

OPERATION FINALLY HOME, INC.

Audited Financial Statements

December 31, 2018

AKIN, DOHERTY, KLEIN & FEUGE, P.C.
Certified Public Accountants

OPERATION FINALLY HOME, INC.
Table of Contents
December 31, 2018

	<u>Page</u>
Audited Financial Statements	
Independent Auditor's Report	1
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	6
Statements of Cash Flows	8
Notes to Audited Financial Statements	9



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Operation FINALLY HOME, Inc.
San Antonio, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Operation FINALLY HOME, Inc., which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows 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 risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

MAIN OFFICE

www.adkf.com

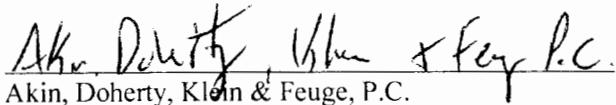
616 East Blanco, Suite 300e
Boerne, Texas 78006
Phone: 830 815-1100
Fax: 830 249-3714

8610 North New Braunfels, Suite 101
San Antonio, Texas 78217
Phone: 210 829-1300
Fax: 210 829-4080

672 Ridge Hill Drive, Suite B
New Braunfels, Texas 78130
Phone: 830 387-4441
Fax: 830 625-3456

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Operation FINALLY HOME, Inc. as of December 31, 2018 and 2017, and the results of its activities, functional expenses and cash flows for the years then ended in accordance with U. S. generally accepted accounting principles.


Akin, Doherty, Klein & Feuge, P.C.

San Antonio, Texas

April 26, 2019

OPERATION FINALLY HOME, INC.
Statements of Financial Position
December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 1,578,500	\$ 1,601,911
Investments, at fair value	1,801,984	1,896,453
Accounts receivable	49,211	43,761
Construction and acquisition costs for veterans' homes	790,174	1,183,190
Other assets	10,362	13,766
Property and equipment, net	<u>114,133</u>	<u>133,075</u>
Total Assets	<u><u>\$ 4,344,364</u></u>	<u><u>\$ 4,872,156</u></u>
 LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 131,225	\$ 239,107
Accrued expenses	14,731	19,048
Construction commitment to transfer homes to veterans	790,174	1,183,190
Note payable	8,912	15,300
Total liabilities	<u>945,042</u>	<u>1,456,645</u>
Net Assets:		
Without donor restrictions:		
Undesignated	431,553	177,462
Board designated for:		
Future home build projects	753,816	1,651,643
Future home remodel projects	90,381	87,905
Future operations	2,123,572	1,498,504
Total board designated	<u>2,967,769</u>	<u>3,238,052</u>
Total without donor restrictions	<u>3,399,322</u>	<u>3,415,514</u>
With donor restrictions	-	-
Total net assets	<u>3,399,322</u>	<u>3,415,514</u>
Total Liabilities and Net Assets	<u><u>\$ 4,344,364</u></u>	<u><u>\$ 4,872,159</u></u>

See notes to audited financial statements.

OPERATION FINALLY HOME, INC.
Statement of Activities
Year Ended December 31, 2018

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Support and Revenues			
Contributions	\$ 4,013,807	\$ -	\$ 4,013,807
Contributed materials and services	804,296	-	804,296
Fundraising	435,100	-	435,100
Grants	405,579	-	405,579
	<u>5,658,782</u>	<u>-</u>	<u>5,658,782</u>
Other Revenues:			
Investment (loss), net	(69,471)	-	(69,471)
Gain on sale of asset	-	-	-
Miscellaneous income	111,436	-	111,436
	<u>111,436</u>	<u>-</u>	<u>111,436</u>
Total support and revenues	5,700,747	-	5,700,747
Expenses			
Program services	3,688,108	-	3,688,108
General and administrative	563,255	-	563,255
Fundraising	1,465,573	-	1,465,573
	<u>5,716,936</u>	<u>-</u>	<u>5,716,936</u>
Total expenses	5,716,936	-	5,716,936
Change in Net Assets	(16,189)	-	(16,189)
Net assets released from restrictions	-	-	-
Net assets at beginning of year	3,415,511	-	3,415,511
	<u>3,415,511</u>	<u>-</u>	<u>3,415,511</u>
Net Assets at Year End	<u>\$ 3,399,322</u>	<u>\$ -</u>	<u>\$ 3,399,322</u>

See notes to audited financial statements.

