



MEALS AT HOME
A.K.A. MEALS ON WHEELS NORTHEASTERN ILLINOIS
FINANCIAL STATEMENTS
JUNE 30, 2022 and 2021

MEALS AT HOME

A.K.A MEALS ON WHEELS NORTHEASTERN ILLINOIS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Meals at Home

Opinion

We have audited the accompanying financial statements of Meals at Home (a nonprofit organization), which comprise the statements of financial position as of June 30, 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 at Home as of June 30, 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Meals at Home 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 at Home'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

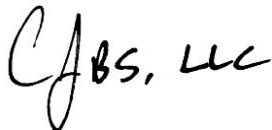
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance 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 at Home'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 at Home'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.

A handwritten signature in black ink that reads "CJBS, LLC". The letters are stylized and cursive.

CJBS, LLC
Northbrook, Illinois
March 22, 2023

MEALS AT HOME

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STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 6,690	\$ 21,913
Restricted cash and cash equivalents	-	6,432
Accounts receivable, net	7,626	25,597
Contributions and grants receivables	45,025	59,417
Prepaid expenses	2,176	-
Investments	62,700	100,803
	<u>124,217</u>	<u>214,162</u>
TOTAL CURRENT ASSETS	<u>124,217</u>	<u>214,162</u>
PROPERTY AND EQUIPMENT		
Leasehold improvements	268,444	268,195
Equipment and furniture	132,300	124,381
Computers and software	5,002	5,002
Less: Accumulated depreciation	(130,477)	(70,041)
	<u>275,269</u>	<u>327,537</u>
TOTAL PROPERTY AND EQUIPMENT	<u>275,269</u>	<u>327,537</u>
OTHER ASSETS		
Security deposit	2,586	2,586
	<u>2,586</u>	<u>2,586</u>
TOTAL OTHER ASSETS	<u>2,586</u>	<u>2,586</u>
TOTAL ASSETS	<u>\$ 402,072</u>	<u>\$ 544,285</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 65,792	\$ 80,971
Deferred revenue	13,606	23,321
Current portion of capital lease obligations	25,978	22,191
	<u>105,376</u>	<u>126,483</u>
TOTAL CURRENT LIABILITIES	<u>105,376</u>	<u>126,483</u>
LONG-TERM LIABILITIES		
Accounts payable	64,385	66,377
Capital lease obligations	49,938	71,415
	<u>114,323</u>	<u>137,792</u>
TOTAL LONG-TERM LIABILITIES	<u>114,323</u>	<u>137,792</u>
TOTAL LIABILITIES	<u>219,699</u>	<u>264,275</u>
NET ASSETS		
Without donor restrictions	182,373	241,006
With donor restrictions	-	39,004
	<u>182,373</u>	<u>280,010</u>
TOTAL NET ASSETS	<u>182,373</u>	<u>280,010</u>
TOTAL LIABILITIES NET ASSETS	<u>\$ 402,072</u>	<u>\$ 544,285</u>

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

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STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022			2021		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUES						
Program service fees	\$ 172,650	\$ -	\$ 172,650	149,346	\$ -	\$ 149,346
Government grants and contracts	61,999	-	61,999	48,300	-	48,300
Contributions of cash	650,751	-	650,751	701,941	-	701,941
Gifts-in-kind	11,687	-	11,687	4,927	-	4,927
Special events	139,973	-	139,973	101,735	-	101,735
Less cost of direct benefits to donors	(37,095)		(37,095)	(38,161)	-	(38,161)
Net special events revenue	102,878	-	102,878	63,574	-	63,574
Net investment return	(5,553)	-	(5,553)	11,491	-	11,491
Net assets released from restrictions	39,004	(39,004)	-	19,204	(19,204)	-
Total revenue, gains and other support	1,033,416	(39,004)	994,412	998,783	(19,204)	979,579
EXPENSES						
Program services	627,836	-	627,836	565,393	-	565,393
Management and general	379,338	-	379,338	381,876	-	381,876
Fundraising	84,875	-	84,875	45,229	-	45,229
Total program and supporting services expenses	1,092,049	-	1,092,049	992,498	-	992,498
CHANGE IN NET ASSETS	(58,633)	(39,004)	(97,637)	6,285	(19,204)	(12,919)
NET ASSETS, BEGINNING OF YEAR	241,006	39,004	280,010	234,721	58,208	292,929
NET ASSETS, END OF YEAR	<u>\$ 182,373</u>	<u>\$ -</u>	<u>\$ 182,373</u>	<u>\$ 241,006</u>	<u>\$ 39,004</u>	<u>\$ 280,010</u>

