

**MEALS ON WHEELS PROGRAM
SERVICES OF ROCKLAND, INC.**

Financial Statements
Years Ended
December 31, 2021 and 2020

MEALS ON WHEELS PROGRAM AND SERVICES OF ROCKLAND, INC.

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Years Ended

December 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
of Meals on Wheels Programs and Services
Of Rockland, Inc.

Opinion

We have audited the accompanying financial statements of Meals on Wheels Programs and Services of Rockland Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Meals on Wheels Programs and Services of Rockland Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Meals on Wheels Programs and Services of Rockland Inc., and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Meals on Wheels Programs and Services Of Rockland, Inc's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 Meals on Wheels Programs and Services of Rockland Inc.'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 Meals on Wheels Programs and Services of Rockland Inc.'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.

Berard & Associates CPA's P.C.

Berard & Associates, CPA's P.C.
Suffern, New York 10901
October 10, 2022

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.

Statements of Financial Position

December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash	\$ 408,988	\$ 650,439
Cash - endowment	119,816	113,758
Restricted cash	8,072	7,322
Security and equipment deposits	24,080	4,000
Investments	1,529,639	19
Contracts receivable	209,812	463,660
Accounts receivable	80,287	177,262
Inventory	32,481	21,820
Prepaid expenses and other	13,912	19,586
Total current assets	<u>2,427,087</u>	<u>1,457,866</u>
Building and equipment (net of depreciation)	<u>1,766,090</u>	<u>1,835,547</u>
Total assets	<u>\$ 4,193,177</u>	<u>\$ 3,293,413</u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 96,787	\$ 55,803
Accrued expenses	91,546	82,504
Current portion of mortgage payable	716,253	72,672
Deferred Revenue	75,000	109,600
Total current liabilities	<u>979,586</u>	<u>320,579</u>
Mortgage payable	<u>302,641</u>	<u>1,019,722</u>
Total liabilities	<u>1,282,227</u>	<u>1,340,301</u>
Net Assets		
Without donor restrictions		
Operating fund	2,094,734	1,147,747
Net investment in building	375,206	334,169
Net investment in equipment	313,122	350,116
Board designated - endowment	119,816	113,758
	<u>2,902,878</u>	<u>1,945,790</u>
With donor restrictions		
Restricted by purpose or time - Senior Centers	<u>8,072</u>	<u>7,322</u>
Total net assets	<u>2,910,950</u>	<u>1,953,112</u>
Total liabilities and net assets	<u>\$ 4,193,177</u>	<u>\$ 3,293,413</u>

See notes to financial statements.

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.

Statement of Activities

Year Ended December 31, 2021

	Without Donor Restrictions			With Donor Restrictions	2021 Total
	Undesignated	Board Designated	Total		
REVENUES					
Fees and grants from governmental agencies	\$ 1,075,494	\$ -	\$ 1,075,494	\$ -	\$ 1,075,494
Fees and grants - non-governmental agencies	191,929	-	191,929	-	191,929
Program service fees	597,039	-	597,039	-	597,039
Contributions through United Way	15,504	-	15,504	-	15,504
Contributions received from participants	85,667	-	85,667	-	85,667
Special events revenue	226,374	-	226,374	-	226,374
Special events expense	(75,175)	-	(75,175)	-	(75,175)
Contributions - general	1,785,118	6,000	1,791,118	-	1,791,118
Contributions - senior centers	-	-	-	1,004	1,004
Contributions - in-kind	487,230	-	487,230	-	487,230
Other income	2,681	-	2,681	-	2,681
Investment income	29,640	-	29,640	-	29,640
Interest income	-	58	58	-	58
Net assets released from restrictions	254	-	254	(254)	-
Total revenues	4,421,755	6,058	4,427,813	750	4,428,563
EXPENSES					
Program services					
Senior centers	529,437	-	529,437	-	529,437
Homebound	2,140,243	-	2,140,243	-	2,140,243
Other programs	110,850	-	110,850	-	110,850
Total program expenses	2,780,530	-	2,780,530	-	2,780,530
General and administrative	561,473	-	561,473	-	561,473
Fundraising	128,722	-	128,722	-	128,722
Total expenses	3,470,725	-	3,470,725	-	3,470,725
Change in net assets	951,030	6,058	957,088	750	957,838
Net assets, beginning	1,832,032	113,758	1,945,790	7,322	1,953,112
Net assets, ending	<u>\$ 2,783,062</u>	<u>\$ 119,816</u>	<u>\$ 2,902,878</u>	<u>\$ 8,072</u>	<u>\$ 2,910,950</u>

See notes to financial statements.

