


re:MIND and Affiliate
Combined Financial Statements
December 31, 2019 and 2018



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**re:MIND and Affiliate
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December 31, 2019 and 2018**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
re:MIND
Houston, Texas

Report on Financial Statements

We have audited the accompanying combined financial statements of re:MIND and Affiliate (collectively, the "Organization"), which comprise the combined statements of financial position as of December 31, 2019 and 2018, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined 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 the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the combined 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 Organization'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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of re:MIND and Affiliate as of December 31, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Case, Riggs & Ingram, L.L.C.

Houston, Texas
April 7, 2020

**re:MIND and Affiliate
Combined Statement of Financial Position**

December 31, 2019

	re:MIND			Gary L. Levering Endowment Corporation			Combined Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	
Assets							
Cash and cash equivalents	\$ 522,042	\$ 2,821	\$ 524,863	\$ -	\$ -	\$ -	\$ 524,863
Investments	-	-	-	1,467,768	106,150	1,573,918	1,573,918
Promises to give	50,459	50,000	100,459	-	-	-	100,459
Due to/from	530	-	530	(530)	-	(530)	-
Prepaid expenses	27,771	-	27,771	-	-	-	27,771
Property and equipment, net	20,591	-	20,591	-	-	-	20,591
Other assets	9,468	-	9,468	-	-	-	9,468
Total assets	\$ 630,861	\$ 52,821	\$ 683,682	\$ 1,467,238	\$ 106,150	\$ 1,573,388	\$ 2,257,070
Liabilities and net assets							
Liabilities							
Accounts payable and accrued expenses	\$ 51,666	\$ -	\$ 51,666	\$ 17,461	\$ -	\$ 17,461	\$ 69,127
Deferred rent payable	63,751	-	63,751	-	-	-	63,751
Total liabilities	115,417	-	115,417	17,461	-	17,461	132,878
Net assets	515,444	52,821	568,265	1,449,777	106,150	1,555,927	2,124,192
Total liabilities and net assets	\$ 630,861	\$ 52,821	\$ 683,682	\$ 1,467,238	\$ 106,150	\$ 1,573,388	\$ 2,257,070

The accompanying notes are an integral part of these combined financial statements

**re:MIND and Affiliate
Combined Statement of Financial Position**

December 31, 2018

	re:MIND			Gary L. Levering Endowment Corporation			Combined Total
	Without Donor Restrictions	With Donor Restricted	Total	Without Donor Restrictions	With Donor Restricted	Total	
Assets							
Cash and cash equivalents	\$ 447,931	\$ 25,834	\$ 473,765	\$ -	\$ -	\$ -	\$ 473,765
Investments	-	-	-	1,194,963	106,150	1,301,113	1,301,113
Promises to give	19,722	-	19,722	-	-	-	19,722
Due to/from	3,600	-	3,600	(3,600)	-	(3,600)	-
Prepaid expenses	15,852	-	15,852	-	-	-	15,852
Property and equipment, net	6,609	-	6,609	-	-	-	6,609
Other assets	9,468	-	9,468	-	-	-	9,468
Total assets	\$ 503,182	\$ 25,834	\$ 529,016	\$ 1,191,363	\$ 106,150	\$ 1,297,513	\$ 1,826,529
Liabilities and net assets							
Accounts payable and accrued expenses	\$ 41,661	\$ -	\$ 41,661	\$ 11,194	\$ -	\$ 11,194	\$ 52,855
Deferred rent payable	63,157	-	63,157	-	-	-	63,157
Total liabilities	104,818	-	104,818	11,194	-	11,194	116,012
Net assets	398,364	25,834	424,198	1,180,169	106,150	1,286,319	1,710,517
Total liabilities and net assets	\$ 503,182	\$ 25,834	\$ 529,016	\$ 1,191,363	\$ 106,150	\$ 1,297,513	\$ 1,826,529

The accompanying notes are an integral part of these combined financial statements