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STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	Program Services	Management and General	Fundraising	Total 2022	Program Services	Management and General	Fundraising	Total 2021
Salaries	\$ 220,419	\$ 117,557	\$ 29,389	\$ 367,365	\$ 212,495	\$ 113,330	\$ 28,333	\$ 354,158
Payroll taxes	20,537	10,954	2,738	34,229	15,921	8,491	2,123	26,535
Other employee benefits	-	-	-	-	53	29	7	89
Bad debt	-	49,023	-	49,023	-	44,390	-	44,390
Computer expenses	19,498	10,399	2,600	32,497	12,038	6,420	1,605	20,063
Depreciation	37,622	20,065	5,016	62,703	36,586	19,513	4,878	60,977
Development and marketing	-	47,834	-	47,834	-	64,630	-	64,630
Donated materials	5,068	-	-	5,068	1,957	-	-	1,957
Dues and memberships	-	3,150	-	3,150	-	946	-	946
Insurance	8,658	4,618	1,154	14,430	6,048	3,226	806	10,080
Kitchen maintenance	28,793	-	-	28,793	24,160	-	-	24,160
Meals cost, net of discounts	226,555	-	-	226,555	197,928	-	-	197,928
Miscellaneous	-	23,312	-	23,312	-	18,052	-	18,052
Occupancy	49,407	26,350	6,588	82,345	45,565	24,302	6,075	75,942
Printing and postage	1,390	742	36,390	38,522	1,655	883	221	2,759
Professional fees	-	53,074	-	53,074	-	70,403	-	70,403
Supplies	4,299	2,293	573	7,165	4,750	2,533	633	7,916
Telephone	3,205	1,710	427	5,342	4,114	2,194	548	6,856
Travel	-	8,257	-	8,257	-	2,534	-	2,534
Volunteer relations	2,385	-	-	2,385	2,123	-	-	2,123
Total Expenses	<u>\$ 627,836</u>	<u>\$ 379,338</u>	<u>\$ 84,875</u>	<u>\$ 1,092,049</u>	<u>\$ 565,393</u>	<u>\$ 381,876</u>	<u>\$ 45,229</u>	<u>\$ 992,498</u>

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STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	(\$ 97,637)	(\$ 12,919)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	62,703	60,977
Realized loss on investments	(1,714)	(14,413)
Unrealized loss (gain) on investments	7,359	3,028
Donated investments	(37,450)	(33,172)
(Increase) decrease in assets:		
Accounts receivable	17,971	11,691
Contributions and grants receivable	14,392	12,621
Prepaid Expenses	(2,176)	1,737
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(17,171)	(33,362)
Deferred revenue	(9,715)	2,356
CASH USED IN OPERATING ACTIVITIES	<u>(63,438)</u>	<u>(1,456)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(5,078)	(17,446)
Proceeds from sale of investments	21,956	61,194
Net change in cash equivalents included in investments	<u>47,952</u>	<u>(38,585)</u>
CASH PROVIDED BY INVESTING ACTIVITIES	<u>64,830</u>	<u>5,163</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on capital leases	<u>(23,047)</u>	<u>(22,821)</u>
CASH USED IN FINANCING ACTIVITIES	<u>(23,047)</u>	<u>(22,821)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS	<u>(21,655)</u>	<u>(19,114)</u>
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>28,345</u>	<u>47,459</u>
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 6,690</u>	<u>\$ 28,345</u>
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Capital Lease	<u>\$ 5,357</u>	<u>\$ 116,427</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	<u>\$ 4,259</u>	<u>\$ 5,742</u>

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

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Organization

Meals at Home (the Organization), also known as Meals on Wheels Northeastern Illinois, a not-for-profit corporation, was incorporated under the laws of the State of Illinois in October 1974. The Organization fosters health and contributes to individual well-being and independence by delivering nutritious meals, medically prescribed diets, and providing other support services to the homebound, elderly, disabled, and others temporarily unable to care for their nutritional needs.

The following is a summary of significant accounting policies:

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP).