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.

Statement of Activities

Year Ended December 31, 2020

	Without Donor Restrictions			With Donor Restrictions	2020 Total
	Undesignated	Board Designated	Total		
REVENUES					
Fees and grants from governmental agencies	\$ 1,748,052	\$ -	\$ 1,748,052	\$ -	\$ 1,748,052
Fees and grants - non-governmental agencies	181,514	-	181,514	-	181,514
Program service fees	687,993	-	687,993	-	687,993
Contributions through United Way	28,667	-	28,667	-	28,667
Contributions received from participants	111,589	-	111,589	-	111,589
Special events revenue	121,507	-	121,507	-	121,507
Special events expense	(51,251)	-	(51,251)	-	(51,251)
Contributions - general	411,276	33,000	444,276	-	444,276
Contributions - senior centers	-	-	-	5,247	5,247
Contributions - in-kind	585,269	-	585,269	-	585,269
Contributions - vehicles from governmental agency	90,948	-	90,948	-	90,948
Paycheck Protection Program	363,322	-	363,322	-	363,322
Other income	5,348	-	5,348	-	5,348
Interest income	-	247	247	-	247
Realized gain (loss) on disposal of vehicle	20,400	-	20,400	-	20,400
Net assets released from restrictions	3,702	-	3,702	(3,702)	-
Total revenues	4,308,336	33,247	4,341,583	1,545	4,343,128
EXPENSES					
Program services					
Senior centers	438,992	-	438,992	-	438,992
Homebound	2,425,399	-	2,425,399	-	2,425,399
Adult day care	180,104	-	180,104	-	180,104
Other programs	131,368	-	131,368	-	131,368
Total program expenses	3,175,863	-	3,175,863	-	3,175,863
General and administrative	425,740	-	425,740	-	425,740
Fundraising	124,988	-	124,988	-	124,988
Total expenses	3,726,591	-	3,726,591	-	3,726,591
Change in net assets	581,745	33,247	614,992	1,545	616,537
Net assets, beginning	1,250,287	80,511	1,330,798	5,777	1,336,575
Net assets, ending	\$ 1,832,032	\$ 113,758	\$ 1,945,790	\$ 7,322	\$ 1,953,112

See notes to financial statements.

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.

