

**Interfaith CarePartners, Inc.
And Affiliate**

COMBINED FINANCIAL STATEMENTS


December 31, 2019 and 2018



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**Interfaith CarePartners, Inc. and Affiliate
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December 31, 2019 and 2018**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Interfaith CarePartners, Inc.
Houston, Texas

We have audited the accompanying combined financial statements of Interfaith CarePartners, Inc. (a Texas non-profit corporation) 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 Combined 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 Interfaith CarePartners, Inc. 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
February 21, 2020

**Interfaith CarePartners, Inc. and Affiliate
Combined Statement of Financial Position**

<i>December 31, 2019</i>	Interfaith CarePartners, Inc.			The Acorn Foundation			Combined Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	
Assets							
Cash and cash equivalents	\$ 105,155	\$ 55,000	\$ 160,155	\$ -	\$ -	\$ -	\$ 160,155
Investments	-		-	-	1,937,120	1,937,120	1,937,120
Pledges receivable	-	6,000	6,000	-	-	-	6,000
Prepaid expenses	21,459	-	21,459	-	-	-	21,459
Total assets	\$ 126,614	\$ 61,000	\$ 187,614	\$ -	\$ 1,937,120	\$ 1,937,120	\$ 2,124,734
Liabilities and net assets							
Refundable advance	\$ -	\$ 50,000	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000
Accrued liabilities	4,070	-	4,070	-	-	-	4,070
Commitments and contingencies							
Net assets	122,544	11,000	133,544	-	1,937,120	1,937,120	2,070,664
Total liabilities and net assets	\$ 126,614	\$ 61,000	\$ 187,614	\$ -	\$ 1,937,120	\$ 1,937,120	\$ 2,124,734

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

**Interfaith CarePartners, Inc. and Affiliate
Combined Statement of Financial Position**

<i>December 31, 2018</i>	Interfaith CarePartners, Inc.			The Acorn Foundation			Combined Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	
Assets							
Cash and cash equivalents	\$ 90,100	\$ 3,676	\$ 93,776	\$ -	\$ -	\$ -	\$ 93,776
Investments	-	-	-	-	1,751,372	1,751,372	1,751,372
Pledges receivable	-	80,000	80,000	-	-	-	80,000
Prepaid expenses	23,145	-	23,145	-	-	-	23,145
Total assets	\$ 113,245	\$ 83,676	\$ 196,921	\$ -	\$ 1,751,372	\$ 1,751,372	\$ 1,948,293
Liabilities and net assets							
Deferred revenue	\$ -	\$ 50,000	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000
Accrued liabilities	17,633	-	17,633	-	-	-	17,633
Commitments and contingencies							
Net assets	95,612	33,676	129,288	-	1,751,372	1,751,372	1,880,660
Total liabilities and net assets	\$ 113,245	\$ 83,676	\$ 196,921	\$ -	\$ 1,751,372	\$ 1,751,372	\$ 1,948,293

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

**Interfaith CarePartners, Inc. and Affiliate
Combined Statement of Activities**

	Interfaith CarePartners, Inc.			The Acorn Foundation			Combined Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	
<i>For the year ended December 31, 2019</i>							
Support and income							
Congregational Contributions	\$ 35,683	\$ -	\$ 35,683	\$ -	\$ -	\$ -	\$ 35,683
Special events	136,470	12,000	148,470	-	-	-	148,470
Foundations	356,968	-	356,968	-	-	-	356,968
Government	270,000	5,000	275,000	-	-	-	275,000
Other Income	3,964	-	3,964	-	-	-	3,964
Investment return	106	-	106	-	-	-	106
Net assets released from donor restrictions	-	-	-	-	335,748	335,748	335,748
	39,676	(39,676)	-	150,000	(150,000)	-	-
Total support and income	842,867	(22,676)	820,191	150,000	185,748	335,748	1,155,939
Expenses							
Program service	815,005	-	815,005	-	-	-	815,005
Supporting services	145,230	-	145,230	5,700	-	5,700	150,930
Total expenses	960,235	-	960,235	5,700	-	5,700	965,935
Change in net assets before affiliate transactions	(117,368)	(22,676)	(140,044)	144,300	185,748	330,048	190,004
Transfer from Acorn	144,300	-	144,300	(144,300)	-	(144,300)	-
Changes in net assets	26,932	(22,676)	4,256	-	185,748	185,748	190,004
Net assets, at beginning of year	95,612	33,676	129,288	-	1,751,372	1,751,372	1,880,660
Net assets at end of year	\$ 122,544	\$ 11,000	\$ 133,544	\$ -	\$ 1,937,120	\$ 1,937,120	\$ 2,070,664

