



## Financial Statements

*For the Year Ended December 31, 2021*

*(With Summarized Financial Information for the Year Ended December 31, 2020)*



**and  
Report Thereon**



**MEALS ON WHEELS AMERICA**

**TABLE OF CONTENTS**  
**For the Year Ended December 31, 2021**

---

	<i><b>Page</b></i>
Independent Auditors' Report .....	1-2
Financial Statements	
Statement of Financial Position .....	3
Statement of Activities .....	4
Statement of Functional Expenses .....	5
Statement of Cash Flows .....	6
Notes to Financial Statements .....	7-17

**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Meals on Wheels America

***Opinion***

We have audited the financial statements of Meals on Wheels America (the Organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2021, 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.

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

## ***Report on Summarized Comparative Information***

We have previously audited the Organization's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 24, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Marcum LLP*

Washington, DC  
May 13, 2022

**MEALS ON WHEELS AMERICA**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2021**  
**(With Summarized Financial Information as of December 31, 2020)**

	2021	2020
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,887,953	\$ 4,420,717
Investments	30,323,834	30,767,597
Grants and contributions receivable	2,939,750	3,134,446
Other receivables	188,004	210,842
Inventory	44,375	23,259
Prepaid expenses	246,564	144,124
Property and equipment, net	449,024	503,317
Security deposit	5,212	5,212
	<u>\$ 38,084,716</u>	<u>\$ 39,209,514</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 2,540,079	\$ 3,390,495
Note payable – PPP	-	507,200
Refundable advances	290,925	-
Contract liabilities	651,977	376,014
Deferred rent and lease incentives	824,196	930,871
	<u>4,307,177</u>	<u>5,204,580</u>
<b>Net Assets</b>		
Without donor restrictions	28,884,117	21,809,514
With donor restrictions	4,893,422	12,195,420
	<u>33,777,539</u>	<u>34,004,934</u>
	<u>\$ 38,084,716</u>	<u>\$ 39,209,514</u>

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

**MEALS ON WHEELS AMERICA**

**STATEMENT OF ACTIVITIES**

**For the Year Ended December 31, 2021**

**(With Summarized Financial Information for the Year Ended December 31, 2020)**

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
<b>OPERATING REVENUE AND SUPPORT</b>				
Grants and contributions	\$ 12,259,713	\$ 7,679,934	\$ 19,939,647	\$ 68,901,770
Government grants	655,540	-	655,540	402,774
In-kind contributions	10,934,533	-	10,934,533	2,796,107
Program service fees:				
Contracts and royalties	1,082,089	-	1,082,089	1,165,758
Conference	342,675	-	342,675	222,500
Membership dues	237,503	-	237,503	224,146
Other income	2,631	-	2,631	1,731
Net assets released from restrictions:				
Satisfaction of program restrictions	14,981,932	(14,981,932)	-	-
<b>TOTAL OPERATING REVENUE AND SUPPORT</b>	<u>40,496,616</u>	<u>(7,301,998)</u>	<u>33,194,618</u>	<u>73,714,786</u>
<b>OPERATING EXPENSES</b>				
Program Services	29,643,411	-	29,643,411	45,574,582
Supporting Services:				
Management and general	1,530,943	-	1,530,943	2,015,619
Development	3,386,901	-	3,386,901	2,297,047
<b>Total Supporting Services</b>	<u>4,917,844</u>	<u>-</u>	<u>4,917,844</u>	<u>4,312,666</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>34,561,255</u>	<u>-</u>	<u>34,561,255</u>	<u>49,887,248</u>
Change in net assets from operations	5,935,361	(7,301,998)	(1,366,637)	23,827,538
<b>NONOPERATING ACTIVITIES</b>				
Investment income, net	626,266	-	626,266	577,837
Forgiveness of debt and accrued interest – PPP	512,976	-	512,976	-
<b>CHANGE IN NET ASSETS</b>	7,074,603	(7,301,998)	(227,395)	24,405,375
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>21,809,514</u>	<u>12,195,420</u>	<u>34,004,934</u>	<u>9,599,559</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 28,884,117</u>	<u>\$ 4,893,422</u>	<u>\$ 33,777,539</u>	<u>\$ 34,004,934</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, 2021**