Statement of Functional Expenses

Year Ended December 31, 2021

	Senior		Other	Total	General	Fund	Direct Cost of	Total	2021
	Centers	Homebound	Programs	Programs	& Admin.	Raising	Donor Benefit	Non-Program	Total Expenses
Salaries	\$ 201,167	\$ 725,146	\$ 31,190	\$ 957,503	\$ 246,447	\$ 97,761	\$ -	\$ 344,208	\$ 1,301,711
Payroll taxes	17,981	61,876	2,570	82,427	25,669	7,660	-	33,329	115,756
Employee benefits	7,606	23,992	1,636	33,234	14,550	7,534	-	22,084	55,318
Total salaries and related costs	226,754	811,014	35,396	1,073,164	286,666	112,955	-	399,621	1,472,785
Food	11,171	508,373	39,106	558,650	-	-	-	-	558,650
Supplies	6,686	99,702	7,070	113,458	6,738	155	-	6,893	120,351
Professional fees	14,604	17,938	1,169	33,711	14,770	1,189	-	15,959	49,670
Occupancy	49,602	42,596	7,407	99,605	13,314	2,521	-	15,835	115,440
Vehicle operation	50,073	39,406	2,060	91,539	3,400	68	-	3,468	95,007
Conferences and meetings	717	1,458	137	2,312	2,307	46	-	2,353	4,665
Travel	115	104	-	219	-	-	-	-	219
Advertising	1,703	2,961	264	4,928	4,396	88	-	4,484	9,412
Postage	287	4,812	55	5,154	922	1,054	-	1,976	7,130
Repairs and maintenance	10,032	25,242	2,249	37,523	13,597	583	-	14,180	51,703
Cleaning and extermination	4,688	25,726	2,963	33,377	1,754	35	-	1,789	35,166
Telephone	5,254	2,718	234	8,206	2,613	52	-	2,665	10,871
Insurance	12,991	20,674	3,232	36,897	5,286	1,929	-	7,215	44,112
Printing costs	-	-	-	-	-	3,032	-	3,032	3,032
Dues and subscriptions	4,263	8,441	774	13,478	12,796	3,488	-	16,284	29,762
Equipment	285	7,957	617	8,859	375	8	-	383	9,242
Bad debts expense	-	-	-	-	94,614	-	-	94,614	94,614
Interest bank charge expense	8,961	17,555	1,705	28,221	28,702	658	-	29,360	57,581
Depreciation and amortization	106,308	54,365	5,620	166,293	42,414	848	-	43,262	209,555
Senior center event	254	-	-	254	-	-	-	-	254
Entertainment and event expenses	-	-	-	-	-	-	75,175	75,175	75,175
Miscellaneous	831	2,748	47	3,626	634	13	-	647	4,273
Total before in-kind expenses	515,579	1,693,790	110,105	2,319,474	535,298	128,722	75,175	739,195	3,058,669
In-kind salaries	12,888	394,736	745	408,369	26,175	-	-	26,175	434,544
In-kind food	-	51,717	-	51,717	-	-	-	-	51,717
In-kind supplies	970	-	-	970	-	-	-	-	970
In-kind rent	-	-	-	-	-	-	-	-	-
Total in-kind expenses	13,858	446,453	745	461,056	26,175	-	-	26,175	487,231
Less expenses included with revenue on the statement of activities	-	-	-	-	-	-	(75,175)	(75,175)	(75,175)
Total Expenses	\$ 529,437	\$ 2,140,243	\$ 110,850	\$ 2,780,530	\$ 561,473	\$ 128,722	\$ -	\$ 690,195	\$ 3,470,725

See notes to financial statements.

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.

Statement of Functional Expenses

Year Ended December 31, 2020

	Senior		Adult	Other	Total	General	Fund	Direct Cost of	Total	2020
	Centers	Homebound	Day Care	Programs	Programs	& Admin.	Raising	Donor Benefit	Non-Program	Total Expenses
Salaries	\$ 149,115	\$ 799,803	\$ 49,080	\$ 35,845	\$ 1,033,843	\$ 238,814	\$ 99,060	\$ -	\$ 337,874	\$ 1,371,717
Payroll taxes	13,181	65,372	4,217	2,832	85,602	21,182	8,047	-	29,229	114,831
Employee benefits	24,523	33,965	5,828	2,225	66,541	16,158	6,654	-	22,812	89,353
Total salaries and related costs	186,819	899,140	59,125	40,902	1,185,986	276,154	113,761	-	389,915	1,575,901
Food	14,049	626,052		48,162	688,263			-	-	688,263
Supplies	5,152	126,642	3,948	9,536	145,278	3,797	158	-	3,955	149,233
Professional fees	7,124	5,328	5,430	3,807	21,689	14,261	175	-	14,436	36,125
Occupancy	27,719	33,874	21,707	6,060	89,360	3,995	2,079	-	6,074	95,434
Vehicle operation	42,257	29,558	13,737	1,403	86,955	43	2	-	45	87,000
Conferences and meetings	116	298	187	22	623	187	7	-	194	817
Travel	432	600	33	38	1,103	33	1	-	34	1,137
Advertising	995	2,872	1,338	160	5,365	1,338	54	-	1,392	6,757
Postage	317	4,659	799	60	5,835	497	1,374	-	1,871	7,706
Repairs and maintenance	4,132	26,583	6,571	2,189	39,475	5,956	238	-	6,194	45,669
Cleaning and extermination	4,176	31,695	3,630	3,539	43,040	964	128	-	1,092	44,132
Telephone	4,530	2,290	2,190	200	9,210	1,109	44	-	1,153	10,363
Insurance	11,705	18,593	7,965	2,918	41,181	2,245	1,747	-	3,992	45,173
Printing costs					-		3,631	-	3,631	3,631
Dues and subscriptions	2,943	7,047	4,992	637	15,619	4,692	188	-	4,880	20,499
Equipment	663	27,413	126	2,064	30,266	126	5	-	131	30,397
Bad debts expense					-	44,217		-	44,217	44,217
Interest bank charge expense	9,111	17,830	14,638	1,733	43,312	14,638	586	-	15,224	58,536
Depreciation and amortization	82,409	45,663	32,038	5,011	165,121	20,262	810	-	21,072	186,193
Senior center event	3,702				3,702			-	-	3,702
Entertainment and event expenses					-			51,251	51,251	51,251
Miscellaneous	36	365	6	24	431	6	-	-	6	437
Total before in-kind expenses	408,387	1,906,502	178,460	128,465	2,621,814	394,520	124,988	51,251	570,759	3,192,573
In-kind salaries	22,065	474,310	1,644	2,903	500,922	26,220	-	-	26,220	527,142
In-kind food	-	44,587	-	-	44,587	-	-	-	-	44,587
In-kind supplies	2,540	-	-	-	2,540	5,000	-	-	5,000	7,540
In-kind rent	6,000	-	-	-	6,000	-	-	-	-	6,000
Total in-kind expenses	30,605	518,897	1,644	2,903	554,049	31,220	-	-	31,220	585,269
Less expenses included with revenue on the statement of activities	-	-	-	-	-	-	-	(51,251)	(51,251)	(51,251)
Total Expenses	\$ 438,992	\$ 2,425,399	\$ 180,104	\$ 131,368	\$ 3,175,863	\$ 425,740	\$ 124,988	\$ -	\$ 550,728	\$ 3,726,591

