



FINANCIAL STATEMENTS
Year Ended June 30, 2021

with

Independent Auditors' Report

MEALS ON WHEELS PEOPLE, INC.

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Independent Auditors' Report

The Board of Directors
Meals on Wheels People, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Meals on Wheels People, Inc. (the Organization), which comprise the statement of financial position as of June 30, 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.

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 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.

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 December 15, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2021, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Huffman, Stewart & Schmitt, P.C.

Lake Oswego, Oregon
October 6, 2021

MEALS ON WHEELS PEOPLE, INC.

Statement of Financial Position

| June 30, 2021 <i>(With Comparative Amounts for 2020)</i> | 2021 | 2020 |
|--|----------------------|----------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 4,811,231 | \$ 7,064,763 |
| Investments <i>(Notes 4, 19, and 20)</i> | 24,694,669 | 10,131,931 |
| Accounts receivable - net <i>(Note 5)</i> | 1,080,126 | 1,552,394 |
| Prepaid expenses and deposits | 322,712 | 468,567 |
| Inventory | 323,081 | 195,057 |
| Bequests and contributions receivable <i>(due within one year)</i> | 357,000 | 20,350 |
| Beneficial interest in charitable remainder trusts <i>(Notes 6, 19, and 20)</i> | 408,172 | 318,340 |
| Investments held related to charitable gift annuities <i>(Notes 7 and 19)</i> | 12,677 | 16,711 |
| Investments held at community foundations <i>(Notes 8, 19, and 20)</i> | 604,117 | 450,646 |
| Trademarks - net | 7,589 | 8,555 |
| Property, equipment, and leasehold improvements - net <i>(Note 9)</i> | 7,119,909 | 6,581,523 |
| | \$ 39,741,283 | \$ 26,808,837 |
| LIABILITIES AND NET ASSETS | | |
| Liabilities: | | |
| Accounts payable | \$ 558,436 | \$ 547,741 |
| Accrued payroll and compensated absences | 293,298 | 267,980 |
| Other accrued liabilities | 53,093 | 67,230 |
| Deferred revenue | 183,278 | 49,090 |
| Liability for charitable gift annuities <i>(Note 7)</i> | 10,564 | 13,926 |
| Paycheck Protection Program (PPP) Loan <i>(Note 22)</i> | - | 1,242,147 |
| | 1,098,669 | 2,188,114 |
| Total liabilities | | |
| Commitments <i>(Notes 10 and 15)</i> | | |
| Net assets: | | |
| Net assets without donor restrictions <i>(Note 12)</i> | 37,688,818 | 23,631,359 |
| Net assets with donor restrictions <i>(Note 13)</i> | 953,796 | 989,364 |
| | 38,642,614 | 24,620,723 |
| Total net assets | \$ 39,741,283 | \$ 26,808,837 |

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

MEALS ON WHEELS PEOPLE, INC.

Statement of Activities

June 30, 2021 (With Comparative Amounts for 2020)

| | Without Donor | With Donor | Total | |
|--|----------------------|-------------------|----------------------|----------------------|
| | Restrictions | Restrictions | 2021 | 2020 |
| Revenue, gains, and other support - net: | | | | |
| Government grants (Notes 11 and 17): | | | | |
| Older Americans Act | \$ 2,395,207 | \$ - | \$ 2,395,207 | \$ 2,276,614 |
| Nutrition Supplemental Incentive Program | 595,416 | - | 595,416 | 483,963 |
| Local government | 1,899,499 | - | 1,899,499 | 1,794,492 |
| Contributions (Note 11): | | | | |
| Participants for meals | 599,635 | - | 599,635 | 653,427 |
| Center and Board fundraising | 14,825,679 | - | 14,825,679 | 8,445,843 |
| Special events - net | 857,672 | - | 857,672 | 846,610 |
| Rental in-kind contributions | 453,887 | - | 453,887 | 572,225 |
| Other in-kind contributions | 273,606 | - | 273,606 | 1,021,586 |
| Medicaid (Note 17) | 1,787,090 | - | 1,787,090 | 1,281,563 |
| Contracts and sales (Notes 11 and 17) | 1,573,163 | - | 1,573,163 | 1,206,630 |
| Vancouver diner - gross sales (Note 11) | 130,052 | - | 130,052 | 382,863 |
| Rental revenue | 70,601 | - | 70,601 | 102,140 |
| Net assets released from restrictions (Note 14) | 125,400 | (125,400) | - | - |
| Net revenue, gains, and other support | 25,586,907 | (125,400) | 25,461,507 | 19,067,956 |
| Operating expenses: | | | | |
| Program services: | | | | |
| Center operations | 6,245,770 | - | 6,245,770 | 6,029,595 |
| Kitchen operations | 5,674,184 | - | 5,674,184 | 5,039,289 |
| Vancouver diner | 581,796 | - | 581,796 | 929,794 |
| Other operations | 150,703 | - | 150,703 | 205,032 |
| Supporting services: | | | | |
| General and administrative | 948,604 | - | 948,604 | 858,624 |
| Fundraising | 1,829,380 | - | 1,829,380 | 1,651,746 |
| Total operating expenses | 15,430,437 | - | 15,430,437 | 14,714,080 |
| Increase (decrease) in net assets from operations | 10,156,470 | (125,400) | 10,031,070 | 4,353,876 |
| PPP loan forgiveness (Note 22) | 1,242,147 | - | 1,242,147 | - |
| Net gain on investments | 2,685,796 | - | 2,685,796 | 109,478 |
| Loss on disposition of property and equipment | (26,954) | - | (26,954) | (1,063) |
| Change in value of beneficial interest in trusts | - | 89,832 | 89,832 | (8,220) |
| Increase (decrease) in net assets | 14,057,459 | (35,568) | 14,021,891 | 4,454,071 |
| Net assets, beginning of year | 23,631,359 | 989,364 | 24,620,723 | 20,166,652 |
| Net assets, end of year | \$ 37,688,818 | \$ 953,796 | \$ 38,642,614 | \$ 24,620,723 |

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

MEALS ON WHEELS PEOPLE, INC.

