



YPSILANTI MEALS ON WHEELS

AUDITED FINANCIAL STATEMENTS

*For the Year Ended December 31, 2020
(with comparative totals for December 31, 2019)*

YPSILANTI MEALS ON WHEELS

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FINANCIAL STATEMENTS

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Independent Auditor's Report

To Management and 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, 2020 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, 2020, 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 2019 financial statement for Ypsilanti Meals on Wheels, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 13, 2020. In our opinion, except for the prior period adjustments described in Note 11, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived. Accordingly, our opinion is not modified with respect to the financial statements now presented.

Schlaupitz Madhavan, P.C.

September 10, 2021

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	ASSETS	
	2020	2019
Current assets		
Cash and cash equivalents	\$ 885,761	\$ 554,948
Accounts receivables	52,297	70,826
Grant receivables	153,252	143,084
Prepaid expenses	28,789	15,903
Total current assets	<u>1,120,099</u>	<u>784,761</u>
Property and equipment		
Delivery vans	159,338	95,581
Delivery equipment	2,409	2,409
Furniture and equipment	33,119	33,119
Leasehold improvements	379,752	379,752
Total cost	574,618	510,861
Less, accumulated depreciation	<u>102,357</u>	<u>89,172</u>
Total property and equipment	<u>472,261</u>	<u>421,689</u>
Other assets		
Investments	744,717	668,817
Beneficial interest in assets held at Community Foundation	<u>27,543</u>	<u>24,530</u>
Total other assets	<u>772,260</u>	<u>693,347</u>
Total assets	<u><u>\$ 2,364,620</u></u>	<u><u>\$ 1,899,797</u></u>

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	\$ 70,168	\$ 2,886
Accrued payroll related liabilities	-	9,115
Accrued expenses	11,420	36,748
Deferred revenue	292,051	471,614
Total current liabilities	<u>373,639</u>	<u>520,363</u>
Net assets		
Without donor restrictions	1,830,469	1,234,470
With donor restrictions	<u>160,512</u>	<u>144,964</u>
Total net assets	<u>1,990,981</u>	<u>1,379,434</u>
Total liabilities and net assets	<u><u>\$ 2,364,620</u></u>	<u><u>\$ 1,899,797</u></u>

See independent auditor's report and notes to financial statements.

STATEMENTS OF ACTIVITIES
 YEAR ENDED DECEMBER 31, 2020
 (with comparative totals for the year ended December 31, 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and revenue				
Program service fees	\$ 274,561	\$ -	\$ 274,561	\$ 299,511
Public contributions	550,268	-	550,268	241,884
Government agency contributions	69,320	52,185	121,505	91,352
Other grants and awards	735,440	10,411	745,851	463,733
Donated services, food, office space and property and equipment	198,506	-	198,506	87,652
Special events revenue	49,685	-	49,685	93,676
Net investment income	73,542	-	73,542	99,766
Net investment income - Beneficial interest in assets held at Community Foundation	3,013	-	3,013	3,594
Interest income	623	-	623	3,596
Gain (Loss) on disposal of property and equipment	8,000	-	8,000	(13,771)
Total support and revenue before releases	1,962,958	62,596	2,025,554	1,370,993
Net assets released from restrictions	47,048	(47,048)	-	-
Total support and revenue	2,010,006	15,548	2,025,554	1,370,993
Expenses				
Program services	1,199,551	-	1,199,551	804,280
Management and general	93,317	-	93,317	134,512
Fundraising	121,139	-	121,139	117,843
Total expenses	1,414,007	-	1,414,007	1,056,635
Changes in net assets from operating activities	595,999	15,548	611,547	314,358
Net assets, beginning of year, as previously reported	1,234,470	616,578	1,851,048	1,065,076
Prior period adjustment	-	(471,614)	(471,614)	-
Net assets, beginning of year, as restated	1,234,470	144,964	1,379,434	1,065,076
Net assets, end of year	<u>\$ 1,830,469</u>	<u>\$ 160,512</u>	<u>\$ 1,990,981</u>	<u>\$ 1,379,434</u>

