



Financial Statements

For the Year Ended December 31, 2018

(With Summarized Financial Information for the Year Ended December 31, 2017)



**and
Report Thereon**



MEALS ON WHEELS AMERICA

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For the Year Ended December 31, 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Meals on Wheels America

We have audited the accompanying financial statements of Meals on Wheels America (the Organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year 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 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 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 financial statements based on our audit. We conducted our audit 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 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we 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.

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Opinion

In our opinion, the 2018 financial statements referred to above present fairly, in all material respects, the financial position of Meals on Wheels America as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Summarized Comparative Information

The Organization's 2017 financial statements were audited by Raffa, P.C., whose practice was combined with Marcum LLP as of October 1, 2018, and whose report dated May 7, 2018, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Marcum LLP

Washington, DC
April 17, 2019

MEALS ON WHEELS AMERICA
STATEMENT OF FINANCIAL POSITION
December 31, 2018
(With Summarized Financial Information as of December 31, 2017)

	2018	2017
ASSETS		
Cash and cash equivalents	\$ 1,042,067	\$ 1,137,692
Grants and contributions receivable	4,664,749	3,438,573
Other receivables	69,700	57,902
Inventory	23,755	42,640
Prepaid expenses	89,808	74,086
Investments	4,810,722	6,720,376
Property and equipment, net	624,559	684,406
Security deposit	5,212	22,940
	\$ 11,330,572	\$ 12,178,615
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 663,744	\$ 620,866
Lease obligation	-	19,038
Deferred revenue	494,473	406,035
Deferred rent and lease incentives	1,116,887	1,196,670
	2,275,104	2,242,609
Net Assets		
Without donor restrictions	6,239,457	5,898,116
With donor restrictions	2,816,011	4,037,890
	9,055,468	9,936,006
TOTAL NET ASSETS	9,055,468	9,936,006
TOTAL LIABILITIES AND NET ASSETS	\$ 11,330,572	\$ 12,178,615

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

MEALS ON WHEELS AMERICA

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2018

(With Summarized Financial Information for the Year Ended December 31, 2017)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2018 Total</u>	<u>2017 Total</u>
OPERATING REVENUE AND SUPPORT				
In-kind contributions:				
Public service announcements (PSA's)	\$ 23,877,102	\$ -	\$ 23,877,102	\$ 31,594,793
Other goods and services	63,422	-	63,422	1,969,980
Grants and contributions	5,054,261	5,420,479	10,474,740	7,162,709
Conference	559,100	-	559,100	543,295
Program service fees	554,721	-	554,721	444,055
Government grants	396,184	-	396,184	492,734
Membership dues	208,448	-	208,448	189,335
Other income	495	-	495	3,960
Net assets released from restrictions:				
Satisfaction of program restrictions	<u>6,642,358</u>	<u>(6,642,358)</u>	<u>-</u>	<u>-</u>
TOTAL OPERATING REVENUE AND SUPPORT	<u>37,356,091</u>	<u>(1,221,879)</u>	<u>36,134,212</u>	<u>42,400,861</u>
OPERATING EXPENSES				
Program Services	<u>33,841,710</u>	<u>-</u>	<u>33,841,710</u>	<u>42,656,368</u>
Supporting Services:				
Management and general	2,339,054	-	2,339,054	1,787,018
Development	<u>625,395</u>	<u>-</u>	<u>625,395</u>	<u>603,006</u>
Total Supporting Services	<u>2,964,449</u>	<u>-</u>	<u>2,964,449</u>	<u>2,390,024</u>
TOTAL OPERATING EXPENSES	<u>36,806,159</u>	<u>-</u>	<u>36,806,159</u>	<u>45,046,392</u>
Change in net assets from operations	549,932	(1,221,879)	(671,947)	(2,645,531)
NONOPERATING ACTIVITIES				
Investment income (loss), net	<u>(208,591)</u>	<u>-</u>	<u>(208,591)</u>	<u>674,200</u>
CHANGE IN NET ASSETS	341,341	(1,221,879)	(880,538)	(1,971,331)
NET ASSETS, BEGINNING OF YEAR	<u>5,898,116</u>	<u>4,037,890</u>	<u>9,936,006</u>	<u>11,907,337</u>
NET ASSETS, END OF YEAR	<u>\$ 6,239,457</u>	<u>\$ 2,816,011</u>	<u>\$ 9,055,468</u>	<u>\$ 9,936,006</u>