Statement of Functional Expenses

June 30, 2021 *(With Comparative Amounts for 2020)*

| | Program Services | | | | | Supporting Services | | | Total | |
|--|----------------------|-----------------------|--------------------|---------------------|----------------------|-------------------------------|---------------------|---------------------|----------------------|----------------------|
| | Center Operations | Kitchen Operations | Vancouver Diner | Other Operations | Total | General and Administrative | Fundraising | Total | 2021 | 2020 |
| Compensation: | | | | | | | | | | |
| Salaries | \$ 3,387,876 | \$ 1,494,628 | \$ 241,796 | \$ 77,996 | 5,202,296 | \$ 518,230 | \$ 630,769 | 1,148,999 | 6,351,295 | \$ 5,741,616 |
| Employee benefits and payroll taxes | 898,905 | 415,581 | 65,564 | 18,388 | 1,398,438 | 100,028 | 107,055 | 207,083 | 1,605,521 | 1,468,197 |
| Total compensation | 4,286,781 | 1,910,209 | 307,360 | 96,384 | 6,600,734 | 618,258 | 737,824 | 1,356,082 | 7,956,816 | 7,209,813 |
| Other expenses: | | | | | | | | | | |
| Food and related costs: | | | | | | | | | | |
| Paid | 513,917 | 2,876,421 | 80,133 | 28,412 | 3,498,883 | 2,140 | 230 | 2,370 | 3,501,253 | 2,867,683 |
| In-kind | 13,258 | 78,986 | - | - | 92,244 | - | - | - | 92,244 | 749,884 |
| Small equipment | 34,007 | 14,002 | 3,243 | 1,345 | 52,597 | 53,516 | 4,755 | 58,271 | 110,868 | 55,283 |
| Mileage and travel | 27,688 | 1,392 | 4 | 701 | 29,785 | 339 | 986 | 1,325 | 31,110 | 93,611 |
| Insurance | 60,055 | 26,521 | 5,283 | - | 91,859 | 10,798 | 2,143 | 12,941 | 104,800 | 97,631 |
| Vehicle costs | 1,950 | 139,655 | - | - | 141,605 | - | - | - | 141,605 | 140,459 |
| Repairs and maintenance | 74,429 | 39,282 | 7,720 | - | 121,431 | 664 | - | 664 | 122,095 | 102,703 |
| Janitorial | 66,981 | 1,905 | 5,154 | - | 74,040 | - | - | - | 74,040 | 74,472 |
| Professional fees | 126,662 | 62,172 | 3,994 | 4,838 | 197,666 | 144,326 | 158,069 | 302,395 | 500,061 | 504,690 |
| Rent and utilities: | | | | | | | | | | |
| Paid | 74,833 | 419,719 | 51,000 | - | 545,552 | 41,997 | 29,708 | 71,705 | 617,257 | 603,799 |
| In-kind | 453,887 | - | - | - | 453,887 | - | - | - | 453,887 | 572,225 |
| Office expenses | 76,245 | 6,709 | 1,255 | 6,426 | 90,635 | 26,869 | 214,542 | 241,411 | 332,046 | 357,477 |
| Advertising: | | | | | | | | | | |
| Paid | 76,148 | 90 | 7,748 | 1,287 | 85,273 | 3,138 | 397,803 | 400,941 | 486,214 | 433,455 |
| In-kind | - | - | - | - | - | - | 96,910 | 96,910 | 96,910 | 234,750 |
| Miscellaneous: | | | | | | | | | | |
| Paid | 116,134 | 7,309 | 16,096 | 8,712 | 148,251 | 40,100 | 114,265 | 154,365 | 302,616 | 212,793 |
| In-kind | 32,253 | - | - | - | 32,253 | - | 52,199 | 52,199 | 84,452 | 36,952 |
| Total other expenses | 1,748,447 | 3,674,163 | 181,630 | 51,721 | 5,655,961 | 323,887 | 1,071,610 | 1,395,497 | 7,051,458 | 7,137,867 |
| Depreciation and amortization | 210,542 | 89,812 | 92,806 | 2,598 | 395,758 | 6,459 | 19,946 | 26,405 | 422,163 | 366,400 |
| Total expenses | \$ 6,245,770 | \$ 5,674,184 | \$ 581,796 | \$ 150,703 | \$ 12,652,453 | \$ 948,604 | \$ 1,829,380 | \$ 2,777,984 | \$ 15,430,437 | \$ 14,714,080 |

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

MEALS ON WHEELS PEOPLE, INC.