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

**Interfaith CarePartners, Inc. and Affiliate
Combined Statement of Activities**

	Interfaith CarePartners, Inc.			The Acorn Foundation			Combined Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	
<i>For the year ended December 31, 2018</i>							
Support and income							
Congregational Contributions	\$ 46,477	\$ -	\$ 46,477	\$ -	\$ -	\$ -	\$ 46,477
Special events	114,085	1,500	115,585	-	-	-	115,585
Foundations	279,724	10,000	289,724	-	-	-	289,724
Government	171,550	-	171,550	-	-	-	171,550
Other income	4,428	-	4,428	-	-	-	4,428
Investment return	488	-	488	-	-	-	488
Net assets released from donor restrictions	-	-	-	-	(88,659)	(88,659)	(88,659)
	129,192	(129,192)	-	250,000	(250,000)	-	-
Total support and income	745,944	(117,692)	628,252	250,000	(338,659)	(88,659)	539,593
Expenses							
Program service	794,579	-	794,579	-	-	-	794,579
Supporting services	170,607	-	170,607	-	-	-	170,607
Total expenses	965,186	-	965,186	-	-	-	965,186
Change in net assets before affiliate transactions	(219,242)	(117,692)	(336,934)	250,000	(338,659)	(88,659)	(425,593)
Transfer from Acorn	250,000	-	250,000	(250,000)	-	(250,000)	-
Changes in net assets	30,758	(117,692)	(86,934)	-	(338,659)	(338,659)	(425,593)
Net assets, at beginning of year	64,854	151,368	216,222	-	2,090,031	2,090,031	2,306,253
Net assets at end of year	\$ 95,612	\$ 33,676	\$ 129,288	\$ -	\$ 1,751,372	\$ 1,751,372	\$ 1,880,660

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

**Interfaith CarePartners, Inc. and Affiliate
Combined Statements of Functional Expenses**

<i>For the years ended December 31,</i>	2019			2018		
	Program Services	Supporting Services	Total	Program Services	Supporting Services	Total
Interfaith CarePartners, Inc.:						
Salaries and employee benefits	\$ 680,164	\$ 68,322	\$ 748,486	\$ 626,708	\$ 54,559	\$ 681,267
Special events	-	34,997	34,997	-	67,442	67,442
Rent	64,902	5,514	70,416	64,453	4,343	68,796
Volunteer support	4,113	191	4,304	6,738	348	7,086
Office operations	35,066	10,853	45,919	36,914	14,004	50,918
Local mileage	9,957	774	10,731	10,188	480	10,668
Caregiver services	3,905	35	3,940	2,095	-	2,095
Travel	303	46	349	2,734	241	2,975
Office supplies	2,752	568	3,320	14,815	1,299	16,114
Professional education and training	3,660	1,309	4,969	5,109	516	5,625
Accounting fees	-	12,600	12,600	-	16,800	16,800
Professional services	10,183	10,021	20,204	24,825	10,575	35,400
Total Interfaith CarePartners, Inc.	815,005	145,230	960,235	794,579	170,607	965,186
The Acorn Foundation:						
Accounting fees	-	5,700	5,700	-	-	-
Total The Acorn Foundation	-	5,700	5,700	-	-	-
Total	\$ 815,005	\$ 150,930	\$ 965,935	\$ 794,579	\$ 170,607	\$ 965,186