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

MEALS ON WHEELS AMERICA

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2018

(With Summarized Financial Information for the Year Ended December 31, 2017)

	Supporting Services					
	Program Services	Management and General	Development	Total Supporting Services	2018 Total	2017 Total
Personnel	\$ 2,285,142	\$ 1,601,087	\$ 256,500	\$ 1,857,587	\$ 4,142,729	\$ 3,885,451
Grants, scholarships and awards	4,115,812	-	-	-	4,115,812	5,834,003
Consulting and contracted services	2,653,354	337,570	303,103	640,673	3,294,027	2,378,999
Conference and events	445,821	-	-	-	445,821	463,818
Occupancy	172,852	109,845	23,484	133,329	306,181	287,868
Travel and meetings	92,036	64,047	22,943	86,990	179,026	229,232
Depreciation and amortization	48,324	25,026	6,566	31,592	79,916	78,611
Member services	84,456	-	-	-	84,456	51,477
Accounting, audit and legal fees	-	75,254	-	75,254	75,254	73,655
Bank fees	-	48,279	-	48,279	48,279	40,946
Miscellaneous	8,832	36,626	-	36,626	45,458	24,664
Printing	12,795	3,301	4,576	7,877	20,672	13,314
Dues and subscriptions	5,811	11,474	3,252	14,726	20,537	18,982
Telephone	12,204	6,334	1,658	7,992	20,196	17,987
Insurance	11,707	6,062	1,590	7,652	19,359	12,936
Office supplies	12,131	259	936	1,195	13,326	15,572
State registration fees	-	12,732	-	12,732	12,732	13,682
Postage	3,331	1,158	787	1,945	5,276	9,627
Advertising	-	-	-	-	-	775
TOTAL EXPENSES BEFORE IN-KIND	9,964,608	2,339,054	625,395	2,964,449	12,929,057	13,451,599
In-kind public service announcements and advertising	23,877,102	-	-	-	23,877,102	31,594,793
TOTAL OPERATING EXPENSES	\$ 33,841,710	\$ 2,339,054	\$ 625,395	\$ 2,964,449	\$ 36,806,159	\$ 45,046,392

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

MEALS ON WHEELS AMERICA

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2018

(With Summarized Financial Information for the Year Ended December 31, 2017)

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (880,538)	\$ (1,971,331)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	79,916	78,611
Unrealized (gain) loss on investments	373,424	(371,578)
Realized gain on investments	(33,783)	(85,148)
Bad debt expense	24,250	-
Loss on the disposal of assets-inventory	7,659	-
Changes in assets and liabilities:		
Grants and contributions receivable	(1,250,426)	(618,474)
Other receivables	(11,798)	306,137
Inventory	11,226	(7,128)
Prepaid expenses	(15,722)	36,473
Security deposit	17,728	-
Accounts payable and accrued expenses	42,878	(30,770)
Lease obligation	(19,038)	(227,868)
Deferred revenue	88,438	(6,142)
Deferred rent and lease incentives	<u>(79,783)</u>	<u>(71,253)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(1,645,569)</u>	<u>(2,968,471)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(2,303,891)	(2,098,301)
Proceeds from sale of investments	3,873,904	5,393,911
Purchases of property and equipment	<u>(20,069)</u>	<u>(3,386)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>1,549,944</u>	<u>3,292,224</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(95,625)	323,753
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,137,692</u>	<u>813,939</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,042,067</u>	<u>\$ 1,137,692</u>

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

MEALS ON WHEELS AMERICA

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2018

1. Organization and Summary of Significant Accounting Policies

Organization

Meals on Wheels America (the Organization) is a nonprofit organization chartered in Washington, D.C., on April 30, 1976. The Organization's vision is an America in which all seniors live nourished lives with independence and dignity. The Organization's mission is to empower local community programs to improve the health and quality of life of the seniors they serve so that no one is left hungry or isolated. The Organization's activities are primarily funded from corporate, foundation and government grants, contributions from individuals, an annual conference, and membership dues.

Basis of Presentation

The financial statements are presented using the accrual method of accounting. Revenue is recognized when earned and support is recognized when contributions are made. Expenses are reported when obligations are incurred.

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits and money market accounts and all highly liquid investments with initial maturities of three months or less.

Receivables

Receivables are stated at net realizable value. Management believes that all outstanding grants and contributions receivable and other receivables are fully collectible and due within one year. Accordingly, an allowance for doubtful accounts has not been recognized.