See notes to financial statements.

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.

Statements of Cash Flows

Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 957,838	\$ 616,537
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	209,555	186,193
Gain on disposal of vehicle	-	(20,400)
Unrealized (gain)/loss on investments	(8,174)	-
Changes in operating assets and liabilities:		
Security and equipment deposits	(20,080)	25,198
Accounts receivable	96,975	73,595
Contracts receivable	253,848	(172,332)
Inventory	(10,661)	(1,429)
Prepaid expenses and other	5,674	(2,765)
Deferred revenue	(34,600)	109,600
Security deposit	-	(2,000)
Accounts payable	40,984	(18,954)
Accrued expenses	9,042	(57,577)
Cash provided (used) by operating activities	<u>1,500,401</u>	<u>735,666</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on sale of vehicles	-	20,400
Purchase of investments	(1,521,446)	-
Purchase of property and equipment	(140,098)	(182,392)
Cash provided (used) by investing activities	<u>(1,661,544)</u>	<u>(161,992)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on mortgage payable	(73,500)	(52,536)
Borrowings from line of credit	-	(166,000)
Payments on line of credit	-	166,000
Cash provided (used) by financing activities	<u>(73,500)</u>	<u>(52,536)</u>
Increase (decrease) in cash, cash equivalents, and restricted cash	(234,643)	521,138
Cash equivalents and restricted cash, beginning of year	<u>771,519</u>	<u>250,381</u>
Cash equivalents and restricted cash, ending of year	<u>\$ 536,876</u>	<u>\$ 771,519</u>
Supplemental Information:		
Interest	\$ 57,581	\$ 58,536
Income taxes	-	-
Non-cash items:		
Donated revenue / expenses	\$ 487,230	\$ 585,269

See notes to financial statements.

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.

Notes to Financial Statements

December 31, 2021 and 2020

NOTE 1 - ORGANIZATION AND PURPOSE

Meals on Wheels Programs and Services of Rockland, Inc. (the "Organization") was formed under the Not-For-Profit Corporation Law of New York as Meals on Wheels of Rockland County, Inc. Its mission is to provide a wide range of services and programs to homebound and senior citizens of Rockland County, New York. The agency receives 36% of its support from government agencies and 20% from program service fees.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, such as those that the donor stipulates those resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents, unless the investments are held for meeting restrictions for purchase of property and equipment, payment of long-term debt, or endowment.

Accounts Receivable

Accounts receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Inventory

Inventory consisting principally of commissary products is valued at the lower of cost (first-in first-out method) or market. Inventory consists of food and packaging materials for meals.

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.

