



# YPSILANTI MEALS ON WHEELS

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## FINANCIAL STATEMENTS

*For the Year Ended December 31, 2023  
(with comparative totals for December 31, 2022)*

## YPSILANTI MEALS ON WHEELS

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## Independent Auditor's Report

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To Management and the Board of Directors of  
Ypsilanti Meals on Wheels

### Opinion

We have audited the accompanying financial statements of Ypsilanti Meals on Wheels (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ypsilanti Meals on Wheels as of December 31, 2023, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ypsilanti Meals on Wheels and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Ypsilanti Meals on Wheels ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ypsilanti Meals on Wheels internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ypsilanti Meals on Wheels ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

#### **Report on Summarized Comparative Information**

We have previously audited Ypsilanti Meals on Wheels 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 24, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Schlaupitz Madhavan, P.C.*

July 22, 2024

STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2023 AND 2022

	<b>ASSETS</b>	
	<u>2023</u>	<u>2022</u>
Current assets		
Cash and cash equivalents	\$ 894,111	\$ 1,574,621
Accounts receivable	138,066	144,019
Investments	1,734,791	894,827
Prepaid expenses	59,113	40,172
Operating lease right of use asset	41,041	-
Total current assets	<u>2,867,122</u>	<u>2,653,639</u>
Property and equipment		
Delivery vans	212,925	197,004
Delivery equipment	8,291	8,291
Furniture and equipment	61,979	63,305
Leasehold improvements	380,902	380,902
Total cost	664,097	649,502
Less, accumulated depreciation	<u>187,760</u>	<u>181,731</u>
Total property and equipment	<u>476,337</u>	<u>467,771</u>
Other assets		
Beneficial interest in assets held at Community Foundation	32,803	28,649
Total assets	<u><b>\$ 3,376,262</b></u>	<u><b>\$ 3,150,059</b></u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ 114,126	\$ 68,752
Accrued expenses	34,142	30,549
Current portion of operating lease liability	14,680	-
Deferred revenue	363,340	462,415
Total current liabilities	<u>526,288</u>	<u>561,716</u>
Long-term liabilities		
Operating lease liability	<u>29,736</u>	<u>-</u>
Net assets		
Without donor restrictions	2,651,704	2,495,696
With donor restrictions	168,534	92,647
Total net assets	<u>2,820,238</u>	<u>2,588,343</u>
Total liabilities and net assets	<u><b>\$ 3,376,262</b></u>	<u><b>\$ 3,150,059</b></u>

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

STATEMENT OF ACTIVITIES  
 YEAR ENDED DECEMBER 31, 2023  
 (with comparative totals for the year ended December 31, 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and revenue				
Program service fees	\$ 371,898	\$ -	\$ 371,898	\$ 314,152
Public contributions	548,870	-	548,870	627,558
Government agency contributions	23,500	-	23,500	71,723
Other grants and awards	704,549	113,387	817,936	815,846
In-kind contributions				
Food and pantry items	40,674	-	40,674	70,002
Office space	46,200	-	46,200	46,200
Contributed services	14,342	-	14,342	53,191
Special events revenue	62,238	-	62,238	72,218
Net investment income	129,403	-	129,403	(150,314)
Net investment income - beneficial interest in assets held at Community Foundation	4,154	-	4,154	(4,307)
Interest income	15,116	-	15,116	3,885
Gain on disposal of property and equipment	19,500	-	19,500	-
Miscellaneous income	60	-	60	-
Total support and revenue before releases	1,980,504	113,387	2,093,891	1,920,154
Net assets released from restrictions	37,500	(37,500)	-	-
Total support and revenue	2,018,004	75,887	2,093,891	1,920,154
Expenses				
Program services	1,493,094	-	1,493,094	1,388,509
Management and general	164,020	-	164,020	134,527
Fundraising	204,882	-	204,882	150,101
Total expenses	1,861,996	-	1,861,996	1,673,137
Changes in net assets from operating activities	156,008	75,887	231,895	247,017
Net assets, beginning of year	2,495,696	92,647	2,588,343	2,341,326
Net assets, end of year	<u>\$ 2,651,704</u>	<u>\$ 168,534</u>	<u>\$ 2,820,238</u>	<u>\$ 2,588,343</u>

