



**Audited Financial Statements**

December 31, 2021

## Independent Auditor's Report

### To the Board of Directors of Meals on Wheels of Long Beach, Inc.:

I have audited the accompanying financial statements of Meals on Wheels of Long Beach, Inc. (a nonprofit Organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Meals on Wheels of Long Beach, Inc. as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Hermosa Beach, CA  
April 29, 2022

**Meals on Wheels of Long Beach**

Statement of Financial Position

December 31, 2021

**Assets**

|                          |                  |
|--------------------------|------------------|
| Cash                     | \$ 87,175        |
| Accounts receivable, net | 104,487          |
| Prepaid expenses         | 2,206            |
| Investments              | 1,290,612        |
| Fixed assets, net        | 27,860           |
|                          | <u>1,512,340</u> |

**Liabilities and Net Assets**

Liabilities

|                     |               |
|---------------------|---------------|
| Accounts payable    | 67,975        |
| Accrued liabilities | 27,733        |
|                     | <u>95,708</u> |

Net Assets

|                      |                  |
|----------------------|------------------|
| Without restrictions | 1,400,948        |
| With restrictions    | 15,684           |
|                      | <u>1,416,632</u> |
|                      | <u>1,512,340</u> |

See accompanying notes to the financial statements.

## Meals on Wheels of Long Beach

### Statement of Activities

Year Ended December 31, 2021

|                               | <u>Without<br/>Restrictions</u> | <u>With<br/>Restrictions</u> | <u>Total</u>     |
|-------------------------------|---------------------------------|------------------------------|------------------|
| <b>Revenues</b>               |                                 |                              |                  |
| Fees for service              | \$ 591,705                      | \$ -                         | \$ 591,705       |
| Grants and contributions      | 400,674                         | 15,684                       | 416,358          |
| Special events, net           | 6,918                           | -                            | 6,918            |
| Investment income, net        | 95,656                          | -                            | 95,656           |
| Release from restrictions     | 136,792                         | (136,792)                    | -                |
| Total revenue                 | <u>1,231,745</u>                | <u>(121,108)</u>             | <u>1,110,637</u> |
| <b>Expenses</b>               |                                 |                              |                  |
| Program services              | 1,093,754                       | -                            | 1,093,754        |
| Supporting services:          |                                 |                              |                  |
| Management and General        | 80,893                          | -                            | 80,893           |
| Fundraising                   | 97,478                          | -                            | 97,478           |
| Total supporting services     | <u>178,371</u>                  | <u>-</u>                     | <u>178,371</u>   |
| Total expenses                | <u>1,272,125</u>                | <u>-</u>                     | <u>1,272,125</u> |
| Change in net assets          | (40,380)                        | (121,108)                    | (161,488)        |
| Net assets, beginning of year | <u>1,441,328</u>                | <u>136,792</u>               | <u>1,578,120</u> |
|                               | <u>1,400,948</u>                | <u>15,684</u>                | <u>1,416,632</u> |

See accompanying notes to the financial statements.

