



YPSILANTI MEALS ON WHEELS

AUDITED FINANCIAL STATEMENTS

*For the Year Ended December 31, 2019
(with comparative totals for December 31, 2018)*

YPSILANTI MEALS ON WHEELS

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Independent Auditor's Report

To the Board of Directors of
Ypsilanti Meals on Wheels
Ypsilanti, Michigan

We have audited the accompanying financial statements of Ypsilanti Meals on Wheels (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2019 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 Ypsilanti Meals on Wheels as of December 31, 2019, 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.

Adjustments to Prior Period Financial Statements

The financial statements of Ypsilanti Meals on Wheels as of December 31, 2018, were audited by other auditors whose report dated July 18, 2019, expressed an unmodified opinion on those statements.

As part of our audit of the 2019 financial statements, we also audited adjustments described in Note 1 that were applied to restate the 2018 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2018 financial of Ypsilanti Meals on Wheels other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2018 financial statements as a whole.

Effect of Adopting New Accounting Standard

As disclosed in Note 1 to the financial statements, in 2018, the Organization adopted Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-For-Profit Entities*. The opinion by the other auditors was not modified with respect to this matter.

Schloupitz Madhavan, P.C.

October 13, 2020

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

ASSETS

	<u>2019</u>	<u>2018</u>
Current assets		
Cash and cash equivalents	\$ 554,948	\$ 269,612
Accounts receivables	70,826	43,833
Grant receivables	143,084	93,970
Prepaid expenses	15,903	13,548
Total current assets	<u>784,761</u>	<u>420,963</u>
Property and equipment		
Delivery vans	95,581	96,731
Delivery equipment	2,409	3,363
Furniture and equipment	33,119	9,696
Leasehold improvements	379,752	53,207
Total cost	510,861	162,997
Less, accumulated depreciation	<u>89,172</u>	<u>74,423</u>
Total property and equipment	<u>421,689</u>	<u>88,574</u>
Other assets		
Investments	668,817	571,520
Beneficial interest in assets held at Community Foundation	<u>24,530</u>	<u>20,936</u>
Total other assets	<u>693,347</u>	<u>592,456</u>
Total assets	<u><u>\$ 1,899,797</u></u>	<u><u>\$ 1,101,993</u></u>

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	\$ 2,886	\$ 36,917
Accrued payroll related liabilities	9,115	-
Accrued expenses	36,748	-
Total current liabilities	<u>48,749</u>	<u>36,917</u>
Net assets		
Without donor restrictions	1,234,470	896,615
With donor restrictions	<u>616,578</u>	<u>168,461</u>
Total net assets	<u>1,851,048</u>	<u>1,065,076</u>
Total liabilities and net assets	<u><u>\$ 1,899,797</u></u>	<u><u>\$ 1,101,993</u></u>

STATEMENTS OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2019

(with comparative totals for the year ended December 31, 2018)

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and revenue				
Program service fees	\$ 299,511	\$ -	\$ 299,511	\$ 300,338
Public contributions	242,646	-	242,646	221,481
Government agency contributions	53,120	37,470	90,590	109,238
Other grants and awards	329,733	605,614	935,347	105,574
Donated services, food, and office space	87,652	-	87,652	90,360
Special events revenue	93,676	-	93,676	108,161
Net investment income (loss)	99,766	-	99,766	(28,847)
Net investment income (loss)-Beneficial interest				
in assets held at Community Foundation	3,594	-	3,594	(1,258)
Interest income	3,596	-	3,596	790
Loss on disposal of property and equipment	(13,771)	-	(13,771)	-
Total support and revenue before releases	1,199,523	643,084	1,842,607	905,837
Net assets released from restrictions	194,967	(194,967)	-	-
Total support and revenue	1,394,490	448,117	1,842,607	905,837
Expenses				
Program services	804,280	-	804,280	699,919
Management and general	134,512	-	134,512	78,934
Fundraising	117,843	-	117,843	131,851
Total expenses	1,056,635	-	1,056,635	910,704
Changes in net assets from operating activities	337,855	448,117	785,972	(4,867)
Net assets, beginning of year	896,615	168,461	1,065,076	1,069,943
Net assets, end of year	<u>\$ 1,234,470</u>	<u>\$ 616,578</u>	<u>\$ 1,851,048</u>	<u>\$ 1,065,076</u>