Notes to Financial Statements

December 31, 2021 and 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Investments

Investments are recorded at fair value. Net appreciation or depreciation in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation or depreciation on those investments, is recognized in the statement of activities. Realized gains and losses on the sale of investments are generally determined on the specific identification method on the trade date.

The fair value of debt and equity securities with readily determinable fair values are generally based on quoted market prices obtained from active markets.

Fair Value Measurements

The fair value of the Agency's financial instruments approximate the carrying amounts reported in the statement of financial position for cash and cash equivalents, accounts receivable, short term investments and accounts payable and accrued expenses.

Fair value represents the price that would be received upon the sale of an asset or paid upon the transfer a liability in an orderly transaction between market participants as of the measurement date. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels as follows:

- Level I inputs - Quoted prices (unadjusted) in active markets of identical assets or liabilities that the organization has the ability to access at the measurement date. Quoted market prices in an active market provide the most reliable evidence of fair value and should be used to measure fair value whenever available.
- Level II inputs - Inputs other than quoted prices included within Level I that are observable for the asset or liability, either directly or indirectly (such as quoted prices for similar assets or liabilities in active markets).
- Level III inputs - Are unobservable inputs when observable inputs are not available. Unobservable inputs should be developed based on the best information available.

Property and Equipment

The Organization capitalizes all expenditures for property and equipment in excess of \$5,000. Purchases of property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the useful lives of the assets.

Grant Revenue

Grant revenue, which is conditional upon allowable expenditures being incurred, is recognized as the expenses are incurred. Amounts received prior to the occurrence of expenditures are recorded as deferred revenue. Grant funds expended prior to the receipt of funds are recorded as contracts receivable.

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.

Notes to Financial Statements

December 31, 2021 and 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Government Grants

A significant portion of the Organization's revenues consists of government grants from various Federal, New York State and Rockland County governmental source. Thus, its funding is vulnerable to changes in the legislative priorities of federal, state, and local governments. Meals on Wheels Programs and Services of Rockland, Inc. recognizes revenue from these sources when the contractual obligations are met. There are occasions when funding source reimbursements for prior years are adjusted in the current year. Such adjustments may be due to funding source audit findings, additional monies available over and above original contractual amounts, etc. The amount of such adjustments was not material in 2021 and 2020.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

Revenue With and Without Donor Restrictions

Contributions received are recorded as increases in net assets without donor restrictions and net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Donated Services, Space and Goods

During the year ended December 31, 2021 and 2020, many individuals volunteer their time and perform a variety of tasks that assist the organizations. In 2021 and 2020, estimated contributed services were \$434,544 and \$527,142, respectively, which were recorded as In-kind salaries. The agency has estimated it received over 33,924 volunteer hours in 2021 and 42,924 in 2020.

Donated Services, Space and Goods

For the years ended December 31, 2021 and 2020 the agency received \$0 and \$6,000 of rent without charge which was recorded as In-Kind Rent. For the years ended December 31, 2021 and 2020 the agency received \$51,717 and \$44,587 of food donations which were recorded as In-Kind Food. For the years ended December 31, 2021 and 2020 the agency received \$52,687 and \$7,540 of supplies which were recorded as In-Kind Supplies.

Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis, as well as personnel costs, professional services, office expenses, information technology, insurance, and other, which are allocated on the basis of estimates of time and effort.

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.

Notes to Financial Statements

December 31, 2021 and 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Advertising Expenses

Advertising expenses are expensed as incurred. The expenses incurred for advertising were \$9,412 and \$6,757 for 2021 and 2020, respectively.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c) (3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the code. Meals on Wheels Program and Services of Rockland, Inc. has processes presently in place to ensure the maintenance of its tax-exempt status: to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. Meals on Wheels Program and Services of Rockland, Inc has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

NOTE 3 - PROGRAMS

Homebound Program

Offers a variety of prepared and packaged home delivered meals that are delivered every weekday (including holidays) and provide meals for up to seven days a week to Rockland County residents who are homebound due to illness, advancing age or physical handicap and who are unable to shop or prepare meals for themselves. A variety of funding options are available. In 2021, the Agency delivered 178,329 meals through this program.

