

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

Financial Statements
Years Ended
December 31, 2022 and 2021

MEALS ON WHEELS PROGRAM AND SERVICES OF ROCKLAND, INC.

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Years Ended
December 31, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Meals on Wheels Programs and Services of Rockland Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Meals on Wheels Programs and Services of Rockland Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



Berard & Associates, CPA's P.C.
Suffern, New York 10901
November 15, 2023

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.

Statements of Financial Position

December 31, 2022 and 2021

	2022	2021
ASSETS		
Cash	\$ 244,944	\$ 408,988
Cash - endowment	125,877	119,816
Restricted cash	9,387	8,072
Security and equipment deposits	20,000	24,080
Investments	1,365,563	1,529,639
Contracts receivable	363,390	209,812
Accounts receivable	161,599	80,287
Inventory	86,927	32,481
Prepaid expenses and other	13,655	13,912
Total current assets	2,391,342	2,427,087
Building and equipment (net of depreciation)	1,372,388	1,766,090
Total assets	<u>\$ 3,763,730</u>	<u>\$ 4,193,177</u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 182,018	\$ 96,787
Accrued expenses	98,674	91,546
Current portion of mortgage payable	109,256	716,253
Deferred revenue	100,000	75,000
Total current liabilities	489,948	979,586
Mortgage payable	204,277	302,641
Total liabilities	694,225	1,282,227
Net Assets		
Without donor restrictions		
Operating fund	1,875,386	2,094,734
Net investment in building	800,408	375,206
Net investment in equipment	258,447	313,122
Board designated - endowment	125,877	119,816
	3,060,118	2,902,878
With donor restrictions		
Senior centers	9,387	8,072
Total net assets	3,069,505	2,910,950
Total liabilities and net assets	<u>\$ 3,763,730</u>	<u>\$ 4,193,177</u>

See notes to financial statements.

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.

Statement of Activities Year Ended December 31, 2022

	Without Donor Restrictions			With Donor Restrictions	2022 Total
	Undesignated	Board Designated	Total		
REVENUES					
Fees and grants - governmental agencies	\$ 1,473,439	\$ -	\$ 1,473,439	\$ -	\$ 1,473,439
Fees and grants - non governmental agencies	186,369	-	186,369	-	186,369
Program service fees	1,457,797	-	1,457,797	-	1,457,797
Contributions through United Way	38,122	-	38,122	-	38,122
Contributions received from participants	82,957	-	82,957	-	82,957
Special events revenue	217,276	-	217,276	-	217,276
Special events expense	(85,682)	-	(85,682)	-	(85,682)
Contributions - general	543,095	6,000	549,095	-	549,095
Contributions - senior centers	-	-	-	1,550	1,550
Contributions - in-kind	541,990	-	541,990	-	541,990
Other income	18,440	-	18,440	-	18,440
Interest income	-	61	61	-	61
Net assets released from restrictions	235	-	235	(235)	-
Total revenues	4,474,038	6,061	4,480,099	1,315	4,481,414
EXPENSES					
Program services					
Senior centers	784,550	-	784,550	-	784,550
Homebound	2,905,458	-	2,905,458	-	2,905,458
Other programs	176,531	-	176,531	-	176,531
Total program expenses	3,866,539	-	3,866,539	-	3,866,539
General and administrative	491,430	-	491,430	-	491,430
Fundraising	117,157	-	117,157	-	117,157
Total expenses	4,475,126	-	4,475,126	-	4,475,126
Change in operating activities	(1,088)	6,061	4,973	1,315	6,288
NON OPERATING ACTIVITIES					
Investment loss	(189,075)	-	(189,075)	-	(189,075)
Realized gain on partial sale of building	341,342	-	341,342	-	341,342
Total nonoperating activities	152,267	-	152,267	-	152,267
Change in net assets	151,179	6,061	157,240	1,315	158,555
Net assets, beginning	2,783,062	119,816	2,902,878	8,072	2,910,950
Net assets, ending	\$ 2,934,241	\$ 125,877	\$ 3,060,118	\$ 9,387	\$ 3,069,505

See notes to financial statements.

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.