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2019

(with comparative totals for the year ended December 31, 2018)

	2019				2018
	Program Services	Management and General	Fundraising	Total Functional Expenses	Total Functional Expenses
Payroll Expenses:					
Compensation	\$ 233,889	\$ 81,309	\$ 36,173	\$ 351,371	\$ 247,698
Employment taxes and benefits	38,680	13,445	5,983	58,108	33,076
Total payroll expenses	<u>\$ 272,569</u>	<u>\$ 94,754</u>	<u>\$ 42,156</u>	<u>\$ 409,479</u>	<u>\$ 280,774</u>
Other Expenses:					
Delivery supplies	\$ 3,567	\$ -	\$ -	\$ 3,567	\$ -
Depreciation / amortization	12,508	4,347	1,934	18,789	21,326
Direct mail campaign	-	-	42,729	42,729	62,574
Donated services, food, and office space	52,955	-	1,426	54,381	62,914
Event expenses	-	-	14,339	14,339	31,234
Food and packaging	319,554	-	-	319,554	323,396
Home repair services	8,892	-	-	8,892	1,835
Insurance	16,280	5,659	2,518	24,457	22,889
Miscellaneous	97	34	15	146	1,659
Office supplies	5,537	742	392	6,671	3,536
Pet supplies / food	1,289	-	-	1,289	2,907
Postage and printing	7,021	1,456	1,473	9,950	12,221
Professional fees	42,333	12,629	5,618	60,580	35,855
Program evaluation	2,295	-	-	2,295	-
Publicity and promotion	900	-	764	1,664	545
Rent	18,020	10,464	2,787	31,271	27,450
Repairs and maintenance	2,103	2,437	308	4,848	1,937
Simple IRA contributions	3,568	1,240	552	5,360	-
Staff training	7,554	-	-	7,554	1,049
Telephone	2,156	750	333	3,239	1,691
Travel	5,456	-	-	5,456	3,824
Vehicle expenses and maintenance	15,135	-	-	15,135	7,573
Volunteer services	4,491	-	499	4,990	3,515
Total functional expenses	<u>\$ 804,280</u>	<u>\$ 134,512</u>	<u>\$ 117,843</u>	<u>\$ 1,056,635</u>	<u>\$ 910,704</u>

STATEMENTS OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 785,972	\$ (4,867)
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	18,789	21,326
Loss on disposal of assets	13,771	-
Unrealized loss (gain) on investments	(80,723)	51,201
Realized gain on sale of investments	(16,023)	(3,925)
Change in beneficial interest in assets held at Community Foundation	(3,594)	1,258
Changes in operating assets and liabilities		
(Increase) decrease in		
Accounts receivables	(26,993)	(23,457)
Grants receivables	(49,114)	60,113
Prepaid expenses	(2,355)	(4,524)
Increase (decrease) in		
Accounts payable	(34,031)	11,144
Accrued payroll related liabilities	9,115	-
Accrued expenses	36,748	-
Net cash provided by operating activities	651,562	108,269
Cash flow from investing activities:		
Purchase of investments	(551)	(226,707)
Proceeds from sale of investments	-	37,327
Purchase of property and equipment	(365,675)	(2,680)
Net cash used in investing activities	(366,226)	(192,060)
Net increase (decrease) in cash and cash equivalents	285,336	(83,791)
Cash and cash equivalents at beginning of year	269,612	353,403
Cash and cash equivalents at end of year	<u>\$ 554,948</u>	<u>\$ 269,612</u>

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2019 AND 2018

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization - Ypsilanti Meals on Wheels (the "Organization"), a Michigan not-for-profit organization founded in 1974, supports Ypsilanti and surrounding township's homebound elderly, ill and disabled residents to help them live healthier, safer, and more independent lives. This is accomplished through the various programs provided by the Organization as follows:

Home-Delivered Meals - Through access to daily home-delivered meals, fresh produce, and access to the personal care pantry, the Organization moves closer to its vision: a community where every senior feels nourished, valued and supported.

