



Financial Statements

For the Year Ended December 31, 2024

(With Summarized Financial Information for the Year Ended December 31, 2023)



and
Report Thereon



MEALS ON WHEELS AMERICA

TABLE OF CONTENTS For the Year Ended December 31, 2024

	<i>Page</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	7-16

Independent Auditors' Report

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, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements (collectively referred to as 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, 2024, 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 for 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.

Other Matter

Report on Summarized Comparative Information

The financial statements of Meals on Wheels America as of and for the year ended December 31, 2023, were audited by Marcum LLP, whose report dated May 6, 2024, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

CBIZ CPAs P.C.

Washington, DC
May 12, 2025

MEALS ON WHEELS AMERICA

STATEMENT OF FINANCIAL POSITION

December 31, 2024

(With Summarized Financial Information for the Year Ended December 31, 2023)

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 4,709,723	\$ 4,552,179
Investments	32,674,773	32,648,582
Grants and contributions receivable	2,690,427	3,091,204
Accounts receivable	210,541	196,825
Inventory	13,196	13,164
Prepaid expenses	300,697	393,616
Property and equipment, net	1,115,553	733,162
Right of use asset – operating	2,623,170	3,044,661
Security deposit	43,642	5,071
TOTAL ASSETS	\$ 44,381,722	\$ 44,678,464
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 3,714,650	\$ 2,518,572
Contract liabilities	632,427	666,818
Lease liability – operating	3,752,607	4,020,565
TOTAL LIABILITIES	8,099,684	7,205,955
Net Assets		
Without donor restrictions	34,038,216	35,862,482
With donor restrictions	2,243,822	1,610,027
TOTAL NET ASSETS	36,282,038	37,472,509
TOTAL LIABILITIES AND NET ASSETS	\$ 44,381,722	\$ 44,678,464

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

MEALS ON WHEELS AMERICA

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2024

(With Summarized Financial Information for the Year Ended December 31, 2023)

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
OPERATING REVENUE AND SUPPORT				
Grants and contributions	\$ 14,039,979	\$ 6,966,022	\$ 21,006,001	\$ 24,851,656
In-kind contributions	1,707,108	-	1,707,108	4,963,189
Government grants	5,524	-	5,524	91,188
Program service fees:				
Contracts and royalties	1,061,920	-	1,061,920	1,342,049
Conference	812,845	-	812,845	758,088
Membership dues	513,083	-	513,083	524,123
Other income	163,089	-	163,089	126,019
Net assets released from restrictions:				
Satisfaction of program restrictions	6,332,227	(6,332,227)	-	-
TOTAL OPERATING REVENUE AND SUPPORT	24,635,775	633,795	25,269,570	32,656,312
OPERATING EXPENSES				
Program Services	17,490,149	-	17,490,149	21,751,086
Supporting Services:				
Management and general	4,328,526	-	4,328,526	2,483,876
Development	6,630,726	-	6,630,726	5,993,109
Total Supporting Services	10,959,252	-	10,959,252	8,476,985
TOTAL OPERATING EXPENSES	28,449,401	-	28,449,401	30,228,071
Change in net assets from operations	(3,813,626)	633,795	(3,179,831)	2,428,241
NONOPERATING ACTIVITIES				
Investment income, net	1,989,360	-	1,989,360	2,686,662
CHANGE IN NET ASSETS	(1,824,266)	633,795	(1,190,471)	5,114,903
NET ASSETS, BEGINNING OF YEAR	35,862,482	1,610,027	37,472,509	32,357,606
NET ASSETS, END OF YEAR	\$ 34,038,216	\$ 2,243,822	\$ 36,282,038	\$ 37,472,509

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, 2024

(With Summarized Financial Information for the Year Ended December 31, 2023)