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2020

(with comparative totals for the year ended December 31, 2019)

	2020				2019
	Program Services	Management and General	Fundraising	Total Functional Expenses	Total Functional Expenses
Payroll Expenses:					
Compensation	\$ 393,066	\$ 51,269	\$ 36,249	\$ 480,584	\$ 351,371
Employment taxes and benefits	59,786	7,798	5,513	73,097	58,108
Total payroll expenses	<u>\$ 452,852</u>	<u>\$ 59,067</u>	<u>\$ 41,762</u>	<u>\$ 553,681</u>	<u>\$ 409,479</u>
Other Expenses:					
Bad debt expense	\$ 2,640	\$ -	\$ -	\$ 2,640	\$ -
Delivery supplies	-	-	-	-	3,567
Depreciation / amortization	27,437	1,664	1,331	30,432	18,789
Direct mail campaign	-	-	48,065	48,065	42,729
Donated services and food	128,456	-	-	128,456	54,381
Event expenses	-	-	14,901	14,901	14,339
Food and packaging	403,131	-	-	403,131	319,554
Home repair services	23,577	-	-	23,577	8,892
Insurance	20,064	2,617	1,850	24,531	24,457
Miscellaneous	1,401	183	129	1,713	146
Office supplies	833	109	77	1,019	6,671
Pantry Supplies	5,998	-	-	5,998	-
Pet supplies / food	539	-	-	539	1,289
Postage and printing	515	583	1,582	2,680	9,950
Professional fees	52,902	3,869	4,145	60,916	60,580
Program evaluation	-	-	-	-	2,295
Publicity and promotion	1,927	-	1,577	3,504	1,664
Rent (includes donated space)	45,147	5,889	4,164	55,200	31,271
Repairs and maintenance	-	17,564	-	17,564	4,848
Simple IRA contributions	9,863	1,287	910	12,060	5,360
Staff training	5,051	-	-	5,051	7,554
Telephone	3,715	485	343	4,543	3,239
Travel	1,566	-	-	1,566	5,456
Vehicle expenses and maintenance	9,207	-	-	9,207	15,135
Volunteer services	2,730	-	303	3,033	4,990
Total functional expenses	<u>\$ 1,199,551</u>	<u>\$ 93,317</u>	<u>\$ 121,139</u>	<u>\$ 1,414,007</u>	<u>\$ 1,056,635</u>

See independent auditor's report and notes to financial statements.

STATEMENTS OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 611,547	\$ 314,358
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	30,432	18,789
Bad debt expense	2,640	-
(Gain) Loss on disposal of assets	(8,000)	13,771
Unrealized loss (gain) on investments	(64,626)	(80,723)
Realized gain on sale of investments	(11,274)	(16,023)
Noncash contribution for delivery van	(23,850)	-
Change in beneficial interest in assets held at Community Foundation	(3,013)	(3,594)
Changes in operating assets and liabilities		
(Increase) decrease in		
Accounts receivables	15,889	(26,993)
Grants receivables	(10,168)	(49,114)
Prepaid expenses	(12,886)	(2,355)
Increase (decrease) in		
Accounts payable	67,282	(34,031)
Accrued payroll related liabilities	(9,115)	9,115
Accrued expenses	(25,328)	36,748
Deferred revenue	(179,563)	471,614
Net cash provided by operating activities	379,967	651,562
Cash flow from investing activities:		
Purchase of investments	-	(551)
Purchase of property and equipment	(49,154)	(365,675)
Net cash used in investing activities	(49,154)	(366,226)
Net increase in cash and cash equivalents	330,813	285,336
Cash and cash equivalents at beginning of year	554,948	269,612
Cash and cash equivalents at end of year	\$ 885,761	\$ 554,948

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020 AND 2019

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, 2020 AND 2019**NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**
(Continued)**Basis of Presentation (Continued)**

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.

Contributions - Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a 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 reported in the statements of activities as net assets released from restrictions.