**re:MIND and Affiliates
Combined Statement of Activities**

For the year ended December 31, 2019

	re:MIND			Gary L. Levering Endowment Corporation			Combined Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	
Support and income							
Contributions	\$ 774,757	\$ 178,500	\$ 953,257	\$ -	\$ -	\$ -	\$ 953,257
Donated professional services	22,400	-	22,400	-	-	-	22,400
In-kind donation - Google Grant advertising	423,156	-	423,156	-	-	-	423,156
In-kind donation - imputed support group space rental	228,930	-	228,930	-	-	-	228,930
Special event (net of direct benefit to donors of \$45,545)	317,851	-	317,851	-	-	-	317,851
Investment return	115	-	115	272,804	-	272,804	272,919
Net assets released from restrictions - satisfaction of program restrictions	151,513	(151,513)	-	-	-	-	-
Total support and income	1,918,722	26,987	1,945,709	272,804	-	272,804	2,218,513
Expenses							
Program service	1,350,744	-	1,350,744	-	-	-	1,350,744
Fundraising	296,320	-	296,320	-	-	-	296,320
General and administrative	154,578	-	154,578	3,196	-	3,196	157,774
Total expenses	1,801,642	-	1,801,642	3,196	-	3,196	1,804,838
Changes in net assets	117,080	26,987	144,067	269,608	-	269,608	413,675
Net assets at beginning of year	398,364	25,834	424,198	1,180,169	106,150	1,286,319	1,710,517
Net assets at end of year	\$ 515,444	\$ 52,821	\$ 568,265	\$ 1,449,777	\$ 106,150	\$ 1,555,927	\$ 2,124,192

The accompanying notes are an integral part of these combined financial statements

re:MIND and Affiliates
Combined Statement of Activities

For the year ended December 31, 2018

	re:MIND			Gary L. Levering Endowment Corporation			Combined Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	
Support and income							
Contributions	\$ 715,139	\$ 161,250	\$ 876,389	\$ -	\$ -	\$ -	\$ 876,389
Donated professional services	22,400	-	22,400	-	-	-	22,400
In-kind donation - Google Grant advertising	436,291	-	436,291	-	-	-	436,291
In-kind donation - imputed support group space rental	228,930	-	228,930	-	-	-	228,930
Special event (net of direct benefit to donors of \$31,244)	292,775	-	292,775	-	-	-	292,775
Investment return	183	-	183	(100,561)	-	(100,561)	(100,378)
Net assets released from restrictions - satisfaction of program restrictions	225,230	(225,230)	-	-	-	-	-
Total support and income	1,920,948	(63,980)	1,856,968	(100,561)	-	(100,561)	1,756,407
Expenses							
Program service	1,463,295	-	1,463,295	-	-	-	1,463,295
Fundraising	209,764	-	209,764	-	-	-	209,764
General and administrative	128,299	-	128,299	4,037	-	4,037	132,336
Total expenses	1,801,358	-	1,801,358	4,037	-	4,037	1,805,395
Changes in net assets	119,590	(63,980)	55,610	(104,598)	-	(104,598)	(48,988)
Net assets at beginning of year	278,774	89,814	368,588	1,284,767	106,150	1,390,917	1,759,505
Net assets at end of year	\$ 398,364	\$ 25,834	\$ 424,198	\$ 1,180,169	\$ 106,150	\$ 1,286,319	\$ 1,710,517

The accompanying notes are an integral part of these combined financial statements

re:MIND and Affiliates
Combined Statement of Functional Expenses

For the year ended December 31, 2019

	Program Service	Fundraising	General and Administrative	Total
re:MIND:				
Payroll and benefits expense	\$ 280,823	\$ 196,096	\$ 78,667	\$ 555,586
Program activities	282,535	3,773	598	286,906
In-kind expense - Google Grants advertising	423,156	-	-	423,156
In-kind expense - imputed support group space rental	228,930	-	-	228,930
Contract services	20,285	18,500	45,492	84,277
Equipment rental and maintenance	1,918	799	479	3,196
Facilities	70,649	29,324	17,595	117,568
Fundraising	202	77,328	227	77,757
Furniture, fixtures and equipment	699	291	(1,001)	(11)
Insurance	4,456	1,857	1,114	7,427
Office expenses	17,570	6,058	5,176	28,804
Other	3,195	1,455	3,193	7,843
Technology expense	12,436	6,029	2,133	20,598
Travel and meetings	3,145	45	720	3,910
Depreciation	745	310	185	1,240
	1,350,744	341,865	154,578	1,847,187
Less: direct donor benefits	-	(45,545)	-	(45,545)
Total re:MIND	1,350,744	296,320	154,578	1,801,642
Gary L. Levering Endowment Corporation:				
Contract services	-	-	2,086	2,086
Insurance	-	-	630	630
Technology expense	-	-	480	480
Total the Gary L. Levering Endowment Corporation	-	-	3,196	3,196
Combined Total	\$ 1,350,744	\$ 296,320	\$ 157,774	\$ 1,804,838

