



YPSILANTI MEALS ON WHEELS

AUDITED FINANCIAL STATEMENTS

*For the Year Ended December 31, 2021
(with comparative totals for December 31, 2020)*

Draft

YPSILANTI MEALS ON WHEELS

INDEPENDENT AUDITORS' REPORT 1

FINANCIAL STATEMENTS

Statements of Financial Position 3

Statement of Activities 4

Statement of Functional Expenses 5

Statements of Cash Flows 6

Notes to Financial Statements 7

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

| | ASSETS | |
|--|-----------------------------------|----------------------------|
| | <u>2021</u> | <u>2020</u> |
| Current assets | | |
| Cash and cash equivalents | \$ 1,512,841 | \$ 885,761 |
| Accounts receivable | 45,046 | 52,297 |
| Grant receivables | - | 153,252 |
| Prepaid expenses | <u>21,687</u> | <u>28,789</u> |
| Total current assets | <u>1,579,574</u> | <u>1,120,099</u> |
| Property and equipment | | |
| Delivery vans | 159,338 | 159,338 |
| Delivery equipment | 4,578 | 2,409 |
| Furniture and equipment | 63,305 | 33,119 |
| Leasehold improvements | <u>380,902</u> | <u>379,752</u> |
| Total cost | 608,123 | 574,618 |
| Less, accumulated depreciation | <u>142,479</u> | <u>102,357</u> |
| Total property and equipment | <u>465,644</u> | <u>472,261</u> |
| Other assets | | |
| Investments | 916,680 | 744,717 |
| Beneficial interest in assets held at Community Foundation | <u>32,956</u> | <u>27,543</u> |
| Total other assets | <u>949,636</u> | <u>772,260</u> |
| Total assets | <u>\$ 2,994,854</u> | <u>\$ 2,364,620</u> |
| | LIABILITIES AND NET ASSETS | |
| Current liabilities | | |
| Accounts payable | \$ 78,813 | \$ 70,168 |
| Accrued expenses | 32,336 | 11,420 |
| Deferred revenue | <u>542,379</u> | <u>292,051</u> |
| Total current liabilities | <u>653,528</u> | <u>373,639</u> |
| Net assets | | |
| Without donor restrictions | 2,321,139 | 1,830,469 |
| With donor restrictions | <u>20,187</u> | <u>160,512</u> |
| Total net assets | <u>2,341,326</u> | <u>1,990,981</u> |
| Total liabilities and net assets | <u>\$ 2,994,854</u> | <u>\$ 2,364,620</u> |

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

STATEMENT OF ACTIVITIES
 YEAR ENDED DECEMBER 31, 2021
 (with comparative totals for the year ended December 31, 2020)

| | 2021 | | | 2020 |
|---|-------------------------------|----------------------------|---------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Total |
| Support and revenue | | | | |
| Program service fees | \$ 345,016 | \$ - | \$ 345,016 | \$ 274,561 |
| Public contributions | 673,585 | - | 673,585 | 550,268 |
| Government agency contributions | 15,650 | - | 15,650 | 121,505 |
| Other grants and awards | 534,414 | 13,540 | 547,954 | 745,851 |
| Donated services, food, office space and property and equipment | 186,072 | - | 186,072 | 198,506 |
| Special events revenue | 89,391 | - | 89,391 | 49,685 |
| Net investment income | 84,993 | - | 84,993 | 73,542 |
| Net investment income - Beneficial interest in assets held at Community Foundation | 5,413 | - | 5,413 | 3,013 |
| Interest income | 770 | - | 770 | 623 |
| Miscellaneous income | 1,159 | - | 1,159 | - |
| Gain on disposal of property and equipment | - | - | - | 8,000 |
| Total support and revenue before releases | <u>1,936,463</u> | <u>13,540</u> | <u>1,950,003</u> | <u>2,025,554</u> |
| Net assets released from restrictions | <u>153,865</u> | <u>(153,865)</u> | <u>-</u> | <u>-</u> |
| Total support and revenue | <u>2,090,328</u> | <u>(140,325)</u> | <u>1,950,003</u> | <u>2,025,554</u> |
| Expenses | | | | |
| Program services | 1,311,871 | - | 1,311,871 | 1,199,551 |
| Management and general | 138,233 | - | 138,233 | 93,317 |
| Fundraising | 149,554 | - | 149,554 | 121,139 |
| Total expenses | <u>1,599,658</u> | <u>-</u> | <u>1,599,658</u> | <u>1,414,007</u> |
| Changes in net assets from operating activities | 490,670 | (140,325) | 350,345 | 611,547 |
| Net assets, beginning of year | <u>1,830,469</u> | <u>160,512</u> | <u>1,990,981</u> | <u>1,379,434</u> |
| Net assets, end of year | <u>\$ 2,321,139</u> | <u>\$ 20,187</u> | <u>\$ 2,341,326</u> | <u>\$ 1,990,981</u> |