**Meals on Wheels of Long Beach**  
Statement of Functional Expenses  
Year Ended December 31, 2021

|                                    | Programs<br>Services | Supporting Services       |               |                              | Total            |
|------------------------------------|----------------------|---------------------------|---------------|------------------------------|------------------|
|                                    |                      | Management<br>and General | Fundraising   | Total Supporting<br>Services |                  |
| Food, packaging, and delivery      | \$ 745,081           | \$ -                      | \$ -          | \$ -                         | \$ 745,081       |
| Salaries and wages                 | 232,301              | 49,245                    | 40,776        | 90,021                       | 322,322          |
| Payroll taxes                      | 18,126               | 4,141                     | 3,786         | 7,927                        | 26,053           |
| Employee benefits                  | 8,198                | 3,247                     | 3,058         | 6,305                        | 14,503           |
| Professional and contract services | 25,306               | 10,782                    | 33,935        | 44,717                       | 70,023           |
| Technology                         | 11,946               | 729                       | 4,998         | 5,727                        | 17,673           |
| Insurance                          | 6,756                | 6,734                     | 806           | 7,540                        | 14,296           |
| Occupancy                          | 10,115               | 249                       | 436           | 685                          | 10,800           |
| Telecommunications                 | 6,786                | 1,762                     | 1,482         | 3,244                        | 10,030           |
| Supplies and equipment             | 7,856                | 1,088                     | 915           | 2,003                        | 9,859            |
| Bad debt expense                   | 9,839                | -                         | -             | -                            | 9,839            |
| Depreciation                       | 6,686                | -                         | -             | -                            | 6,686            |
| Bank fees                          | 3,811                | -                         | 2,481         | 2,481                        | 6,292            |
| Dues                               | -                    | 1,375                     | -             | 1,375                        | 1,375            |
| Postage                            | 718                  | -                         | 578           | 578                          | 1,296            |
| Other                              | 229                  | 1,541                     | 4,227         | 5,768                        | 5,997            |
|                                    | <u>1,093,754</u>     | <u>80,893</u>             | <u>97,478</u> | <u>178,371</u>               | <u>1,272,125</u> |

See accompanying notes to the financial statements.

**Meals on Wheels of Long Beach**

Statement of Cash Flows

Year Ended December 31, 2021

**Cash Flows from Operating Activities**

|  |                  |
|--|------------------|
| Change in net assets                           | \$ (161,488)     |
| Adjustments to reconcile change in net assets: |                  |
| Depreciation                                   | 6,686            |
| Unrealized appreciation in investments         | (82,348)         |
| Changes in operating assets and liabilities:   |                  |
| Accounts receivable                            | (26,637)         |
| Prepaid expenses                               | (625)            |
| Accounts payable                               | (10,856)         |
| Accrued liabilities                            | (4,629)          |
| Net cash used in operating activities          | <u>(279,897)</u> |

**Cash Flows from Investing Activities**

|   |                 |
|---|-----------------|
| Purchases of investments, net proceeds from sales | <u>(13,256)</u> |
| Net cash used in investment activities            | <u>(13,256)</u> |

Net decrease in cash (293,153)

|                               |                      |
|-------------------------------|----------------------|
| Cash at the beginning of year | <u>380,328</u>       |
| Cash at the end of year       | <u><u>87,175</u></u> |

See accompanying notes to the financial statements.

**MEALS ON WHEELS OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 1 – OPERATIONS AND ACTIVITIES**

Meals on Wheels of Long Beach, Inc. (“MOWLB”) (“The Organization”) was founded in March 1971 and is a California nonprofit corporation. MOWLB’s purpose is to assist homebound older adults and the disabled remain independent in their homes, comfortably, and safely. MOWLB’s stated mission reads: “We are more than a meal, we nourish, we comfort, we protect.”

The Organization’s primary program is providing nourishing, freshly prepared meals that include lunch, a hot dinner, dessert, and a beverage delivered every weekday to upwards of 600 homebound clients throughout our service area of Long Beach, Signal Hill, and the retirement community of Leisure World Seal Beach. In 2021, 240,780 meals were delivered by over 300 dedicated and trained volunteers who provided a “friendly visit” accompanied by a wellness check with every delivery.

In keeping with our commitment that “We are More than a Meal” every MOWLB client has access to our Client Support Program that has been developed to address issues that many homebound elderly and disabled clients experience. These issues include loneliness and depression due to social isolation, navigating healthcare services, and connecting with senior support services among many others. Our collaborations with the California State University at Long Beach (CSULB) School of Nursing, the CSULB Center for Community Engagement, local nonprofit senior service programs, and community volunteers have enabled the Client Support Program to deliver much more than nourishing food; we continue to improve the health and quality of life for the people we serve.

MOWLB does not receive government funding. Services are provided to all qualified applicants at a discounted, partially subsidized fee. Low-income applicants receive fully subsidized meal and support services when qualified during an intake process. The low-income meal and support subsidy program is funded in part by the generosity of individual donors, business and corporate sponsors, and philanthropic foundations.