The accompanying notes are an integral part of these combined financial statements

re:MIND and Affiliates
Combined Statement of Functional Expenses

For the year ended December 31, 2018

	Program Service	Fundraising	General and Administrative	Total
re:MIND:				
Payroll and benefits expense	\$ 333,271	\$ 142,586	\$ 3,576	\$ 479,433
Program activities	284,812	1,452	306	286,570
In-kind expense - Google Grants advertising	436,291	-	-	436,291
In-kind expense - imputed support group space rental	228,930	-	-	228,930
Contract services	29,739	17,805	100,346	147,890
Equipment rental and maintenance	3,476	204	409	4,089
Facilities	99,366	5,828	11,656	116,850
Fundraising	74	66,534	-	66,608
Furniture, fixtures and equipment	1,097	65	129	1,291
Insurance	5,643	332	664	6,639
Office expenses	22,739	3,250	3,209	29,198
Other	3,591	522	6,373	10,486
Technology expense	9,507	2,263	784	12,554
Travel and meetings	3,077	68	649	3,794
Depreciation	1,682	99	198	1,979
	1,463,295	241,008	128,299	1,832,602
Less: direct donor benefits	-	(31,244)	-	(31,244)
Total re:MIND	1,463,295	209,764	128,299	1,801,358
Gary L. Levering Endowment Corporation:				
Contract services	-	-	1,827	1,827
Insurance	-	-	601	601
Other expenses	-	-	1,161	1,161
Technology expense	-	-	448	448
Total the Gary L. Levering Endowment Corporation	-	-	4,037	4,037
Combined Total	\$ 1,463,295	\$ 209,764	\$ 132,336	\$ 1,805,395

The accompanying notes are an integral part of these combined financial statements

**re:MIND and Affiliate
Combined Statements of Cash Flows**

<i>For the years ended December 31,</i>	2019	2018
Operating activities		
Changes in net assets	\$ 413,675	\$ (48,988)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Unrealized (gains) losses on investments	(248,649)	114,817
Depreciation	1,240	1,979
Loss on disposal of assets	-	690
Changes in operating assets and liabilities:		
Promises to give	(80,737)	33,405
Prepaid expenses	(11,919)	(4,983)
Other assets	-	9,568
Accounts payable and accrued expenses	16,272	14,819
Deferred rent payable	594	7,518
Net cash provided by operating activities	90,476	128,825
Investing activities		
Purchase of property and equipment	(15,222)	(1,844)
Reinvestment of interest and dividend income	(24,156)	(14,255)
Net cash used in investing activities	(39,378)	(16,099)
Net increase in cash and cash equivalents	51,098	112,726
Cash and cash equivalents at beginning of year	473,765	361,039
Cash and cash equivalents at end of year	\$ 524,863	\$ 473,765

The accompanying notes are an integral part of these combined financial statements

re:MIND and Affiliate Notes to Combined Financial Statements

Note 1: ORGANIZATION

In October 2017, Depression and Bipolar Support Alliance Greater Houston, a Texas nonprofit organization filed with the State of Texas to change its name to re:MIND. Additional information on the organization may be found at www.remindsupport.org.

re:MIND provides free and confidential support groups for individuals living with, or family and friends affected by, depression and bipolar disorders. re:MIND support groups are led by trained, dedicated facilitators who provide comforting, compassionate environments in which peers accept and understand one another. This sense of community and empathy encourages them to live more meaningful and healthy lives. re:MIND volunteer and professional facilitators are trained, managed and supported by staff members who are licensed mental health professionals who also monitor the health of the groups to maintain a sustainable, high quality program. In addition to providing support groups, re:MIND staff and board members work to educate the public about mental disorders, confront social stigma and advocate for the rights of people living with mental illness.