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021

(with comparative totals for the year ended December 31, 2020)

| | 2021 | | | 2020 | |
|--------------------------------|---------------------|------------------------|-------------------|---------------------------|---------------------------|
| | Program Services | Management and General | Fundraising | Total Functional Expenses | Total Functional Expenses |
| Payroll Expenses: | | | | | |
| Compensation | \$ 440,602 | \$ 82,890 | \$ 42,500 | \$ 565,992 | \$ 480,584 |
| Employment taxes and benefits | 69,065 | 12,993 | 6,662 | 88,720 | 73,097 |
| Total payroll expenses | <u>\$ 509,667</u> | <u>\$ 95,883</u> | <u>\$ 49,162</u> | <u>\$ 654,712</u> | <u>\$ 553,681</u> |
| Other Expenses: | | | | | |
| Bad debt expense | \$ 3,315 | \$ - | \$ - | \$ 3,315 | \$ 2,640 |
| Depreciation / amortization | 39,249 | 1,981 | 990 | 42,220 | 30,432 |
| Direct mail campaign | - | - | 46,184 | 46,184 | 48,065 |
| Subscriptions and publications | - | - | - | - | 48,065 |
| Donated services and food | 134,811 | - | 5,061 | 139,872 | 128,456 |
| Event expenses | - | - | 29,360 | 29,360 | 14,901 |
| Food and packaging | 391,011 | - | - | 391,011 | 403,131 |
| Home repair services | 6,076 | - | - | 6,076 | 23,577 |
| Insurance | 22,861 | 4,300 | 2,205 | 29,366 | 24,531 |
| Miscellaneous | 3,533 | 665 | 341 | 4,539 | 1,713 |
| Office supplies | 2,366 | 445 | 228 | 3,039 | 1,019 |
| Pantry supplies | 1,871 | - | - | 1,871 | 5,998 |
| Pet supplies / food | 4,420 | - | - | 4,420 | 539 |
| Postage and printing | 1,958 | 368 | 189 | 2,515 | 2,680 |
| Professional fees | 95,006 | 19,888 | 7,814 | 122,708 | 60,916 |
| Publicity and promotion | 2,576 | - | 2,108 | 4,684 | 3,504 |
| Rent (includes donated space) | 42,971 | 8,084 | 4,145 | 55,200 | 55,200 |
| Repairs and maintenance | - | 3,928 | - | 3,928 | 17,564 |
| Simple IRA contributions | 11,374 | 2,140 | 1,097 | 14,611 | 12,060 |
| Staff training | 20,019 | - | - | 20,019 | 5,051 |
| Telephone | 2,931 | 551 | 283 | 3,765 | 4,543 |
| Travel | 392 | - | - | 392 | 1,566 |
| Vehicle expense | 11,983 | - | - | 11,983 | 9,207 |
| Volunteer services | 3,481 | - | 387 | 3,868 | 3,033 |
| Total functional expenses | <u>\$ 1,311,871</u> | <u>\$ 138,233</u> | <u>\$ 149,554</u> | <u>\$ 1,599,658</u> | <u>\$ 1,462,072</u> |

STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021 AND 2020

| | <u>2021</u> | <u>2020</u> |
|--|----------------------------|--------------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 350,345 | \$ 611,547 |
| Adjustments to reconcile changes in net assets to net cash provided by operating activities | | |
| Depreciation | 42,220 | 30,432 |
| Bad debt expense | 3,315 | 2,640 |
| Gain on disposal of assets | - | (8,000) |
| Unrealized gain on investments | (63,547) | (64,626) |
| Realized gain on sale of investments | (21,194) | (11,274) |
| Noncash contribution for delivery van | - | (23,850) |
| Change in beneficial interest in assets held at Community Foundation | (5,413) | (3,013) |
| Changes in operating assets and liabilities | | |
| (Increase) decrease in | | |
| Accounts receivables | 3,936 | 15,889 |
| Grants receivables | 153,252 | (10,168) |
| Prepaid expenses | 7,102 | (12,886) |
| Increase (decrease) in | | |
| Accounts payable | 8,645 | 67,282 |
| Accrued payroll related liabilities | - | (9,115) |
| Accrued expenses | 20,916 | (25,328) |
| Deferred revenue | 250,328 | (179,563) |
| Net cash provided by operating activities | 749,905 | 379,967 |
| Cash flow from investing activities: | | |
| Purchase of investments | (183,622) | - |
| Proceeds on sale of investments | 96,400 | - |
| Purchase of property and equipment | (35,603) | (49,154) |
| Net cash used in investing activities | (122,825) | (49,154) |
| Net increase in cash and cash equivalents | 627,080 | 330,813 |
| Cash and cash equivalents at beginning of year | 885,761 | 554,948 |
| Cash and cash equivalents at end of year | <u>\$ 1,512,841</u> | <u>\$ 885,761</u> |