Statement of Cash Flows

| June 30, 2021 <i>(With Comparative Amounts for 2020)</i> | 2021 | 2020 |
|---|---------------------|---------------------|
| Cash flows from operating activities: | | |
| Increase in net assets | \$ 14,021,891 | \$ 4,454,071 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities: | | |
| Depreciation and amortization | 422,163 | 366,400 |
| Realized and unrealized (gain) loss on investments | (2,370,338) | 105,287 |
| Loss on disposition of property and equipment | 26,954 | 1,063 |
| Reinvestment of interest and dividends held at community foundations | (2,251) | (2,645) |
| Change in value of beneficial interest in trusts | (89,832) | 8,220 |
| Change in liability for charitable gift annuities | (1,432) | 1,950 |
| Payments for charitable gift annuities | (1,930) | (2,730) |
| Donor restricted contributions for endowment | - | (63,698) |
| PPP loan forgiveness | (1,242,147) | - |
| Change in operating assets and liabilities: | | |
| Accounts receivable - net | 472,268 | (449,873) |
| Prepaid expenses and deposits | 145,855 | (203,442) |
| Inventory | (128,024) | (101,144) |
| Bequests and contributions receivable | (336,650) | 97,650 |
| Trademarks | - | (1,485) |
| Accounts payable | 10,695 | 366,668 |
| Accrued payroll and compensated absences | 25,318 | 28,415 |
| Other accrued liabilities | (14,137) | (12,725) |
| Deferred revenue | 134,188 | (13,256) |
| Net cash provided by operating activities | 11,072,591 | 4,578,726 |
| Cash flows from investing activities: | | |
| Distributions and proceeds from sale of investments | 175 | 142,008 |
| Purchases of investments | (12,339,711) | (241,528) |
| Deposits to beneficial interest in charitable remainder trust | - | (63,598) |
| Deposits to community foundations | (50) | (100) |
| Purchases of property, equipment, and leasehold improvements | (986,537) | (391,084) |
| Net cash used by investing activities | (13,326,123) | (554,302) |
| Cash flows from financing activities: | | |
| Proceeds from PPP loan | - | 1,242,147 |
| Donor restricted contributions for endowment | - | 63,698 |
| Net cash provided by financing activities | - | 1,305,845 |
| Increase (decrease) in cash and cash equivalents | (2,253,532) | 5,330,269 |
| Cash and cash equivalents, beginning of year | 7,064,763 | 1,734,494 |
| Cash and cash equivalents, end of year | \$ 4,811,231 | \$ 7,064,763 |

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

MEALS ON WHEELS PEOPLE, INC.

Notes to Financial Statements

1. Nature of Activities

Meals on Wheels People, Inc. (the Organization) is a nonprofit organization, organized under the laws of the state of Oregon, the primary purpose of which is to provide older Americans with nutritionally balanced meals, socialization, and other needed social services. The Organization is funded by private and governmental grants, charges for services, contracts and sales, and contributions from participants and the general public. Food is prepared in a central kitchen and delivered to 18 service centers, including 5 satellite locations, in Multnomah and Washington counties in Oregon and Clark County in Washington. Meals are also delivered to homebound seniors by volunteers.

The mission of the Organization is to enrich the lives of seniors, and assist them in maintaining independence, by providing nutritious food, human connections, and social support. We also use our expertise and capacity to serve other nutritionally at risk populations. This is accomplished through an organization that is community based, emphasizes volunteer involvement, and is financially sound. Included are connecting people to services such as transportation, health and welfare counseling, nutrition education, shopping assistance, information and referral services, outreach, case management, case monitoring, and leisure and recreation opportunities. Some centers conducts fundraising activities and some centers receive grants from cities to help support local operations.

The Board establishes general standards and policies and provides a central office and kitchen to provide support services to the centers. The Board also raises funds on a community-wide basis for operations and administrative support to the centers.

2. Summary of Significant Accounting Policies

The significant accounting policies followed by the Organization are described below to enhance the usefulness of the financial statements to the reader.

Basis of Presentation - Net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets not subject to donor-imposed stipulations.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time. Some net assets with donor restrictions include a stipulation that the resources be maintained in perpetuity, but permit the Organization to use the income. Realized gains, as well as net appreciation of endowment funds, may be expended unless explicit donor restrictions specify other treatment.

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

MEALS ON WHEELS PEOPLE, INC.

Notes to Financial Statements - Continued

2. Summary of Significant Accounting Policies - Continued

Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Estimates are used in the financial statements for, among other things, depreciation and amortization expense (based on the estimated useful lives of the underlying assets), bequests receivable, the Organization's beneficial interest in charitable remainder trusts, liabilities under charitable gift annuities, and certain investments held at community foundations.

Adoption of New Accounting Standards - Effective July 1, 2020, the Organization has adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-13, Fair Value Measurement (Topic 820): *Disclosure Framework - Changes to the Disclosure requirements for Fair Value Measurement*. Among other things, this ASU removes the requirement for level 3 roll-forward, and instead requires the disclosure of transfers into and out of level 3 as well as purchases and issuances of these investments. The Organization has adopted the provisions of ASU 2018-13 on a retrospective basis.

Recent Accounting Pronouncements - In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). This ASU, among other things, will require lessees to recognize a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis, and a right-of-use asset, which represents the lessee's right to use, or control the use of, a specified asset for the lease term. ASU 2016-02 is effective for the Organization on July 1, 2022. The Organization is evaluating the potential impact of this ASU on the Organization's financial statements.

In September 2020, the FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU, among other things, will require in-kinds to be separately listed in the statement of activities and enhanced disclosures about monetization of in-kind donations, valuation techniques, and donor restrictions. ASU 2020-07 is effective for the Organization on July 1, 2021. The Organization is evaluating the potential impact of this ASU on the Organization's financial statements.

Cash and Cash Equivalents - The Organization considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents. On occasion throughout the year, cash and cash equivalent balances exceeded amounts insured by the Federal Deposit Insurance Corporation. The Organization has not experienced any losses in such accounts.

Investments - Investments are reported at fair value based on quoted market prices and consist of equity mutual funds, bond funds, treasury securities, money market funds, and exchange traded funds.

MEALS ON WHEELS PEOPLE, INC.

Notes to Financial Statements - Continued

2. Summary of Significant Accounting Policies - Continued

Accounts Receivable - Accounts receivable are recognized as meals and services are provided. Interest is not charged on past due accounts.