OPERATION FINALLY HOME, INC.
Statement of Activities
Year Ended December 31, 2017

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Support and Revenues			
Contributions	\$ 5,045,020	\$ -	\$ 5,045,020
Contributed materials and services	1,403,552	-	1,403,552
Fundraising	377,172	-	377,172
Grants	<u>503,508</u>	<u>-</u>	<u>503,508</u>
	7,329,252	-	7,329,252
Other Revenues:			
Investment earnings, net	142,481	-	142,481
Loss on sale of equipment	(7,060)	-	(7,060)
Miscellaneous income	<u>25,129</u>	<u>-</u>	<u>25,129</u>
Total support and revenues	7,489,802	-	7,489,802
Expenses			
Program services	4,910,894	-	4,910,894
General and administrative	624,338	-	624,338
Fundraising	<u>1,504,671</u>	<u>-</u>	<u>1,504,671</u>
Total expenses	<u>7,039,903</u>	<u>-</u>	<u>7,039,903</u>
Change in Net Assets	449,899	-	449,899
Net assets released from restrictions	-	-	-
Net assets at beginning of year	<u>2,965,612</u>	<u>-</u>	<u>2,965,612</u>
Net Assets at Year End	<u>\$ 3,415,511</u>	<u>\$ -</u>	<u>\$ 3,415,511</u>

See notes to audited financial statements.

OPERATION FINALLY HOME, INC.
Statement of Functional Expenses
Year Ended December 31, 2018

	<u>Program Expense</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 556,487	\$ 287,564	\$ 96,936	\$ 940,987
Payroll taxes	41,170	20,718	7,172	69,060
Total payroll expenses	<u>597,657</u>	<u>308,282</u>	<u>104,108</u>	<u>1,010,047</u>
Building costs	2,570,293	-	-	2,570,293
Direct mailing	-	-	1,182,516	1,182,516
Travel	92,075	25,327	17,763	135,165
Professional	68,856	45,291	31,596	145,743
Meals	21,661	7,180	3,298	32,139
Advertising and promotion	131,491	96,750	50,509	278,750
Fundraising	101,662	-	44,985	146,647
Depreciation	10,083	6,130	2,729	18,942
Dues and subscriptions	30,541	13,212	12,948	56,701
Rent	11,262	9,010	2,252	22,524
Auto	22,638	13,313	2,545	38,496
Bank fees	717	1,417	1,062	3,196
Postage	4,270	2,543	2,750	9,563
Insurance	1,217	11,932	-	13,149
Supplies	1,488	7,683	564	9,735
Telephone	10,037	5,392	1,748	17,177
Website	12,150	5,250	4,200	21,600
Other expenses	10	3,224	-	3,234
Interest expense	-	1,319	-	1,319
Total expenses	<u>\$ 3,688,108</u>	<u>\$ 563,255</u>	<u>\$ 1,465,573</u>	<u>\$ 5,716,936</u>

See notes to audited financial statements.

