<b>LONG TERM LIABILITIES</b>			
Notes payable (Note 15)		2,000,000	740,154
<b>TOTAL LONG TERM LIABILITIES</b>		<u>2,000,000</u>	<u>740,154</u>
<b>NET ASSETS</b>			
Without donor restrictions		102,883,342	69,011,808
With donor restrictions (Note 9)		556,457	2,244,106
<b>TOTAL NET ASSETS</b>		<u>103,439,799</u>	<u>71,255,914</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<u>\$ 106,201,320</u>	<u>\$ 72,524,013</u>

SEE NOTES TO FINANCIAL STATEMENTS

**MATTHEW 25: MINISTRIES, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2 0 1 9			2 0 1 8		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>						
Donated products received	\$223,563,121	\$ -	\$223,563,121	\$220,259,140	\$ -	\$220,259,140
Contributions	5,774,205	1,702,719	7,476,924	4,513,887	3,765,362	8,279,249
Handling and shipping fees	1,864,772	-	1,864,772	2,083,176	-	2,083,176
Investment income, net (Note 4)	922,149	-	922,149	(365,245)	-	(365,245)
Event revenue (Note 13)	211,301	101,657	312,958	104,312	171,968	276,280
Other program revenue	499,788	32,280	532,068	564,954	-	564,954
Missions hotel revenue	105,612	-	105,612	298,756	-	298,756
Other income	39,644	-	39,644	218,374	-	218,374
Assets released from restrictions	3,524,305	(3,524,305)	-	3,833,984	(3,833,984)	-
<b>TOTAL SUPPORT AND REVENUE</b>	<u>236,504,897</u>	<u>(1,687,649)</u>	<u>234,817,248</u>	<u>231,511,338</u>	<u>103,346</u>	<u>231,614,684</u>
<b>EXPENSES</b>						
Program services	200,966,741	-	200,966,741	239,116,676	-	239,116,676
General and administrative	785,575	-	785,575	676,057	-	676,057
Fundraising	881,047	-	881,047	894,413	-	894,413
<b>TOTAL EXPENSES</b>	<u>202,633,363</u>	<u>-</u>	<u>202,633,363</u>	<u>240,687,146</u>	<u>-</u>	<u>240,687,146</u>
<b>CHANGE IN NET ASSETS</b>	33,871,534	(1,687,649)	32,183,885	(9,175,808)	103,346	(9,072,462)
<b>NET ASSETS - BEGINNING</b>	69,011,808	2,244,106	71,255,914	78,187,616	2,140,760	80,328,376
<b>NET ASSETS - ENDING</b>	<u>\$102,883,342</u>	<u>\$ 556,457</u>	<u>\$103,439,799</u>	<u>\$ 69,011,808</u>	<u>\$ 2,244,106</u>	<u>\$ 71,255,914</u>

SEE NOTES TO FINANCIAL STATEMENTS

**MATTHEW 25: MINISTRIES, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<b>2 0 1 9</b>	<b>2 0 1 8</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 32,183,885	\$ (9,072,462)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	790,977	595,321
Change in donated goods and property	(31,275,971)	10,595,233
Net decrease (increase) in fair value of investments	(822,080)	587,448
Loss (Gain) on sale of assets	9,000	(1,598)
(Increase) decrease in:		
Accounts receivable	915,106	(1,534,993)
Other current assets	2,425	27,133
Prepaid insurance	9,728	-
Note receivable	-	-
Increase (decrease) in:		
Accounts payable	140,074	243,096
Salaries, benefits and taxes payable	93,502	(52,183)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>2,046,646</b>	<b>1,386,995</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(3,287,668)	(3,414,769)
Disposals of fixed assets	99,804	13,671
Proceeds from sale of fixed assets	-	500
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>(3,187,864)</b>	<b>(3,400,598)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Property purchased with land contract	1,259,846	640,154
Payments on land contract	-	(50,000)
Purchase of investments	(9,836,594)	(3,746,278)
Proceeds from sale of investments	9,765,425	3,893,835
Donated marketable securities	(260,012)	(244,629)
Investment income	(144,666)	(222,881)
<b>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>	<b>783,999</b>	<b>270,201</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(357,219)</b>	<b>(1,743,402)</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>2,438,863</b>	<b>4,182,265</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 2,081,644</b>	<b>\$ 2,438,863</b>