Statement of Activities Year Ended December 31, 2021

	Without Donor Restrictions			With Donor	2021
	Undesignated	Board Designated	Total	Restrictions	Total
REVENUES					
Fees and grants from governmental agencies	\$ 1,075,494	\$ -	\$ 1,075,494	\$ -	\$ 1,075,494
Fees and grants - non-governmental agencies	191,929	-	191,929	-	191,929
Program service fees	597,039	-	597,039	-	597,039
Contributions through United Way	15,504	-	15,504	-	15,504
Contributions received from participants	85,667	-	85,667	-	85,667
Special events revenue	226,374	-	226,374	-	226,374
Special events expense	(75,175)	-	(75,175)	-	(75,175)
Contributions - general	1,785,118	6,000	1,791,118	-	1,791,118
Contributions - senior centers	-	-	-	1,004	1,004
Contributions - in-kind	487,230	-	487,230	-	487,230
Other income	2,681	-	2,681	-	2,681
Interest income	-	58	58	-	58
Net assets released from restrictions	254	-	254	(254)	-
Total revenues	4,392,115	6,058	4,398,173	750	4,398,923
EXPENSES					
Program services					
Senior centers	529,437	-	529,437	-	529,437
Homebound	2,140,243	-	2,140,243	-	2,140,243
Other programs	110,850	-	110,850	-	110,850
Total program expenses	2,780,530	-	2,780,530	-	2,780,530
General and administrative	561,473	-	561,473	-	561,473
Fundraising	128,722	-	128,722	-	128,722
Total expenses	3,470,725	-	3,470,725	-	3,470,725
Change in operating activities	921,390	6,058	927,448	750	928,198
NON OPERATING ACTIVITIES					
Investment Income	29,640	-	29,640	-	29,640
Change in net assets	951,030	6,058	957,088	750	957,838
Net assets, beginning	1,832,032	113,758	1,945,790	7,322	1,953,112
Net assets, ending	\$ 2,783,062	\$ 119,816	\$ 2,902,878	\$ 8,072	\$ 2,910,950

See notes to financial statements.

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.

Statement of Functional Expenses

Year Ended December 31, 2022

	Senior		Other	Total	General	Fund	Direct Cost of	Total	2022
	Centers	Homebound	Programs	Programs	& Admin.	Raising	Donor Benefit	Non-Program	Total
									Expenses
Salaries	\$ 375,664	\$ 762,393	\$ 37,225	\$ 1,175,282	\$ 283,900	\$ 75,752	\$ -	\$ 359,652	\$ 1,534,934
Payroll taxes	30,112	62,404	3,091	95,607	35,561	6,034	-	41,595	137,202
Employee benefits	17,629	37,327	3,821	58,777	14,958	708	-	15,666	74,443
Total salaries and related costs	423,405	862,124	44,137	1,329,666	334,419	82,494	-	416,913	1,746,579
Food	22,394	1,013,166	77,257	1,112,817	-	-	-	-	1,112,817
Supplies	9,575	204,785	16,513	230,873	4,016	1,965	-	5,981	236,854
Professional fees	18,959	6,534	1,533	27,026	21,258	1,156	-	22,414	49,440
Occupancy	50,425	60,328	5,785	116,538	11,546	4,900	-	16,446	132,984
Vehicle operation	83,780	70,750	3,581	158,111	13	-	-	13	158,124
Conferences and meetings	676	1,421	298	2,395	1,755	255	-	2,010	4,405
Travel	419	174	-	593	12	-	-	12	605
Advertising	2,457	6,382	661	9,500	3,649	931	-	4,580	14,080
Postage	280	4,254	149	4,683	426	979	-	1,405	6,088
Repairs and maintenance	5,947	27,711	4,571	38,229	8,062	1,796	-	9,858	48,087
Cleaning and extermination	4,010	33,819	2,823	40,652	886	249	-	1,135	41,787
Telephone	7,617	2,944	549	11,110	1,082	363	-	1,445	12,555
Insurance	13,117	21,469	3,913	38,499	1,735	2,588	-	4,323	42,822
Printing costs	-	-	-	-	-	5,522	-	5,522	5,522
Dues and subscriptions	4,824	21,209	954	26,987	6,301	6,382	-	12,683	39,670
Equipment	530	4,889	567	5,986	494	211	-	705	6,691
Bad debts expense	-	-	-	-	30,000	-	-	30,000	30,000
Interest bank charge expense	6,027	12,869	2,433	21,329	14,417	2,128	-	16,545	37,874
Depreciation and amortization	103,072	62,375	9,572	175,019	16,375	5,238	-	21,613	196,632
Senior center event	235	-	-	235	-	-	-	-	235
Entertainment and event expenses	-	-	-	-	-	-	85,682	85,682	85,682
Miscellaneous	1,497	4,049	185	5,731	3,554	-	-	3,554	9,285
Total before in-kind expenses	759,246	2,421,252	175,481	3,355,979	460,000	117,157	85,682	662,839	4,018,818
In-kind salaries	22,489	430,903	1,050	454,442	31,430	-	-	31,430	485,872
In-kind food	-	53,303	-	53,303	-	-	-	-	53,303
In-kind supplies	2,815	-	-	2,815	-	-	-	-	2,815
Total in-kind expenses	25,304	484,206	1,050	510,560	31,430	-	-	31,430	541,990
Less expenses included with revenue on the statement of activities	-	-	-	-	-	-	(85,682)	(85,682)	(85,682)
Total expenses	\$ 784,550	\$ 2,905,458	\$ 176,531	\$ 3,866,539	\$ 491,430	\$ 117,157	\$ -	\$ 608,587	\$ 4,475,126