***Tax Status***

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an Organization that is not a private foundation under Section 509(a)(2). The Organization also is exempt from state income taxes under Section 23701(d) of the Revenue and Taxation Code of the State of California.

The Organization has applied the provisions of Financial Accounting Standard Board’s (FASB) Accounting Standards Codification (ASC) 740-10, *Accounting for Uncertainty in Income Taxes*. Under ASC 740-10, nonpublic enterprises, including nonprofit Organizations, are required to record a tax liability when substantial uncertainties exist as to whether certain income is exempt from federal, state, and local income tax. As of December 31, 2021, the Organization had no substantial uncertain income tax positions. The Organization’s federal returns are subject to examination by federal taxing authorities, generally for three years after they are filed, and state returns are subject to examination by state taxing authorities, generally for four years after they are filed.

**MEALS ON WHEELS OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Accounting and Presentation***

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and with the provisions of Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Under ASC 958, the Organization is required to report information regarding its financial position and activities in two classes of net assets as follows:

- *Net assets without donor restrictions* are net assets not subject to donor-imposed restrictions. The governing body has designated, from net assets without donor restrictions, net assets for a board-designated support fund in addition to an endowment.
- *Net assets with donor restrictions* are net assets subject to stipulations imposed by donors or law. Some donor restrictions are temporary in nature; those restrictions will be met by action of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Generally, donor-imposed restrictions are released when a restriction expires - that is, when a stipulated time restriction has elapsed, when the stipulated purpose has been fulfilled, or both.

***Cash and Cash Equivalents***

Cash and cash equivalents consist of highly liquid financial instruments with original maturities of three months or less. Cash equivalents that are part of the Organization's investment portfolio are reported as investments and included in Note 4. As of December 31, 2021, \$15,684 of cash was held with donor restrictions.

***Accounts Receivable***

Accounts receivable consist primarily of noninterest-bearing amounts due in the normal course of operations. Management determines an allowance for uncollectible accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Account balances are written off when deemed uncollectible.

***Investments***

Investments are stated at fair value. Net appreciation (depreciation) in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments, is shown in the statement of activities.



**MEALS ON WHEELS OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

***Concentrations of Credit and Market Risk***

The Organization operates in Long Beach, California and is dependent upon the local community and economy. In 2021, 53 percent of the Organization’s net revenue was derived from service fees earned from client and third-party payments for meal deliveries.

In March 2020, the World Health Organization declared the novel strain of coronavirus (“COVID-19”) a global pandemic. The outbreak of COVID-19 has caused disruptions to local, domestic, and global economies. The continued spread of COVID-19 and its impact on social interaction and travel has resulted in an increased demand for the Organization’s services.

Exposure to credit and market risks is related primarily to bank balances, cash equivalents, and securities held at an investment firm. Cash and cash equivalents are maintained at various financial institutions and, at times, balances may exceed federally insured limits. The Organization’s investments are held at a fiduciary that provides asset management and custody services.

In addition to a monthly review of portfolio performance, the Organization regularly monitors the safety and soundness of all the institutions that hold its financial assets. However, due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities could occur as past performance is no guarantee of future performance.

***Fixed Assets***

Fixed assets are stated at acquisition cost or at the fair value at the date of donation in the case of donated assets. The Organization’s policy is to capitalize all fixed asset expenditures in excess of \$1,000 that have a useful life of at least three years. The Organization provides for depreciation of property and equipment by use of the straight-line method over the estimated useful lives as follows:

|                                    |              |
|------------------------------------|--------------|
| Vehicle                            | 10 years     |
| Furniture, fixtures, and equipment | 3 to 7 years |

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Repair and maintenance costs are charged to operating expense as incurred. There were no impairment charges in fiscal year 2021.

***Revenue Recognition***

***Contributions***

The Organization recognizes contributions when cash, securities, other assets, or an unconditional promise to give is received. 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 met. All contributions are considered to be available for use unless specifically restricted by the donor. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, these net assets are reclassified to contributions without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without restrictions.