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**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.

Pets Assisting the Lives of Seniors (“PALS”), formally referred to as 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 this program as well as support for vet visits, pet grooming, medical care for pets and pet supplies.

Cares on Wheels –Launched in 2021, this program is designed to help provide seniors with cleaning supplies as well as providing seniors with housekeeping and social support.

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.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**
(Continued)

Basis of Presentation (Continued) – 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.

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, 2021 and 2020, contributions approximating \$542,379 and \$299,051, 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 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, 2021 and 2020 was \$58,246 and \$70,847, 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. For the year ended December 31, 2021 and 2020, the donated fair value of the leased space was \$46,200. 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, 2021 and 2020, the Organization received and recognized as support specialized services totaling \$76,566 and \$57,609, respectively.

During the year ended December 31, 2021 and 2020, the fair value of other contributed goods was \$5,060 and \$23,850, respectively.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**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, 2021 and 2020.

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, 2021 and 2020, 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
DECEMBER 31, 2021 AND 2020**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, 2021 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, 2021, 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.

Management's Review of Subsequent Events - Events or transactions occurring after year-end through **June XX, 2022**, which is the date the financial statements were available to be issued, have been evaluated by management in the preparation of the financial statements.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

| | <u>2021</u> | <u>2020</u> | <u>Depreciable Life - Years</u> |
|--------------------------|--------------------------|--------------------------|-------------------------------------|
| Delivery vans | \$ 159,338 | \$ 159,338 | 3-7 |
| Delivery equipment | 4,578 | 2,409 | 3-7 |
| Furniture and equipment | 63,305 | 33,119 | 5-7 |
| Leasehold improvements | <u>380,902</u> | <u>379,752</u> | 10-39 |
| | 608,123 | 574,618 | |
| Accumulated depreciation | <u>142,479</u> | <u>102,357</u> | |
| | <u><u>\$ 465,644</u></u> | <u><u>\$ 472,261</u></u> | |

Depreciation expense for the years ended December 31, 2021 and 2020 was \$42,220 and \$30,432, 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, 2021 and 2020.

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.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

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.

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>2021</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---------------------------|-------------------|----------------|----------------|-------------------|
| Investments | | | | |
| Mutual funds | \$ 494,861 | \$ - | \$ - | \$ 494,861 |
| Exchange traded funds | <u>421,819</u> | <u>-</u> | <u>-</u> | <u>421,819</u> |
| Investments at fair value | <u>\$ 916,680</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 916,680</u> |
| | | | | |
| <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> |

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 4 - BENEFICIAL INTERESTS IN ASSETS HELD AT COMMUNITY FOUNDATION

2002 Beneficial Interest

The Ypsilanti Meals on Wheels Endowment Fund was established in 2002 at the Ypsilanti Area Community Fund (the "Community Foundation"). This fund was established to generate investment income for use by the Organization in perpetuity to support the Organization's mission. 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 Community Foundation.

Assets transferred to this endowment fund by the Organization are net assets of the Organization, while donations to the fund by others are net assets of the Community Foundation in accordance with GAAP even though the gift instrument grants variance power to the Community 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 Community 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, 2021 and 2020, the balance of this fund was \$32,956 and \$27,543, respectively and is included in the accompanying statements of financial position. For the years ended December 31, 2021 and 2020, the Organization recorded a net investment gain from this fund of \$5,413 and \$3,013, respectively.