OPERATION FINALLY HOME, INC.
Statement of Functional Expenses
Year Ended December 31, 2017

	<u>Program Expense</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 545,415	\$ 257,114	\$ 95,008	\$ 897,537
Payroll taxes	40,849	20,424	6,808	68,081
Total payroll expenses	586,264	277,538	101,816	965,618
Building costs	3,780,244	-	-	3,780,244
Direct mailing	-	-	1,179,089	1,179,089
Travel	111,568	56,685	20,096	188,349
Professional	68,639	64,655	36,156	169,450
Meals	22,924	22,181	4,080	49,185
Advertising and promotion	139,084	110,294	57,627	307,005
Fundraising	40,043	-	77,569	117,612
Depreciation	31,036	2,854	1,784	35,674
Dues and subscriptions	14,225	13,641	1,927	29,793
Rent	12,962	10,369	2,592	25,923
Auto	16,622	17,244	4,024	37,890
Repairs and maintenance - homes	26,700	-	-	26,700
Bank fees	195	1,617	2,150	3,962
Postage	3,143	5,478	1,749	10,370
Insurance	3,221	12,683	-	15,904
Supplies	1,314	8,817	216	10,347
Telephone	9,543	4,767	1,589	15,899
Website	38,709	9,910	8,895	57,514
Builder show	750	819	-	1,569
Other expenses	2,020	3,644	1,644	7,308
Interest expense	-	963	-	963
Storage	1,688	179	1,668	3,535
Total expenses	<u>\$ 4,910,894</u>	<u>\$ 624,338</u>	<u>\$ 1,504,671</u>	<u>\$ 7,039,903</u>

See notes to audited financial statements.

OPERATION HOMEFRONT, INC.
Statements of Cash Flows
Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating Activities		
Change in net assets	\$ (16,189)	\$ 449,899
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation	18,942	35,674
Realized and unrealized change in market value on investments	104,663	(108,775)
Contributed investments	-	(15,372)
Loss on disposal of equipment	-	7,060
Change in operating assets and liabilities:		
Accounts receivable	(5,450)	169,150
Construction and acquisition costs for veterans' homes	393,016	(10,119)
Other assets	3,404	(2,979)
Accounts payable	(107,882)	105,242
Accrued expenses	(4,317)	(15,082)
Construction commitment to transfer homes to veterans	(393,016)	10,119
Net cash provided (used) by operating activities	<u>(6,829)</u>	<u>624,817</u>
Investing Activities		
Purchase of investments and earnings reinvestment	(10,194)	(133,706)
Proceeds from sale of equipment	-	24,000
Net cash (used) by investing activities	<u>(10,194)</u>	<u>(109,706)</u>
Financing Activities		
Payments on note payable	(6,388)	(5,582)
Net cash (used) by financing activities	<u>(6,388)</u>	<u>(5,582)</u>
Change in cash and cash equivalents	(23,411)	509,529
Cash and cash equivalents at beginning of year	<u>1,601,911</u>	<u>1,092,382</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 1,578,500</u></u>	<u><u>\$ 1,601,911</u></u>
Supplemental Disclosures		
Cash paid for interest	\$ 1,319	\$ 1,516

See notes to audited financial statements.

OPERATION FINALLY HOME, INC.
Notes to Audited Financial Statements
December 31, 2018 and 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: Operation FINALLY HOME, Inc. (the Organization) was founded in 2005 as a non-profit organization with the mission to provide Americans the ability to honor and thank America's wounded and disabled veterans and the widows of the fallen. The Organization brings together corporate sponsors, builder associations, builders, developers, individual contributors, and volunteers to help these Veteran Heroes and their families by providing custom-built mortgage-free homes.

The past few years have allowed for Operation FINALLY HOME, Inc. to increase its ability to provide more homes to more veterans. During this period, the Organization has held four pillar events for each build that include an announcement event, ground-breaking ceremony, town hall meeting, and dedication of the home. The Board of Directors recognizes that to successfully promote the Organization through these events, high travel costs are incurred each year. In addition, in-kind donors are also showcased at these events as a form of appreciation to those donors who have a major impact on Operation FINALLY HOME, Inc.'s ability to fulfill its mission.

Basis of Presentation: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U. S. generally accepted accounting principles. Net assets, support and revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Without Donor Restrictions: Net assets available for use in general operations and not subject to donor restrictions. **Grants and contributions gifted for recurring programs, including those for directly specified Veteran Heroes or geographic regions, are generally not considered "restricted" under GAAP,** though for internal reporting the Organization tracks such grants and contributions to verify the disbursement matches the intent. Assets restricted solely through the actions of the Board are reported as net assets without donor restrictions, board designated.