Investments

Investments consist of cash and cash equivalents, mutual funds and exchange-traded funds. These investments are recorded in the accompanying statement of financial position at fair value based on quoted market prices. Fair value is the price that would be received to sell an asset or paid to transfer a liability through an orderly transaction between market participants at the measurement date. Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. Unrealized gains or losses are determined by comparison of fair value at the beginning and end of the reporting period.

Fair Value Measurement

Accounting standards define fair value and establish a framework for measuring fair value for those assets and liabilities that are measured at fair value on a recurring basis. In accordance with the fair value measurement standards, the Organization has categorized its applicable financial instruments into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the fair value hierarchy, the categorization is based

MEALS ON WHEELS AMERICA

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2018

1. Organization and Summary of Significant Accounting Policies (continued)

Fair Value Measurement (continued)

upon the lowest-level input that is significant to the fair value measurement of the instrument. The applicable financial assets and liabilities are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets.

Level 3 – Unobservable inputs for the asset or liability, including the reporting entity's own assumptions in determining the fair value measurement.

Only the Organization's investments were measured at fair value on a recurring basis (see Note 4).

Property and Equipment and Related Depreciation and Amortization

Property and equipment are recorded at cost. All additions in excess of \$1,000 and an economic life of more than one year are capitalized, while replacements, maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred. Computer and office equipment is depreciated on a straight-line basis over the estimated useful life of the assets, which ranges from three to seven years. Leasehold improvements are amortized over the shorter of the lease term or useful life. The cost of property and equipment retired or disposed of is removed from the accounts along with the related accumulated depreciation, and any gain or loss is reflected in the accompanying statement of activities.

Classification of Net Assets

The Organization's net assets are reported as follows:

- Net assets without donor restrictions represent the portion of expendable funds that are available for support of the Organization's operations.
- Net assets with donor restrictions represent funds that are specifically restricted by donors for use in various purposes or time periods.

Revenue Recognition

The Organization recognizes all unconditional contributed support in the period in which the commitment to give is made. Grants and contributions are considered revenue and support without donor restriction and available for general operations unless specifically restricted by the donor. The Organization reports gifts of cash and other assets as having donor restrictions if

MEALS ON WHEELS AMERICA

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2018

1. Organization and Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

they are received with donor stipulations that limit the use of the donated assets. When a stipulated time restriction ends or purpose of a restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions. Revenue recognized on grants and contributions that has been committed to the Organization, but has not been received, is reflected as grants and contributions receivable in the accompanying statement of financial position.

Government grants and program service fees are recognized as costs are incurred on the basis of direct costs plus allowable indirect expenses. Revenue recognized on grants and contracts for which billings have not been presented to or collected from the donor or awarding agency is included in grants and contributions receivable in the accompanying statement of financial position. Amounts received in advance that were not spent as of year-end are included in deferred revenue in the accompanying statement of financial position.

Revenue and the related costs of the annual conference are recognized in the year in which the conference is held.

Membership dues are recognized as revenue in the membership period to which the dues relate. Accordingly, dues paid by members in advance of the membership period are reported as deferred revenue in the accompanying statement of financial position.

Donated Services

Donated services consist of donated public service announcements (PSA's), other media spots, and digital and web advertising and are recognized as in-kind contributions in the accompanying statement of activities at their estimated fair value, as provided by the donor, at the date of receipt.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of functional expenses. Expenses directly attributed to specific functional areas of the Organization are reported as expenses of those functional areas, while shared costs that benefit multiple functional areas have been allocated among the various functional areas based on direct labor costs. These include salaries, employee benefits, rent, utilities, maintenance and repairs, insurance, printing, postage, supplies, telephone, software, and depreciation.

Definition of Operations

Operating revenue and expenses generally reflect those revenues and expenses that are an integral part of the programs and supporting activities of the Organization and exclude investment income (loss).

MEALS ON WHEELS AMERICA

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2018

1. Organization and Summary of Significant Accounting Policies (continued)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

New Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly.

2. Grants and Contributions Receivable

As of December 31, 2018, grants and contributions receivable consisted of grants and contributions from foundations, government agencies and corporate donors to be used for particular programs and/or general support. The balances are expected to be collected within one year and are considered fully collectible.