	Supporting Services					
	Program Services	Management and General	Development	Total Supporting Services	2024 Total	2023 Total
Personnel	\$ 4,551,105	\$ 3,204,685	\$ 1,360,841	\$ 4,565,526	\$ 9,116,631	\$ 7,612,766
Grants, scholarships and awards	6,456,235	-	-	-	6,456,235	7,514,453
Consulting and contracted services	2,353,615	166,758	4,953,915	5,120,673	7,474,288	6,789,766
Member services	835,566	-	-	-	835,566	1,012,127
Conference and events	722,844	-	-	-	722,844	665,624
Office expenses and bank fees	495,562	295,538	156,324	451,862	947,424	591,658
Occupancy	230,604	196,050	71,371	267,421	498,025	391,265
Miscellaneous	60,192	205,894	35,250	241,144	301,336	214,174
Travel and meetings	122,394	39,396	30,495	69,891	192,285	188,318
Accounting, audit and legal fees	6,554	159,494	-	159,494	166,048	176,113
Depreciation and amortization	59,641	49,530	18,459	67,989	127,630	81,633
Insurance	13,152	11,181	4,071	15,252	28,404	26,985
TOTAL EXPENSES BEFORE IN-KIND	15,907,464	4,328,526	6,630,726	10,959,252	26,866,716	25,264,882
In-kind public service announcements	1,582,685	-	-	-	1,582,685	4,963,189
TOTAL OPERATING EXPENSES	\$ 17,490,149	\$ 4,328,526	\$ 6,630,726	\$ 10,959,252	\$ 28,449,401	\$ 30,228,071

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, 2024

(With Summarized Financial Information for the Year Ended December 31, 2023)

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (1,190,471)	\$ 5,114,903
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	127,630	81,633
Unrealized gain on investments	(327,396)	(2,224,632)
Realized (gain) loss on investments	(439,019)	597,954
Amortization of right of use asset	421,491	268,215
Changes in assets and liabilities:		
Grants and contributions receivable	400,777	(194,622)
Accounts receivable	(13,716)	243,311
Inventory	(32)	11,245
Prepaid expenses	92,919	(193,097)
Security deposit	(38,571)	-
Accounts payable and accrued expenses	1,196,078	632,876
Contract liabilities	(34,391)	56,869
Lease liability – operating	<u>(267,958)</u>	<u>(287,692)</u>
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>(72,659)</u>	<u>4,106,963</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(13,318,948)	(10,688,659)
Proceeds from sale of investments	12,568,606	9,505,719
Purchases of property and equipment	<u>(510,021)</u>	<u>(154,404)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(1,260,363)</u>	<u>(1,337,344)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,333,022)	2,769,619
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>8,049,892</u>	<u>5,280,273</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 6,716,870</u></u>	<u><u>\$ 8,049,892</u></u>
CASH REPORTED ON THE STATEMENT OF FINANCIAL POSITION		
Cash and cash equivalents	4,709,723	4,552,179
Cash and cash equivalents held for investment purposes	<u>2,007,147</u>	<u>3,497,713</u>
	<u><u>\$ 6,716,870</u></u>	<u><u>\$ 8,049,892</u></u>
NON-CASH INVESTING ACTIVITIES		
Non-cash leasehold incentive	<u><u>\$ -</u></u>	<u><u>\$ 272,759</u></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, 2024

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 hunger and isolation. Powered by a dedicated volunteer workforce, this network delivers a comprehensive solution that begins with a meal and is proven to enable independence and well-being through the additional benefits of tailored nutrition, social connection, safety and much more. By providing funding, programming, education, research and advocacy, 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, 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.

Accounts Receivables

Accounts receivables are primarily from membership dues and contracts with customers carried at the original amount less an estimate for credit losses. The Organization calculates its allowance for credit losses using the loss rate method, which takes into account management's historical collection experience, adjusted for management's expectations. At each reporting date, this estimate is updated to reflect any changes in credit risk and future economic conditions since the receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist. All amounts are considered fully collectible by management and no allowance for credit losses was recognized as of December 31, 2024. All receivable amounts are due within one year.

Grants and Contributions Receivables

Grants and contributions receivable are valued at net realizable value and consist of grants and contributions from foundations, government agencies, individual donors and corporate donors to be used for specific programs and/or general support. Grants and contributions receivable at December 31, 2024, are deemed to be fully collectible and are expected to be fully collected within the next year.

MEALS ON WHEELS AMERICA

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2024

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

Investments

Investments consist of cash and cash equivalents, mutual funds and exchange-traded funds (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.

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 consists of equipment, furniture, leasehold improvements and internal use software. Purchases of 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. Software is amortized over its expected useful life, generally five years. 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.

Right of Use Asset and Lease Liability

At the inception of an agreement, the Organization evaluates whether the agreement meets the criteria for a lease. The right of use asset and lease liability are recognized at the commencement date of the lease agreement based on the present value of lease payments over the lease term using a risk free rate of return that coincides with the date and term of the lease and is adjusted for lease incentives. The asset is amortized over the lease term and is reflected as rent expense in the accompanying financial statements. The lease liability is reduced as cash payments are made under the terms of the lease. Short-term operating leases, which have an initial term of 12 months or less, are not recorded on the statement of financial position. Instead, the lease payments of those leases are reported as rent expense on a straight-line basis over the lease term.