See notes to financial statements.

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.

Statement of Functional Expenses

Year Ended December 31, 2021

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

See notes to financial statements.

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.

Statements of Cash Flows

Years Ended December 31, 2021 and 2020

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 158,555	\$ 957,838
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	196,632	209,555
Gain on partial sale of building	(341,342)	-
Unrealized (gain)/loss on investments	208,911	(8,174)
Interest and dividend income	(28,889)	-
Changes in operating assets and liabilities:		
(Increase) decrease in security and equipment deposits	4,080	(20,080)
(Increase) decrease in accounts receivable	(81,312)	96,975
(Increase) decrease in contracts receivable	(153,578)	253,848
(Increase) in inventory	(54,446)	(10,661)
Decrease in prepaid expenses and other	257	5,674
Increase (decrease) in deferred revenue	25,000	(34,600)
Increase in accounts payable	85,231	40,984
Increase in accrued expenses	7,128	9,042
Cash provided by operating activities	<u>26,227</u>	<u>1,500,401</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on partial sale of building	617,825	-
Purchase of property and equipment	(79,413)	(140,098)
Purchase of investments	(25,000)	(1,521,446)
Investments (Net)	9,054	-
Cash provided (used) by investing activities	<u>522,466</u>	<u>(1,661,544)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on mortgage payable	(705,361)	(73,500)
Cash(used) by financing activities	<u>(705,361)</u>	<u>(73,500)</u>
(Decrease) in cash, cash equivalents, and restricted cash	(156,668)	(234,643)
Cash equivalents and restricted cash, beginning of year	<u>536,876</u>	<u>771,519</u>
Cash equivalents and restricted cash, ending of year	<u><u>\$ 380,208</u></u>	<u><u>\$ 536,876</u></u>
Supplemental Information:		
Interest	\$ 37,874	\$ 57,581
Income taxes	-	-
Non-cash items:		
Donated revenue / expenses	\$ 541,990	\$ 487,230

See notes to financial statements.

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.

Notes to Financial Statements

December 31, 2022 and 2021

NOTE 1 - ORGANIZATION AND PURPOSE

Meals on Wheels Programs and Services of Rockland, Inc. (the "Organization") was formed under the Not-For-Profit Corporation Law of New York as Meals on Wheels of Rockland County, Inc. Its mission is to provide a wide range of services and programs to homebound and senior citizens of Rockland County, New York. The Organization receives 33% of its support from government agencies and 49% from program service fees.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Basis of Presentation

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

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

Cash and Cash Equivalents

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

Accounts Receivable

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

Inventory

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

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.