**(With Summarized Financial Information for the Year Ended December 31, 2020)**

	Supporting Services					
	Program Services	Management and General	Development	Total Supporting Services	2021 Total	2020 Total
Grants, scholarships and awards	\$ 10,547,209	\$ -	\$ -	\$ -	\$ 10,547,209	\$ 35,673,180
Consulting and contracted services	3,129,701	298,003	2,533,476	2,831,479	5,961,180	5,306,334
Personnel	3,855,438	884,101	460,081	1,344,182	5,199,620	4,398,080
Member services	612,834	-	-	-	612,834	582,774
Office expenses and bank fees	116,577	58,229	273,571	331,800	448,377	470,225
Occupancy	173,413	76,411	34,773	111,184	284,597	288,231
Miscellaneous	85,328	64,639	43,407	108,046	193,374	133,026
Conference and events	145,936	-	-	-	145,936	69,976
Accounting, audit and legal fees	3,000	120,467	-	120,467	123,467	96,207
Depreciation and amortization	50,249	22,141	10,076	32,217	82,466	82,466
Insurance	13,852	6,103	2,778	8,881	22,733	26,511
Travel and meetings	17,410	849	1,370	2,219	19,629	52,548
	<b>TOTAL EXPENSES BEFORE IN-KIND</b>	<b>1,530,943</b>	<b>3,359,532</b>	<b>4,890,475</b>	<b>23,641,422</b>	<b>47,179,558</b>
In-kind public service announcements	10,892,464	-	27,369	27,369	10,919,833	2,707,690
	<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 1,530,943</b>	<b>\$ 3,386,901</b>	<b>\$ 4,917,844</b>	<b>\$ 34,561,255</b>	<b>\$ 49,887,248</b>

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, 2021**  
**(With Summarized Financial Information for the Year Ended December 31, 2020)**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (227,395)	\$ 24,405,375
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	82,466	82,466
Unrealized loss (gain) on investments	363,451	(369,323)
Realized gain on investments	(466,618)	(45,932)
Forgiveness of debt and accrued interest – PPP	512,976	-
Changes in assets and liabilities:		
Grants and contributions receivable	194,696	27,128
Other receivables	22,838	(66,859)
Inventory	(21,116)	(3,134)
Prepaid expenses	(102,440)	(70,564)
Accounts payable and accrued expenses	(856,192)	1,429,328
Refundable advance	290,925	-
Contract liabilities	275,963	39,227
Deferred rent and lease incentives	(106,675)	(97,489)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>(37,121)</b>	<b>25,330,223</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(11,099,824)	(31,773,240)
Proceeds from sale of investments	8,264,663	12,608,928
Purchases of property and equipment	(28,173)	(30,472)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(2,863,334)</b>	<b>(19,194,784)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from note payable	-	507,200
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>-</b>	<b>507,200</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(2,900,455)</b>	<b>6,642,639</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>10,220,789</b>	<b>3,578,150</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 7,320,334</b>	<b>\$ 10,220,789</b>
<b>CASH REPORTED ON THE STATEMENT OF FINANCIAL POSITION</b>		
Cash and cash equivalents	3,887,953	4,420,717
Cash and cash equivalents held for investment purposes	3,432,381	5,800,072
	<b>\$ 7,320,334</b>	<b>\$ 10,220,789</b>
<b>SUPPLEMENTAL NONCASH FINANCING ACTIVITIES</b>		
Forgiveness of debt – PPP	<b>\$ 507,200</b>	<b>\$ -</b>

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, 2021

---

#### 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.

Meals on Wheels America is the leadership organization supporting the more than 5,000 community-based programs across the country that are dedicated to addressing senior isolation and hunger. This network serves virtually every community in America and, along with more than two million staff and volunteers, delivers the nutritious meals, friendly visits and safety checks that enable America's seniors to live nourished lives with independence and dignity. By providing funding, leadership, education, research and advocacy support, Meals on Wheels America empowers its local member programs to strengthen their communities, one senior at a time.

The Organization's activities are primarily funded from corporate, foundation and individual contributions and/or grants, government grants, and service contracts.

##### **Basis of Presentation**

The financial statements are presented using the accrual method of accounting. Revenue is recognized when earned and expense is recognized when incurred. Unconditional promises to give (pledges) are recorded as contributions when the promise is made.

##### **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. An allowance for uncollectible contributions receivable is provided based on management's judgment, including such factors as prior collection history, and subsequent collections.

##### **Investments**

Investments consist of cash and cash equivalents, mutual funds, exchange-traded funds, and common stock (see note 3). These investments are recorded in the accompanying statement of financial position at fair value based on quoted market prices (see Note 4). 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.

## MEALS ON WHEELS AMERICA

### NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2021

---

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

##### **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 upon the lowest-level input that is significant to the fair value measurement of the instrument. 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 consist of assets that are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes.
- Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions.

##### **Revenue Recognition**

###### *Grants and Contributions*

The Organization recognizes all unconditional contributed support in the period in which the commitment to give is made. 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 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 unconditional 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.

## MEALS ON WHEELS AMERICA

### NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2021

---

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

##### **Revenue Recognition (continued)**

###### *Grants and Contributions (continued)*

Government grants are recorded as revenue upon the incurrence of various conditions and are recognized as conditions are met. Revenue recognized on government grants 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. Any amounts received in advance that were not spent as of year-end are included in refundable advance in the accompanying statement of financial position.