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2023

(with comparative totals for the year ended December 31, 2022)

	2023			2022	
	Program Services	Management and General	Fundraising	Total Functional Expenses	Total Functional Expenses
Payroll Expenses:					
Compensation	\$ 507,420	\$ 101,184	\$ 68,128	\$ 676,732	\$ 591,205
Employment taxes and benefits	78,701	15,693	10,567	104,961	91,132
Total payroll expenses	<u>\$ 586,121</u>	<u>\$ 116,877</u>	<u>\$ 78,695</u>	<u>\$ 781,693</u>	<u>\$ 682,337</u>
Other Expenses:					
Credit loss	\$ -	\$ -	\$ -	\$ -	\$ 128
Depreciation / amortization	49,535	-	-	49,535	38,589
Direct mail campaign	-	-	65,177	65,177	52,650
Donated services and food	55,016	-	-	55,016	123,193
Event expenses	-	-	32,029	32,029	19,734
Food and packaging	471,640	-	-	471,640	437,058
Home repair services	8,367	-	-	8,367	45,819
Insurance	25,990	5,182	3,489	34,661	26,033
Miscellaneous	3,592	717	482	4,791	1,901
Office supplies	3,172	635	426	4,233	1,800
Pantry supplies	191	-	-	191	6,346
Pet supplies / food	19,254	-	-	19,254	16,792
Postage and printing	13,743	2,740	1,845	18,328	10,561
Professional fees	142,975	22,310	11,155	176,440	96,057
Publicity and promotion	829	-	552	1,381	12,666
Rent (includes donated space)	48,134	9,598	6,463	64,195	55,200
Repairs and maintenance	6,212	568	284	7,064	2,756
Simple IRA contributions	20,894	4,168	2,805	27,867	11,675
Staff training	3,263	-	-	3,263	3,598
Telephone	6,145	1,225	825	8,195	7,326
Travel	3,280	-	-	3,280	3,384
Vehicle expense	18,842	-	-	18,842	15,570
Volunteer services	5,899	-	655	6,554	1,964
Total functional expenses	<u>\$ 1,493,094</u>	<u>\$ 164,020</u>	<u>\$ 204,882</u>	<u>\$ 1,861,996</u>	<u>\$ 1,673,137</u>

STATEMENTS OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ 231,895	\$ 247,017
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation / amortization	49,535	38,589
Credit loss	-	128
Unrealized loss (gain) on investments	(102,767)	174,991
Realized gain on sale of investments	(26,636)	(23,969)
Change in beneficial interest in assets held at Community Foundation	(4,154)	4,307
Gain on sale of property and equipment	(19,500)	-
Changes in operating assets and liabilities		
(Increase) decrease in		
Accounts receivables	5,953	(99,101)
Prepaid expenses	(18,941)	(18,485)
Operating lease right of use asset	(41,041)	-
Increase (decrease) in		
Accounts payable	45,374	(10,061)
Accrued expenses	3,593	(1,787)
Operating lease liability	44,416	-
Deferred revenue	(99,075)	(79,964)
Net cash provided by operating activities	68,652	231,665
Cash flow from investing activities:		
Purchase of investments	(868,352)	(223,540)
Proceeds on sale of investments	157,791	94,371
Purchase of property and equipment	(58,101)	(40,716)
Proceeds from sale of equipment	19,500	-
Net cash used in investing activities	(749,162)	(169,885)
Net increase (decrease) in cash and cash equivalents	(680,510)	61,780
Cash and cash equivalents at beginning of year	1,574,621	1,512,841
<b>Cash and cash equivalents at end of year</b>	<b><u>\$ 894,111</u></b>	<b><u>\$ 1,574,621</u></b>



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**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022****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.

Care on Wheels – The Care on Wheels program fulfills the Organization’s mission to help seniors live more safely at home. The program help remove the obstacles that make aging in place difficult, and even dangerous, for homebound neighbors living in Ypsilanti and surrounding townships. It simultaneously eases the burdens placed on family caregivers, leaving them more time to care for themselves, or to just enjoy their loved one without the duties that come with caregiving. Caregiver visits also provide relief from isolation.