SEE NOTES TO FINANCIAL STATEMENTS

**MATTHEW 25: MINISTRIES, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019				2018			
	Program Services	General & Administrative	Fund Raising	Total	Program Services	General & Administrative	Fund Raising	Total
Compensation and related expenses								
Salaries	\$ 3,011,309	\$ 522,452	\$ 342,818	\$ 3,876,579	\$ 2,508,182	\$ 344,702	\$ 333,610	\$ 3,186,494
Employee benefits	398,977	69,221	45,421	513,619	523,246	71,910	69,596	664,752
Payroll taxes	247,854	43,002	28,217	319,073	195,827	26,913	26,047	248,787
Retirement (Note 12)	63,027	10,935	7,175	81,137	55,118	7,034	8,330	70,482
Total compensation and related expense	3,721,167	645,610	423,631	4,790,408	3,282,373	450,559	437,583	4,170,515
Humanitarian supplies and aid	193,977,683	-	-	193,977,683	209,030,512	-	-	209,030,512
Inventory obsolescence	149,308	-	-	149,308	24,203,032	-	-	24,203,032
Depreciation	765,312	20,539	5,125	790,977	557,089	37,256	976	595,321
Supplies	711,248	13,265	9,839	734,351	644,983	18,039	47,654	710,676
Other program expenses	573,763	4,455	-	578,218	422,555	-	-	422,555
Occupancy	412,590	27,593	722	440,905	412,653	27,597	723	440,973
Event expenses	0	-	197,621	197,622	18,980	-	187,036	206,016
Printing and publication	21,076	21,076	63,228	105,379	22,747	14,545	75,870	113,162
Staff expense	36,435	5,698	3,768	45,901	57,464	13,931	13,496	84,891
Equipment rental and maintenance	106,984	-	-	106,984	148,505	-	-	148,505
Other expenses	80,487	10,665	96,538	187,690	13,065	9,650	36,490	59,205
Postage and shipping	10,013	10,013	39,586	59,611	1,871	1,871	63,715	67,457
Professional services	307,764	8,816	27,346	343,926	237,508	6,804	21,104	265,416
Bank charges	3,427	6,853	6,853	17,133	9,595	86,355	-	95,950
Telephone	28,446	10,270	6,790	45,506	32,073	7,776	7,533	47,382
Volunteer education	54,543	-	-	54,543	19,997	-	-	19,997
Conference and meeting	6,495	722	-	7,217	1,674	1,674	2,233	5,581
<b>TOTAL EXPENSES</b>	<b>\$ 200,966,741</b>	<b>\$ 785,575</b>	<b>\$ 881,047</b>	<b>\$ 202,633,363</b>	<b>\$ 239,116,676</b>	<b>\$ 676,057</b>	<b>\$ 894,413</b>	<b>\$ 240,687,146</b>

SEE NOTES TO FINANCIAL STATEMENTS



**MATTHEW 25: MINISTRIES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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NOTE 1 - THE ORGANIZATION

Matthew 25: Ministries, Inc. (the Organization) is a not-for-profit, non-denominational, ecumenical, inter-faith ministry headquartered in Blue Ash, Ohio. The purpose of the Organization is to help those in need regardless of religious tradition or political persuasion. The Organization receives goods donated by businesses, individuals, and other organizations. The goods are processed and distributed to those in need, both domestically and internationally. Other funding is from shipping and handling fees collected to defray warehousing and transportation expenses and monetary contributions from individuals, businesses and churches. The organization has a 100% subsidiary, M25M Haiti, LLC which was formed to lease, purchase, invest in the renovation, construction, management and operation of lodging and hotel facilities for missionaries and their guests in the country of Haiti and to undertake programs for aid and humanitarian relief.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies followed in preparation of the financial statements. These policies conform to accounting principles generally accepted in the United States of America for not-for-profit organizations.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Contributions whose restrictions are met within the same reporting period are reported as unrestricted net assets. The Organization has no permanently restricted net assets.