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. Conditional gifts received prior to the satisfaction of conditions are recorded as deferred revenue. Consequently, at December 31, 2020 and 2019, contributions approximating \$286,640 and \$471,614, respectively, have not been recognized in the accompanying statements of activities because the condition on which they depend has not yet been met. These conditional contributions depend on the funds granted being used solely for the stated purpose and in accordance with the proposed budget.

In-Kind Donations and Contributed Services – The Organization reports in-kind donations and contributed services as support revenue at fair value without donor restrictions. Such amounts include food, office space, property and equipment or contributed services.

The Organization reported donated food or pantry items as in-kind support revenue based on an estimated number of pounds and the estimated wholesale value of one pound of donated product or estimated fair value of the items donated. Total in-kind donations for food and other pantry items for the years ending December 31, 2020 and 2019 was \$70,847 and \$56,381, respectively.

The donated value of leased office space is reported at estimated fair value of the leased space using an average price per square foot for commercial property in the local area of the leased property. See Note 5 for description of the leasing arrangement.

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, 2020 and 2019, the Organization received and recognized as support specialized services totaling \$57,609 and \$-0-, respectively.

Contributed property and equipment is recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions. During the year ended December 31, 2020, the fair value of donated property and equipment was \$23,850 and was included in the statement of financial position as an increase in delivery vans. There were no such donations made during 2019.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020 AND 2019

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

(Continued)

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, 2020 and 2019.

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 grant receivables has been recognized as of December 31, 2020 and 2019, 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 include 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.

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.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020 AND 2019

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

(Continued)

Fundraising and Cost Allocations (continued) - 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, 2020 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, 2020, 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.

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2020	2019	Depreciable Life - Years
Delivery vans	\$ 159,338	\$ 95,581	3-7
Delivery equipment	2,409	2,409	3-7
Furniture and equipment	33,119	33,119	5-7
Leasehold improvements	379,752	379,752	10-39
	574,618	510,861	
Accumulated depreciation	102,357	89,172	
	<u>\$ 472,261</u>	<u>\$ 421,689</u>	

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020 AND 2019

NOTE 2 – PROPERTY AND EQUIPMENT (Continued)

Depreciation expense for the years ended December 31, 2020 and 2019 was \$30,432 and \$18,789, respectively.

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, 2020 and 2019.

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, 2020 AND 2019

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>2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Mutual funds	\$ 353,893	\$ -	\$ -	\$ 353,893
Exchange traded funds	<u>390,824</u>	<u>-</u>	<u>-</u>	<u>390,824</u>
Investments at fair value	<u>\$ 744,717</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 744,717</u>
<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>

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.

NOTE 4 – BENEFICIAL INTEREST IN ASSETS HELD AT COMMUNITY FOUNDATION (Continued)

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, 2020 and 2019, the Ypsilanti Meals on Wheels Endowment Fund was \$27,543 and \$24,530 respectively. For the years ended December 31, 2020 and 2019, the Organization recorded a net investment gain (loss) from the beneficial interest in assets held at Community Foundation of \$3,013 and \$3,594, respectively.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020 AND 2019

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, 2020 and 2019 is as follows:

	Net Assets Without Donor Restrictions
Balance as of December 31, 2018	\$ 20,936
Administrative expenses	(199)
Net investment loss	3,793
Balance as of December 31, 2019	<u>\$ 24,530</u>
Administrative expenses	(209)
Net investment income	3,222
Balance as of December 31, 2020	<u>\$ 27,543</u>

NOTE 5 – DESCRIPTION OF LEASING ARRANGEMENT

The Organization leased approximately 1,525 square feet of office space from an unrelated party in 2019 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 Organization began occupying the newly renovated leased space on November 1, 2019 after the construction buildout was completed. In addition to the office space, the Organization leased an additional 600 square feet for their Client Care pantry during 2019 and 2020. The leased space was provided to the Organization as an in-kind contribution during 2019. 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. Total rent expense for the facility leased space totaled \$55,200 and \$31,271, respectively which is included in rent expense in the accompanying statement of functional expenses. For the year ended December 31, 2020 and 2019, the donated fair value of the leased space was \$46,200 and \$31,271, respectively.