**MEALS ON WHEELS OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
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***Revenue Recognition (continued)***

*Fees for Service*

Fees for service include the amount of consideration to which the Organization expects to be entitled in exchange for providing meals to its clients. Revenue is recorded over time during the period the performance obligations are satisfied and at the determined transaction price. Performance obligations are satisfied when the daily meal order cancellation period has expired.

*Fully Subsidized Meals*

The Organization provides fully subsidized meals to clients meeting financial and clinical eligibility. ASC 606, *Revenue from Contracts with Customers*, prescribes that revenue is recognized based on the transaction price, net of subsidies. For its fiscal year ended December 31, 2021, the value of fully subsidized meals provided by the Organization totaled \$435,294.

*Special Event Revenue*

The Organization records special event revenue when the event takes place. Revenue is recorded net of direct expenses as the events are peripheral to the Organization's overall mission and activities.

***Donated Services***

A significant portion of the Organization's functions and programs is conducted by volunteers who are committed to the Organization's mission. The value of this volunteer time is not reflected in the accompanying financial statements because the services do not require specialized skills. During the year ended December 31, 2021, these volunteers donated approximately 39,994 hours with a value of \$1,159,826 computed using the hourly rate of \$25.90 for nonagricultural workers during the period, as determined by the U.S. Department of Labor's Bureau of Labor Statistics, plus 12 percent for estimated fringe benefits.

***Fair Value Measurements***

The Organization has determined the fair value of certain assets in accordance with the provisions of ASC 820, *Fair Value Measurements and Disclosures*, which provides a comprehensive definition of fair value for both assets and liabilities and also establishes a framework, under generally accepted accounting principles, for measuring fair value. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

- Level I inputs are quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
- Level II inputs are inputs other than quoted prices included within Level I that are observable for the related asset or liability, quoted prices in markets that are not active, or other observable inputs that can be corroborated by observable market data.
- Level III inputs are unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the related asset or liability.

The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to an assessment of the quality, risk, or liquidity profile of the asset.

**MEALS ON WHEELS OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

***Functional Allocation of Expenses***

The costs of providing various programs and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

***Use of Estimates***

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

**NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts receivable at December 31, 2021 consist of the following:

|                                |                   |
|--------------------------------|-------------------|
| Contracted meal receivables    | <u>\$ 104,487</u> |
| Total accounts receivable, net | <u>104,487</u>    |

Accounts receivable at December 31, 2021 are due as follows:

|  |                |
|--|----------------|
| Less than one year                         | \$ 104,487     |
| Less: allowance for uncollectible accounts | <u>(-)</u>     |
| Total accounts receivable, net             | <u>104,487</u> |

**NOTE 4 – INVESTMENTS**

Investments are stated at fair value and consist of the following at December 31, 2021:

|                         |                  |
|-------------------------|------------------|
| Equities                | \$ 531,022       |
| Fixed income securities | 192,800          |
| Certificates of deposit | 137,362          |
| Cash equivalents        | <u>429,428</u>   |
| Total investments       | <u>1,290,612</u> |

As of December 31, 2021 board-designated investments totaled \$1,131,566.

**MEALS ON WHEELS OF LONG BEACH**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

**NOTE 4 – INVESTMENTS (continued)**

Investment return for the year ended December 31, 2021 is summarized as follows:

|                              |                      |
|------------------------------|----------------------|
| Interest and dividends       | \$ 11,427            |
| Realized gain                | 6,377                |
| Unrealized gain              | 82,348               |
| Less: Advisory fees          | <u>4,496</u>         |
| Total investment return, net | <u><u>95,656</u></u> |

During the twelve-month period ending December 31, 2021, the Organization's marketable securities increased \$82,348 in market value, however, the cumulative unrealized gain was \$203,922 as of December 31, 2021. The Organization's unrealized gain is reflective of market conditions at December 31, 2021.