With Donor Restrictions: Net assets subject to donor-imposed stipulations that are more restrictive than the Organization's mission and purpose, that will be met by actions of the Organization and/or the passage of time. Donor imposed restrictions are released when the restriction expires, and are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Grants received with restrictions, and whose restrictions are met in the same fiscal year, are reported as unrestricted in the statement of activities.

Contributions: Contributions are reported as without or with donor restriction, depending on the existence and/or nature of any restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restriction if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restriction depending on the nature of the restriction. When a restriction expires, the net assets are reclassified to net assets without donor restriction. Non-cash contributions are recorded at their fair market value at the date of contribution.

In-Kind Donations and Services: Donated goods and services are reported as "in-kind contributions" by the Organization. Donated goods are recorded at fair value at the time of donation. The value of donated services is based on an amount determined to be appropriate if individuals were employed by the Organization to perform such services and is recorded as contributed services revenue and expense in the period during which the services are rendered.

Cash and Cash Equivalents: Cash and cash equivalents consist of cash on hand and deposits held by financial institutions with maturities of three months or less.

Investments: Investments are reported at fair market value determined by quoted market prices. Gains and losses (realized and unrealized) are reported as investment earnings, net of expenses in the accompanying statements of activities. Donated investment instruments are recorded at fair value at the date of donation.

OPERATION FINALLY HOME, INC.
Notes to Audited Financial Statements
December 31, 2018 and 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Accounts Receivable: Accounts receivable are reported at outstanding principal, net of an allowance for doubtful accounts if deemed necessary. The allowance is generally determined based on an account-by-account review and historic trends. Accounts are charged off when collection efforts have failed and the account is deemed uncollectible. An allowance was not required at December 31, 2018 and 2017. Interest is generally not charged on the receivables.

Property and Equipment: Property and equipment is valued at historical cost or estimated fair value at the date of donation. Expenditures for betterments greater than \$250 that materially extend the useful life of an asset are capitalized. Depreciation is recorded using the straight-line method over the estimated useful lives of the related assets, which is generally three to five years for furniture and equipment.

Income Taxes: Operation FINALLY HOME, Inc. is a tax-exempt organization under Internal Revenue Service Code Section 501(c)(3). In addition, the Organization is not a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. Donors of money and/or property are entitled to the maximum charitable contribution deduction allowed by law. The Organization is not subject to Texas margin tax. Management is not aware of any tax positions that would have a significant impact on its financial position. Its federal tax returns for the last four years remain subject to examination.

Functional Allocation of Expenses: The costs of providing the services and other activities of the Organization have been summarized on a functional basis in the statement of functional expense. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits which are allocated on the basis of estimates of time and effort, as well as depreciation, office and occupancy, which are allocated on square-footage or other reasonable basis.

Advertising: Advertising and marketing costs are expensed as incurred and totaled approximately \$278,000 and \$307,000 for the years ending December 31, 2018 and 2017, respectively.

Subsequent Events: Subsequent events have been evaluated by management through the date of the independent auditor's report. Material subsequent events, if any, are disclosed in a separate footnote to these financial statements.

New Accounting Pronouncements: In May 2014, the Financial Accounting Standards Board (FASB) issued a new accounting pronouncement regarding revenue recognition effective for reporting periods beginning after December 15, 2018. Management does not expect the new standard to have a significant impact to its financial position, results of operations and related disclosures.

In February 2016, the FASB issued a new accounting pronouncement regarding lease accounting for reporting periods beginning after December 15, 2019. A lessee will be required to recognize on the balance sheet the assets and liabilities for leases with terms of more than 12 months. Management does not expect the new standard to have a significant impact to its financial position, results of operations and related disclosures.