Contributions

The Organization records gifts of cash and other assets at their fair value as of the date of the contribution. Such donations are recorded as revenue without donor restrictions unless explicit donor stipulations specify how the donated assets must be used.

Contributed Services

Contributed services are recognized as contributions only if the contributed services create or enhance nonfinancial assets or require specialized skills, and would typically be purchased if not provided by donation to the Organization. There were no such contributed services recorded in 2019 or 2018.

Many individuals volunteer their time and perform a variety of tasks that assist the Organization in the accomplishment of its programs, but these services do not meet the criteria for recognition

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as contributed services. The Organization received approximately 145,000 volunteer hours in 2019 and 148,000 volunteer hours in 2018.

Inventory

Donated inventory consists primarily of clothing, fabric, food, personal care items, medical and school supplies donated by businesses, individuals, and other organizations. Donated inventory is recorded as revenue at estimated wholesale value on the date of the receipt and such items are recorded as an expense when they are shipped. Purchased inventory is recorded at the lower of cost or market using the FIFO method. The Organization uses the specific identification method to determine the value of ending donated inventory. The value of inventory was \$85,182,962 and \$53,906,992 as of December 31, 2019 and 2018 respectively.

Investments

Investments in marketable securities with readily determinable fair market values and all investments in debt securities are reported at their fair market values in the statement of financial position. Fair market value of equity and debt investments is based on the quoted market price of the underlying securities. Unrealized gains and losses are included as a change in net assets.

Property and Equipment

Property and equipment with an economic life of more than one year are capitalized and recorded at cost, if purchased or at fair market value at the time of receipt, if contributed. Maintenance and repair costs are charged to expense as incurred. Depreciation is provided over the estimated useful lives of property and equipment using the straight-line method.

Accounts and Pledges Receivable

Accounts receivable are amounts due from organizations for shipping and handling fees and donations receivable. Management believes that all accounts and pledges receivable are fully collectible within a reasonable period after year end. Therefore, no allowance for uncollectible accounts is provided.

Income Tax Status

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (IRC) and a similar provision of Ohio law. The Organization qualifies for deductible contributions as provided in IRC Section 170(b)(1)(A)(vi) and has not been classified as a private foundation within the meaning of IRC Section 509(a).

The Organization's IRS Form 990 is subject to review and examination by federal and state authorities. The Organization believes it has appropriate support for any tax positions taken, and therefore, does not have any uncertain income tax positions that are material to the financial statements.

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Functional Allocation of Expenses

The cost of programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Management has made certain allocations of expenses among program, administrative and fund raising expenses according to their judgment of the categories receiving the benefit.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Effect of Adopting New Accounting Standard

In 2019 the Organization adopted ASU 2018-08, Not-For-Profit Entities (Topic 958); Clarifying the Scope and Scope and the Accounting Guidance for Contributions Received and Contributions Made. The standard clarifies and improves current guidance about whether a transfer of assets is a contribution or an exchange transaction. The standard clarifies how an entity determines whether a resource provider is participating in an exchange transaction by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred. The standard also requires that an entity determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. The adoption of this ASU did not have a significant impact on these financial statements.

NOTE 3 - STATEMENT OF CASH FLOWS--SUPPLEMENTAL INFORMATION

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

No income taxes were paid in the years ended December 31, 2019 and 2018. The amount of interest paid was \$42,420 and \$6,917 in the years ended December 31, 2019 and 2018, respectively.

NOTE 4 - MARKETABLE SECURITIES

The Organization invests excess cash in portfolios that contain mutual funds, equity securities, corporate bonds, government securities, and certificates of deposit. All of the Organization's investments are exposed to various risks such as interest rate, market, and credit risks. Due to the

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level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

Marketable securities as of December 31 consist of the following:

	2019	2018
Equity securities	\$ 3,695,567	\$ 3,325,049
Bonds	1,732,774	1,680,124
Certificate of deposits	9,758	34,781
Total	\$ 5,438,099	\$ 5,039,954

Cost, market value, and unrealized gains and losses of marketable securities as of December 31 are summarized as follows:

	2019	2018
Market Value	\$ 5,438,099	\$ 5,039,954
Cost	5,185,028	4,836,859
Unrealized investment gain	\$ 253,071	\$ 203,095

Investment income consists of the following and is included in support and revenue on the Statements of Activities:

	2019	2018
Interest and dividends	\$ 132,187	\$ 126,275
Realized gains (losses)		129,484
Unrealized gains (losses)	822,080	(587,448)
Investment fees	(32,118)	(33,556)
Net investment income	\$ 922,149	\$ (365,245)

Included in certificates of deposit are four CD's with a total market value of \$9,758 in 2019 and \$24,736 in 2018 which are assigned to Ohio Department of Job and Family Services as a pledge against future unemployment benefits.

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NOTE 5 - CONCENTRATIONS OF RISK

The Organization distributes humanitarian supplies to other not-for-profit organizations who pay shipping and handling fees to cover warehousing and transportation costs. The volume of business conducted with one such organization was 80% and 67% of the total shipping and handling revenue in 2019 and 2018, respectively.

The value of the inventory is not covered under any of the Organization's insurance policies.

The Federal Deposit Insurance Corporation insures cash balances at participating banks at amounts up to \$250,000. The Organization has \$1,311,958 in uninsured balances as of December 31, 2019. The uninsured balances are computed on the balances on deposit with the bank as of December 31 and do not take into consideration outstanding checks or deposits.

NOTE 6 - FAIR VALUE MEASUREMENTS

The Financial Accounting Standards Board, in FASB *Accounting Standards Codification 820, Fair Value Measurements and Disclosures* (ASC 820), defined fair value, established a framework for measuring fair value, and expanded disclosures about fair value measurements. 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. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability, or in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by ASC 820, are used to measure fair value. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels as follows:

**Level 1**-inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets (examples include equity securities);

**Level 2**-inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability other than quoted prices, either directly or indirectly, including inputs in market that are not considered to be active (examples include corporate or municipal bonds);

**Level 3**-inputs to the valuation methodology are unobservable and significant to the fair value measurement. The inputs to the determination of fair value require significant management judgment (examples include certain private equity securities and hedge funds)

The following presents assets carried at fair value as of December 31, 2019 by ASC 820 valuation hierarchy (as described above):

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Description	Level 1	Level 2	Level 3	Total
Equity securities	\$ 3,695,567	\$ -	\$ -	\$ 3,695,567
Mutual funds	-	-	-	-
Bonds	-	1,732,774	-	1,732,774
Certificates of deposit	-	9,758	-	9,758
Total fair value of investments	<u>\$ 3,695,567</u>	<u>\$ 1,742,532</u>	<u>\$ -</u>	<u>\$ 5,438,099</u>

The following presents assets carried at fair value as of December 31, 2018 ASC 820 valuation hierarchy (as described above):

Description	Level 1	Level 2	Level 3	Total
Equity securities	\$ 3,325,049	\$ -	\$ -	\$ 3,325,049
Mutual funds	-	-	-	-
Bonds	-	1,680,124	-	1,680,124
Certificate of deposit	-	34,781	-	34,781
Total fair value of investments	<u>\$ 3,325,049</u>	<u>\$ 1,714,905</u>	<u>\$ -</u>	<u>\$ 5,039,954</u>

The fair value of a financial instrument is defined in FASB ASC Topic 825, *Financial Instruments*, as “the amount at which the instrument could be exchanged in a current transaction between willing parties.” The carrying amounts reported in the accompanying statements of financial position for cash and cash equivalents, accounts receivable, other receivables, and payables approximate fair value given the short-term nature of each financial instrument.

**NOTE 7 – LIQUIDITY AND AVAILABILTY**

The Organization’s financial assets available within one year of the statement of financial position date for general expenditure are as follows as of December 31, 2019:

Cash	\$1,525,189
Marketable securities	<u>5,438,099</u>
Total	<u>\$6,963,288</u>

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NOTE 8 - LEASE COMMITMENTS

The Organization leases a copier for \$933 per month, 6 forklifts for \$3,546 per month, a skidsteer for \$536 per month, a warehouse scale \$481 per month, and a trash compactor for \$355 per month.