CAPABLE (Community Aging in Place - Advancing Better Living for Elders) - CAPABLE is a program that offers a support team to help older adults age in place. CAPABLE's social worker, nurse, occupational therapist, handy person and other community partners work with each senior to make changes that help them live longer and more safely at home. Prior to formally establishing this program in 2019, the Organization provided minor home repair support through a home repair program which consolidated in with the CAPABLE program once established in 2019.

AniMeal & Pet Support - For many homebound people, a pet is a treasured companion and an important tool against loneliness. To help clients care for their furry friends, the Organization offers free pet food delivery through its AniMeal & Pet Support program.

The Organization receives the majority of its support and revenue from programs service fees, contributions, and contracts and grants from local governmental agencies and foundations.

Basis of Presentation - The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") to focus on the Organization as a whole and to present transactions according to the existence or absence of donor-imposed restrictions.

Net assets, revenues, support, expenses and gains or losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) 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, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenues and support are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. 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 restricted by the donor or law. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019 AND 2018

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Basis of Presentation (Continued)

Contributions, including unconditional promises to give, are recognized as support in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as support in the net assets without donor restrictions class.

The Organization's operating revenue in excess of operating expense includes all operating revenues and expenses that are an integral part of its programs and supporting activities and the assets released from donor restrictions to support operating expenditures. The measure of operations excludes net investment income and change in value in the beneficial interest in assets held at Community Foundation.

Cash and Cash Equivalents – The Organization considers all highly liquid investments purchased with original maturity of three months or less to be cash equivalents. The Organization maintains cash balances that at times throughout the year, may exceed federally insured limits. Management does not believe that Organization is exposed to any significant credit or other risk from such uninsured balances.

Accounts Receivable – Accounts receivable are recorded at the amount the Organization expects to collect from outstanding balances. Management of the Organization records an estimate for uncollectible accounts and writes off balances deemed uncollectible. The allowance for doubtful accounts was \$-0- at December 31, 2019 and 2018.

Grants Receivables – Grants receivables are stated at the amount management expects to collect from outstanding balances. The Organization provides for probable uncollectible amounts through an expense in the statement of activities and a credit to a valuation allowance based on management's assessment of the current status of individual accounts. Balances that are still outstanding after the Organization has attempted reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable receivable account. No allowance for uncollectible receivables has been recognized as of December 31, 2019 and 2018, as receivables are due within one year and are deemed to be fully collectible.

Property and Equipment – Purchased property and equipment with a useful life in excess of one year is capitalized at cost. Major improvements are capitalized while ordinary maintenance and repairs are expensed. Donations of property and equipment are capitalized at their estimated fair value at the date contributed. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment is depreciated using the straight-line method over the estimated useful lives.

Investments – Investments in marketable securities with readily determinable fair values are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the changes in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Long-term investments includes the Organization's beneficial interest in assets held at Community Foundation. See Note 3 for discussion of fair value measurements. See Note 4 for Beneficial Interests in Assets Held by Community Foundation.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019 AND 2018

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Contributed Services – The Organization records the fair value of contributed services in the financial statements if the services either (a) create or enhance a non-financial asset or (b) require specialized skills, are provided by persons possessing those skills and would need to be purchased if they were not donated. For the year ended December 31, 2019 and 2018, the Organization received and recognized as support specialized services totaling \$-0- and \$4,407, respectively.

Functional Expense – The Organization accumulates and reports its expenses by function as for program services, management and general activities, or fundraising purposes. Program services are activities that fulfill the purposes or mission of the Organization. Management and general activities include governance recordkeeping, budgeting and administration other than for direct conduct of program services.

Fundraising and Cost Allocations – The Organization solicits funds for ongoing operations from a local foundation, community groups, and individuals. Such activities, however, do not include significant joint costs that qualify for allocation among the program services. Fundraising expenses are based on actual amounts paid and percentage of time allocated

The financial statements also report certain categories of expenses that are attributable to more than one program or supporting services. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort. Depreciation, rent, insurance and telephone expenses are allocated between the programs and supporting services based on estimates such as salary allocations as determined by management..