Rockland Senior Centers Program

Five multipurpose Senior Centers strategically located across Rockland open five days a week to residents 60 and older. The Centers offer a variety of support services including transportation, recreation, health screening, advocacy, information and referral and a hot meal. Participants contribute toward the costs of the meals. Due to the pandemic, these centers were closed in mid-March of 2020. In May 2021, the agency reopened its first senior center since they were shut down in March of 2020. In June of 2021 the second senior center was reopened. During 2021, the programs provided 7,591 days of service to seniors at the two centers. As of the date of this report, a third senior center has reopened.

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.

Notes to Financial Statements

December 31, 2021 and 2020

NOTE 3 - PROGRAMS – Continued

Other Programs

Included in other programs is the Adult Learning Center, a state of the art educational learning center which affords older adults the opportunity to learn how to use computers and communication technology. Courses run for an average of four to six weeks; meeting weekly for two hours a session. During 2020 one course was held. Due to the pandemic, this program was closed in mid-March of 2020. It remained closed in 2021. As of the date of this report, the center has reopened for one course. Also, part of other programs are contract meals with other organizations.

NOTE 4 - PROPERTY AND EQUIPMENT

Building and equipment consisted of the following at December 31, 2021 and 2020:

<u>Account</u>	<u>2021</u>	<u>2020</u>
Building	\$ 2,500,000	\$ 2,500,000
Closing Costs	58,868	58,868
Vehicles	588,077	588,077
Kitchen Equipment	368,881	270,471
Furniture and Office Equipment	218,283	218,283
Leasehold Improvements	513,758	472,070
Accumulated Depreciation	(2,481,777)	(2,272,222)
Net Building and Equipment	<u>\$ 1,766,090</u>	<u>\$ 1,835,547</u>

During 2020, Meals on Wheels received two buses through a grant from the New York State Department of Transportation. The grant has performance requirement and restrictions on disposing of the asset through December 31, 2025. New York State has reversionary interest in the event that Meals on Wheels does not meet such requirements and restrictions.

During 2018, Meals on Wheels received three buses, for a total of 6 buses, through a grant from the New York State Department of Transportation. The grant has performance requirement and restrictions on disposing of the asset through December 31, 2022. New York State has reversionary interest in the event that Meals on Wheels does not meet such requirements and restrictions.

In 2020, Meals on Wheels Programs and Services of Rockland, Inc wrote off \$383,363 of vehicles that were fully depreciated. These vehicles were sold for \$20,400.

Depreciation expense for 2021 and 2020 was \$209,555 and \$186,193 respectively.

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.

Notes to Financial Statements

December 31, 2021 and 2020

NOTE 5 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Generally accepted accounting principles provide a framework for measuring fair value. That framework establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

At December 31, 2021 and 2020, the Organization's investments consisted of publicly traded securities totaling \$0 and \$0. Investments are reported at fair value using a Level 1 measure as summarized below:

	2021	2020
Cash	\$ 250,015	\$ -
Equities	1,279,624	-
Total Investments	\$ 1,529,639	\$-

At December 31, 2021 and 2020, investment income consist of the following:

	2021	2020
Dividends Income	\$24,343	\$-
Unrealized Gain or Loss	8,174	-
Advisory Fees	(2,878)	-
Total Investment	\$29,640	\$

NOTE 6 - CONCENTRATION OF CREDIT RISK

Meals on Wheels Program and Services of Rockland Inc. maintain cash balances at five banks. The bank accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. For the year ended December 31, 2021, the Organization exceeded insurance limits balances in one bank by \$159,405. Management believes this institution is a reputable bank and does not believe there is any risk of loss. For the year ended December 31, 2020, the balances did not exceed the insured limits.

At December 31, 2021 and 2020, the Organization held \$1,529,639 and \$19, respectively in an investment account which is not insured by the FDIC.

NOTE 7 – DEFINED CONTRIBUTION PLAN

The Organization maintains a 403(b) plan for any employee employed after 30 days. Employee contributions are allowed up to IRS regulations. The Organization matches employee contributions up to 2% of their salary. This match begins once an employee has worked one year and 1,000 hours. Employees are vested immediately in employee contributions and in employer contributions after three years. During 2021 and 2020, the 403(b) contributions were \$7,100 and \$8,300, respectively. The agency also has a Section 125 Plan (medical premiums only) for employees employed after three (3) months.

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.