In July 2014, the organization entered into a ten year land lease in Haiti with a non-profit organization. The lease is for \$1 per year.

The future minimum lease payments are:

	2020	\$	4,261
	2021		4,261
	2022		4,261
	2023		4,261
			4,261
		\$	17,044

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets are temporarily restricted as of December 31 for the following purposes:

	2019	2018
Hurricanes Dorian/Matthew	\$ 387,787	\$ -
Food processing	62,835	23,232
Belvi	51,500	-
Clothe the Kids	17,343	-
P&G disaster	12,547	21,911
Syrian Refugees	10,000	10,000
Ebola relief	4,793	4,793
Nicaraguan housing	3,725	3,725
Dayton Tornadoes	2,477	-
Grow Right	1,500	-
Guatemala Relief	1,450	1,450
Nigerian container	500	500
Capital Campaign	-	1,031,431
For periods after December 31	-	666,667
Hurricanes Florence/Michael	-	234,242
Hurricanes Irma/Maria	-	124,791
Domestic Disasters	-	57,363
Philippines relief	-	47,879
Haiti	-	16,122
Total	\$ 556,457	\$ 2,244,106

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NOTE 10 - CREDIT LINE

The Organization has an unsecured line of credit of \$250,000 on credit cards. The available credit as of December 31, 2019 was \$59,174.

NOTE 11 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2019	2018
Building and improvements	\$ 9,628,716	\$ 4,155,602
Land	1,908,409	1,616,674
Machinery and equipment	1,935,515	1,174,685
Office furniture and equipment	638,450	548,930
Vehicles	870,057	888,980
Leasehold improvements	1,122,935	1,122,935
Construction in progress	541,576	3,158,241
Total cost	<u>16,645,658</u>	<u>12,666,047</u>
Less: Accumulated depreciation	<u>( 3,920,805)</u>	<u>(3,228,862)</u>
Net property and equipment	<u>\$ 12,724,853</u>	<u>\$ 9,437,185</u>

Depreciation expense was \$790,977 and \$595,321 for the years ended December 31, 2019 and 2018, respectively.

NOTE 12 - RETIREMENT PLANS

The Organization has adopted a retirement plan under the provisions of Internal Revenue Code 403(b). The plan is a defined contribution plan and the Organization matches voluntary employee contributions up to 2% of employees' annual salary. Employees are eligible to participate in the plan immediately. Matching contributions paid by the Organization were \$81,137 and \$70,482 for the years ended December 31, 2019 and 2018, respectively.



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NOTE 13 - FUNDRAISING EVENTS

The following events contributed to the resources available for programs during the years ended December 31, 2019 and 2018.

	2019		
	Revenue	Expenses	Net Profit
5K race and hunger drive	98,999	107,396	(8,397)
Gala event	212,861	75,073	137,788
Other events	1,098	15,152	(14,054)
	\$ 312,958	\$ 197,621	\$ 115,337
	2018		
	Revenue	Expenses	Net Profit
5K race and hunger drive	73,532	110,470	(36,938)
Gala event	201,883	76,567	125,316
Other events	865	18,980	(18,115)
	\$ 276,280	\$ 206,017	\$ 70,263

NOTE 14 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 5, 2020, the date of the audit report.

NOTE 15 – LONG TERM DEBT

On July 10, 2017, Matthew 25: Ministries, Inc. purchased property in Wilmington, Ohio on an installment basis. As of 12-31-19, the balance on the contract was \$50,000, payable as follows:

2020      \$ 50,000

No interest is due nor has any been imputed on the remaining principal payments. The contract balance is disclosed at face value. Any imputed interest is considered immaterial to the financial statements taken as a whole. No specific assets are pledged as collateral. The final payment is due July 10, 2020.

The organization has a Line of Credit with a bank in the amount of \$2,000,000. The balance as of December 31, 2019 was \$2,000,000. The principle does not have to be paid until the maturity

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date which is September 17, 2027. Payments of interest only are payable monthly. The interest rate on the loan is 3.0%. The loan is secured by the property located at 11060 Kenwood Road in Cincinnati Ohio.