There were no donations to the fund by others since inception. The composition of beneficial interests in the Ypsilanti Meals on Wheels Endowment Fund and the changes in beneficial interest in this asset as of December 31, 2021 and 2020 is as follows:

| | Net Assets Without Donor Restrictions |
|---------------------------------|--|
| Balance as of December 31, 2019 | \$ 24,530 |
| Administrative expenses | (209) |
| Net investment income | 3,222 |
| Balance as of December 31, 2020 | <u>\$ 27,543</u> |
| Administrative expenses | (220) |
| Net investment income | 5,633 |
| Balance as of December 31, 2021 | <u>\$ 32,956</u> |

2020 Beneficial Interest

A permanent charitable endowment fund was established in 2020 for the benefit of Ypsilanti Meals on Wheels at the Community Foundation. The related investment of this fund is an asset of the Community Foundation and is permanently restricted for the use of the Organization. The Community Foundation, and not Ypsilanti Meals on Wheels, holds variance power over this investment; therefore, the investment is not recorded by Ypsilanti Meals on Wheels. The information below is the endowment fund activity for the year ended December 31, 2021:

| | |
|---------------------------------|--------------------------|
| Balance as of December 31, 2020 | <u>\$ 199,890</u> |
| Contributions | 11,667 |
| Administrative expenses | (1,749) |
| Net investment income | 41,886 |
| Balance as of December 31, 2021 | <u>\$ 251,694</u> |

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 5 - DESCRIPTION OF LEASING ARRANGEMENT

The Organization leases 1525 square feet of remodeled office and 600 square feet for pantry space for \$9,000 per year under a three-year renewable lease agreement. For the year ended December 31, 2021 and 2020, the donated fair value of the leased space was \$46,200. Total rent expense for the facility leased space for the year ended December 31, 2021 totaled \$55,200 which is included in rent expense in the accompanying statement of functional expenses.

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>2021</u> | <u>2020</u> |
|--|-------------------------|--------------------------|
| Subject to expenditures for specific purpose: | | |
| Program activities: | | |
| Home-Delivered Meals | \$ - | \$ 84,298 |
| CAPABLE/Home Repair | 6,647 | 10,849 |
| Pets Assisting the Lives of Seniors ("PALS") | <u>13,540</u> | <u>7,769</u> |
| | 20,187 | 102,916 |
| Subject to passage of time: | | |
| For periods after December 31 | <u>-</u> | <u>57,596</u> |
| Total net assets with donor restrictions | <u>\$ 20,187</u> | <u>\$ 160,512</u> |

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, 2021 and 2020:

| | <u>2021</u> | <u>2020</u> |
|--|--------------------------|-------------------------|
| Purpose restrictions accomplished: | | |
| Program activities: | | |
| Home-Delivered Meals | \$ 84,298 | \$ 9,039 |
| CAPABLE/Home Repair | 4,202 | - |
| Pets Assisting the Lives of Seniors ("PALS") | <u>7,769</u> | <u>539</u> |
| | 96,269 | 9,578 |
| Time restrictions expired | | |
| Passage of specified time | <u>57,596</u> | <u>37,470</u> |
| Total net assets with donor restriction | <u>\$ 153,865</u> | <u>\$ 47,048</u> |

NOTE 8 - SIMPLE IRA RETIREMENT PLAN

The Organization sponsors 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, 2021 and 2020, the Organization contributed \$14,611 and \$12,060, respectively in matching Simple IRA contributions.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

NOTE 9 - CONCENTRATIONS

Total revenues and support of \$289,893 and \$353,567 were received from Washtenaw County and the Washtenaw County Coordinated Funders which represented 15% and 17% of total revenues and support for the years ended December 31, 2021 and 2020, 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 | \$ 1,512,841 |
| Receivables | 45,046 |
| Investments | 916,680 |
| Beneficial interest in assets held at Community Foundation (2002 Beneficial Interest) | <u>32,956</u> |
| Total financial assets held by the Organization | 2,507,523 |
| Less amounts with limits on usage | |
| Spendable net assets with donor purpose restrictions | 20,187 |
| Beneficial interest in assets held at Community Foundation not subject to spending policy (2002 Beneficial Interest) | <u>32,956</u> |
| Total financial assets available for general use within one year | <u>\$ 2,454,380</u> |

The 2020 Beneficial Interest described in Note 4 has a balance at December 31, 2021 of \$251,694. This endowment fund is subject to an annual spending rate of 5 percent of the market value of the fund less an annual service fee of .75% of the market value. Although the Organization currently does not intend to spend from this endowment, certain amounts could be made available on an annual basis if necessary. The available distributions from the 2020 Beneficial Interest at December 31, 2021 is \$14,473.

NOTE 11 - CORONAVIRUS (COVID-19)

The COVID-19 outbreak in the United States continues to be a significant health issue worldwide. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on services, employees, donors, and vendors, all of which are uncertain and cannot be predicted.