Recent Accounting Pronouncements

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets*, that should be applied on a retrospective basis and is effective for fiscal years ending on June 30, 2022, and calendar years ending on December 31, 2022. The standard requires nonprofits to present contributed nonfinancial assets as a separate line item in the statements of activities, apart from contributions of cash and other financial assets. Also, it requires expanded disclosures to include disaggregation of the amount of contributed nonfinancial assets by category that depicts the type of contributed nonfinancial assets, and for each category of contributed nonfinancial asset, information on an entity's policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. In the fiscal year 2022, the Organization adopted ASU 2020-07 with no material impact on the financial statements, except for the increased disclosures.

Basis of Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions are resources available to support operations and are not subject to grantor or donor-imposed restrictions. From time to time, the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature such as those that are restricted by a donor that the resources be maintained in perpetuity.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

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

The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenue from Grants and Contracts

Revenue from government and private grant and contract agreements is recognized as it is earned through expenditure in accordance with the agreements. Any funding received in advance of expenditure is recorded as deferred revenue until expended.

Revenue from Program Service Fees

The Organization's program fees consist of meal support for seniors on fixed incomes who are struggling to pay for housing, medicine, and food. Program revenue is recognized at the point in time when control transfers to the program participant, generally when services are delivered to the participants.

Because all of the performance obligations relate to contracts with a duration of less than one year, the Organization has elected to apply the practical expedient and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

The Organization applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred when the amortization period of the asset that the Organization otherwise would have recognized is one year or less.

Significant Judgments. The Organization determines the transaction price based on standard charges for goods and services provided, discounts provided in accordance with the Organization's policy, and implicit price concessions provided to program participants. The Organization determines its estimates of explicit price concessions based on contractual agreements and its discount policies. The Organization determines its estimate of implicit price concessions based on its historical collection experience with program participants.

Revenue from Contributions of Cash

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.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

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

Revenue from Donated Services and Gifts-In-Kind

Donated marketable securities, property and equipment, supplies and other goods are recorded as contributions at their fair values at the date of donation. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

The Organization annually receives a significant amount of donated services from volunteers. Because the majority of these donated services do not meet the U.S. GAAP requirements for recognition of professional services or creation or enhancement of non-financial assets, no value has been reflected in the accompanying financial statements. During years ended June 30, 2022 and 2021, the Organization received volunteer hours estimated at \$572,000 and \$422,000, respectively; these donated services do not meet the U.S. GAAP requirements for recognition in the financial statements.

Donated services and gifts-in-kind for the years ended June 30, 2022 and 2021, included in the statements of activities, were as follows:

	<u>2022</u>	<u>2021</u>
Professional services	\$ 26,683	\$ 27,970
Materials	<u>10,624</u>	<u>1,957</u>
Total	<u>\$ 37,307</u>	<u>\$ 29,927</u>

Donated professional services valued at \$25,000 for the years ended June 30, 2022 and 2021 is included in special events in the statements of activities.

Advertising Expenses

Advertising costs are expensed as incurred.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Natural expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas, while indirect costs that benefit multiple functional areas have been allocated among various functional areas using a variety of cost allocation techniques such as square footage and time and effort.

Cash and Cash Equivalents and Restricted Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers highly liquid investments with an initial maturity of three months or less to be cash equivalents, except those held for long-term investment.

Restricted cash is maintained in a separate bank account, in accordance with donor stipulations or various agreements.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

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

Financial Instruments and Credit Risk

The Organization places its cash and deposits with high credit quality financial institutions; however, deposits may exceed the federally insured limits from time to time. Credit risk associated with accounts receivable is considered limited as there were no individual balance that exceeded 10% of revenue in 2022 or 2021.

The Organization's investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Investments

Investments are stated at fair value based on market quotations. Donated investments are recorded at fair value at the date of receipt. Investment income is recognized when earned. Net appreciation (depreciation) in the fair value of investments, which consists of dividends and interests, realized gains or losses, and unrealized gains and losses on those investments, is presented in the statements of activities in accordance with donor restrictions as net investment earnings. Net investment earnings is presented net of investment fees. The original cost method is primarily used to determine the basis for computing realized gains or losses.