Notes to Financial Statements

December 31, 2021 and 2020

NOTE 8 – NOTES AND LOANS PAYABLE

Line of Credit

The Organization has a \$600,000 bank line of credit with TD Bank. Interest on any outstanding balance under this agreement is charged at the bank's prime rate and is payable monthly. The Collateral for the line of credit is the property and equipment of the Organization. Under the terms of the bank line of credit, on an annual basis, Meals On Wheels is required to pay down the line of credit to \$100,000 or less for 30 consecutive days. At December 31, 2021 and 2020, the balance outstanding on the line of credit was \$0 for both years. The organization is in compliance in both 2021 and 2020 for this covenant.

Interest expense related to this line of credit for the years then ended December 31, 2021 and 2020 was \$0 and \$320 respectively.

Mortgage Loan Payable

The Mortgage Loan for a first mortgage lien on condominium is as follows:

Lender: TD Bank

Original Amount: \$1,585,000

Terms: 20 years fully amortizing with monthly payments coming due July 30, 2032.

Interest Rate: Floating at LIBOR Plus 2.25%

Concurrent with the closing of the financing Meals on Wheels entered into an Interest swap with TD bank fixing the floating rate at 4.49% for ten years.

December 31, 2021 balance: \$1,018,894

Minimum principal payments on this loan for the next five years are as follows:

2022	\$ 716,253
2023	109,256
2024	114,185
2025	52,622
2026	26,578
	<u>\$ 1,018,894</u>

In 2020, because of the COVID-19 pandemic, the bank allowed the Organization to not make principal payments for three months. During this period, the Organization continued to pay interest. The principal payments have extended the mortgage payments for three months.

In February 2022, the organization paid down \$606,000 on the mortgage.

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.

Notes to Financial Statements

December 31, 2021 and 2020

NOTE 9 – COMMITMENTS AND CONTIGENCIES

The Organization has a one-year lease on one of their senior centers in New City, New York commencing May 2021. The monthly payment is \$1,630 and the lease expires in February 28, 2022. Due to COVID-19, only three months of rent was paid for the senior centers in 2020. Payments for the year ended December 31, 2021 and 2020 were \$10,595 and \$7,140.

The Organization also has a five-year lease for a copier, which ends in January 2023. Monthly payments on this lease are \$268.

Future minimum payments on these two leases for the next five years are as follows:

Year Ending December 31:	<u>Rent</u>	<u>Copier</u>	<u>Total</u>
2022	\$ 3,260	\$ 3,216	\$ 6,476
2023		268	268
	<u>\$ 3.260</u>	<u>\$ 3.484</u>	<u>\$ 6.744</u>

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS

Donor restricted net assets consist of funds designated for the senior centers. Each Senior Center has at least one bank account to use only for their activities. The following activity and balances are recorded in the financial statements:

January 1, 2021 balances	\$ 7,322
Senior Center Contributions	1,004
Activity Expenses	<u>(254)</u>
December 31, 2021, ending balance	<u>\$ 8,072</u>
January 1, 2020 balances	\$ 5,777
Senior Center Contributions	5,247
Activity Expenses	<u>(3,702)</u>
December 31, 2020, ending balance	<u>\$ 7,322</u>

NOTE 11 – ENDOWMENT FUNDS

The Board of Directors has established the Aaron and Thelma Sandler Endowment Fund to administer the gifts, tributes, bequests and/or other donations received by the Board and designated for the Endowment Fund. As of December 31, 2021 and 2020, \$119,816 and \$113,758 have been set aside in a separate account.

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.

Notes to Financial Statements

December 31, 2021 and 2020

NOTE 11 – ENDOWMENT FUNDS– Continued

Interpretation of Relevant Law

The Endowment fund is established to permit individuals, corporations and/or other entities the opportunity to make charitable gifts, tributes, bequests and/or other donations that will become a source of financial support. The objective of the fund is to conserve as much principal as possible and use principal and/or income from the fund as necessary. Endowment designations, other than written donor designations, can be redesignated by a majority vote of the Board of Directors.

Return Objectives and Risk Parameters

The investment objective of the endowment fund shall be to realize income without undue exposure to risk. The Organization shall hold and manage invested funds, guided by the recommendations given by the Finance Committee of the Board of Directors. These funds are under the control of the Finance Committee and are invested in active market Level 1 assets.