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

**Interfaith CarePartners, Inc. and Affiliate
Combined Statements of Cash Flows**

<i>For the years ended December 31,</i>	2019	2018
Operating activities		
Changes in net assets	\$ 190,004	\$ (425,593)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Gain on sale of investments	(423,478)	(74,022)
Net depreciation in fair value of investments	140,754	197,919
Changes in operating assets and liabilities:		
Pledges receivable	74,000	50,000
Prepaid expenses	1,686	(752)
Deferred revenue	-	50,000
Accrued liabilities	(13,563)	13,156
Net cash used in operating activities	(30,597)	(189,292)
Investing activities		
Proceeds from sale of investments	156,024	260,550
Receipts of dividends reinvested	(59,048)	(45,788)
Net cash provided by investing activities	96,976	214,762
Net change in cash and cash equivalents	66,379	25,470
Cash and cash equivalents, beginning of year	93,776	68,306
Cash and cash equivalents, end of year	\$ 160,155	\$ 93,776

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

Interfaith CarePartners, Inc. and Affiliate Notes to Combined Financial Statements

Note 1: ORGANIZATION AND NATURE OF OPERATIONS (Unaudited)

In June 1988, the Foundation for Interfaith Research and Ministry (“FIRM”) was established as a nonprofit corporation to support research, education and service programs relating to the disciplines of theology, religious studies, pastoral care and other public service programs. In July 2000, FIRM legally amended its charter, changing its name to Interfaith CarePartners, Inc. Interfaith CarePartners, Inc.’s certificate of operation under Assumed Name of “CarePartners” became effective on June 2, 2016 for a period of ten years.

CarePartners provides life-changing programs and support services to 5,539 individuals living in the Greater Houston and Waco areas. Its mission is to provide support, education and resources to caregivers and quality care for those living with memory loss and other challenges of aging. Our volunteer led organization partners with over 64 different faith-based congregations and nonprofit organizations. Those partnerships result in 93 Care Teams[®] with approximately 1,868 volunteers providing 111,378 of volunteer caregiving hours to CarePartners’ mission through our four primary programs. Those volunteer hours equal an estimated \$2.8 million in free care.

There are four primary programs that address the needs of the people we serve: Gathering Place, Second Family, Common Ground and Education Events. Volunteer Care Teams support each of these primary programs.

Gathering Place is a highly engaging program specifically for individuals with early to moderate Alzheimer’s, other dementias or memory loss. Planned activities strengthen motor and social skills through games, music, crafts, lunch, and socialization. Family caregivers receive 3.5 hours of respite care support while their loved ones attend Gathering Place. Volunteers serve on a Care Team to support and provide quality 1:1 care for those attending. In 2019, 1,127 individuals were served during one or more of the 53 partnering locations.

Second Family is a program designed to help home-bound individuals living with memory loss or other challenges due to aging and also provides respite care, a break from caregiving responsibilities, and support for caregivers. An extended family of trained volunteers offers support and companionship for home-bound individuals who belong to a CarePartners’ partnering congregation. In 2019, 274 individuals were served by one of our 21 partnering locations.

Common Ground is a support group for family caregivers offering emotional support, encouragement, friendship and helpful tips about self-care and caregiving. Family caregivers supporting loved ones with Alzheimer’s, dementia, memory loss or other challenges of aging may join this monthly support group. In 2019, 176 individuals were served through one or more of our 19 partnering locations.

Caregiver Educational Events are workshops that provide caregivers with education and community resources that equip them to take better care of themselves and their loved ones. Events are offered in half day or full day conference formats, single workshops, or corporate lunch and learns. In 2019, 2,117 individuals attended one of our 19 educational events where more than 100 workshops were given by professionals who volunteer their time and expertise to better educate caregivers.

Interfaith CarePartners, Inc. and Affiliate Notes to Combined Financial Statements

Note 1: ORGANIZATION AND NATURE OF OPERATIONS (Unaudited) (Continued)

CarePartners programs are in Harris, Fort Bend, Montgomery, Galveston, and Brazoria counties and Waco, Texas. In addition, its programs have won numerous national and local awards, including a President's Community Service Award, the nation's highest honor for volunteer community service. The organization's reputation for excellence in volunteer program management elicits inquiries from groups across the country seeking advice and consultation, as well as wishing to replicate the procedures and practices of CarePartners' program.