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>2020</u>	<u>2019</u>
Subject to expenditures for specific purpose:		
Program activities:		
Home-Delivered Meals	\$ 84,298	\$ 93,338
CAPABLE/Home Repair	10,849	10,849
AniMeal & Pet Support	7,769	3,307
	<u>102,916</u>	<u>107,494</u>
Subject to passage of time:		
For periods after December 31	<u>57,596</u>	<u>37,470</u>
Total net assets with donor restrictions	<u>\$ 160,512</u>	<u>\$ 144,964</u>

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020 AND 2019

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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Purpose restrictions accomplished:		
Program activities:		
Home-Delivered Meals	\$ 9,039	\$ 2,673
CAPABLE/Home Repair	-	19,535
AniMeal & Pet Support	539	1,289
	<u>9,578</u>	<u>23,497</u>
Time restrictions expired		
Passage of specified time	<u>37,470</u>	<u>171,470</u>
Total net assets with donor restriction	<u>\$ 47,048</u>	<u>\$ 194,967</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. During the years ended December 31, 2020 and 2019, the Organization contributed approximately \$12,060 and \$5,360, respectively in matching Simple IRA contributions.

NOTE 9 – CONCENTRATIONS

Total revenues and support of \$353,567 and \$344,570 were received from Washtenaw County and the Washtenaw County Coordinated Funders which represented 17% and 25% of total revenues and support for the years ended December 31, 2020 and 2019, respectively.

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	\$ 885,761
Receivables (including grant receivables)	<u>227,054</u>
Total financial assets held by the Organization	1,112,815
Less amounts with limits on usage	
Spendable net assets with donor purpose restrictions	<u>155,101</u>
Total financial assets available for general use within one year	<u>\$ 957,714</u>

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020 AND 2019

NOTE 11 – RECLASSIFICATION AND PRIOR PERIOD ADJUSTMENTS

Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2018-08, “*Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*” was effective for resource recipients for annual periods beginning after December 15, 2018. Under this clarified guidance’s, conditional contributions must include both a right of return to the asset provider and one or more barriers the need to be overcome before the Organization is entitled to the assets transferred. Based on this guidance, funding received would be recorded as deferred revenue until the conditions have been substantially met.

In connection with the guidance under ASU 2018-08, certain amounts as previously reported in the financial statements for 2019 has been adjusted for a grant in which all barriers had not been met as of December 31, 2019. The effect of the restatement on the 2019 amounts reported in the accompanying financial statements included an increase in deferred revenue of \$471,614 and a decrease in restricted grants and awards of \$471,614. The effect of this adjustment resulted in a decrease in net assets with donor restrictions of \$471,614 at December 31, 2019.

Certain other amounts in the 2019 financial statement have been reclassified to conform with the presentation in the current year financial statements.

NOTE 12 – 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 September 10, 2021, the date the accompanying financial statements were available to be issued.

On March 11, 2020, the World Health Organization characterized COVID-19 as a global pandemic instilling fear and anxiety in many people. The COVID-19 pandemic had spread faster than foreseen, and can affect anyone of us, and the impact is unprecedented.

The world economy and peoples’ lifestyles may have been extremely disrupted. While several have been directly affected by COVID-19, there has been no immediate financial impact to the Organization operations due the nature of the services provided. While the Organization’s ability to obtain contributions from certain sources may decrease if disposable income from its existing donors decrease, in times such as this, the Organization expects to receive support from other individuals and businesses as well that have the ability to provide financial or other in-kind support to the Organization. The financial or in-kind support may be directly for COVID-19 efforts or other programs supported by the Organization. The extent of the impact of COVID-19 on the financial performance of the Organization will continue to depend on certain developments, including the duration and spread of the outbreak which is uncertain and cannot be predicted.