In June 2015, re:MIND formed The Gary L. Levering Endowment Corporation (the "Corporation") to operate as a Type 1 supporting organization to re:MIND as described in section 509(a)(3). The Corporation was created and initially funded by re:MIND to act as an endowment for re:MIND's benefit. Thus, the Corporation manages and invests funds on re:MIND's behalf. The money earned from the Corporation's investments is to be used to fund re:MIND's operations, including support group meetings and educational classes for individuals living with depression and bipolar disorders.

The accompanying combined financial statements include the accounts of re:MIND and the Corporation (collectively, the "Organization"). Inter-organization transactions and balances have been eliminated in combination.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying combined financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Use of Estimates

The preparation of the combined 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, the amounts of reported revenues and expenses, and the allocation of expenses among various functions. Actual results could differ from those estimates that were used.

re:MIND and Affiliate Notes to Combined Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash Equivalents

The Organization considers all highly liquid investments with original maturities of three months or less at date of purchase to be cash equivalents unless they are donor-restricted to endowments or are board-designated for long-term purposes.

Promises to Give

The Organization considers all receivables to be fully collectible; accordingly, no allowance for doubtful accounts has been established. If amounts become uncollectible, they will be charged to operations when that determination is made. Receivable amounts are expected to be collected within twelve months.

Promises to give that are expected to be collected within one year are recorded at net realizable value. Amounts that are expected to be collected in future years are discounted to estimate the present value of future cash flows, if material.

Concentrations

At various times during the year, the Organization may have bank deposits in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits. Management believes any credit risk is low due to the overall financial strength of the financial institutions.

Cash equivalents, other securities, and limited amounts of cash held in a brokerage account are protected by the Securities Investor Protection Corporation (SIPC) in the event of broker-dealer failure, up to \$500,000 of protection with a limit of \$250,000 for claims of uninvested cash balances.

At December 31, 2019, the Organization had one donor which accounted for 50% of promises to give. There were no concentrations in donors in 2018.

Investments and Investment Return

Investments are stated at fair value. Investment return is recognized when earned. The change in unrealized gains and losses is included in the changes in net assets in the accompanying combined statements of activities.

Property and Equipment

Property and equipment are recorded at cost if purchased, or if donated, at the approximate fair value on the date of donation. The cost of property and equipment purchased in excess of \$1,000 is capitalized. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets. Routine maintenance, repair, renewal and replacement costs are charged against operations in the year incurred.

re:MIND and Affiliate Notes to Combined Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Rent Payable

The Organization's office space lease agreement beginning in 2017 includes abatement of rent for 10 months and scheduled and specified rent increases over the term of the lease agreement (Note 9). The Organization records rent expense on a straight-line basis over the life of the lease. The difference between rent expense and cash rent payments is recorded as a deferred rent liability in the accompanying combined statements of financial position.

Net Assets

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

- Net Assets With Donor Restrictions— Net assets subject to donor-imposed stipulations that they be maintained in perpetuity by the Organization. The donors of these assets permit the Organization to use all of the income earned on related investments for general or specific purposes. Net assets with donor restrictions also include net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time.
- Net Assets Without Donor Restrictions—Net assets not subject to donor-imposed stipulations.

Revenue and Revenue Recognition

The Organization recognizes contributions with cash, securities or other assets; and unconditional promises to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance of other barriers and a right of return – are not recognized until the conditions on which they depend have been met.

Contributions received are recorded as increases in net assets with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions. When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statements of activities as net assets released from restrictions.