The affiliate of CarePartners is The Acorn Foundation ("Acorn"), established as a nonprofit corporation in June 1993, to be administered solely for the benefit of CarePartners. Acorn exists to invest and administer the endowment fund for Interfaith CarePartners.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying combined financial statements include the accounts of CarePartners and Acorn (collectively, the "Organization"), all of which are under common control. Inter-organization transactions and balances have been eliminated in combination.

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 U.S. GAAP combined financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Considerations

The Organization uses fair value to measure financial 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).

Interfaith CarePartners, Inc. and Affiliate Notes to Combined Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 entity 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 cash and cash equivalents, receivables, and liabilities are carried in the accompanying combined financial statements at amounts which reasonably approximate fair value.

Cash and Cash Equivalents

For purposes of the combined statements of cash flows, the Organization considers demand deposit and money market accounts and all highly liquid investments available for current use with initial maturities of three months or less to be cash equivalents.

Investments

Investments are recorded at their fair value. Realized and unrealized gains and losses on investments sold or held are reflected in the combined statements of activities. Investments donated to the Organization are recorded at their fair value at the date of donation.

Pledges Receivable

Pledges receivable that are expected to be collected within one year are reported at net realizable value. Amounts that are expected to be collected in more than one year are discounted to estimate the present value of future cash flows if material. The Organization considers pledge 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.

The pledges receivable are due as follows:

<i>December 31,</i>	2019	2018
Less than one year	\$ 6,000	\$ 80,000
One to five years	-	-
Total	\$ 6,000	\$ 80,000

Interfaith CarePartners, Inc. and Affiliate Notes to Combined Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Office Equipment

Office equipment is recorded at cost for assets purchased. Donated materials and equipment are recorded as contributions at their fair value at the date of donation. Depreciation of office equipment is provided over an estimated useful life of five years. As of December 31, 2017, office equipment is fully depreciated.

Routine maintenance, repair, renewal and replacement costs are charged against operations in the year incurred. Expenditures which materially increase values or extend useful lives of equipment are capitalized.

Refundable Advance/Deferred Revenue

The Organization recognizes contributions received in advance (primarily for their annual fundraising event, Sweet Charity), as deferred revenue.

Net Assets

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

Net Assets without Donor Restrictions—These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program related services, raising contributions, and performing administrative functions.

Net Assets with Donor Restrictions—These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted.

Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Contributions received are recorded as increases in net assets without donor restrictions or net asset with 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. In the absence of donor restrictions to the contrary, restrictions on contributions of property or equipment or on assets restricted to acquiring property or equipment expire when the property or equipment is placed in service.

Interfaith CarePartners, Inc. and Affiliate Notes to Combined Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services and Materials

A substantial number of volunteers have made significant contributions of their time to support the Organization's service programs, principally in client care. The Organization also receives donated professional and other services and materials during the years. No amounts have been reflected in the combined statements for these services or materials since the nature of these services and materials do not require a specialized skill or create or enhance a nonfinancial asset.

Functional Allocation of Expenses

The costs of providing the various programs and supporting activities have been summarized on a functional basis in the combined statements of activities and in the combined statements of functional expenses. Costs are either charged directly to program or supporting services based on specific identification or allocated among the program and supporting services benefited. Salaries and employee benefits, rent, office operations, local mileage, office supplies and professional education and training are the primary costs that are allocated. All allocable expenses are allocated based on estimates of time and effort of all staff members, which are reviewed throughout the year and updated, if needed, due to staff changes.

Federal Income Taxes

CarePartners and Acorn are exempt from Federal income taxes under Section 501 (c)(3) of the Internal Revenue Code and, accordingly, are not subjected to federal income taxes.

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. The Organization's federal tax return remains open to examination for a period of three years following its filing with the taxing authority.

Subsequent Events

Management has evaluated subsequent events through the date that the combined financial statements were available to be issued, February 21, 2020 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these combined financial statements.