3. Investments

Investments consisted of the following as of December 31, 2018:

Mutual funds	\$ 3,029,799
Exchange-traded funds	1,675,470
Cash and cash equivalents	<u>105,453</u>
Total Investments	<u>\$ 4,810,722</u>

Investment income is summarized as follows for the year ended December 31, 2018:

Unrealized loss, net	\$ (373,424)
Interest and dividends, net of investment expenses	131,050
Realized gain, net	<u>33,783</u>
Investment Income (loss), Net	<u>\$ (208,591)</u>

MEALS ON WHEELS AMERICA

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2018

4. Fair Value Measurement

The following table summarizes the Organization's assets measured at fair value on a recurring basis as of December 31, 2018:

	Fair Value	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured in the fair value hierarchy:				
Mutual funds:				
Fixed income	\$ 2,222,013	\$ 2,222,013	\$ -	\$ -
Equity	612,016	612,016	-	-
Multi-alternative	195,770	195,770	-	-
Exchange-traded funds:				
Fixed income	98,559	98,559	-	-
Equity	1,256,405	1,256,405	-	-
Multi-alternative	320,506	320,506	-	-
Total Investments Measured in the Fair Value Hierarchy	4,705,269	\$ 4,705,269	\$ -	\$ -
Cash and cash equivalents	105,453			
Total Investments	\$ 4,810,722			

The Organization used the following methods and significant assumptions to estimate fair value for assets and liabilities recorded at fair value:

Mutual funds and exchange-traded funds – Valued at net asset value at the closing price reported in the active market in which the mutual and exchange-traded funds are traded.

5. Property and Equipment and Accumulated Depreciation and Amortization

The Organization's property and equipment consisted of the following as of December 31, 2018:

Leasehold improvements	\$ 795,206
Computer equipment	104,617
Office equipment	29,850
Total Property and Equipment	929,673
Less: Accumulated Depreciation and Amortization	(305,114)
Property and Equipment, Net	\$ 624,559

Depreciation and amortization expense totaled \$79,916 for the year ended December 31, 2018.

Continued

MEALS ON WHEELS AMERICA

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2018

6. Net Assets With Donor Restrictions

As of December 31, 2018, net assets with donor restrictions were restricted for the following purposes:

Community impact	\$ 1,669,929
Research	632,496
Pet initiative	326,169
Safety initiative	<u>187,417</u>
Total Net Assets With Donor Restrictions	<u>\$ 2,816,011</u>

7. Commitments and Risks

Operating Lease

On November 16, 2015, the Organization entered into a noncancelable operating lease for new office space located in Arlington, Virginia. The lease agreement commenced in July 2015 and is scheduled to terminate on November 15, 2027. The agreement allowed for rent abatement at the beginning of the lease and requires monthly rental payments of \$27,655, subject to 2.5% annual fixed escalations. The Organization is obligated to pay its pro rata share of the building's real estate and operating expenses after the abatement period ends. The terms of the lease required a security deposit of \$165,927 and included a tenant improvement allowance of \$698,640, representing the landlord's contribution toward leasehold improvements and other build-out-related costs, as well as a provision to provide monthly rent credits worth up to \$563,104 to assist the Organization with the payment of its existing lease obligation. As of December 31, 2018, all of the rent credits were used.

Under GAAP, all lease incentives and fixed rent increases are recognized on a straight-line basis over the term of the lease. The difference between this expense and the required lease payments is reflected as deferred rent and lease incentives in the accompanying statement of financial position.

Future minimum lease payments required under the office space lease are as follows:

For the Year Ending December 31,	
2019	\$ 358,487
2020	367,449
2021	376,636
2022	386,052
2023	395,703
Thereafter	<u>1,628,453</u>
Total	<u>\$ 3,512,780</u>

Rental expense totaled \$269,961 for the year ended December 31, 2018, and is included in occupancy expense in the accompanying statement of functional expenses.

Continued

MEALS ON WHEELS AMERICA

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2018

7. Commitments and Risks (continued)

Letter of Credit

In lieu of a cash security deposit to its landlord, the Organization elected to deliver an irrevocable unconditional letter of credit in the amount of \$165,927, issued by a financial institution, naming the landlord as the beneficiary thereof. The letter of credit expires and renews each year automatically on the last day of December, unless written notice is provided by the lender 45 days prior to expiration. The letter of credit, however, will not be extended beyond December 31, 2027, the final maturity date.

Hotel Agreements

The Organization has entered into agreements with a hotel providing for room accommodations for its 2019 and 2020 annual conferences. These agreements contain clauses whereby the Organization is liable for liquidated damages in the event of cancellation. The potential liquidated damages increase as the actual date of the annual conference approaches. The maximum possible amount of liquidated damages as of December 31, 2018, was approximately \$590,000.

