MEALS on WHEELS AMERICA

Financial Statements

For the Year Ended December 31, 2022
(With Summarized Financial Information for the Year Ended December 31, 2021)

and
Report Thereon

MEALS ON WHEELS AMERICA

TABLE OF CONTENTS
For the Year Ended December 31, 2022

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Meals on Wheels America

Opinion

We have audited the financial statements of Meals on Wheels America (the Organization), which comprise the statement of financial position as of December 31, 2022, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Marcum LLP ▪ 1899 L Street, NW ▪ Suite 850 ▪ Washington, DC 20036 ▪ **Phone** 202.227.4000 ▪ **www.marcumllp.com**

Auditors' 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 auditors' 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 GAAS 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 GAAS, 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 the Organization'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 the Organization'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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 13, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Marcum LLP

Washington, DC
June 2, 2023

MEALS ON WHEELS AMERICA

STATEMENT OF FINANCIAL POSITION
December 31, 2022
(With Summarized Financial Information as of December 31, 2021)

	2022	2021
ASSETS		
Cash and cash equivalents	$ 2,704,384	$ 3,887,953
Investments	28,917,140	30,323,834
Grants and contributions receivable	2,896,582	2,939,750
Other receivables	440,136	188,004
Inventory	24,409	44,375
Prepaid expenses	200,519	246,564
Property and equipment, net	387,632	449,024
Right of use asset - operating	1,213,662	-
Security deposit	5,071	5,212
TOTAL ASSETS	$ 36,789,535	$ 38,084,716
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 1,885,696	$ 2,540,079
Contract liabilities	609,949	651,977
Refundable advances	-	290,925
Lease liability - operating	1,936,284	-
Deferred rent and lease incentives	-	824,196
TOTAL LIABILITIES	4,431,929	4,307,177
Net Assets		
Without donor restrictions	29,752,342	28,884,117
With donor restrictions	2,605,264	4,893,422
TOTAL NET ASSETS	32,357,606	33,777,539
TOTAL LIABILITIES AND NET ASSETS	$ 36,789,535	$ 38,084,716

The accompanying notes are an integral part of these financial statements.

MEALS ON WHEELS AMERICA

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022
(With Summarized Financial Information for the Year Ended December 31, 2021)

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
OPERATING REVENUE AND SUPPORT				
Grants and contributions	$ 12,667,116	$ 5,523,391	$ 18,190,507	$ 19,939,647
In-kind contributions	11,963,005	-	11,963,005	10,934,533
Government grants	683,292	-	683,292	655,540
Program service fees:				
Contracts and royalties	1,249,560	-	1,249,560	1,082,089
Conference	657,956	-	657,956	342,675
Membership dues	498,042	-	498,042	237,503
Other income	189,251	-	189,251	2,631
Net assets released from restrictions:				
Satisfaction of program restrictions	7,811,549	(7,811,549)	-	-
TOTAL OPERATING REVENUE AND SUPPORT	35,719,771	(2,288,158)	33,431,613	33,194,618
OPERATING EXPENSES				
Program Services	26,011,993	-	26,011,993	29,643,411
Supporting Services:				
Management and general	2,131,788	-	2,131,788	1,530,943
Development	4,147,046	-	4,147,046	3,386,901
Total Supporting Services	6,278,834	-	6,278,834	4,917,844
TOTAL OPERATING EXPENSES	32,290,827	-	32,290,827	34,561,255
Change in net assets from operations	3,428,944	(2,288,158)	1,140,786	(1,366,637)
NONOPERATING ACTIVITIES				
Investment (loss) income, net	(2,560,719)	-	(2,560,719)	626,266
Forgiveness of debt and accrued interest – PPP	-	-	-	512,976
CHANGE IN NET ASSETS	868,225	(2,288,158)	(1,419,933)	(227,395)
NET ASSETS, BEGINNING OF YEAR	28,884,117	4,893,422	33,777,539	34,004,934
NET ASSETS, END OF YEAR	$ 29,752,342	$ 2,605,264	$ 32,357,606	$ 33,777,539

The accompanying notes are an integral part of these financial statements.