Donated Assets and Services

Donated assets, including contributions of materials, furniture and equipment, are recorded as support at their fair market values at date of donation. Such donations are reported as without donor restriction unless the donor has restricted the donated asset to a specific purpose. Donated professional services, including volunteer facilitators for support groups, are reflected in the combined financial statements as without donor restriction and program expense at the estimated fair value. In 2019, the Organization received \$22,400 in donated professional services, \$228,930 in donated support group meeting space and \$423,156 in advertisements through a Google Grant. In 2018, the Organization received \$22,400 in donated professional services, \$228,930 in donated support group meeting space and \$436,291 in advertisements through a Google Grant.

re:MIND and Affiliate Notes to Combined Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Assets and Services - Continued

Many individuals volunteer their time and perform a variety of other tasks that assist the Organization with its programs. The value of the contributed time is not reflected in these statements because it does not require specialized skills or create or enhance a nonfinancial asset.

Functional Allocation of Expenses

The costs of providing various program and other activities have been summarized on a functional basis in the combined statements of activities and combined statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services directly benefited. Payroll and benefit expenses and certain contract services have been allocated based on estimates of time and effort. All remaining expense categories included in the statements of functional expenses are allocated on the basis of direct program usage. Expenses directly attributable to a specific functional area are reported as expenses in those functional areas.

Federal Income Tax

re:MIND and the Corporation are nonprofit organizations that are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, re:MIND and the Corporation were granted individual rulings under the same section and have been classified as organizations that are not private foundations under Section 509(a) of the Internal Revenue Code and, as such, qualify as a charitable deduction for amounts contributed by individual donors.

The Organization accounts for uncertain tax positions, when it is more likely than not, that such an asset or a liability will be realized. As of December 31, 2019 and 2018, management believes there were no uncertain tax positions.

Fair Value Considerations

The Organization uses fair value to measure monetary and certain nonmonetary assets and liabilities. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The fair value hierarchy established and prioritized fair value measurements into three levels based on the nature of the inputs. The hierarchy gives the highest priority to inputs based on market data from independent sources (observable inputs-Level 1) and the lowest priority to a reporting entity's internal assumptions based upon the best information available when external market data is limited or unavailable (unobservable inputs-Level 3).

re:MIND and Affiliate Notes to Combined Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Considerations - Continued

The fair value option allows entities to choose, at specified election dates, to measure eligible financial assets and financial liabilities at fair value that are not otherwise required to be measured at fair value. If an organization elects the fair value option for an eligible item, changes in that item's fair value in subsequent reporting periods must be recognized in current earnings. The Organization did not elect the fair value option for the measurement of any eligible assets or liabilities.

The Organization's remaining financial instruments (primarily cash and cash equivalents, receivables, and payables) are carried in the accompanying combined financial statements at amounts which reasonably approximate fair value.

Subsequent Events

The Organization has evaluated subsequent events through the time the combined financial statements are available for issuance on April 7, 2020. Except as noted elsewhere, no matters were identified affecting the accompanying combined financial statements and related disclosures.

Newly Adopted Accounting Pronouncement

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities. The adoption of this ASU did not have any impact on the Organization's combined financial statements.

Recent Financial Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU and its amendments supersedes the leasing guidance in Topic 840, entitled *Leases*. Under the guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. For nonpublic entities, the standard is effective for fiscal years beginning after December 15, 2020. Early adoption is permitted. The Organization is currently evaluating the impact of the guidance on its combined financial statements.

re:MIND and Affiliate
Notes to Combined Financial Statements

Note 3: LIQUIDITY AND AVAILABILITY OF RESOURCES

The financial assets available to the Organization for operations within one year of the combined statements of financial position date for general expenditures are as follows:

<i>December 31,</i>	2019	2018
re:MIND		
Cash and cash equivalents	\$ 524,863	\$ 473,765
Promises to give	100,459	19,722
Other receivables	530	3,600
Gary L. Levering Endowment Fund		
Investments	1,573,918	1,301,113
Total financial assets available within one year	2,199,770	1,798,200
Less:		
Gary L. Levering Endowment Fund		
Restricted by donors in perpetuity (Endowment Fund)	(106,150)	(106,150)
Board Designated and Restricted for Quasi-Endowment	(1,467,238)	(1,191,363)
Total amounts unavailable for general expenditures within one year	(1,573,388)	(1,297,513)
Total financial assets available to management for general expenditure within one year	\$ 626,382	\$ 500,687

re:MIND has a goal of maintaining 60-90 days of cash on hand to meet general expenditures, liabilities, and other obligations as they come due. In addition, re:MIND invests cash in excess of immediate operating needs in an insured Cash Sweep Account.