In June 2018, the FASB issued a new accounting pronouncement clarifying the scope and guidance for contributions received, effective for periods beginning after December 15, 2018 with early adoption permitted. The update will assist organizations in 1) evaluating whether transactions should be accounted for as contributions or exchange transactions and 2) determine whether contributions are conditional. Management does not expect the new standard to have a significant impact to its financial position, results of operations and related disclosures.

OPERATION FINALLY HOME, INC.
Notes to Audited Financial Statements
December 31, 2018 and 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Recently Adopted Accounting Pronouncements: In August 2016, the FASB issued *Accounting Standards Update 2016-14* regarding the reporting and disclosure requirements for not-for-profit organizations, effective for periods beginning after December 15, 2017, with early adoption permitted. The pronouncement replaces the three classes of net assets with two new classes, requires the reporting of expenses by function and natural classification of all not-for-profit organizations, enhances disclosures on liquidity and availability of resources, and includes several other less significant enhancements. The Organization early adopted this new pronouncement effective January 1, 2017.

Use of Estimates: The preparation of financial statements in conformity with U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

Concentrations of Credit Risk: Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and investments. The Organization places its cash and investments (including restricted assets) with financial institutions, and limits the amount of credit exposure, although it may from time to time have cash balances or investments in excess of that insured by the FDIC. The Organization periodically assesses the financial condition of the institutions and believes the risk of loss is minimal.

NOTE B – INVESTMENTS

Investments are stated at fair value. Investment earnings (including interest earned on accounts classified as cash and cash equivalents) is summarized as follows at December 31:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 42,824	\$ 37,696
Net realized and unrealized gains (losses) on change in market value	(104,663)	108,775
Investment fees	<u>(7,632)</u>	<u>(3,990)</u>
Investment earnings (loss), net	<u>\$ (69,471)</u>	<u>\$ 142,481</u>

OPERATION FINALLY HOME, INC.
Notes to Audited Financial Statements
December 31, 2018 and 2017

NOTE C – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	<u>2018</u>	<u>2017</u>
Land	\$ 96,800	\$ 96,800
Furniture and equipment	69,955	69,955
Vehicles	183,085	183,085
Software	16,039	16,039
Total property and equipment	<u>365,879</u>	<u>365,879</u>
Less accumulated depreciation	<u>(251,746)</u>	<u>(232,804)</u>
Property and equipment, net	<u>\$ 114,133</u>	<u>\$ 133,075</u>

NOTE D – CONSTRUCTION AND ACQUISITION COSTS FOR VETERANS’ HOMES AND COMMITMENT TO TRANSFER HOMES TO VETERANS

Construction and acquisition costs for veterans’ homes represent construction costs of homes that will be transferred to veterans. When constructing a new home, title and ownership of the property is retained by the Organization until such time the Organization transfers ownership to the veteran. Prior to transfer of ownership, costs incurred and donations of materials and services received by the Organization for these activities are recorded as an asset of the Organization in the statements of financial position.

To the extent that all significant conditions are met, a liability representing the commitment to transfer the home to a veteran is established. Upon transfer of ownership, the full cost of the property and the corresponding liability are both reduced to zero. As of December 31, 2018 and 2017, both the Construction and Acquisition Costs for Veterans’ Homes and the Commitment to Transfer Homes to Veterans were \$790,174 and \$1,183,190, respectively.

NOTE E – NOTE PAYABLE AND LINE OF CREDIT

In May 2015, the Organization entered into a note agreement with Ford Credit to finance the purchase of a new vehicle. The note is due in monthly payments of \$581 with interest at 6.39% and maturing in June 2020. The outstanding balance of the note payable at December 31, 2018 and 2017 was \$8,912 and \$15,300, respectively.

The future maturities of this note payable are as follows:

<u>Years ended December 31,</u>	
2019	\$ 6,563
2020	<u>2,349</u>
Total	<u>\$ 8,912</u>

The Organization has an unsecured \$150,000 revolving line of credit with interest at Prime plus 3.7% on the utilized portion. As of December 31, 2018 and 2017, the Organization has not borrowed from the line.