The Organization uses the allowance method to account for uncollectible accounts. The allowance for doubtful accounts is estimated by management based on various factors, including past history and current economic conditions. Receivables are written off when they are determined to be uncollectible and management has exhausted all reasonable collection efforts. At June 30, 2021, the allowance for doubtful accounts was \$17,317. Total accounts receivable includes balances outstanding for greater than 90 days of \$98,034, at June 30, 2021.

Inventory - Inventory consists of food and related supplies and is valued at the lower of cost (average cost basis) or net realizable value.

Trademarks - Trademarks consists of the Organization's logo, PDXPop logo, and stupendously tasty gourmet popcorn trademark, which are valued at cost less amortization based on a ten year useful life. At June 30, 2021, total cost of \$9,667, had been incurred and accumulated amortization was \$2,078. Total amortization expense for the year ended June 30, 2021 was \$966.

Property, Equipment, and Leasehold Improvements, and Depreciation and Amortization - The Organization follows the policy of capitalizing, at cost, all expenditures for equipment and leasehold improvements in excess of \$3,000.

Equipment and leasehold improvements received through donation are recorded at estimated fair value at date of donation. Depreciation and amortization have been computed using the straight-line method over the following estimated useful lives: Equipment 2 - 20 years; Vehicles 5 years; Leasehold improvements 10 - 20 years; and Building 50 years. Total depreciation expense for the year ended June 30, 2021 was \$421,197.

Revenue Recognition - The Organization's major sources of support and revenue and related recognition policies are summarized as follows:

Government Grants - A portion of the Organization's revenue is derived from county and local government contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has performed qualifying performance requirements or incurred qualifying expenditures in compliance with specific contract or grant provisions. Amounts received prior to performing certain performance requirements and/or incurring qualified expenditures are reported as refundable advances in the statement of financial position.

The Organization had no refundable advances or conditional government grants at June 30, 2021.

Government grants with donor restrictions are classified as net assets without donor restrictions when the restriction is satisfied in the same fiscal year the grant is received.

MEALS ON WHEELS PEOPLE, INC.

Notes to Financial Statements - Continued

2. Summary of Significant Accounting Policies - Continued

Revenue Recognition - Continued

Contributions - The Organization recognizes contributions, which include unconditional promises to give, when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest are received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been substantially met. The Organization had no conditional grants at June 30, 2021.

Contributions with donor restrictions are classified as net assets without donor restrictions when the restriction is satisfied in the same fiscal year the contribution is received.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

The Organization reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service or the expenditure for those assets has occurred.

Special Events - The Organization considers special event revenue to equal the fair value of direct benefits to donors, which approximates the direct cost of those benefits. Excess receipts are considered contributions and are recognized as revenue when the related event takes place. Amounts received in advance of the event taking place are recorded as refundable advances.

Rental In-kind Contributions - Donated space (in-kind space) is recorded as a contribution at estimated fair rental value with an equivalent amount charged to expense.

Other In-kind Contributions - Numerous volunteers have donated significant amounts of time to the Organization's program services. The value of such services have not been recognized in the statement of activities because the services do not meet the criteria for recognition as donated services. Donated food, supplies, and other miscellaneous items in the amount of \$176,696, have been reflected in the accompanying financial statements for the year ended June 30, 2021. Donated advertising services in the amount of \$96,910, have been reflected in the accompanying financial statements for the year ended June 30, 2021.

Medicaid - The Organization recognizes Medicaid revenue as services are provided, in this case meals provided to participant, and the revenues are earned.

MEALS ON WHEELS PEOPLE, INC.

Notes to Financial Statements - Continued

2. Summary of Significant Accounting Policies - Continued

Revenue Recognition - Continued

Contracts and Sales - The Organization periodically enters into contracts with various entities for various projects. Revenues are generally recognized over the course of the contract as costs related to the contract are incurred and/or when the services are provided and the revenue is earned. Amounts received, but not yet recognized as revenue are included with deferred revenue and are considered contract liabilities. Contract liabilities is as follows at June 30:

| | | 2021 | | 2020 |
|-------------------|----|---------|----|--------|
| Beginning of year | \$ | 49,090 | \$ | 62,346 |
| End of year | \$ | 183,278 | \$ | 49,090 |

Vancouver Diner - Gross Sales - The Organization operates a diner in Vancouver, Washington. Revenue is recorded as meals are provided to customers.

Rental Revenue - Rental revenue is recorded using the straight-line method over the life of the related lease.

Functional Allocation of Expenses - The costs of providing the various programs and other activities have been summarized on a functional and natural basis in the statement of functional expenses. The statement of functional expenses reports certain categories of expenses that are attributable to more than one program and supporting service function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include telephone and internet costs, which are allocated based on the number of phones; rent and utilities, which are allocated on a square foot basis; outreach costs, which are allocated based on the percentage of actual total costs; food and related costs, which are allocated based on the number of meals shipped; and overhead costs, which are allocated based on the percentage of actual total costs or percentage of revenue recognized for contracts.

Advertising - The Organization expenses all non-direct advertising costs as they are incurred.

MEALS ON WHEELS PEOPLE, INC.

Notes to Financial Statements - Continued

2. Summary of Significant Accounting Policies - Continued

Income Taxes - The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provisions. The Organization is not classified as a private foundation. Certain activities of the Organization are subject to the federal unrelated business income tax and similar state provisions. An immaterial amount of unrelated business income tax was generated from these activities during the year ended June 30, 2021.

GAAP prescribes a recognition threshold and measurement process for accounting for uncertain tax positions and provides guidance on various related matters such as interest, penalties, and required disclosures. Management does not believe the Organization has any uncertain tax positions. The Organization files informational returns. Generally, these returns are subject to examination by income tax authorities for three years from the filing of a return. The Organization has not paid any interest or penalties related to its income tax positions, and there are currently no audits for any tax periods in progress. Interest or penalties assessed by taxing authorities, if any, would be included with general and administrative expenses.