Notes to Financial Statements

December 31, 2022 and 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Investments

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

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

Fair Value Measurements

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

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

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

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

Property and Equipment

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

Grant Revenue

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

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.

Notes to Financial Statements

December 31, 2022 and 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Leases

At the inception of a contract, we assess whether the contract is, or contains, a lease. A lease is classified as a finance lease if any one of the following criteria are met: the lease transfers ownership of the asset by the end of the lease term, the lease contains an option to purchase the asset that is reasonably certain to be exercised, the lease term is for a major part of the remaining useful life of the asset or the present value of the lease payments equals or exceeds substantially all of the fair value of the asset. A lease is classified as an operating lease if it does not meet any one of the criteria.

For all leases a ROU asset and lease liability are recognized at the lease commencement date. The lease liability represents the present value of the lease payments under the lease. The ROU asset is initially measured at cost, which includes the initial lease liability, plus any initial direct costs incurred, less any lease incentives received. The lease liability is initially measured as the present value of the lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the risk-free rate. The Organization recognizes lease liabilities with an initial, individual value of \$50,000 or more.

Government Grants

A significant portion of the Organization's revenues consists of government grants from various Federal, New York State and Rockland County governmental source. Thus, its funding is vulnerable to changes in the legislative priorities of federal, state, and local governments. Meals on Wheels Programs and Services of Rockland, Inc. recognizes revenue from these sources when the contractual obligations are met. There are occasions when funding source reimbursements for prior years are adjusted in the current year. Such adjustments may be due to funding source audit findings, additional monies available over and above original contractual amounts, etc. The amount of such adjustments was not material in 2022 and 2021.

Revenue and Revenue Recognition

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

Revenue With and Without Donor Restrictions

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

Donated Services, Space and Goods

During the year ended December 31, 2022 and 2021, many individuals volunteer their time and perform a variety of tasks that assist the organizations. In 2022 and 2021, estimated contributed services were \$485,872 and \$434,544, respectively, which were recorded as In-kind salaries. The Organization has estimated it received over 34,427 volunteer hours in 2022 and 33,924 in 2021.

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.

Notes to Financial Statements

December 31, 2022 and 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Donated Services, Space and Goods

For the years ended December 31, 2022 and 2021 the Organization received \$53,303 and \$51,717 of food donations which were recorded as In-Kind Food. For the years ended December 31, 2022 and 2021 the Organization received \$2,815 and \$970 of supplies which were recorded as In-Kind Supplies.

Allocation of Expenses

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

Advertising Expenses

Advertising expenses are expensed as incurred. The expenses incurred for advertising were \$14,080 and \$9,412 for 2022 and 2021, respectively.

Estimates

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

Income Tax Status

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

Accounting Change: Adoption of ASC 842

On January 1, 2022, the Organization adopted FASB Accounting Standards Codification, or ASC, Topic 842, Leases, which requires the recognition of the right-of-use, or ROU, assets and related operating and finance lease liabilities on the statement of financial position. The Organization adopted ASC 842 using a modified retrospective approach for all leases existing at January 1, 2022. As permitted by ASC 842, the organization elected the adoption date of January 1, 2022, which is the date of initial application. As a result, the statement of financial position prior to January 1, 2022, was not restated, and continues to be reported under ASC Topic 840, Leases, which did not require the recognition of operating lease liabilities on the balance sheet, and is not comparative.

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.

Notes to Financial Statements

December 31, 2022 and 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

All leases are classified as either operating leases or finance leases. The lease classification affects the expense recognition in the statement of activities. Operating lease charges are recorded entirely in operating expenses. Finance lease charges are split, amortization of the ROU asset is recorded in operating expenses and an implied interest component is recorded in interest expense. The expense recognition for operating leases and finance leases under ASC 842 is substantially consistent with ASC 840. As a result, there is no significant difference in the results of operations presented in our statement of activities for each period presented.