Accounts Receivable

Accounts receivable represent consideration from program service fees of which the Organization has an unconditional right to receive. Accounts receivable are stated at the amount management expects to be collected from the outstanding balance. Based on management's review of accounts receivable, management has determined, based on historical experience, that allowance for doubtful accounts was \$29,000 at June 30, 2022. There was no allowance for doubtful accounts determined at June 30, 2021.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Contributions and unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

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

Property and Equipment

Acquisitions of property and equipment over \$500 are recorded at cost. Improvements and replacements of property and equipment are capitalized. Maintenance and repairs that do not improve or extend the lives of fixed assets are charged to expense as incurred. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts, and any gain or loss is reported in the statements of activities. Depreciation is computed using the straight-line method over the estimated useful life of the assets as follows:

Leasehold improvements	10 years
Equipment and furniture	5 - 7 years
Computers and software	3 years

Depreciation expense for the years ended June 30, 2022 and 2021 was \$62,703 and \$60,977, respectively.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Income Taxes

Meals at Home has been determined by the Internal Revenue Service to be exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income tax has been established.

The Organization follows the guidance of Accounting Standards Codification (ASC) 740, *Accounting for Income Taxes*, related to uncertainties in income taxes, which prescribes a threshold of more likely than not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. There are no such uncertain tax positions for the Organization for the years ended June 30, 2022 and 2021. The Organization's federal and state information returns are subject to examination, generally for three years after the filing date.

Reclassifications

Certain accounts in the prior year financial statements may have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE B – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization monitors its liquidity to be able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash and cash equivalents	\$ 6,690	\$ 21,913
Restricted cash and cash equivalents	-	6,432
Investments	62,700	11,799
Accounts receivable collected in less than one year	<u>52,651</u>	<u>85,014</u>
 Total financial assets and liquidity resources available within one year	 <u>\$ 122,041</u>	 <u>\$ 125,158</u>

NOTE C – INVESTMENTS AND CLASSIFICATION IN THE FAIR VALUE HIERARCHY

All investments are valued at fair market under the provisions of FASB ASC 958. The following is a summary of the Organization's investments and investment income as of June 30:

	<u>2022</u>	
	<u>Fair Value</u>	<u>Cost</u>
Cash/Money Market Funds	\$ 2,228	\$ 2,228
Equities – common stocks	59,461	31,965
Exchange traded products	<u>1,011</u>	<u>747</u>
 Total Investments	 <u>\$ 62,700</u>	 <u>\$ 34,940</u>

	<u>2021</u>	
	<u>Fair Value</u>	<u>Cost</u>
Cash/Money Market Funds	\$ 50,180	\$ 50,180
Fixed income – corporate bonds	10,000	10,156
Equities – common stocks	40,350	30,985
Exchange traded products	<u>273</u>	<u>194</u>
 Total Investments	 <u>\$ 100,803</u>	 <u>\$ 91,515</u>

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE C – INVESTMENTS AND CLASSIFICATION IN THE FAIR VALUE HIERARCHY (continued)

The Accounting Standards Codification for *Fair Value Measurements* (ASC 820) establishes a framework for measuring fair value. That framework provides 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 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from, or corroborated by, observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2022 and 2021.

Common Stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual Funds: Valued at the closing price reported on the active market on which the individual funds are traded.

Corporate and government bonds: Valued at the market quotations provided by brokers and dealers who used quotations for similar securities in active markets, which represents a market approach.

The preceding approach described might produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although The Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

MEALS AT HOME

A.K.A. MEALS ON WHEELS NORTHEASTERN ILLINOIS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE C – INVESTMENTS AND CLASSIFICATION IN THE FAIR VALUE HIERARCHY (continued)

The following tables set forth by level, within the fair value hierarchy:

	Assets at Fair Value at June 30, 2022			Total
	Level 1	Level 2	Level 3	Fair Value
Equities – common stocks	\$ 59,461	\$ -	\$ -	\$ 59,461
Exchange traded products	1,011	-	-	1,011
Total Assets at Fair Value	<u>\$ 60,472</u>	<u>\$ -</u>	<u>\$ -</u>	<u>60,472</u>
Cash/Money Market Funds				<u>2,228</u>
Total Investments				<u>\$ 62,700</u>

	Assets at Fair Value at June 30, 2021			Total
	Level 1	Level 2	Level 3	Fair Value
Fixed income – corporate bonds	\$ 10,000	\$ -	\$ -	\$ 10,000
Equities – common stocks	40,350	-	-	40,350
Exchange traded products	273	-	-	273
Total Assets at Fair Value	<u>\$ 50,623</u>	<u>\$ -</u>	<u>\$ -</u>	<u>50,623</u>
Cash/Money Market Funds				<u>50,180</u>
Total Investments				<u>\$ 100,803</u>

MEALS AT HOME

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE D – COMMITMENTS

Operating leases

During the year ended June 30, 2020, the Organization entered into a ten-year lease agreement expiring on September 30, 2029. Monthly base rent under the lease ranges between \$2,586 and \$2,899. The required monthly payments under the lease agreement include amounts for real estate taxes and maintenance. The Organization records rent on a straight-line basis in the amount of \$2,575 each month which accounted six months of rent abatement.