Income Taxes – The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is exempt from similar state and local taxes. Although the Organization was granted an income tax exemption by the Internal Revenue Service, such exemption does not apply to “unrelated business taxable income.” Such income, pursuant to the Internal Revenue Code and related regulations, includes investment income such as interest received from sources other than directly from contributors. The Organization is not a private foundation. There were no temporary timing differences at December 31, 2019 and as such no deferred taxes have been recorded.

The Organization analyzes its income tax filing positions in the federal and state jurisdictions where it is required to file income tax returns, for all open tax years in these jurisdictions, to identify any potential uncertain tax positions. The Organization treats interest and penalties attributed to income taxes, and reflects any changes for such, to the extent that they arise, as a component of its management and general expense.

The Organization concluded that there are no significant uncertain tax positions requiring recognition in the financial statements. The Organization does not expect the total amount of unrecognized tax benefits (“UTB”) (e.g. tax deductions, exclusions, or credits claimed or expected to be claimed) to significantly change in the next twelve months. The Organization does not have any amounts accrued for interest and penalties related to UTBs at December 31, 2019, and it is not aware of any claims for such amounts by federal or state income tax authorities.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 and the reported amounts of revenues and expenses during the reported periods. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019 AND 2018

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Recent Accounting Guidance – In 2018, the Organization adopted the Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2016-14, “*Presentation of Financial Statements of Not-For-Profit Entities*”. ASU 2016-14 addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment income. The Organization has adjusted the presentation of these financial statements accordingly.

The new standard changes the following aspects of the financial statements: (1) The unrestricted net assets class has been renamed net assets without donor restrictions; (2) The temporarily restricted and permanently restricted net asset classes have been combined and renamed net assets with donor restrictions; (3) The financial statements includes a disclosure about liquidity and availability of resources at December 31, 2019. See Note 10 for liquidity and availability disclosure.

Reclassifications and prior period adjustment – Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

In addition, there was an understatement of previously reported donated services, foods and office space for previously unrecorded donated food and service. Donated services, foods and office space was also understated in 2018 from the above unrecorded entry. Accordingly, a prior period adjustment of \$57,378 was recorded to adjust for the donated items received during 2018. The effect of the restatement on the 2018 amounts reported in the accompanying financial statements included an increase in total donated services, food, and office space of \$57,378 and an increase in related expenses of \$57,378. This resulted in no effect in the changes in net assets from operating activities for the year ended December 31, 2018.

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following for the years ended December 31:

	2019	2018	Depreciable Life - Years
Delivery vans	\$ 95,581	\$ 96,731	3-7
Delivery equipment	2,409	3,363	3-7
Furniture and equipment	33,119	9,696	5-7
Leasehold improvements	379,752	53,207	10-39
	510,861	162,997	
Accumulated depreciation	89,172	74,423	
	<u>\$ 421,689</u>	<u>\$ 88,574</u>	

Depreciation expense for the years ended December 31, 2019 and 2018 was \$18,789 and \$21,326, respectively.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019 AND 2018**NOTE 3 – FAIR VALUE MEASUREMENTS**

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. Level 2 inputs consist of observable inputs other than quoted prices for identical assets. Level 3 inputs are unobservable and have the lowest priority.

The asset or liability'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 following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis. The description includes an indication of the level of the fair value hierarchy in which the assets are classified. There have been no changes in the methodologies used at December 31, 2019 and 2018.

Mutual Funds: Shares held in mutual funds are valued at quoted market prices that represent the Net Asset Value ("NAV") of shares held by the Organization at year end and are classified as Level 1. The NAV is based on the value of the underlying assets owned by the fund, less its liabilities, then divided by the number of shares outstanding. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price and, therefore, are deemed to be actively traded.

Exchange Traded Funds ("ETF") – The value of units held in exchange traded funds is calculated based on NAV of the underlying securities bought and sold on a securities exchange and are classified as Level 1. The NAV is based on the value of the underlying assets owned by the fund, less its expenses, then divided by the number of shares outstanding. ETF share prices fluctuate all day as the ETF is bought and sold.