MEALS ON WHEELS AMERICA

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2022
(With Summarized Financial Information for the Year Ended December 31, 2021)

		Supporting Services				
	Program Services	Management and General	Development	Total Supporting Services	2022 Total	2021 Total
Grants, scholarships and awards	$ 6,727,816	$ -	$ -	$ -	$ 6,727,816	$ 10,547,209
Personnel	3,975,390	1,489,128	868,253	2,357,381	6,332,771	5,199,620
Consulting and contracted services	1,667,702	212,838	2,908,766	3,121,604	4,789,306	5,961,180
Member services	772,835	-	-	-	772,835	612,834
Office expenses and bank fees	341,858	82,499	211,096	293,595	635,453	448,377
Conference and events	612,054	-	-	-	612,054	145,936
Occupancy	174,706	80,508	44,186	124,694	299,400	284,597
Accounting, audit and legal fees	38,254	150,990	-	150,990	189,244	123,467
Miscellaneous	29,241	80,353	72,157	152,510	181,751	193,374
Depreciation and amortization	49,342	22,738	12,479	35,217	84,559	82,466
Travel and meetings	45,854	5,241	25,996	31,237	77,091	19,629
Insurance	16,261	7,493	4,113	11,606	27,867	22,733
TOTAL EXPENSES BEFORE IN-KIND	14,451,313	2,131,788	4,147,046	6,278,834	20,730,147	23,641,422
In-kind public service announcements	11,560,680	-	-	-	11,560,680	10,919,833
TOTAL OPERATING EXPENSES	$ 26,011,993	$ 2,131,788	$ 4,147,046	$ 6,278,834	$ 32,290,827	$ 34,561,255

The accompanying notes are an integral part of these financial statements.

MEALS ON WHEELS AMERICA

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2022
(With Summarized Financial Information for the Year Ended December 31, 2021)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (1,419,933)	$ (227,395)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	84,559	82,466
Unrealized loss on investments	1,888,182	363,451
Realized loss (gain) on investments	1,530,576	(466,618)
Amortization of right of use asset	246,847	-
Forgiveness of debt and accrued interest – PPP	-	512,976
Changes in assets and liabilities:		
Grants and contributions receivable	43,168	194,696
Other receivables	(252,132)	22,838
Inventory	19,966	(21,116)
Prepaid expenses	46,045	(102,440)
Accounts payable and accrued expenses	(654,383)	(856,192)
Refundable advance	(290,925)	290,925
Contract liabilities	(42,028)	275,963
Lease liability - operating	(348,421)	-
Deferred rent and lease incentives	-	(106,675)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	851,521	(37,121)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(25,095,058)	(11,099,824)
Proceeds from sale of investments	22,226,643	8,264,663
Purchases of property and equipment	(23,167)	(28,173)
NET CASH USED IN INVESTING ACTIVITIES	(2,891,582)	(2,863,334)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,040,061)	(2,900,455)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	7,320,334	10,220,789
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 5,280,273	$ 7,320,334
CASH REPORTED ON THE STATEMENT OF FINANCIAL POSITION		
Cash and cash equivalents	2,704,384	3,887,953
Cash and cash equivalents held for investment purposes	2,575,889	3,432,381
	$ 5,280,273	$ 7,320,334
SUPPLEMENTAL NONCASH FINANCING ACTIVITES		
Forgiveness of debt – PPP	$ -	$ 507,200

The accompanying notes are an integral part of these financial statements.

1. Organization and Summary of Significant Accounting Policies

Organization

Meals on Wheels America (the Organization) is a nonprofit organization chartered in Washington, D.C., on April 30, 1976. The Organization's vision is an America in which all seniors live nourished lives with independence and dignity. The Organization's mission is to empower local community programs to improve the health and quality of life of the seniors they serve so that no one is left hungry or isolated.

Meals on Wheels America is the leadership organization supporting the more than 5,000 community-based programs across the country that are dedicated to addressing senior isolation and hunger. This network serves virtually every community in America and, along with more than two million staff and volunteers, delivers the nutritious meals, friendly visits and safety checks that enable America's seniors to live nourished lives with independence and dignity. By providing funding, leadership, education, research and advocacy support, Meals on Wheels America empowers its local member programs to strengthen their communities, one senior at a time.

The Organization's activities are primarily funded from corporate, foundation and individual contributions and/or grants, government grants, and service contracts.