Reclassifications - Certain reclassifications have been made to the 2020 information to conform with the 2021 presentation.

Summarized Financial Information for 2020 - The financial statements include certain prior year summarized comparative information. 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 June 30, 2020, from which the summarized information was derived.

3. Program and Supporting Services

Center Operations - The Organization's meal sites have the responsibility of providing a very healthy meal and programming for socialization for seniors living within their geographic area. Nutrition services include group dining on site and meals delivered to homebound clients (Meals-on-Wheels). Congregate meals provided totaled approximately 800 for the year ended June 30, 2021. Centers are located in a variety of settings, including senior centers, multicultural centers, housing authority buildings, parks and recreation buildings, and churches. In addition to providing meals, centers cooperate with other community agencies to provide opportunities for enrichment to the lives of seniors through activities, speakers, field trips, and health-related issues including clinics for foot care and blood pressure monitoring. All new Meals-on-Wheels clients are visited by an outreach worker who works with the client to determine how the Organization can meet their nutritional needs and make referrals to other community resources as needed. Clients are revisited on an annual basis. Home-delivered meals totaled approximately 1,200,000 for the year ended June 30, 2021.

MEALS ON WHEELS PEOPLE, INC.

Notes to Financial Statements - Continued

3. Program and Supporting Services - Continued

Kitchen Operations - The central kitchen provides meals for 18 anchor centers and 5 satellite locations. The meals are prepared in bulk, divided, and shipped to each center. During the fiscal year ended June 30, 2021, the Organization converted meal production to medically tailored meals (MTM). MTMs are designed to improve health outcomes and increase client satisfaction. The menus for MTMs are currently on a three-week cycle. Approximately 7,300 meals are prepared daily. Meals are also provided to non-organization centers at 21 contract sites. Contract meals prepared for other organizations totaled approximately \$380,000, for the year ended June 30, 2021.

Vancouver Diner - The Vancouver diner provides meals to seniors who qualify for meals at the Organization's meal sites and live in Vancouver, Washington, but also provides meals to the general public in a diner setting.

Other Operations - The Organization uses the excess capacity of the Central kitchen to rent the space to local businesses. In addition, the Organization produces and sells specialty popcorn under the PDXPop trademark.

Support Services - General and administrative activities include business management, recordkeeping, budgeting, financing, information technology, and related administrative activities. These services provide the necessary developmental, organizational, and management support for the effective operation of programs.

Fundraising activities include conducting fundraising campaigns, preparing and distributing fundraising materials, and conducting other activities involving soliciting contributions from individuals, foundations, and others.

4. Investments

Investments consist of the following at June 30:

| | 2021 | 2020 |
|-----------------------------------|----------------------|----------------------|
| Domestic equity mutual funds | \$ 4,234,355 | \$ 4,530,770 |
| International equity mutual funds | 2,716,382 | 1,639,013 |
| Bond funds | 2,924,534 | 2,543,330 |
| Treasury securities | 6,621,656 | - |
| Money market funds | 5,445,373 | 816,431 |
| Exchange traded funds | 2,752,369 | 602,387 |
| | <u>\$ 24,694,669</u> | <u>\$ 10,131,931</u> |

Investments include endowment funds of \$99,490, at June 30, 2021. Earnings on these funds must be used in support of center operations.

MEALS ON WHEELS PEOPLE, INC.

Notes to Financial Statements - Continued

5. Accounts Receivable - net

Accounts receivable - net consist of the following at June 30:

| | 2021 | 2020 |
|--|----------------------------|----------------------------|
| Medicaid | \$ 213,695 | \$ 239,529 |
| Older Americans Act | 403,961 | 92,910 |
| Nutrition Supplemental Incentive Program | 69,340 | 44,866 |
| Contract meals (<i>Note 17</i>) | 192,887 | 266,941 |
| Other | 217,560 | 912,881 |
| | <u>1,097,443</u> | <u>1,557,127</u> |
| Allowance for doubtful accounts | <u>(17,317)</u> | <u>(4,733)</u> |
| | <u><u>\$ 1,080,126</u></u> | <u><u>\$ 1,552,394</u></u> |

6. Beneficial Interest in Charitable Remainder Trusts

The Organization is the beneficiary of three charitable remainder trusts. All or a portion of the remaining principal and income of the trusts is to be distributed to the Organization upon termination. The estimated fair value of the charitable remainder trusts at June 30, using a discount rate of 5 percent, is as follows:

| | 2021 | 2020 |
|---|--------------------------|--------------------------|
| Donor restricted for specified purpose or passage of time | \$ 3,140 | \$ 3,140 |
| Endowment funds | <u>405,032</u> | <u>315,200</u> |
| | <u><u>\$ 408,172</u></u> | <u><u>\$ 318,340</u></u> |

7. Investments Held Related to Charitable Gift Annuities

It is the Organization's policy to separately maintain amounts received upon the issuance of charitable gift annuities until the annuity obligations have been fully satisfied.

Investments held related to charitable gift annuities are carried at fair value and consist of bond funds totaling \$12,677, at June 30, 2021.

The liability for charitable gift annuities represents the present value of total expected payments that will be made to the donors. The Organization estimated the liability based on actuarial assumptions at the time the annuities were issued. The present value of each annuity is calculated based on applicable mortality tables using discount rates ranging from 3 to 5 percent.

MEALS ON WHEELS PEOPLE, INC.