OPERATION FINALLY HOME, INC.
Notes to Audited Financial Statements
December 31, 2018 and 2017

NOTE F – CONTRIBUTED MATERIAL AND SERVICES

The Organization receives a significant amount of donated services and materials from corporate sponsors, builder association, builders, developers and individual contributors in carrying out its mission. The following have been reflected as both expenses and contribution revenue in the accompanying financial statements as of December 31:

	<u>2018</u>	<u>2017</u>
Building materials and construction services	\$ 794,046	\$ 1,375,757
Fundraising event costs	10,050	16,525
Advertising and printing	<u>200</u>	<u>11,270</u>
 Total contributed materials and services	 <u>\$ 804,296</u>	 <u>\$ 1,403,552</u>

NOTE G – LEASES

The Organization leases office space for its field office under a non-cancellable operating lease with a monthly payment of \$1,273 expiring on October 31, 2019. Rent expense totaled \$22,524 in 2018 and \$25,923 in 2017.

The aggregate minimum future lease payments on non-cancellable leases at December 31, 2018, are as follows:

Year Ending December 31,

2019	\$ 12,730
------	-----------

NOTE H – FAIR VALUE MEASUREMENTS

In accordance with U.S. generally accepted accounting principles, the Organization utilizes a fair value hierarchy that prioritizes the inputs for the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2: Inputs to the valuation methodology include:
 - quoted prices for similar assets or liabilities in active markets
 - quoted prices for identical or similar assets or liabilities in inactive markets
 - inputs other than quoted prices that are observable for the asset or liability
 - inputs that are derived principally from or corroborated by observable market data by correlation or other means
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

OPERATION FINALLY HOME, INC.
Notes to Audited Financial Statements
December 31, 2018 and 2017

NOTE H – FAIR VALUE MEASUREMENTS - continued

Following is a description of the valuation methodologies used for investments measured at fair value. There have been no changes in the methodologies used.

Cash and money market funds (MMFs): Valued at its carry amount due to short-term maturity of the instrument.

Stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual Funds and Exchange Traded Funds: Valued at the daily closing price (net asset value) as reported by the fund.

Corporate Bonds: Valued using pricing models maximizing the use of observable inputs for similar securities.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth, by level within the fair value hierarchy, the Organization's investments measured at fair value as follows:

	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	Total
<i>December 31, 2018</i>				
Cash and money market funds	\$ 142,957	\$ -	\$ -	\$ 142,957
Stocks	699,199	-	-	699,199
Mutual funds	94,302	-	-	94,302
Exchange traded funds	163,803	-	-	163,803
Corporate bonds	-	701,723	-	701,723
Total investments at fair value	<u>\$1,100,261</u>	<u>\$ 701,723</u>	<u>\$ -</u>	<u>\$1,801,984</u>
<i>December 31, 2017</i>				
Cash and money market funds	\$ 209,068	\$ -	\$ -	\$ 209,068
Stocks	843,084	-	-	843,084
Mutual funds	113,641	-	-	113,641
Exchange traded funds	138,812	-	-	138,812
Corporate bonds	-	591,848	-	591,848
Total investments at fair value	<u>\$1,304,605</u>	<u>\$ 591,848</u>	<u>\$ -</u>	<u>\$1,896,453</u>

OPERATION FINALLY HOME, INC.
Notes to Audited Financial Statements
December 31, 2018 and 2017

NOTE I – LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The Organization has approximately \$3,440,000 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure. This consists of cash of approximately \$1,579,000, investments (which are not endowed) of approximately \$1,802,000, accounts receivable of approximately \$49,000 and other assets of approximately of \$10,000 at December 31, 2018. The Organization has a goal to maintain approximately twelve months of operating reserves throughout the year which, on the average, total approximately \$164,000 per month given full programmatic expenditures.