Basis of Presentation

The financial statements are presented using the accrual method of accounting. Revenue is recognized when earned and expense is recognized when incurred. Unconditional promises to give (pledges) are recorded as contributions when the promise is made.

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits and money market accounts and all highly liquid investments with initial maturities of three months or less.

Receivables

Receivables are stated at net realizable value. An allowance for uncollectible contributions receivable is provided based on management's judgment, including such factors as prior collection history, and subsequent collections.

Investments

Investments consist of cash and cash equivalents, mutual funds and exchange-traded funds (see note 3). These investments are recorded in the accompanying statement of financial position at fair value based on quoted market prices (see Note 4). Fair value is the price that would be received to sell an asset or paid to transfer a liability through an orderly transaction between market participants at the measurement date. Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. Unrealized gains or losses are determined by comparison of fair value at the beginning and end of the reporting period.

1. Organization and Summary of Significant Accounting Policies (continued)

Fair Value Measurement

Accounting standards define fair value and establish a framework for measuring fair value for those assets and liabilities that are measured at fair value on a recurring basis. In accordance with the fair value measurement standards, the Organization has categorized its applicable financial instruments into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the fair value hierarchy, the categorization is based upon the lowest-level input that is significant to the fair value measurement of the instrument. Only the Organization's investments were measured at fair value on a recurring basis (see Note 4).

Property and Equipment and Related Depreciation and Amortization

Property and equipment are recorded at cost. All additions in excess of $1,000 and an economic life of more than one year are capitalized, while replacements, maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred. Computer and office equipment is depreciated on a straight-line basis over the estimated useful life of the assets, which ranges from three to seven years. Leasehold improvements are amortized over the shorter of the lease term or useful life. The cost of property and equipment retired or disposed of is removed from the accounts along with the related accumulated depreciation, and any gain or loss is reflected in the accompanying statement of activities.

Classification of Net Assets

The Organization's net assets are reported as follows:

- Net assets without donor restrictions consist of assets that are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes.
- Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions.

Revenue Recognition

Grants and Contributions

The Organization recognizes all unconditional promises to give in the period in which the commitment to give is made. Contributions are considered revenue and support without donor restriction and available for general operations unless specifically restricted by the donor. The Organization reports gifts of cash and other assets as having donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a stipulated time restriction ends or purpose of a restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions. Revenue recognized on unconditional contributions that has been committed to the Organization, but has not been received, is reflected as grants and contributions receivable in the accompanying statement of financial position.

1. Organization and Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Grants and Contributions (continued)

Government grants are recorded as revenue upon the incurrence of various conditions and are recognized as conditions are met. Revenue recognized on government grants for which billings have not been presented to or collected from the donor or awarding agency is included in grants and contributions receivable in the accompanying statement of financial position. Any amounts received in advance that were not spent as of year-end are included in refundable advance in the accompanying statement of financial position.

In October 2022, the Organization applied for the Employee Retention Tax Credit (ERTC) for activity in the second quarter of 2020, in the amount of $163,558. This ERTC revenue is included in the accompanying financial statements as part of other receivables and other income as of and for the year ended December 31, 2022, respectively.

Program Service Fees

Consulting contracts include fixed price contracts that contain multiple performance obligations, and revenue under these contracts is recognized at the point in time that the performance obligations are satisfied. Revenue recognized on these contracts for which billings have not been collected from the customer is included in accounts receivable. Any contract payments received in advance of satisfying the performance obligations are recorded in contract liabilities.

Conference revenue, which consists of registrations, sponsorships and exhibitor fees for the annual conference, is recognized at the point in time the conference is held.

Membership dues are recognized as revenue ratably over the membership term (e.g., calendar year) as membership benefits are provided to members over the entire membership period. Accordingly, dues paid by members in advance of the membership period are reported as contract liabilities in the accompanying statement of financial position.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of functional expenses. Expenses directly attributed to specific functional areas of the Organization are reported as expenses of those functional areas, while shared costs that benefit multiple functional areas have been allocated among the various functional areas based on direct labor costs. These include salaries, employee benefits, rent, utilities, maintenance and repairs, insurance, printing, postage, supplies, telephone, software, and depreciation.

Definition of Operations

Operating revenue and expenses generally reflect those revenues and expenses that are an integral part of the programs and supporting activities of the Organization and exclude investment income (loss).