###### *Program Service Fees*

Consulting contracts include fixed price contracts that contain multiple performance obligations, and revenue under these contracts is recognized at the point in time that the performance obligations are satisfied. Revenue recognized on these contracts for which billings have not been collected from the customer is included in accounts receivable. Any contract payments received in advance of satisfying the performance obligations are recorded in contract liabilities.

Conference revenue, which consists of registrations, sponsorships and exhibitor fees for the annual conference, is recognized at the point in time the conference is held.

Membership dues are recognized as revenue ratably over the membership term (e.g., calendar year) as membership benefits are provided to members over the entire membership period. Accordingly, dues paid by members in advance of the membership period are reported as contract liabilities in the accompanying statement of financial position.

##### **Donated Goods and Services**

Donated goods and services consist of donated public service announcements (primarily television and radio airtime), other forms of media space, printers and sanitation supplies. These are recognized as in-kind contributions in the accompanying statement of activities at their estimated fair value, as provided by the donor and/or quoted market price, 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.

## MEALS ON WHEELS AMERICA

### NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2021

---

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

##### **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).

##### **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 Pronouncements to be Adopted**

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses – (Topic 326)*. This ASU replaces the current incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The guidance applies to loans, accounts receivable, trade receivables and other financial assets measured at amortized costs, loan commitments, debt securities and beneficial interests in securitized financial assets, but the effect on the Organization is projected to be limited to accounts and grants receivable. The guidance will be effective for the fiscal year beginning after December 15, 2022, including interim periods within that year. The Organization is evaluating the impact this ASU will have on its financial statements.

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*, which requires lessees to put most leases on their statement of financial position. ASU 2016-02 states that a lessee would recognize a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term. The new standard is effective for the fiscal years beginning after December 15, 2021, and early adoption is permitted. The Organization is evaluating the impact this ASU will have on its financial statements.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU will now require a separate line items for contributed nonfinancial assets on the statement of activities and a disaggregation by type if there are many different kinds of nonfinancial assets that are received in the notes. The guidance also requires qualitative information about whether gifts-in-kind were either monetized or held and used, policy requirements for monetizing gifts-in-kind rather than utilizing them, descriptions of donor-imposed restrictions, description of valuation techniques used to estimate fair value at initial recognition, and principal or most advantageous market used to arrive at a fair value only if the donor restricts the sale or use of the assets in that market. The guidance will be effective for the fiscal year beginning after June 15, 2021, and early adoption is permitted. The Organization is evaluating the impact this ASU will have on its financial statements.

## MEALS ON WHEELS AMERICA

### NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2021

2. Grants and Contributions Receivable

Grants and contributions receivable consist of grants and contributions from foundations, government agencies and corporate donors to be used for particular programs and/or general support and expected to be fully collected within the next year.

As of December 31, 2021, contributions of \$539,484 relates to cost-reimbursable grants that are conditioned on the incurrence of qualifying expenditures, thus have not been recognized in the accompanying statement of activities and the accompanying statement of financial position.

3. Investments

Investments consisted of the following as of December 31, 2021:

Mutual funds	\$ 23,664,248
Cash and cash equivalents	3,432,381
Exchange-traded funds	3,220,080
Common stock	<u>7,125</u>
Total Investments	<u>\$ 30,323,834</u>

Investment income is summarized as follows for the year ended December 31, 2021:

Interest and dividends, net of expenses	\$ 523,100
Realized gain	466,618
Unrealized loss	<u>(363,452)</u>
Investment Income	<u>\$ 626,266</u>

4. Fair Value Measurement

The following table summarizes the Organization's assets measured at fair value on a recurring basis as of December 31, 2021:

	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	\$ 21,502,376	\$ 21,502,376	\$ -	\$ -
Equity	1,484,329	1,484,329	-	-
Multi-alternative	677,543	677,543	-	-

## MEALS ON WHEELS AMERICA

### NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2021

#### 4. Fair Value Measurement (continued)

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments measured in the fair value hierarchy ( <i>continued</i> ):				
Exchange-traded funds:				
Fixed income	\$ 1,719,856	\$ 1,719,856	\$ -	\$ -
Equity	1,268,563	1,268,563	-	-
Multi-alternative	231,661	231,661	-	-
Common stock	7,125	7,125	-	-
Total Investments Measured in the Fair Value Hierarchy	26,891,453	\$26,891,453	\$ -	\$ -
Cash and cash equivalents	3,432,381			
Total Investments	\$ 30,323,834			

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

*Mutual 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.