**NOTE 5 – FAIR VALUE MEASUREMENTS**

Assets carried at fair value on a recurring basis at December 31, 2021 are as follows:

|                            | Fair Value              | Quoted<br>Prices in<br>Active<br>Markets<br>(Level I) | Other<br>Observable<br>Inputs<br>(Level II) | Unobservable<br>Inputs<br>(Level III) |
|----------------------------|-------------------------|---|---|---------------------------------------|
| Equity securities          | \$ 531,022              | \$ 531,022  | \$ -  | \$ -                                  |
| Fixed income securities    | 192,800                 | -   | 192,800                                     | -                                     |
| Certificates of deposit    | 137,362                 | -   | 137,362                                     | -                                     |
| Cash equivalents           | <u>429,428</u>          | <u>429,428</u>  | -   | -                                     |
| Total assets at fair value | <u><u>1,290,612</u></u> | <u><u>960,450</u></u>                                 | <u><u>330,162</u></u>                       | <u><u>-</u></u>                       |

The Organization has determined that the fair values of its cash equivalents, accounts receivable, accounts payable, and accrued liabilities approximate the carrying values as of December 31, 2021, based on the short-term maturities of these financial instruments.

**NOTE 6 – FIXED ASSETS**

Fixed assets consist of the following at December 31, 2021:

|                                   |                      |
|-----------------------------------|----------------------|
| Vehicle                           | \$ 46,438            |
| Furniture and equipment           | <u>35,785</u>        |
|                                   | 82,223               |
| Less: Accumulated depreciation    | <u>54,363</u>        |
| Total property and equipment, net | <u><u>27,860</u></u> |

**MEALS ON WHEELS OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 7 – FACILITY RENTAL AGREEMENTS**

The Organization entered into a one-year facility agreement for office and meal preparation space. It also has two additional facility agreements at different locations for month-to-month facility usage. Total facility expense in 2021 was \$10,800.

**NOTE 8 – PENSION PLAN**

The Organization maintains a 401(k) Retirement Plan for vested employees with the Organization providing a 3% match. The employer contribution in 2021 was \$4,839.

**NOTE 9 – NET ASSETS**

At December 31, 2021, net assets were restricted by donors or designated by the Organization as follows:

|  |                         |
|--|-------------------------|
| Without donor restrictions:              |                         |
| Board-designated endowment               | \$ 711,177              |
| Board-designated support fund            | 420,389                 |
| Undesignated                             | <u>269,382</u>          |
| Total without donor restrictions         | <u>1,400,948</u>        |
| With donor restrictions:                 |                         |
| Capacity building                        | 12,908                  |
| Meals                                    | <u>2,776</u>            |
| Total net assets with donor restrictions | <u>15,684</u>           |
| Total net assets                         | <u><u>1,416,632</u></u> |

At December 31, 2021, net assets were released from donor restrictions by incurring expenses satisfying the following program restrictions:

|                                 |                       |
|---------------------------------|-----------------------|
| Purpose restrictions:           |                       |
| Meals                           | <u>\$ 136,792</u>     |
| Total release from restrictions | <u><u>136,792</u></u> |

In 2020, the Organization experienced an increased demand for its services due to Covid-19 quarantine restrictions necessary for seniors. The Organization responded to this need by applying for and becoming the recipient of many extraordinary pandemic funding programs. At the end of 2020, the Organization recognized \$136,792 of restricted grants and contributions. These restricted net assets were released from restrictions with the delivery of meals in 2021. The recognition of grants and contributions in 2020 and the incurrance of meal and delivery expenses in 2021 are the primary contributing factors to the Organization's 2021 decrease in net assets.

**MEALS ON WHEELS OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 10 – ENDOWMENT**

Meals on Wheels of Long Beach’s endowment is comprised wholly of board-designated endowed funds. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization’s endowment was established by its board of directors to create a source of operating funds when needed. The goal of the fund is to realize 3% above the cost of living, averaged over five years. The fund is managed by a professional money management firm with oversight provided by the Organization’s finance committee and board of directors. Funds may be withdrawn annually in ordinary times, but may not exceed the lesser of the previous year’s total investment gain of 5% or the fund’s total value at year-end. Additional funds may be withdrawn during extraordinary times as determined by the board of directors.