1. Organization and Summary of Significant Accounting Policies (continued)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

New Accounting Pronouncements Adopted

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*, which requires lessees to put most leases on their statement of financial position. ASU 2016-02 states that a lessee recognize a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term. Effective January 1, 2022, the Organization adopted FASB ASC 842. The Organization determined if an arrangement contained a lease at inception based on whether the Organization has the right to control the leased asset during the contract period and other facts and circumstances. The Organization elected the package of practical expedients permitted under the transition guidelines within the new standard, which allowed it to carryforward the historical lease classification. The Organization's proportionate share of the building's real estate and operating expenses are considered as variable lease payments, thus are not included in the measurement of the lease assets or liability and are recognized as variable costs when incurred. The adoption of FASB ASC 842 resulted in the recognition of right-of-use ("ROU") assets (net of existing lease incentives and deferred rent liabilities) of $1,460,509 and operating lease liabilities of $2,284,705 as of January 1, 2022. Results for periods beginning prior to January 1, 2022 continue to be reported in accordance with the Organization's historical accounting treatment. The adoption of FASB ASC 842 did not have a material impact on the Organization's results of operations, cash flows, or debt covenants.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires a separate line items for contributed nonfinancial assets (gifts-in-kind) on the statement of activities and a disaggregation by type if there are many different kinds of nonfinancial assets that are received in the notes. The guidance also requires qualitative information about whether gifts-in-kind were either monetized or held and used, policy requirements for monetizing gifts-in-kind rather than utilizing them, descriptions of donor-imposed restrictions, description of valuation techniques used to estimate fair value at initial recognition, and principal or most advantageous market used to arrive at a fair value only if the donor restricts the sale or use of the assets in that market. The guidance is effective for the fiscal years beginning after June 15, 2021 and the Organization has fully implemented this ASU effective January 1, 2022 without a material impact on presentation of the Organization's financial statements.

New Accounting Pronouncements to be Adopted

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses – (Topic 326)*. This ASU replaces the current incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable

1. Organization and Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements to be Adopted (continued)

and supportable information to inform credit loss estimates. The guidance applies to loans, accounts receivable, trade receivables and other financial assets measured at amortized costs, loan commitments, debt securities and beneficial interests in securitized financial assets, but the effect on the Organization is projected to be limited to accounts and grants receivable. The guidance will be effective for the fiscal year beginning after December 15, 2022, including interim periods within that year. The Organization is evaluating the impact this ASU will have on its financial statements.

2. Grants and Contributions Receivable

Grants and contributions receivable consist of grants and contributions from foundations, government agencies and corporate donors to be used for particular programs and/or general support and expected to be fully collected within the next year.

As of December 31, 2022, contributions of $21,712 relates to cost-reimbursable grants that are conditioned on the incurrence of qualifying expenditures, thus have not been recognized in the accompanying statement of activities and the accompanying statement of financial position.

3. Investments

Investments consisted of the following as of December 31, 2022:

Mutual funds	$ 19,266,763
Exchange-traded funds	7,074,488
Cash and cash equivalents	2,575,889
Total Investments	$ 28,917,140

Investment income is summarized as follows for the year ended December 31, 2022:

Interest and dividends, net of expenses	$ 858,039
Realized loss	(1,530,576)
Unrealized loss	(1,888,182)
Total Investment Income	$ (2,560,719)

4. Fair Value Measurement

The following table summarizes the Organization's assets measured at fair value on a recurring basis as of December 31, 2022:

	Fair Value	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured in the fair value hierarchy:				
Mutual funds:				
Fixed income	$ 10,262,290	$ 10,262,290	$ -	$ -
Equity	4,704,371	4,704,371	-	-
Multi-alternative	4,300,102	4,300,102	-	-
Exchange-traded funds:				
Fixed income	4,812,754	4,812,754	-	-
Equity	1,880,058	1,880,058	-	-
Multi-alternative	381,676	381,676	-	-
Total Investments Measured in the Fair Value Hierarchy	26,341,251	$ 26,341,251	$ -	$ -
Cash and cash equivalents	2,575,889			
Total Investments	$ 28,917,140			

The Organization used the following methods and significant assumptions to estimate fair value for assets recorded at fair value:

Mutual and exchange-traded funds – Valued at net asset value at the closing price reported in the active market in which the mutual and exchange-traded funds are traded.