Although re:MIND does not intend to spend from its board designated and restricted endowment funds held in the Corporation, these funds could be made available if necessary with Board approval.

Note 4: INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments consist of the following:

<i>December 31,</i>	2019	2018
Cash equivalents	\$ 53,849	\$ 49,098
Mutual funds	1,314,245	1,053,504
Exchange traded funds	205,824	198,511
Total investments	\$ 1,573,918	\$ 1,301,113

re:MIND and Affiliate
Notes to Combined Financial Statements

Note 4: INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value three-tier hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The three levels of inputs that may be used to measure fair value are as follows:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than Level 1 inputs that are either directly or indirectly observable such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable; or other inputs not directly observable, but derived principally from, or corroborated by, observable market data.
- Level 3: Unobservable inputs that are supported by little or no market activity.

The value of assets measured at fair value on a recurring basis is as follows:

<i>December 31, 2019</i>	Fair Value	Quoted Market Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Cash equivalents	\$ 53,849	\$ 53,849	\$ -	\$ -
Mutual funds	1,314,245	1,314,245	-	-
Exchange traded funds	205,824	205,824	-	-
Total investments	\$ 1,573,918	\$ 1,573,918	\$ -	\$ -

<i>December 31, 2018</i>	Fair Value	Quoted Market Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Cash equivalents	\$ 49,098	\$ 49,098	\$ -	\$ -
Mutual funds	1,053,504	1,053,504	-	-
Exchange traded funds	198,511	198,511	-	-
Total investments	\$ 1,301,113	\$ 1,301,113	\$ -	\$ -

The Organization utilizes the market approach to measure fair value for its financial assets and liabilities. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Mutual funds and Exchange Traded Funds have been classified based on the general characteristics of the investment focus and strategy.

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Notes to Combined Financial Statements

Note 4: INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Investments are exposed to various risks such as interest rate risks, 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 such changes could materially affect the amounts reported in the combined statements of financial position and combined statements of activities.

Note 5: PROPERTY AND EQUIPMENT

Property and equipment and their estimated useful lives are summarized as follows:

<i>December 31,</i>		2019	2018
	<u>Lives (Years)</u>		
Leasehold Improvements	10.8	\$ 5,772	\$ 5,772
Office equipment	5	38,820	23,598
Furniture and fixtures	7	16,317	16,317
		60,909	45,687
Less: accumulated depreciation		(40,318)	(39,078)
Net property and equipment		\$ 20,591	\$ 6,609

Depreciation expense for the years ended December 31, 2019 totaled \$1,240 and \$1,979, respectively.

Note 6: NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2019 and 2018 net assets with donor restrictions are restricted for the following purposes:

<i>December 31,</i>	2019	2018
Subject to expenditure for specific purpose or period		
re:MIND - Timing restriction	\$ 50,000	\$ -
re:MIND - Program awareness and specific support groups	2,821	25,834
Total subject to expenditure for specific purpose or period	\$ 52,821	\$ 25,834
Subject to the Corporation's spending policy and appropriation		
Corporation - Perpetual endowment fund	\$ 106,150	\$ 106,150

During the years ended December 31, 2019 and 2018, \$151,513 and \$225,230 were released from donor restrictions by satisfying program restrictions, respectively.

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Note 7: ENDOWMENT FUNDS

re:MIND's Board of Directors has designated net assets without donor restrictions as a general endowment fund to support the mission of re:MIND. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions. With the creation of the Corporation in 2015, re:MIND transferred \$1,014,558, including investment earnings, of its board-designated general endowment fund to the Corporation.

The Corporation also has a perpetual endowment fund which is maintained in accordance with donor stipulations. The Board of Directors of the Organization has interpreted the Texas Uniform Prudent Management of Institutional Funds Act (the Act) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of the interpretation, the Organization classifies the original value of gifts donated to the perpetual endowment as net assets with donor restrictions. The net appreciation or depreciation of the endowment fund investment account is classified as board-designated endowment fund net assets.