MEALS ON WHEELS AMERICA

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2024

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

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 promises to give 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.

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. As of December 31, 2024, there were no outstanding conditional government grants.

Program Service Fees

The Organization has been contracted by partners in the healthcare space to provide meals to their members, with revenue under these fixed price contracts being recognized at the point in time the meals are delivered, based on a per unit reimbursement rate. Additionally, the Organization is entitled to receive a royalty fee from vetted providers who partner with the Organization's members to provide trusted guidance and discounted pricing and rewards on their products and service offerings. The Organization recognizes the associated royalty fees based on the satisfaction of the performance obligations as defined in the respective royalty agreements. Revenue recognized on these contracts for which billings have not been collected from the customer is included in accounts receivable. 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. Payments received in advance of the related event are recorded as contract liabilities.

MEALS ON WHEELS AMERICA

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2024

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

Revenue Recognition (continued)

Program Service Fees (continued)

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.

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 personnel, office expenses and bank fees, occupancy, depreciation and amortization, and insurance.

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.

2. Investments

Investments consisted of the following as of December 31, 2024:

Mutual funds	\$ 20,047,149
Exchange-traded funds	10,620,477
Cash and cash equivalents	<u>2,007,147</u>
Total Investments	<u>\$ 32,674,773</u>

Investment income is summarized as follows for the year ended December 31, 2024:

Interest and dividends, net of expenses	\$ 1,222,945
Realized gain	439,019
Unrealized gain	<u>327,396</u>
Total Investment Income	<u>\$ 1,989,360</u>

MEALS ON WHEELS AMERICA

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2024

3. Fair Value Measurement

The following table summarizes the Organization's assets measured at fair value on a recurring basis as of December 31, 2024:

	<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:				
Mutual funds:				
Fixed income	\$ 7,824,111	\$ 7,824,111	\$ -	\$ -
Equity	6,979,120	6,979,120	-	-
Multi-alternative	5,243,918	5,243,918	-	-
Exchange-traded funds:				
Fixed income	6,040,747	6,040,747	-	-
Equity	3,437,408	3,437,408	-	-
Multi-alternative	<u>1,142,322</u>	<u>1,142,322</u>	<u>-</u>	<u>-</u>
Total Investments Measured in the Fair Value Hierarchy	30,667,626	<u>\$ 30,667,626</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and cash equivalents	<u>2,007,147</u>			
Total Investments	<u>\$ 32,674,773</u>			

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.

4. Property and Equipment and Accumulated Depreciation and Amortization

The Organization's property and equipment consisted of the following as of December 31, 2024:

Leasehold improvements	\$ 1,103,855
Internal use software	472,105
Computer equipment	146,068
Office equipment	<u>13,162</u>
Total Property and Equipment	1,735,190
Less: Accumulated Depreciation and Amortization	<u>(619,637)</u>
Property and Equipment, Net	<u>\$ 1,115,553</u>

Depreciation and amortization expense totaled \$127,630 for the year ended December 31, 2024.

MEALS ON WHEELS AMERICA

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2024

5. Right of Use Asset and Lease Liability

On November 16, 2015, the Organization entered into a noncancelable operating lease for office space located in Arlington, Virginia. The lease agreement commenced in July 2015 and was 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 an initial security deposit, in the form of a Letter of Credit, in the amount of \$165,927, which according to the terms of the lease, was subsequently reduced to \$62,577 in 2021. In addition, the terms of the lease included a tenant improvement allowance.

On April 27, 2023, the Organization entered into a lease amendment for its existing office space to extend the lease through November 30, 2034. The lease amendment included an incentive to waive fifty percent (50%) of the monthly rent installments for the first twelve calendar months following the commencement of the amendment period for a total rent abatement of \$231,424. Thereafter the Organization is required to make monthly rental payments of \$39,535, 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. The terms of the amended lease required an initial security deposit, in the form of a Letter of Credit, in an amount no less than \$38,571. In addition, the terms of the lease included a provision for certain physical improvements to the leased space, at the cost of the landlord, which totaled \$272,759. The right of use asset obtained in exchange for lease obligations related to the lease amendment was \$2,371,973.