5. Property and Equipment and Accumulated Depreciation and Amortization

The Organization's property and equipment consisted of the following as of December 31, 2022:

Leasehold improvements	$ 821,058
Computer equipment	172,976
Office equipment	29,850
Total Property and Equipment	1,023,884
Less: Accumulated Depreciation and Amortization	(636,252)
Property and Equipment, Net	$ 387,632

5. Property and Equipment and Accumulated Depreciation and Amortization (continued)

Depreciation and amortization expense totaled $84,559 for the year ended December 31, 2022.

6. Net Assets With Donor Restrictions

As of December 31, 2022, net assets with donor restrictions were restricted for the following purposes or time specifications:

Subject to expenditure for specified purpose:	
Community impact	$ 1,526,829
COVID-19 Response and Recovery	517,202
Research	213,382
Total	2,257,413
Subject to occurrence of passage of time:	
General operations	347,851
Total Net Assets With Donor Restrictions	$ 2,605,264

7. In-kind Contribution

The Organization recognized contributed nonfinancial assets, in the amount of $11,963,005 for the year ended December 31, 2022 which is reported as in-kind contributions in the accompanying statement of activities and unless otherwise noted, did not have donor-imposes restrictions.

The recognized in-kind contributions include:

Media airtime (for PSAs)	$ 11,560,680
Product vouchers	402,325
Total	$ 11,963,005

Media Airtime consists of donated public service announcement (PSA) airtime (primarily television and radio) for ads highlighting the organization's mission and programs. It is recorded at its estimated fair value as provided by TV Access (https://tvaccess.com), the nation's largest PSA distributor, and based on a combination of SQAD valuation data and Nielsen Sigma airing data. SQAD (https://sqad.com) is the largest real cost benchmarking research database available for comprehensive valuation of similar forms of advertising cost, on a per-airing basis (which accounts for audience, market area, time of day, and other factors). Nielson Sigma airing data (https://nielsen.com) provides a record of when and where ads were run.

Product Vouchers consist of documents entitling the bearer to redeem them for food products at various retail establishments. They are valued at the time of donation, based on publicly published market prices for the purchase of the products indicated. They were distributed to the organization's member organizations for redemption and use in the course of their programmatic purposes.

8. Commitments and Risks

Operating Lease

On November 16, 2015, the Organization entered into a noncancelable operating lease for office space located in Arlington, Virginia. The lease agreement commenced in July 2015 and is scheduled to terminate on November 15, 2027. The agreement allowed for rent abatement at the beginning of the lease and requires monthly rental payments of $27,655, subject to 2.5% annual fixed escalations. The Organization is obligated to pay its pro rata share of the building's real estate and operating expenses after the abatement period ends. The terms of the lease required an initial security deposit, in the form of a Letter of Credit, in the amount of $165,927, which according to the terms of the lease, was subsequently reduced to $62,577 in 2021. In addition, the terms of the lease included a tenant improvement allowance of $698,640, representing the landlord's contribution toward leasehold improvements and other build-out-related costs, as well as a provision to provide monthly rent credits worth up to $563,104 to assist the Organization with the payment of its existing lease obligation. As of December 31, 2022, all of the rent credits were used.

The components of operating lease expenses for the year ended December 31, 2022 are as follows:

Operating lease expense	$ 284,477
Variable lease expense	14,923
Total Lease Expenses	$ 299,400

The cash paid for the operating lease was $386,052 for the year ended December 31, 2022.

Other information related to the operating lease as of December 31, 2022:

Remaining lease term	4.9 years
Discount rate	1.80%

Future minimum lease payments required under the office space lease are as follows:

For the Year Ending December 31, 2022	
2023	$ 395,703
2024	405,595
2025	415,735
2026	426,129
2027	380,994
Total Lease Payments	2,024,156
Less: Present Value Discount	(87,872)
Lease Liability – Operating Lease	$ 1,936,284

8. Commitments and Risks (continued)

Letter of Credit

In lieu of a cash security deposit to its landlord, the Organization elected to deliver an irrevocable unconditional letter of credit in the amount of $165,927, issued by a financial institution, naming the landlord as the beneficiary thereof. The letter of credit expires and renews each year automatically on the last day of December, unless written notice is provided by the lender 45 days prior to expiration. The letter of credit, however, will not be extended beyond December 31, 2027, the final maturity date. On March 30, 2021, in accordance with the terms of the lease and via an amendment of the existing letter of credit, the amount of the letter of credit was reduced to $62,577. All other terms and conditions contained in the letter of credit remained unchanged.