Beneficial interest in assets held at Community Foundation - The value of units held by the Organization are calculated based on NAV of the underlying investment. The NAV is used as a practical expedient to estimate fair value. The NAV is based on the value of the underlying assets owned by the fund, less expenses, then divided by the number of shares outstanding. The unit prices will adjust based on market value fluctuations associated with the underlying investments and expenses of the fund. In accordance with Subtopic 820-10, certain investments that were measured at NAV per share (or its equivalent) are not required to be classified in the fair value hierarchy and therefore, such amounts are omitted from the table below. See Note 4 for further information on the Organization's beneficial interest in assets held at Community Foundation.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019 AND 2018

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

Assets Recorded at Fair Value on a Recurring Basis

The following tables present the recorded amount of assets measured at fair value on a recurring basis at December 31:

<u>2019</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Mutual funds	\$ 311,200	\$ -	\$ -	\$ 311,200
Exchange traded funds	<u>357,618</u>	<u>-</u>	<u>-</u>	<u>357,618</u>
Investments at fair value	<u>\$ 668,818</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 668,818</u>
<u>2018</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Mutual funds	\$ 262,267	\$ -	\$ -	\$ 262,267
Exchange traded funds	<u>309,253</u>	<u>-</u>	<u>-</u>	<u>309,253</u>
Investments at fair value	<u>\$ 571,520</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 571,520</u>

NOTE 4 – BENEFICIAL INTEREST IN ASSETS HELD AT COMMUNITY FOUNDATION

The Ypsilanti Meals on Wheels Endowment Fund was established in 2002 at the Ypsilanti Area Community Fund (the "Foundation"). This designated fund was established to generate investment income for use by the Organization in perpetuity to support the Organization's mission of providing nutritional meals to the homebound elderly, disabled, and chronically or acutely ill. The Organization's Board of Directors designated \$10,000 of net assets without donor restrictions for this endowment at the time the fund was established. In connection with the established endowment fund, the Organization received a \$10,000 matching contribution from the Foundation.

The Organization was named the beneficiary to the Ypsilanti Meals on Wheels Endowment Fund that was established with the Foundation. Assets transferred to the endowment fund by the Organization are net assets of the Organization, while donations to the fund by others are net assets of the Foundation in accordance with GAAP even though the gift instrument grants variance power to the Foundation. Variance power is defined as the unilateral power to redirect the use of any gifts or assets to another beneficiary. Income distributions are determined by the Foundation based upon a formula using the fair value of the assets under management and are reflected as endowment activity revenue by the beneficiary organization. As of December 31, 2019 and 2018, the Ypsilanti Meals on Wheels Endowment Fund was \$24,530 and \$20,936, respectively. For the years ended December 31, 2019 and 2018, the Organization recorded a net investment gain (loss) from the beneficial interest in assets held at Community Foundation of \$3,594 and \$1,258, respectively.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019 AND 2018

NOTE 4 - BENEFICIAL INTEREST IN ASSETS HELD AT COMMUNITY FOUNDATION (continued)

The composition of beneficial interest in assets held at Community Foundation and the changes in beneficial interest in asset held at Community Foundation as of December 31, 2019 and 2018 is as follows:

	Net Assets Without Donor Restrictions
Balance as of December 31, 2017	\$ 22,194
Administrative expenses	(172)
Net investment loss	(1,086)
Balance as of December 31, 2018	<u>\$ 20,936</u>
Administrative expenses	(199)
Net investment income	3,793
Balance as of December 31, 2019	<u>\$ 24,530</u>

NOTE 5 - DESCRIPTION OF LEASING ARRANGEMENT

The Organization leased approximately 1,525 square feet of office space from an unrelated party in 2018 and through October 31, 2019. During 2019, the Organization entered into an agreement with the same unrelated party to buildout 2,200 square feet of new office space in a different location of the existing building. The construction of the buildout was completed in 2019 and the Organization began occupying the newly renovated leased space on November 1, 2019. In addition to the office space the Organization continued to lease 600 square feet for their Client Care pantry. The leased space was provided to the Organization as an in-kind contribution during 2019 and 2018. Total in-kind contributions of facility leased space totaling \$31,271 and \$27,450, respectively which is included in rent expense in the accompanying statement of functional expenses. Effective January 1, 2020, the Organization began leasing the newly remodeled office and the pantry space for \$9,000 per year under a three year renewable lease agreement.