Lease expense for the years ended June 30, 2022 and 2021, was \$30,898. Future minimum rental payments required under the lease are as follows:

Fiscal June 30,

2023	\$	31,028
2024		32,439
2025		32,909
2026		32,909
Thereafter		<u>110,714</u>
Total	\$	<u>239,999</u>

Capital Leases

The Organization leases equipment under long-term lease arrangements that are classified as capital leases. For financial statement purposes, the present value of the net minimum lease payments has been capitalized and is being amortized over the useful lives of the assets. Under the terms of the lease agreements, payments are due monthly through 2025. The leases have been imputed with interest at an annual rate of 5.00 percent. Net property and equipment under capital leases as of June 30, 2022 and 2021 was \$74,321 and \$93,142, respectively. Depreciation expense on property under capital leases is included in the depreciation amount.

The future minimum lease payments under capital leases are as follows:

Fiscal June 30,

2023	\$	29,186
2024		28,246
2025		<u>24,168</u>
Total minimum lease payments		81,600
Less amount representing interest		<u>5,684</u>
Present value of net minimum lease payments		75,916
Less current obligations		<u>25,978</u>
Long-term obligations under capital leases	\$	<u>49,938</u>

MEALS AT HOME

A.K.A. MEALS ON WHEELS NORTHEASTERN ILLINOIS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE D – COMMITMENTS (continued)

Other commitments

The Organization had an outstanding liability of approximately \$70,000 in connection with a meal preparation service contract that terminated effective January 1, 2019. On July 20, 2020, the vendor agreed to reduce the liability with the cost per delivery of two meals per day for each eligible participating patient. As of the year ended June 30, 2022, negotiation to forgive this liability is ongoing.

NOTE E – NET ASSETS WITH DONOR RESTRICTIONS

The Organization receives restricted contributions for subsidized meals, used in the same year as received. In 2018, the Organization started a capital campaign for leasing a new facility and construction of a kitchen. The in-house kitchen will allow the Organization to produce meals at a lower cost than purchasing from local vendors for delivery to their clients, most of whom are seniors. Net assets with donor restrictions in the amount of \$39,004 was released from restrictions during the year ended June 30, 2022.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

NOTE F – CONCENTRATIONS

The Organization received 14% of grant and contribution revenue from two donors and 13% of grant and contribution revenue from one donor for the years ended June 30, 2022 and 2021, respectively.

NOTE G – RISKS AND UNCERTANTIES

A substantial amount of the Organizations total revenue is derived from government grants and service contracts. Program revenue in excess of program expenses is typically subject to recapture under various provisions. Additionally, the disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability to the Organization. Also, a change in the funding levels could have a significant effect on operations.

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. 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 will occur in the near term and that such change could materially affect the amounts reported in the statements of financial position and statements of activities. Because a significant portion of the Organization's assets are marketable securities, there is an inherent concentration of risk for associated income and loss tied to market performance. However, the Organization's board of directors seeks to mitigate this risk through diversification of the investment portfolio, ongoing monitoring, and consultation with third-party investment professionals.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE H –CONDITIONAL PROMISES TO GIVE

The Organization determines whether a contribution is conditional based on whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. 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. The approximate conditional promises to give as of June 30, 2022 and 2021, available for spending in the next following year when the conditions are expected to be met:

	<u>2022</u>	<u>2021</u>
Municipalities and Townships grants	<u>\$ 30,000</u>	<u>\$ 7,000</u>

NOTE I – RELATED PARTY

During the years ended June 30, 2022 and 2021, the Organization received approximately \$22,000 and \$31,000, respectively, in contributions from board members.

NOTE J – SUBSEQUENT EVENTS

The management of the Organization has evaluated events subsequent to the statement of financial position date of June 30, 2022, through March 22, 2023, the date the financial statements were available to be issued. On September 21, 2022, the Organization obtained a revolving line of credit loan for \$50,000 that is secured by certain Organization assets. It has concluded that there are no effects that provide additional evidence about conditions that existed at the statement of financial position date that require recognition in the 2022 financial statements or related note disclosures in accordance with FASB ASC 855, *Subsequent Events*.