Hotel Agreements

The Organization has entered agreements with hotels which will provide room accommodations for its 2023, 2024, and 2025 Annual Conferences and Expos. These agreements contain clauses whereby the Organization is liable for liquidated damages in the event of cancellation. The potential liquidated damages increase, as the actual date of the annual conference approaches. The maximum possible amount of liquidated damages as of December 31, 2022, was approximately $460,000.

Employment Agreement

During 2013, the Organization entered into an employment contract with the Executive Director that documents the terms and conditions of employment. Under the terms of the contract, should the Organization terminate the Executive Director’s employment without cause, the Organization would be obligated to make a separation payment equal to the Executive Director’s annual base salary, and would be obligated to pay certain benefits for a period of six months from the Executive Director’s termination date.

Concentration of Credit Risk

The Organization maintains its cash with certain commercial financial institutions, which aggregate balances may exceed, at times, the Federal Deposit Insurance Corporation (FDIC) insured limit of $250,000 per depositor per institution. As of December 31, 2022, the Organization had approximately $5,250,255 composed of demand deposits, which exceeded the maximum limit insured by the FDIC by approximately $4,142,000. The Organization monitors the creditworthiness of these institutions and has not experienced any credit losses on its cash and cash equivalents.

Financial Risk

The Organization invests in a professionally managed investment portfolio that is exposed to various risks such as interest rate, market volatility and credit risks. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

8. Commitments and Risks (continued)

Risks and Uncertainties – Global Pandemic

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses across the country for non-essential services. In 2021, and to a lesser extent in 2022, Meals on Wheels America's business operations, fundraising, and program activity was materially affected by COVID-19 in the form of increased contributions and subsequent grant making to its member organizations to support dramatically higher demand for their programmatic services. The Organization is monitoring the situation as society adapts to the post-COVID era and continues to modify its operations accordingly in order to continue to provide support and services to its member programs and the seniors they serve.

9. Availability and Liquidity of Net Assets

The Organization regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to preserve the principal and return on the investment of its funds. The Organization's financial assets available within one year of the statement of financial position date for general expenditures at December 31, 2022, were as follows:

Financial Assets:	
Cash and cash equivalents	$ 2,704,384
Receivables	3,336,718
Investments	28,917,140
Total Financial Assets Available	34,958,242
Less:	
Net Assets With Donor Restrictions	(2,605,264)
Liquid and Available Net Assets Available for General Expenditure Within One Year	$ 32,352,978

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of monthly requirements in interest bearing demand deposit accounts, money market accounts, publicly traded investment vehicles including mutual funds, and equity securities.

10. Retirement Plan

The Organization maintains a 403(b) retirement plan (the Plan) covering substantially all full-time employees who have attained 21 years of age. Employees may elect to defer and contribute to the Plan a portion of their compensation in amounts up to the maximum permitted by law. The Organization matches employee contributions, up to 3% of the employee's salary, after the employee has completed one year of service. Retirement plan expense totaled $104,454 for the year ended December 31, 2022.

11. Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (the IRC) and is classified as a publicly supported organization under Section 509(a)(1) of the IRC. No provision for income taxes is required for the year ended December 31, 2022, as the Organization had no significant net unrelated business income.

The Organization performed an evaluation of uncertainty in income taxes for the year ended December 31, 2022, and determined that there are no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status.

As of December 31, 2022, there are no tax examinations pending or in progress. It is the Organization's policy to recognize interest and penalties related to uncertainty in income taxes, if any, in income tax or interest expense. As of December 31, 2022, the Organization had no accruals for interest and/or penalties.

12. Prior Year Summarized Financial Information

The accompanying financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

13. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions, for potential recognition or disclosure, through June 2, 2023, the date the financial statements were available to be issued. In April 2023, the Organization signed a lease amendment to extend its existing office lease through November 2034, at a new base monthly rent of $38,570 commencing in November of 2027. There were no other subsequent events that require recognition or disclosure in the financial statements.