*Common stock* – Valued at the closing price reported in the active market in which the individual stocks 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, 2021:

Leasehold improvements	\$ 821,057
Computer equipment	149,810
Office equipment	29,850
Total Property and Equipment	1,000,717
Less: Accumulated Depreciation and Amortization	551,693
Property and Equipment, Net	\$ 449,024

Depreciation and amortization expense totaled \$82,466 for the year ended December 31, 2021.

## MEALS ON WHEELS AMERICA

### NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2021

---

#### 6. Notes Payable

On April 28, 2020, the Organization entered into a Small Business Administration (SBA) loan with its financial institution under the Paycheck Protection Program (PPP) for the amount of \$507,200. On June 25, 2021, the entire amount of the loan, including both principal and accrued interest of \$ 5,776, was forgiven pursuant to the terms of the PPP. The forgiveness of the loan and accrued interest was recognized in the accompanying statement of activities as forgiveness of debt and accrued interest – PPP.

#### 7. Net Assets With Donor Restrictions

As of December 31, 2021, net assets with donor restrictions were restricted for the following purposes or time specifications:

Subject to expenditure for specified purpose:	
COVID-19 Response and Recovery	\$ 1,937,882
Community impact	1,208,167
Pet initiative	1,053,396
Research	<u>310,916</u>
Total	4,510,361
Subject to occurrence of passage of time:	
General operations	<u>383,061</u>
Total Net Assets With Donor Restrictions	<u>\$ 4,893,422</u>

#### 8. 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, in the form of a Letter of Credit, in the amount 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, 2021, 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.

## MEALS ON WHEELS AMERICA

### NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2021

#### 8. Commitments and Risks (continued)

##### **Operating Lease (continued)**

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

<u>For the Year Ending December 31, 2021</u>	
2022	\$ 386,052
2023	395,703
2024	405,595
2025	415,735
2026	426,129
Thereafter	<u>380,994</u>
Total	<u>\$ 2,410,208</u>

Rental expense totaled \$269,961 for the year ended December 31, 2021, and is included in occupancy expense in the accompanying statement of functional expenses.

##### **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. On March 30, 2021, in accordance with the terms of the lease and via an amendment of the existing letter of credit, the amount of the letter of credit was reduced to \$62,577. All other terms and conditions contained in the letter of credit remained unchanged.

##### **Hotel Agreements**

The Organization has entered an agreement with a hotel which will provide room accommodations for its 2022 Annual Conference and Expo. This agreement contains 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, 2021, was approximately \$261,000.

##### **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.



## MEALS ON WHEELS AMERICA

### NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2021

---

#### 8. Commitments and Risks (continued)

##### **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, 2021, the Organization had approximately \$7,311,000 composed of demand deposits, which exceeded the maximum limit insured by the FDIC by approximately \$6,061,000. The Organization monitors the creditworthiness of these institutions and has not experienced any credit losses on its cash and cash equivalents.

##### **Financial Risk**

The Organization invests in a professionally managed investment portfolio that is exposed to various risks such as interest rate, market volatility and credit risks. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

##### **Risks and Uncertainties – Global Pandemic**

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses across the country for non-essential services. In 2020, and to a lesser extent in 2021, Meals on Wheels America's business operations, fundraising, and program activity was significantly affected by COVID-19 in the form of increased contributions and subsequent grant making to its member organizations to support dramatically higher demand for their programmatic services. The Organization is monitoring the evolving situation and modifying its operations accordingly to continue to provide support and services to its member programs and the seniors they serve.

#### 9. Availability and Liquidity of Net Assets

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 statement of financial position date for general expenditures at December 31, 2021, were as follows:

Financial Assets:	
Cash and cash equivalents	\$ 3,887,953
Receivables	3,127,754
Investments	<u>30,323,834</u>
Total Financial Assets Available	37,339,541
Less:	
Net Assets With Donor Restrictions	<u>(4,893,422)</u>
Liquid and Available Net Assets Available for General Expenditure Within One Year	<u>\$ 32,446,119</u>

## MEALS ON WHEELS AMERICA

### NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2021

---

9. Availability and Liquidity of Net Assets (continued)

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of monthly requirements in publicly traded investment vehicles including mutual funds and equity securities.

10. Retirement Plan

The Organization maintains a 403(b) retirement plan (the Plan) covering substantially all full-time employees who 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, after the employee has completed one year of service. Retirement plan expense totaled \$84,181 for the year ended December 31, 2021.

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, 2021, 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, 2021, 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, 2021, there are no tax examinations pending or in progress. 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, 2021, the Organization had no accruals for interest and/or penalties.

12. Reclassification

Certain reclassifications to the prior year financial statements have been made to conform to the current year presentation.

13. 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, 2020, from which the summarized information was derived.

**MEALS ON WHEELS AMERICA**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2021**

---

14. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions, for potential recognition or disclosure, through May 13, 2022, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.