The components of operating lease expenses for the year ended December 31, 2024 are as follows:

Operating lease expense	\$ 484,128
Variable lease expense	<u>12,268</u>
Total Lease Expenses	<u>\$ 496,396</u>

Cash paid for the operating lease was \$405,595 for the year ended December 31, 2024.

Other information related to the operating lease as of December 31, 2024:

Remaining lease term	9.9 years
Discount rate	3.53%

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

For the Year Ending December 31,	
2025	\$ 415,735
2026	426,129
2027	419,564
2028	251,674

MEALS ON WHEELS AMERICA

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2024

5. Right of Use Asset and Lease Liability (continued)

(continued)

2029	\$ 475,409
Thereafter	<u>2,515,558</u>
Total Lease Payments	4,504,069
Less: Present Value Discount	<u>(751,462)</u>
Lease Liability – Operating Lease	<u>\$ 3,752,607</u>

6. Net Assets With Donor Restrictions

As of December 31, 2024, net assets with donor restrictions were restricted for the following purposes or time specifications:

Subject to expenditure for specified purpose:	
Community impact	\$ 1,236,556
Emergency response	470,996
Research	<u>164,211</u>
Total	1,871,763
Subject to occurrence of passage of time:	
General operations	<u>372,059</u>
Total Net Assets With Donor Restrictions	<u>\$ 2,243,822</u>

7. In-kind Contribution

The Organization recognized contributed nonfinancial assets, in the amount of \$1,707,108 for the year ended December 31, 2024, which is reported as in-kind contributions in the accompanying statement of activities and unless otherwise noted, did not have donor-imposed restrictions. The in-kind contributions consisted of \$1,582,685 of media airtime and \$124,423 of retail vouchers redeemable for canned vegetables. The donated media airtime consisted of public service announcements (PSA), primarily television and radio, for ads highlighting the Organization's mission and programs. Such in-kind contributions are recorded at the estimated fair value as provided by TV Access (<https://tvaccess.com>), the nation's largest PSA distributor, and based on a combination of SQAD valuation data and Nielsen Sigma airing data. SQAD (<https://sqad.com>) is the largest real cost benchmarking research database available for comprehensive valuation of similar forms of advertising cost, on a per-airing basis (which accounts for audience, market area, time of day, and other factors). Nielsen Sigma airing data (<https://nielsen.com>) provides a record of when and where ads were run.

The retail vouchers, redeemable for canned foods, were distributed to Member organizations for their programmatic use. The vouchers were valued based on published prices for the related products at the time of the donation.

MEALS ON WHEELS AMERICA

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2024

8. Commitments and Risks

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.

On September 1, 2024, in accordance with the terms of the April 27, 2023 lease amendment, a new letter of credit in the amount of \$38,571, issued by a financial institution, and naming the landlord as the beneficiary was secured. 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. All other terms and conditions contained in the letter of credit remained unchanged.

Hotel Agreements

The Organization has entered agreements with hotels which will provide room accommodations for its 2025 and 2026 Annual Conferences and Expos. 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, 2024, was approximately \$520,000.

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, 2024, the Organization had approximately \$6,700,000 composed of demand deposits, which exceeded the maximum limit insured by the FDIC by approximately \$5,560,000. 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, 2024

8. Commitments and Risks (continued)

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.

9. 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 statement of financial position date for general expenditures at December 31, 2024, were as follows:

Financial Assets:	
Cash and cash equivalents	\$ 4,709,723
Receivables	2,900,968
Investments	<u>32,674,773</u>
Total Financial Assets Available	40,285,464
Less:	
Net Assets With Donor Purpose Restrictions	<u>(1,871,763)</u>
Liquid and Available Financial Assets Available for General Expenditure Within One Year	<u>\$ 38,413,701</u>

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 interest bearing demand deposit accounts, money market accounts, publicly traded investment vehicles including mutual funds, and exchange-traded funds.

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 4% of the employee's salary, after the employee has completed one year of service. Retirement plan expense totaled \$193,442 for the year ended December 31, 2024.

MEALS ON WHEELS AMERICA

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2024

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, 2024, 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, 2024, 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, 2024, 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, 2024, 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, 2023, from which the summarized information was derived.

13. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions, for potential recognition or disclosure, through May 12, 2025, the date the financial statements were available to be issued. There were no subsequent events identified that require recognition or disclosure in these financial statements.