Employment Agreement

During 2013, the Organization entered into an employment contract with the Executive Director that documents the terms and conditions of employment. Under the terms of the contract, should the Organization terminate the Executive Director's employment without cause, the Organization would be obligated to make a separation payment equal to the Executive Director's annual base salary, and would be obligated to pay certain benefits for a period of six months from the Executive Director's termination date.

Concentration of Credit Risk

The Organization maintains its cash with certain commercial financial institutions, which aggregate balances may exceed, at times, the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000 per depositor per institution. As of December 31, 2018, the Organization had approximately \$1,550,000 composed of demand deposits, which exceeded the maximum limit insured by the FDIC by approximately \$942,000. The Organization monitors the creditworthiness of these institutions and has not experienced any credit losses on its cash and cash equivalents.

MEALS ON WHEELS AMERICA

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2018

8. Availability and Liquidity

The Organization regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to preserve the principal and return on the investment of its funds. The Organization's financial assets available within one year of the consolidated statement of financial position date for general expenditures at December 31, 2018, were as follows:

Cash and cash equivalents	\$ 1,042,067
Receivables	4,734,449
Investments	<u>4,810,722</u>
Total Financial Assets Available	10,587,238
Less:	
Amounts unavailable for general expenditures within one year:	
Purpose restricted donations not expected to be released to operations within one year	(226,169)
Investments held for future sustainability	<u>(4,810,722)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 5,550,347</u>

The Organization is focused on sustaining its financial liquidity throughout the year. Management monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents and receivables, which are available for general expenditures, liabilities and other obligations as they come due. As a result, management is aware of the cyclical nature of the Organization's cash flow related to the Organization's various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs. As part of its liquidity plan, excess cash is invested in short-term investments, including publicly traded investment vehicles, of mutual funds and equity securities. The Organization has long-term investment assets that could be drawn upon if the Board of Directors approves that action.

9. Donated Support

Effective April 1, 2015, the Organization entered into a three-year agreement with the Ad Council, a private nonprofit organization with a history of marshaling volunteer talent from the advertising and media industries to deliver critical messages to the American public. This collaboration developed a large-scale media campaign, titled "America, Let's Do Lunch," encouraging Americans to volunteer during their lunch breaks to deliver meals and a smile to seniors. The agreement between the parties expired on December 31, 2018, with no renewal.

The radio and televised PSA airtime, as well as internet and print advertising space, included in the media campaign have been donated to the Organization for the purpose of recruiting volunteers and educating the general public about the Organization's mission, which is to

MEALS ON WHEELS AMERICA

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2018

9. Donated Support (continued)

empower local community programs to improve the health and wellness of the seniors they serve, with the goal of preventing hunger and isolation. The fair value of the PSA's totaled \$23,877,102 for the year ended December 31, 2018, and is included in in-kind contribution revenue and program services expense in the accompanying statement of activities. PSA's are valued based on the number of times and period in which the advertisements are aired at the radio or television station's equivalent advertising rate charged to paying customers or, in the case of print or internet advertising, at the rate charged for similar advertising in that medium.

10. Retirement Plan

The Organization maintains a 403(b) retirement plan (the Plan) covering substantially all full-time employees who have completed one year of service and have attained 21 years of age. Employees may elect to defer and contribute to the Plan a portion of their compensation in amounts up to the maximum permitted by law. The Organization matches employee contributions up to 3% of the employee's salary. Retirement plan expense totaled \$72,541 for the year ended December 31, 2018.

11. Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (the IRC) and is classified as a publicly supported organization under Section 509(a)(1) of the IRC. No provision for income taxes is required for the year ended December 31, 2018, as the Organization had no significant net unrelated business income.

The Organization performed an evaluation of uncertainty in income taxes for the year ended December 31, 2018, and determined that there are no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. As of December 31, 2018, the statute of limitations for tax years 2015 through 2017 remained open with the U.S. federal jurisdiction and/or the various states and local jurisdictions in which the Organization files tax returns. The Organization is not currently under audit by the U.S. Internal Revenue Service. It is the Organization's policy to recognize interest and penalties related to uncertainty in income taxes, if any, in income tax or interest expense. As of December 31, 2018, the Organization had no accruals for interest and/or penalties.

12. Prior Year Summarized Financial Information

The accompanying financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

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13. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions, for potential recognition or disclosure, through April 17, 2019, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.