Recent 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 amendments in this ASU assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This new guidance is effective for transactions in which the Organization serves as a resource recipient for fiscal years beginning after December 15, 2018. Thus, on January 1, 2019, the Organization applied the provisions of this ASU on a modified prospective basis, which there was no material impact to the combined financial statements.

Interfaith CarePartners, Inc. and Affiliate Notes to Combined Financial Statements

Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY

The CarePartners' primary sources of support are contributions and grants, which most of the support having no donor restrictions. Fundraising events are held during the year to support the CarePartners' budget. Additionally, CarePartners receives funds from Acorn based on budgeted needs. CarePartners operates with a balanced budget and anticipates covering its general expenditures by collection of sufficient support and Acorn's annual transfer of funds.

As of December 31, 2019, CarePartners has \$166,155 of financial assets available within one year of the combined statement of financial position date consisting of cash and pledge receivable, of which \$5,000 are not available for general use as they are restricted for a specific purpose. Although not expected to be needed, the Acorn's financial assets are available for spending without limitation at the discretion of the Board. As of December 31, 2019, Acorn's financial assets total \$1,937,120 consisting of short-term and long-term investments.

As of December 31, 2018, CarePartners has \$173,776 of financial assets available within one year of the combined statement of financial position date consisting of cash and pledge receivable, of which \$3,676 are not available for general use as they are restricted for a specific purpose. Although not expected to be needed, Acorn's financial assets are available for spending without limitation at the discretion of the Board. As of December 31, 2018, Acorn's financial assets total \$1,751,372 consisting of short-term and long-term investments.

Note 4: INVESTMENTS AND FAIR VALUE MEASUREMENTS

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.

Interfaith CarePartners, Inc. and Affiliate Notes to Combined Financial Statements

Note 4: INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

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. Investments in mutual funds with readily determinable fair values are carried at fair value based on quoted market values in active markets (Level 1).

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

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<i>December 31, 2019</i>			
Total investment in mutual funds	\$ 1,937,120	\$ -	\$ -
<i>December 31, 2018</i>			
Total investment in mutual funds	\$ 1,751,372	\$ -	\$ -

Investments are exposed to various risks such as interest rate, market and credit risks. Because of these risks, it is at least reasonably possible that changes in the fair 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 the combined statements of activities.

Note 5: NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2019 and 2018, CarePartners has net assets with donor restriction of \$11,000 and \$33,676, respectively, to be used for subsequent periods for a specific donor and/or time restrictions. During the years ended December 31, 2019 and 2018, net assets with donor restriction of CarePartners in the amount of \$39,676 and \$129,192, respectively, were released from restrictions due to the satisfaction of purpose of donor and time restrictions.

At December 31, 2019 and 2018, net assets with donor restriction from Acorn in the amount of \$1,937,120 and \$1,751,372, respectively, are available for investment for the benefit of CarePartners. During the years ended December 31, 2019 and 2018, net assets with donor restriction of \$150,000 and \$250,000, respectively, were released from restrictions by incurring expenses satisfying the restricted purposes.

Interfaith CarePartners, Inc. and Affiliate Notes to Combined Financial Statements

Note 6: DISTRIBUTION TO AFFILIATE

In 2019 and 2018, Acorn's Board of Directors approved \$144,300 and \$250,000, respectively, transfer to CarePartners.

Note 7: CONCENTRATION OF CREDIT RISK

At various times during the years, 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 institution.

As of December 31, 2019, one donor accounted for 100% of the pledges receivable. As of December 31, 2018, two donors accounted for 100% of the pledges receivable

Note 8: OPERATING LEASE

CarePartners leases office space under a noncancelable operating lease which expires on May 31, 2021. The terms of the office lease require escalating annual rental payments. Total annual lease expense amounted to \$70,416 and \$68,796 for the years ended December 31, 2019 and 2018, respectively. Future minimum lease payments required under the lease are as follows:

<i>Year ending December 31,</i>	
2020	\$ 71,437
2021	30,047
	<hr/>
	\$ 101,484