Notes to Financial Statements - Continued

8. Investments Held at Community Foundations

Oregon Community Foundation: The Organization has an agreement with Oregon Community Foundation (OCF) in order to achieve improved performance results with respect to investments and enhance long-term planned giving goals. Under the terms of the agreement, OCF will distribute annually 4.5 percent of the fair market value of the fund based on the preceding 12-quarter average balance to the Organization. No income distributions were received from OCF during the year ended June 30, 2021. Additional distributions up to the entire balance of the fund may be made on a resolution of both of the organizations' Boards of Directors. Investments held at OCF totaled \$526,677, at June 30, 2021. Investments held at OCF are valued at estimated fair value (*Note 19*). The corpus portion, equal to the original donor contribution or \$338,928, at June 30, 2021, of these funds have been restricted by the donors as endowment funds. As such, these amounts have been classified as net assets with donor restrictions in the accompanying statement of financial position. The remainder of the balance, \$187,749, at June 30, 2021, represents the income earned on the corpus, which has been released to net assets without donor restrictions in accordance with the spending policy described in *Note 20*.

A portion of the investments held at OCF consists of investments in limited partnerships and real estate whose fair values have been estimated by OCF management in the absence of readily determinable market values. These estimates are based on information provided by the fund managers or the general partners, and real estate appraisals; therefore, the reported values may differ from the values that would have been used had a quoted market price existed.

Community Foundation for Southwest Washington: The Organization has an agreement with the Community Foundation for Southwest Washington (CFSWW) in order to establish a fund whereby donors can contribute monies to be used to serve the elderly in the State of Washington.

Under the terms of the agreement, CFSWW shall make charitable distributions from the fund for the benefit of the Organization. Investments held at CFSWW totaled \$77,440, at June 30, 2021. Investments held at CFSWW are valued at estimated fair value (*Note 19*). These funds have been classified as Board designated for financial reserve in the accompanying statement of financial position.

A portion of the investments held at CFSWW consists of investments in limited partnerships and real estate whose fair values have been estimated by CFSWW's management in the absence of readily determinable market values. These estimates are based on information provided by the fund managers or the general partners, and real estate appraisals; therefore, the reported values may differ from the values that would have been used had a quoted market price existed.

MEALS ON WHEELS PEOPLE, INC.

Notes to Financial Statements - Continued

9. Property, Equipment, and Leasehold Improvements

Property, equipment, and leasehold improvements consist of the following at June 30:

| | 2021 | 2020 |
|--|----------------------------|----------------------------|
| Land | \$ 929,566 | \$ 929,566 |
| Building | 5,728,271 | 5,728,271 |
| Kitchen equipment | 1,500,404 | 1,350,811 |
| Service center equipment | 764,884 | 707,067 |
| Office equipment | 581,334 | 703,451 |
| Vehicles | 252,154 | 79,417 |
| Leasehold improvements | <u>2,201,224</u> | <u>1,902,654</u> |
| | 11,957,837 | 11,401,237 |
| Less accumulated depreciation and amortization | <u>(4,953,373)</u> | <u>(4,819,714)</u> |
| | 7,004,464 | 6,581,523 |
| Construction in progress | <u>115,445</u> | <u>-</u> |
| | <u><u>\$ 7,119,909</u></u> | <u><u>\$ 6,581,523</u></u> |

At June 30, 2021, construction in progress is related to costs associated with the due diligence process for a building purchase. In August 2021, the Organization purchased a building in Southeast Portland for approximately \$3,000,000, to be used for a food warehousing and distribution center.

MEALS ON WHEELS PEOPLE, INC.

Notes to Financial Statements - Continued

10. Commitments

The Organization leases certain space, vehicles, and equipment under various non-cancelable operating lease agreements expiring through November 2027. Minimum payments remaining under the non-cancelable operating leases are as follows at June 30, 2021:

| Years Ending June 30, | Amount |
|----------------------------------|----------------------------|
| 2022 | \$ 371,224 |
| 2023 | 347,448 |
| 2024 | 139,849 |
| 2025 | 94,601 |
| 2026 | 85,861 |
| Thereafter | <u>30,111</u> |
| | <u><u>\$ 1,069,094</u></u> |

The Organization also leases other facilities and equipment under various month-to-month operating lease agreements. Total expense under all operating lease agreements (including donated space) was \$932,414, for the year ended June 30, 2021.

11. Vancouver Diner Revenue

In the accompanying statement of activities, revenue earned by the Vancouver diner is reported based on the revenue stream, rather than in the aggregate. Total revenue earned by the Vancouver diner for the year ended June 30, 2021 and 2020, are as follows:

| | 2021 | 2020 |
|-------------------------------|--------------------------|--------------------------|
| Government grants | - | \$ 9,645 |
| Contributions | 33,001 | 99,731 |
| Vancouver diner - gross sales | 130,052 | 382,863 |
| Contracts and sales | <u>8,973</u> | <u>30,590</u> |
| | <u><u>\$ 172,026</u></u> | <u><u>\$ 522,829</u></u> |

MEALS ON WHEELS PEOPLE, INC.

Notes to Financial Statements - Continued

12. Net Assets without Donor Restrictions

Net assets without donor restrictions consist of the following as of June 30:

| | 2021 | 2020 |
|---|-----------------------------|-----------------------------|
| Available for operations | \$ 8,179,712 | \$ 2,578,215 |
| Board designated for: | | |
| Advertising initiative | 300,000 | 280,000 |
| Joan Smith Executive Director Fund | 200,948 | 151,556 |
| Financial reserve | 12,106,480 | 6,462,898 |
| Capital reserve and maintenance | 5,647,549 | 3,199,767 |
| Emergency fund | <u>4,134,220</u> | <u>4,377,400</u> |
| | 22,389,197 | 14,471,621 |
| Net investment in property, equipment, and leasehold improvements | <u>7,119,909</u> | <u>6,581,523</u> |
| | <u><u>\$ 37,688,818</u></u> | <u><u>\$ 23,631,359</u></u> |

13. Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following as of June 30:

| | 2021 | 2020 |
|---|--------------------------|--------------------------|
| Subject for expenditure for specified purposes: | | |
| Center projects | \$ 7,026 | \$ 7,076 |
| Beneficial interest in charitable remainder trusts held by others | 3,140 | 3,140 |
| Joan Smith Executive Director Fund | 50,180 | 50,180 |
| Other purpose restrictions | <u>50,000</u> | <u>155,000</u> |
| | 110,346 | 215,396 |
| Subject to the passage of time | - | 20,350 |
| Endowments: | | |
| Center programs | 438,418 | 438,418 |
| Beneficial interest in charitable remainder trusts held by others | <u>405,032</u> | <u>315,200</u> |
| Total endowment funds | <u>843,450</u> | <u>753,618</u> |
| Total net assets with donor restrictions | <u><u>\$ 953,796</u></u> | <u><u>\$ 989,364</u></u> |

MEALS ON WHEELS PEOPLE, INC.

Notes to Financial Statements - Continued

14. Net Assets Released from Restrictions

During the year ended June 30, 2021, net assets were released from donor restrictions by incurring expenses satisfying the following restricted purposes:

| | |
|---|-------------------|
| Satisfaction of program or time restrictions: | |
| Program activities | \$ 105,050 |
| Requests and contributions receivable (time) | <u>20,350</u> |
| | <u>\$ 125,400</u> |

15. Retirement Plan

The Organization maintains a defined contribution retirement plan (the Plan) that covers all eligible employees. The Organization makes a matching contribution of employee salary deferrals equal to 100 percent of the deferrals, not to exceed 2 percent of eligible compensation. In addition, the Organization makes an additional contribution equal to 3 percent of an employee's eligible compensation. Employer contributions to the Plan during the year ended June 30, 2021, totaled \$255,773.

16. Joint Costs

The Organization conducts certain activities that include requests for contributions, as well as program and management and general components. These activities include the distribution of the Organization's annual report and publication of newsletters. Management feels that the costs of conducting these activities are immaterial, and has accounted for these costs as fundraising expenditures in the statement of functional expenses.

17. Concentrations

The Organization received approximately 26 percent of its operational funding from governmental agencies during the year ended June 30, 2021. If a significant reduction in the level of this funding were to occur, it would affect the Organization's ability to provide programs and services.

Substantially all of the Organization's contracts and sales revenue reported in the accompanying statement of activities was derived from three customers in 2021. Sales to these customers accounted for 62 percent of total contracts and sales revenue for the year ended June 30, 2021. Included in contract meals receivable in *Note 5* were amounts due from these customers totaling \$59,729 at June 30, 2021.

MEALS ON WHEELS PEOPLE, INC.

Notes to Financial Statements - Continued

18. Financial Instruments with Concentrations of Risk

Financial instruments that potentially subject the Organization to concentrations of risk consist principally of: cash and cash equivalents; investments (*Note 4*); accounts receivable (*Note 5*); bequests and contributions receivable; beneficial interest in charitable remainder trusts (*Note 6*); and investments held at community foundations (*Note 8*).

The Organization's investments, including those held related to charitable gift annuities and those held by community foundations, as well as its beneficial interest in charitable remainder trusts, are exposed to various risks, such as interest rate, market, and credit risk. The value, liquidity, and related income of these investments are sensitive to changes in economic conditions, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates.

19. Fair Value Measurements

GAAP provides the framework for measuring fair value. The classification of assets and liabilities within the fair value hierarchy is based on whether the inputs to the valuation methodology used for measurement are observable or unobservable. Observable inputs reflect market-derived or market-based information obtained from independent sources while unobservable inputs reflect estimates about market data. At June 30, 2021, there were no liabilities measured at fair value.

The three levels of the fair value hierarchy under GAAP and the valuation methodologies used for assets are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Fair value is based on significant unobservable inputs.

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

The Organization recognizes transfers into and out of levels within the fair value hierarchy at the actual date of the event or change in circumstances that caused the transfer.

MEALS ON WHEELS PEOPLE, INC.

Notes to Financial Statements - Continued

19. Fair Value Measurements - Continued

The following table sets forth by level, within the fair value hierarchy, the Organization's assets measured at fair value on a recurring basis as of June 30, 2021, (there were no assets valued using a level 2 type measurement):

| | Total | Level 1 | Level 3 |
|---|----------------------|----------------------|---------------------|
| Investments: | | | |
| Domestic equity mutual funds | \$ 4,234,355 | \$ 4,234,355 | \$ - |
| International equity mutual funds | 2,716,382 | 2,716,382 | - |
| Bond funds | 2,924,534 | 2,924,534 | - |
| Treasury securities | 6,621,656 | 6,621,656 | - |
| Money market funds | 5,445,373 | 5,445,373 | - |
| Exchange traded funds | <u>2,752,369</u> | <u>2,752,369</u> | <u>-</u> |
| Total investments | 24,694,669 | 24,694,669 | - |
| Beneficial interest in charitable remainder trusts | 408,172 | - | 408,172 |
| Investments held related to charitable gift annuities | 12,677 | 12,677 | - |
| Investments held at community foundations | <u>604,117</u> | <u>-</u> | <u>604,117</u> |
| Total assets at fair value | <u>\$ 25,719,635</u> | <u>\$ 24,707,346</u> | <u>\$ 1,012,289</u> |

Following is a description of the valuation methodologies used for assets measured at fair value:

Mutual funds, bond funds, treasury securities, money market funds, exchange traded funds, and investments held related to charitable gift annuities: Valued based on quoted market prices in active markets of shares held by the Organization at year end, and are classified as Level 1.