In accordance with the Act, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

The Organization has adopted an investment policy that attempts to maximize total return consistent with an applicable level of risk. Endowment assets are invested to provide for long-term growth with a goal of 5% return net of investment management fees and inflation. Actual returns in any given year may vary from this amount. The Organization's spending policy is designed to provide funds to re:MIND to help fulfill its charitable mission while strengthening the financial base of the endowment. Each year, the Corporation's Board of Directors will determine the amount of funds, if any, that are available for annual distribution to re:MIND.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Board of the Organization has interpreted the Act to permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 2019 and 2018, the Organization did not have any underwater endowments.

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Notes to Combined Financial Statements

Note 7: ENDOWMENT FUNDS (Continued)

The following tables describe the Organization's endowment net assets composition by type of fund and the changes in endowment net assets as of and for the years ended December 31, 2019 and 2018.

Endowment Net Asset Composition by Type of Fund

	Without Donor Restrictions	With Donor Restrictions	Total
December 31, 2019			
Corporation - Board-designated endowment funds	\$ 1,449,777	\$ -	\$ 1,449,777
Corporation - Donor restricted endowment funds			
Original donor restricted gift and amount required to be retained by the donor	-	106,150	106,150
Total funds	\$ 1,449,777	\$ 106,150	\$ 1,555,927
December 31, 2018			
Corporation - Board-designated endowment funds	\$ 1,180,169	\$ -	\$ 1,180,169
Corporation - Donor restricted endowment funds			
Original donor restricted gift and amount required to be retained by the donor	-	106,150	106,150
Total funds	\$ 1,180,169	\$ 106,150	\$ 1,286,319

Changes in Endowment Net Assets for the years ended December 31, 2019 and 2018

Corporation	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, December 31, 2017	\$ 1,284,767	\$ 106,150	\$ 1,390,917
Investment return			
Interest and dividends	14,256	-	14,256
Net depreciation	(114,817)	-	(114,817)
Appropriations	(4,037)	-	(4,037)
Endowment net assets, December 31, 2018	\$ 1,180,169	\$ 106,150	\$ 1,286,319
Investment return			
Interest and dividends	24,155	-	24,155
Net appreciation	248,649	-	248,649
Appropriations	(3,196)	-	(3,196)
Endowment net assets, December 31, 2019	\$ 1,449,777	\$ 106,150	\$ 1,555,927

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Note 8: RETIREMENT PLAN

The Organization offers a Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) retirement plan to eligible employees. Employees may contribute to the plan up to the maximum amount allowed by law. The Organization matches an employee's contributions up to a limit that is equivalent to 3% of the employee's salary. All employer contributions vest immediately. Employer contributions for the years ended December 31, 2019 and 2018 totaled \$9,553 and \$8,673, respectively.

Note 9: OPERATING LEASES

re:MIND leases office space under an operating lease which expires in January 2027. Monthly lease payments over the term of the lease will increase from \$5,988 to \$7,406 per month. Rent expense related to these operating leases totaled \$117,297 and \$116,457 for the years ended December 31, 2019 and 2018, respectively, of which \$120,383 and \$108,035 represents cash payments for the base rent and operating expenses and the remainder the amortization of the deferred rent liability for 2019 and 2018, respectively.

Future minimum lease payments under the office space lease as of December 31, 2019 are as follows:

<i>Year ending December 31,</i>	
2020	\$ 75,482
2021	77,373
2022	79,264
2023	81,155
2024	83,046
Thereafter	267,892
Total	\$ 664,212

Note 10: ADMINISTRATIVE SERVICES AGREEMENT

re:MIND and the Corporation have entered into an agreement to allow re:MIND to provide administrative assistance to the Corporation during its first few years of operations. re:MIND will provide monthly services, as outlined in the agreement, for twelve months. The terms of the agreement will be evaluated annually to determine if the services, and scope of services, is still needed. re:MIND provided administrative services to the Corporation totaling \$3,196 and \$4,037 for the years ended December 31, 2019 and 2018, respectively.

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Note 11: SUBSEQUENT EVENT – COVID-19

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Organization. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.