NOTE 6 - NET ASSETS - WITH DONOR RESTRICTIONS

The Organization had assets subject to donor restrictions as listed below, for the year ended December 31:

	<u>2019</u>	<u>2018</u>
Subject to expenditures for specific purpose:		
Program activities:		
Home-Delivered Meals	\$ 93,338	\$ 102,434
CAPABLE/Home Repair	10,849	23,961
AniMeal & Pet Support	3,307	4,596
	<u>107,494</u>	<u>130,991</u>
Subject to passage of time:		
For periods after December 31	<u>509,084</u>	<u>37,470</u>
Total net assets with donor restrictions	<u>\$ 616,578</u>	<u>\$ 168,461</u>

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019 AND 2018

NOTE 7 – NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by donors is as follows for the year ended December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Purpose restrictions accomplished:		
Program activities:		
Home-Delivered Meals	\$ 2,673	\$ 46,800
CAPABLE/Home Repair	19,535	13,723
AniMeal & Pet Support	<u>1,289</u>	<u>2,907</u>
	23,497	63,430
Time restrictions expired		
Passage of specified time	<u>171,470</u>	<u>108,701</u>
Total net assets with donor restriction	<u>\$ 194,967</u>	<u>\$ 172,131</u>

NOTE 8 – SIMPLE IRA RETIREMENT PLAN

Effective June 1, 2019, the Organization began sponsoring a Simple IRA retirement plan covering qualified employees, as defined in the plan document. The Organization matches the employee's contribution up to a maximum of three percent of the eligible employee's compensation. The Organization contributed approximately \$5,360 in matching Simple IRA contributions for the year ended December 31, 2019.

NOTE 9 – CONCENTRATIONS

Total revenues and support of \$344,570 and \$355,094 were received from Washtenaw County and the Washtenaw County Coordinated Funders which represented 19% and 39% of total revenues and support for the years ended December 31, 2019 and 2018, respectively.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019 AND 2018

NOTE 10 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Financial assets	
Cash and cash equivalents	\$ 554,948
Receivables (including grant receivables)	<u>213,910</u>
Total financial assets held by the Organization	768,858
Less amounts with limits on usage	
Spendable net assets with donor purpose restrictions	<u>616,578</u>
Total financial assets available for general use within one year	<u>\$ 152,280</u>

NOTE 11 – SUBSEQUENT EVENTS

In preparing the accompanying financial statements, the Company has evaluated for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to December 31, 2020, the most recent balance sheet presented herein, through October 13, 2020, the date the accompanying financial statements were available to be issued.

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, as of March 23, 2020, Michigan Governor Gretchen Whitmer ordered the closure of the physical location of every “non-life sustaining” or “non-essential” business for what may be an extended period of time. There has been no immediate financial impact to the Organization operations due the nature of the services provided. The Organization however, for increased safety measures for its volunteers, staff and meal recipients, they decreased the number of delivery days and has changed the Organization’s policy for number of meals delivered at a time to provide meals on the off delivery days. While the number of delivery days were decreased, the Organization experienced an increase in the number of meals needed by new recipients because of a decrease in income due to job losses. Future potential impacts may include further restrictions on the volunteers or staff. Furthermore, the Organization’s ability to obtain contributions from sources outside of current contracts and agreements may decrease if disposable income from its donors decrease. The future effects of these issues are unknown.

COVID-19 has led to increased short-term market volatility and may have adverse long-term effects on U.S. and world economies and markets in general. COVID-19 may adversely impact the fair value of the Organization’s investments. Because of the uncertainties on valuation or investments, the global economy and business operations, values reflected in the Organization’s investments may materially differ from the value received upon actual sales of those investments.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019 AND 2018

NOTE 11 – SUBSEQUENT EVENTS (continued)

Subsequent to year end, the Organization applied for and was approved a \$89,054 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrues interest at 1%, but payments are not required to begin for up to ten months after the end of the Organization's loan forgiveness covered period. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal government.