Beneficial interest in charitable remainder trusts: The expected future inflows from the trusts are based on the fair value of the underlying investments and the life expectancy of the donor, and have been discounted using a discount rate of 5 percent. Since there are unobservable inputs that are significant in determining the fair value, this asset is classified as Level 3.

Investments held at community foundations: Assets held at community foundations (the foundations) represent the Organization's share of a pooled investment portfolio managed by the foundations. The Organization's share of the pooled investment portfolio is not actively traded and significant other observable inputs are not available. However, as described in *Note 8*, the underlying investments of the foundations are measured by management of the foundations using a variety of valuation methods including Level 1, Level 2, and Level 3 inputs. As such, this asset is classified as Level 3.

MEALS ON WHEELS PEOPLE, INC.

Notes to Financial Statements - Continued

20. Endowment Funds

The Organization's endowment consists of certain investments (*Note 4*), funds held at OCF (*Note 8*), and a beneficial interest in a charitable remainder trust (*Note 6*). As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization manages its endowment in accordance with the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Board of Directors of the Organization has interpreted UPMIFA as allowing the Organization to appropriate for expenditure or accumulate so much of an endowment fund as the Organization determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift agreement. Unless otherwise stated in the gift instrument, the assets in an endowment fund shall be donor restricted assets until appropriated for expenditure by the Board of Directors.

The Organization classifies as donor restricted endowment funds (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument, if any, at the time the accumulation is added to the fund. Also included in net assets with donor restrictions is accumulated appreciation on donor restricted endowment funds, which are available for expenditure.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purposes of the Organization and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the Organization; and
- The investment policies of the Organization.

Management has adopted an investment and spending policy for the endowment assets that attempt to provide a predictable stream of funding to programs. The spending policy calls for a 4.5 percent distribution of the fair market value of the endowment based on the preceding 12-quarter average balance to the Organization. This has resulted in amounts earned on the corpus being appropriated in the same year.

MEALS ON WHEELS PEOPLE, INC.

Notes to Financial Statements - Continued

20. Endowment Funds - Continued

OCF follows a total-return strategy in which investment decisions are made with the intent of maximizing the long-term total return of the investment portfolio, combining market-value changes (realized and unrealized) and current yield (interest and dividends). Funds held with OCF are invested in a mixture of equities, fixed-income instruments, alternative investment classes (such as hedge funds, distressed debt, private investments), and cash. The Organization believes the investment and spending policy is consistent with the Organization's objective to maintain purchasing power of the endowment assets held in perpetuity, as well as to provide additional real growth through new gifts and investment return.

Changes in endowment net assets for the year ended June 30, 2021:

| | |
|---|-------------------|
| Endowment net assets, beginning of year | \$ 753,618 |
| Change in value of beneficial interest in charitable remainder trust | <u>89,832</u> |
| Endowment net assets, ending of year | <u>\$ 843,450</u> |

MEALS ON WHEELS PEOPLE, INC.

Notes to Financial Statements - Continued

21. Liquidity and Availability of Resources

The Organization's financial assets available for general expenditures within one year of the statement of financial position date consist of the following at June 30:

| | 2021 | 2020 |
|---|---------------------|---------------------|
| Cash and cash equivalents | \$ 4,811,231 | \$ 7,064,763 |
| Investments | 24,694,669 | 10,131,931 |
| Accounts receivable - net | 1,080,126 | 1,552,394 |
| Bequests and contributions receivable | <u>357,000</u> | <u>20,350</u> |
| Total financial assets available within one year | 30,943,026 | 18,769,438 |
| Less: | | |
| Amounts unavailable for general expenditures within one year, due to: | | |
| Restricted by donors as to purpose | 110,346 | 215,396 |
| Restricted by donors to investment in perpetuity | <u>99,490</u> | <u>99,490</u> |
| | 209,836 | 314,886 |
| Board designated funds unavailable | <u>22,389,197</u> | <u>14,471,621</u> |
| Total amounts unavailable | <u>22,599,033</u> | <u>14,786,507</u> |
| Total financial assets available for general expenditures within one year | <u>\$ 8,343,993</u> | <u>\$ 3,982,931</u> |

The Organization's endowment fund consists of donor-restricted gifts. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use as described in *Note 20*.

The Organization's board designated funds, held as long-term investments, are subject to an annual spending rate of 4.5 percent as described in *Note 20*. Although the Organization does not intend to spend from the board-designated funds other than amounts appropriated for general expenditure as part of the Organization's annual budget approval and appropriation, these amounts could be available if necessary.

As part of the Organization's liquidity management plan, the Organization typically invests cash in excess of daily requirements in short-term investments, CDs, bonds, and money market funds.

MEALS ON WHEELS PEOPLE, INC.

Notes to Financial Statements - Continued

22. Paycheck Protection Plan (PPP) Loan and PPP Loan Forgiveness

In June 2020, the Organization received loan proceeds in the amount of \$1,242,147, from U.S. Bank under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) provides for full or partial loan forgiveness if loan proceeds are used for qualifying expenses and certain other conditions are satisfied.

The loan was forgiven in full by the Small Business Administration (SBA) in December 2020 and, as such, the Organization has recognized the full amount of the original loan as non-operating income in the accompanying statement of activities.

23. Uncertainty Related to COVID-19 Pandemic

Since March, 2020 financial markets and economic conditions in general have undergone a significant negative impact as a result of the COVID-19 health crisis. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the related impact on participants, contributors and grantors, employees, and vendors, all of which are uncertain and cannot be predicted. As such, the extent to which COVID-19 may impact the Organization's financial position and results of operations cannot be reasonably estimated at this time.

24. Subsequent Events

Management has evaluated subsequent events through October 6, 2021, the date the financial statements were available to be issued.