NOTE 3 - PROGRAMS

Homebound Program

Offers a variety of prepared and packaged home delivered meals that are delivered every weekday (including holidays) and provide meals for up to seven days a week to Rockland County residents who are homebound due to illness, advancing age or physical handicap and who are unable to shop or prepare meals for themselves. A variety of funding options are available. In 2022, the Organization delivered 162,700 meals through this program.

Rockland Senior Centers Program

Five multipurpose Senior Centers strategically located across Rockland open five days a week to residents 60 and older. The Centers offer a variety of support services including transportation, recreation, health screening, advocacy, information and referral and a hot meal. Participants contribute toward the costs of the meals. Due to the pandemic, these centers were closed in mid-March of 2020. In May and June 2021, the Organization reopened two of its senior centers since they were shut down in March of 2020. In April of 2022, the third senior center was reopened. During 2022, the programs provided 16,217 days of service to seniors at the three centers.

Other Programs

Included in other programs are contract meals with other organizations.

NOTE 4 - PROPERTY AND EQUIPMENT

Building and equipment consisted of the following at December 31, 2022 and 2021:

Account	2022	2021
Building	\$ 1,975,000	\$ 2,500,000
Closing Costs	58,868	58,868
Vehicles	588,077	588,077
Kitchen Equipment	448,894	368,881
Furniture and Office Equipment	218,283	218,283
Leasehold Improvements	513,758	513,758
Accumulated Depreciation	(2,430,492)	(2,481,777)
Net Building and Equipment	\$ 1,372,388	\$ 1,766,090

Depreciation expense for 2022 and 2021 was \$196,632 and \$209,555 respectively.

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.

Notes to Financial Statements

December 31, 2022 and 2021

NOTE 4 - PROPERTY AND EQUIPMENT – Continued

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

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

In 2022, Meals on Wheels Programs and Services of Rockland, Inc sold a portion of their building that had a net book value of \$308,658 for \$650,000. This sale resulted in a gain of \$341,342 which was recorded as a nonoperating activity on the Statements of Activities.

NOTE 5 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

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

At December 31, 2022 and 2021, the Organization's investments consisted of publicly traded securities totaling \$1,365,563 and \$1,529,639. Investments are reported at fair value using a Level 1 measure as summarized below:

	2022	2021
Cash	\$ 281,533	\$ 250,015
Equities	1,084,030	1,279,624
Total investments	<u>\$ 1,365,563</u>	<u>\$ 1,529,639</u>

At December 31, 2022 and 2021, investment income consist of the following:

	2022	2021
Dividends income	\$ 27,136	\$ 24,343
Interest Income	651	-
Unrealized gain or (loss)	(208,911)	8,174
Advisory fees	(7,951)	(2,878)
Total investment income	<u>\$ (189,075)</u>	<u>\$ 29,640</u>

NOTE 6 - CONCENTRATION OF CREDIT RISK

Meals on Wheels Program and Services of Rockland Inc. maintain cash balances at five banks. The bank accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. For the year ended December 31, 2022, the Organization exceeded insurance limits balances in one bank by \$14,126. Management believes this institution is a reputable bank and does not believe there is any risk of loss. For the year ended December 31, 2021, the balances did not exceed the insured limits. At December 31, 2022 and 2021, the Organization held \$1,365,563 and \$1,529,639, respectively in an investment account which is not insured by the FDIC.

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.

Notes to Financial Statements

December 31, 2022 and 2021

NOTE 7 – DEFINED CONTRIBUTION PLAN

The Organization maintains a 403(b) plan for any employee employed after 30 days. Employee contributions are allowed up to IRS regulations. The Organization matches employee contributions up to 2% of their salary. This match begins once an employee has worked one year and 1,000 hours. Employees are vested immediately in employee contributions and in employer contributions after three years. During 2022 and 2021, the 403(b) contributions were \$11,064 and \$7,100, respectively. The Organization also has a Section 125 Plan (medical premiums only) for employees employed after three (3) months.

NOTE 8 – NOTES AND LOANS PAYABLE

Line of Credit

The Organization has a \$600,000 bank line of credit with TD Bank. Interest on any outstanding balance under this agreement is charged at the bank's prime rate and is payable monthly. The Collateral for the line of credit is the property and equipment of the Organization. Under the terms of the bank line of credit, on an annual basis, Meals On Wheels is required to pay down the line of credit to \$100,000 or less for 30 consecutive days. On December 31, 2022 and 2021, there was no balance outstanding on the line of credit. The organization is in compliance in both 2022 and 2021 for this covenant.