Pets Assisting the Lives of Seniors (“PALS”). 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.

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

**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.

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**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022****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, 2023 and 2022, contributions approximating \$363,340 and \$462,415, 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 Contributions, Donated Services, and Commodities** – The Organization receives various forms for in-kind contributions including food, non-food items such as personal care pantry items and other household items such as cleaning supplies, office space, in-kind services and other contributed goods such as event gift donations. In-kind contributions are reported at their estimated fair value on the date of receipt and reported as expense when utilized. Donated in-kind contributions are not sold and goods are only distributed for program use.

**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.

**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 credit losses was \$-0- at December 31, 2023 and 2022.

**Grant Receivables** – Grant receivables, where applicable, 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 allowance for credit losses and a credit to the applicable receivable account.

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**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022****NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
(Continued)

**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.

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. Rent, insurance, postage and printing, professional fees, office supplies, telephone and certain other 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, 2023 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.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

### NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Income Taxes (Continued)** – 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, 2023, 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.

#### Adoption of New Accounting Principles

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren’t measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity’s exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in FASB ASC 326 were accounts and grant receivables. The Organization adopted this standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and therefore, the requirements for enhanced disclosures are not applicable.

**Management’s Review of Subsequent Events** – Events or transactions occurring after year-end through July 22, 2024, which is the date the financial statements were available to be issued, have been evaluated by management in the preparation of the financial statements.

### NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2023</u>	<u>2022</u>	<u>Depreciable Life - Years</u>
Delivery vans	\$ 212,925	\$ 197,004	3-7
Delivery equipment	8,291	8,291	3-7
Furniture and equipment	61,979	63,305	5-7
Leasehold improvements	<u>380,902</u>	<u>380,902</u>	10-39
	664,097	649,502	
Accumulated depreciation	<u>187,760</u>	<u>181,731</u>	
	<u><u>\$ 476,337</u></u>	<u><u>\$ 467,771</u></u>	

Depreciation expense for the years ended December 31, 2023 and 2022 was \$49,535 and \$38,589, respectively.

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**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022****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, 2023 and 2022.

**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.

**Certificate of Deposits** – valued at original cost plus accrued interest, which approximates fair value and are classified as Level 1.

**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  
DECEMBER 31, 2023 AND 2022

**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>2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Mutual funds	\$ 525,272	\$ -	\$ -	\$ 525,272
Exchange traded funds	609,277	-	-	609,277
Certificate of deposits	<u>600,243</u>	<u>-</u>	<u>-</u>	<u>600,243</u>
Investments at fair value	<u>\$ 1,734,791</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,734,791</u>
<u>2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Mutual funds	\$ 435,213	\$ -	\$ -	\$ 435,213
Exchange traded funds	<u>459,614</u>	<u>-</u>	<u>-</u>	<u>459,614</u>
Investments at fair value	<u>\$ 894,827</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 894,827</u>

**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, 2023 and 2022, the balance of this fund was \$32,803 and \$28,649, respectively and is included in the accompanying statements of financial position. For the years ended December 31, 2023 and 2022, the Organization recorded a net investment gain and loss from this fund of \$4,154 and \$4,307, respectively.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

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

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, 2023 and 2022 is as follows:

	<u>Net Assets Without Donor Restrictions</u>
Balance as of December 31, 2021	\$ 32,956
Administrative expenses	(242)
Net investment income	<u>(4,065)</u>
Balance as of December 31, 2022	\$ 28,649
Administrative expenses	(592)
Net investment loss	<u>4,746</u>
Balance as of December 31, 2023	<u>\$ 32,803</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, 2023:

Balance as of December 31, 2022	\$ 218,772
Administrative expenses	(4,447)
Net investment income	<u>36,255</u>
Balance as of December 31, 2023	<u>\$ 250,580</u>

### NOTE 5 – DESCRIPTION OF LEASING ARRANGEMENT

The Organization leased office space of 1525 square feet and 600 square feet for pantry space for \$9,000 per year until January 1, 2023 when the Organization entered into a new lease arrangement. The lease modification provides the Organization with a three-year agreement for \$15,000.