The net asset composition of the endowment funds as of December 31, 2021 is as follows:

|                            | Without<br>restrictions | With<br>restrictions | Total          |
|----------------------------|-------------------------|----------------------|----------------|
| Board-designated endowment | \$ 711,177              | \$ -                 | \$ 711,177     |
| Donor-restricted endowment | -                       | -                    | -              |
| Total endowment funds      | <u>711,177</u>          | <u>-</u>             | <u>711,177</u> |

Changes in the endowment net assets for the fiscal year ended December 31, 2021 are summarized as follows:

|  | Without<br>restrictions | With<br>restrictions | Total          |
|--|-------------------------|----------------------|----------------|
| Endowment net assets,<br>beginning of year | \$ 657,946              | \$ -                 | \$ 657,946     |
| Contributions                              | -                       | -                    | -              |
| Investment income, net                     | 53,231                  | -                    | 52,231         |
| Appropriation for expenditure              | (-)                     | (-)                  | (-)            |
| Endowment net assets,<br>end of year       | <u>711,177</u>          | <u>-</u>             | <u>711,177</u> |

**MEALS ON WHEELS OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 11 – LIQUIDITY**

The Organization regularly monitors liquidity required to meet its operating needs, while also striving to optimize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing program activities, as well as the conduct of services undertaken to support those activities, to be general expenditures.

As of December 31, 2021, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

|  |                       |
|--|-----------------------|
| Financial assets as of December 31, 2021               | \$ 1,482,274          |
| Less:  |                       |
| Board-designated endowment fund                        | 711,177               |
| Board-designated support fund                          | <u>420,389</u>        |
| Financial assets available at year end for current use | <u><u>350,708</u></u> |

The Organization’s board-designated endowment fund and support fund could be made available for spending by action of the Organization’s board of directors.

**NOTE 12 – FUNCTIONAL EXPENSES**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Meals on Wheels of Long Beach evaluates its expense allocations annually.

Indirect expenses allocated on time-studies include personnel and related expenses while expenses allocated on usage include occupancy, depreciation, insurance, supplies, telecommunications, professional and contract services, and technology.

**NOTE 13 – NEW ACCOUNTING STANDARDS**

*Contributed nonfinancial assets* – In September 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which modifies the presentation and disclosure requirements for contributed nonfinancial assets. Under the new guidance, contributed nonfinancial assets would be presented as a separate line item on the statement of activities and details about the nature, restrictions, and valuation methods used for the different types of contributed nonfinancial assets would be disclosed. The statement is effective for years beginning after December 15, 2021, with early adoption permitted. The Organization does not expect the new guidance to have a material effect on its financial statements.

**MEALS ON WHEELS OF LONG BEACH**  
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**NOTE 13 – NEW ACCOUNTING STANDARDS (continued)**

*Leases* – In February 2016, FASB issued ASU No. 2016-02, *Leases* (Topic 842), which requires Organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 is effective for nonprofit Organizations with fiscal years beginning after December 15, 2021, with early adoption permitted. The Organization is currently evaluating the impact that the adoption of ASU No. 2016-02 will have on its financial statements.

**NOTE 14 – SUBSEQUENT EVENTS**

The Organization has evaluated events subsequent to December 31, 2021, to assess the need for potential recognition or disclosures in the financial statements. Such events were evaluated through April 29, 2022 the date these financial statements were available to be issued.

*SARS-CoV-2*

The Organization continues to monitor and respond to circumstances arising from SARS-CoV-2 including increased demand for its services. The Organization is operating at full-capacity under a safe workplan.

*Consumer Price Index*

The increasing consumer price index is impacting MOWLB's key program expense: meals and delivery while simultaneously creating an increase in demand for fully subsidized meals.