There was no interest expense related to this line of credit for the years then ended December 31, 2022 and 2021.

Mortgage Loan Payable

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

Lender: TD Bank

Original Amount: \$1,585,000

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

Interest Rate: Floating at LIBOR Plus 2.25%

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

December 31, 2022 balance: \$313,533

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

2023	\$	109,256
2024		114,185
2025		52,622
2026		37,470
	\$	<u>313,533</u>

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

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.

Notes to Financial Statements

December 31, 2022 and 2021

NOTE 9 – COMMITMENTS AND CONTINGENCIES

The Organization has a one-year lease on one of their senior centers in New City, New York commencing March 2022. The monthly payment is \$1,630 and the lease expires in February 28, 2023. Payments for the year ended December 31, 2022 and 2021 were \$25,960 and \$10,595.

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

Both of these leases did not meet the criteria for recognition on the statement of activities per the requirements of ASC 842.

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

Year Ending December 31:	<u>Rent</u>	<u>Copier</u>	<u>Total</u>
2023	\$ 3,260	\$ 268	\$ 3,528
	<u>\$ 3,260</u>	<u>\$ 268</u>	<u>\$ 3,528</u>

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS

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

January 1, 2022 balances	\$ 8,072
Senior Center Contributions	1,550
Activity Expenses	(235)
December 31, 2022, ending balance	<u>\$ 9,387</u>
January 1, 2021 balances	\$ 7,322
Senior Center Contributions	1,004
Activity Expenses	(254)
December 31, 2021, ending balance	<u>\$ 8,072</u>

NOTE 11 – ENDOWMENT FUNDS

The Board of Directors has established the Aaron and Thelma Sandler Endowment Fund to administer the gifts, tributes, bequests and/or other donations received by the Board and designated for the Endowment Fund. As of December 31, 2022 and 2021, \$125,877 and \$119,816 have been set aside in a separate account.

Interpretation of Relevant Law

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

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.

Notes to Financial Statements

December 31, 2022 and 2021

NOTE 11 – ENDOWMENT FUNDS– Continued

Return Objectives and Risk Parameters

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

Spending Policy and How the Investment Objectives Related to Spending Policy

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

Endowment Net Asset Composition by Type of Fund as of December 31, 2022:

	Beginning Balance	Revenues	Transfer to Net Asset	Ending Balance
Board Designated	\$ 119,816	\$ 62	\$ 6,000	\$ 125,878

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

	Beginning Balance	Revenues	Transfer to Net Asset	Ending Balance
Board Designated	\$ 113,758	\$ 58	\$ 6,000	\$ 119,816

NOTE 12 – LIQUIDITY AND FUNDS AVAILABLE

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

The following table reflects the Organization's financial assets as of December 31, 2022, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, or because the Board has set aside the funds for specific reserve or long-term investments as Board designated. Board designations could be drawn upon if the Board approves that action.

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.

Notes to Financial Statements

December 31, 2022 and 2021

NOTE 12 – LIQUIDITY AND FUNDS AVAILABLE- Continued

<u>Financial Assets:</u>	<u>2022</u>	<u>2021</u>
Cash	\$ 244,944	\$ 408,988
Cash - Endowment	125,877	119,816
Cash - Restricted	9,387	8,071
Investments	1,365,563	1,529,639
Receivables	524,988	290,099
Financial assets, available at year end	<u>2,270,759</u>	<u>2,356,613</u>
Less those unavailable for general expenditure within one year due to:		
Donor Restricted	(9,387)	(8,071)
Endowment	<u>(125,878)</u>	<u>(119,816)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 2,135,494</u>	<u>\$ 2,287,726</u>

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

NOTE 13 – SUBSEQUENT EVENTS

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

Management has evaluated subsequent events after the balance sheet date through November 15, 2022, the date the financial statements are available to be issued.