Spending Policy and How the Investment Objectives Related to Spending Policy

The use of principal and/or income from any Donor designated endowment funds shall be consistent with the terms of the gift, tribute, bequest and/or donation. The use of principal and/or income from any non-designated or Board designated funds may be used for any purpose(s) the Board of Directors shall designate. The Finance Committee shall make recommendations to the Executive Committee with respect to use of principal and/or income from the Endowment Funds, and, the Executive Committee, if in agreement, shall forward that recommendation to the Board of Directors for their consideration and/or vote. Any withdrawal of principal and/or income must be approved by a majority vote of the Board of Directors.

Endowment Net Asset Composition by Type of Fund as of December 31, 2021:

	<u>Beginning Balance</u>	<u>Revenues</u>	Transferred to Net Assets	<u>Ending Balance</u>
Board Designated	\$ 113,758	\$ 58	\$ 6,000	\$ 119,816
Total	<u>\$ 113,758</u>	<u>\$ 58</u>	<u>\$ 6,000</u>	<u>\$ 119,816</u>

Endowment Net Asset Composition by Type of Fund as of December 31, 2020:

	<u>Beginning Balance</u>	<u>Revenues</u>	Transferred to Net Assets	<u>Ending Balance</u>
Board Designated	\$ 80,511	\$ 247	\$ 33,000	\$ 113,758
Total	<u>\$ 80,511</u>	<u>\$ 247</u>	<u>\$ 33,000</u>	<u>\$ 113,758</u>

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.

Notes to Financial Statements

December 31, 2021 and 2020

NOTE 12 – PAYCHECK PROTECTION PROGRAM (PPP)

Paycheck Protection Program

On April 29, 2020, Meals on Wheels Programs and Services of Rockland, Inc. received loan proceeds of \$363,322 under the Paycheck Protection Program (“PPP”). The PPP which was established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”) provides for loans to qualifying businesses for amounts up to 2.5 times certain average monthly payroll expenses and other qualifying business. The Organization has been notified that the entire loan has been forgiven and the revenue is recognized in the Statement of Activities in year ended December 31, 2020.

NOTE 13 – LIQUIDITY AND FUNDS AVAILABLE

The Organization receives significant government grant revenues, contributions, and promises to give from donors, and considers contributions restricted or unrestricted for programs and services which are ongoing, major, and central to annual operations to be available to meet cash needs for general purposes. Meals on Wheels strives to maintain liquid financial assets sufficient to cover beyond 60 days of general expenditures.

The following table reflects the Organization’s financial assets as of December 31, 2021, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, or because the Board has set aside the funds for specific reserve or long-term investments as Board designated. Board designations could be drawn upon if the Board approves that action.

<u>Financial Assets:</u>	<u>2021</u>	<u>2020</u>
Cash	\$ 408,988	\$ 650,439
Cash - Endowment	119,816	113,758
Cash - Restricted	8,071	7,322
Investments	1,529,639	19
Receivables	290,099	640,922
Financial assets, available at year end	<u>2,356,613</u>	<u>1,412,460</u>
Less those unavailable for general expenditure within one year due to:		
Donor Restricted	(8,072)	(7,322)
Endowment	<u>(119,816)</u>	<u>(113,758)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 2,287,725</u>	<u>\$1,291,380</u>

The Organization regularly monitors its cashflow and liquidity needs through monthly budget and financial reporting and analysis. In the event of unanticipated liquidity needs, Meals on Wheels Program and Services of Rockland can draw upon a line of credit of \$600,000, as noted in Note 8.

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.

Notes to Financial Statements

December 31, 2021 and 2020

NOTE 14 – SUBSEQUENT EVENTS

In January 2020, a lawsuit was brought against the Organization due to a bus accident. As of the date of this report, the outcome is unable to be determined. At this time, all costs of the lawsuit is expected to be covered by insurance.

In late September 2021, Meals on Wheels Programs and Services of Rockland, Inc. entered into a contract with a non-profit organization for the sale of one of the agency's condominium units in Nanuet, New York for \$650,000. The closing date occurred in February 2022. In February 2022, the Organization paid \$606,000 toward the principal on the mortgage.

Management has evaluated subsequent events after the balance sheet date through October 10, 2022, the date the financial statements are available to be issued.