For the year ended December 31, 2023 and 2022, 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, 2023 and 2022 totaled \$61,200 and \$55,200, respectively, which is included in the accompanying statement of functional expenses under rent (includes donated space). Rent expense for 2023 also includes \$2,995 of amortization expense related to the right of use asset.

At the inception of each lease arrangement, the Organization will determine whether a lease is a finance lease or operating lease and whether the lease should be classified as an right of use asset on the balance sheet with a corresponding liability. Based on the terms of the lease modification effective January 1, 2023 as described above, management has determined that the new leasing arrangement is an operating lease right of use asset and they estimate the right of use asset and related liability to be \$44,447 at January 1, 2023.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

### 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>2023</u>	<u>2022</u>
<b>Subject to expenditures for specific purpose:</b>		
Program activities:		
Home-Delivered Meals	\$ 95,034	\$ 92,647
Cares on Wheels	62,000	-
Pets Assisting the Lives of Seniors ("PALS")	11,500	-
<b>Total net assets with donor restrictions</b>	<b><u>\$ 168,534</u></b>	<b><u>\$ 92,647</u></b>

### 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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
<b>Purpose restrictions accomplished:</b>		
Program activities:		
Home-Delivered Meals	\$ 37,500	\$ -
Cares on Wheels	-	6,647
Pets Assisting the Lives of Seniors ("PALS")	-	29,715
	<b><u>\$ 37,500</u></b>	<b><u>\$ 36,362</u></b>

### NOTE 8 – IN-KIND CONTRIBUTIONS

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, 2023 and 2022 was \$40,674 and \$70,002, respectively. The donated food is recorded in the financial statements at the estimated average fair value of one pound of donated food product at the national level of \$1.93 and \$1.92 for the years ending December 31, 2023 and 2022, respectively based on the national level as disclosed in Feeding America's June 30, 2023 and 2022 financial statements. Contributed food and pantry items were utilized in the home-delivered meals program during 2023 and 2022.

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, 2023 and 2022, the donated fair value of the leased space was \$46,200. The contributed office space is used primarily for the program services, but also for management and general activities as well as fundraising activities. See Note 5 for description of the leasing arrangement.



## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

### NOTE 8 – IN-KIND CONTRIBUTIONS (Continued)

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, 2023 and 2022, the Organization received and recognized as support specialized services totaling \$14,342 and \$53,191, respectively. The donated service support was the result of 451 and 1,776 of volunteer hours for 2023 and 2022, respectively which include amounts for a nurse in 2023 and for social workers, nurses, occupational therapists, and dietitians in 2022. Such services were utilized in the Care on Wheels program.

The Organization did not monetize any contributed nonfinancial assets and unless otherwise noted, contributed nonfinancial assets did not have donor restrictions.

### NOTE 9 – 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, 2023 and 2022, the Organization contributed \$27,867 and \$11,675, respectively in matching Simple IRA contributions.

### NOTE 10 – CONCENTRATIONS

Total revenues and support of \$330,662 and \$312,729 were received from Washtenaw County and the Washtenaw County Coordinated Funders which represented 17% and 16% of total revenues and support for the years ended December 31, 2023 and 2022, respectively.

### NOTE 11 – 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:

<b>Financial assets</b>	
Cash and cash equivalents	\$ 894,111
Accounts receivable	138,066
Investments	1,734,791
Beneficial interest in assets held at Community Foundation (2002 Beneficial Interest)	<u>32,803</u>
Total financial assets held by the Organization	2,799,771
<b>Less amounts with limits on usage</b>	
Spendable net assets with donor purpose restrictions	168,534
Beneficial interest in assets held at Community Foundation not subject to spending policy (2002 Beneficial Interest)	<u>32,803</u>
<b>Total financial assets available for general use within one year</b>	<b><u>\$ 2,598,434</u></b>

See independent auditor's report

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NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

**NOTE 11 - LIQUIDITY AND AVAILABILITY (Continued)**

The 2020 Beneficial Interest described in Note 4 has a balance at December 31, 2023 of \$250,580. 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, 2023 is \$14,408.