

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

Financial Statements
Years Ended
December 31, 2019 and 2018

MEALS ON WHEELS PROGRAM AND SERVICES OF ROCKLAND, INC.

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Years Ended

December 31, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Meals on Wheels Program and Services of Rockland, Inc.

We have audited the accompanying financial statements of Meals on Wheels Program and Services of Rockland, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years 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

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Meals on Wheels Program and Services of Rockland, Inc. as of December 31, 2019 and 2018, 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.

Berard & Associates CPA's P.C.

Berard & Associates. CPA's P.C.
Suffern, New York 10901
October 7, 2020

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.

Statements of Financial Position

December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash	\$ 164,093	\$ 290,001
Cash - endowment	80,511	106,049
Restricted cash	5,777	9,324
Security and equipment deposits	29,198	3,000
Investments	19	19
Contracts receivable	291,328	297,828
Accounts receivable	250,857	232,417
Inventory	20,391	21,353
Prepaid expenses and other	16,821	19,238
Total current assets	<u>858,995</u>	<u>979,229</u>
 Building and equipment	 <u>1,839,348</u>	 <u>2,009,198</u>
 Total assets	 <u><u>\$ 2,698,343</u></u>	 <u><u>\$ 2,988,427</u></u>
 LIABILITIES AND NET ASSETS		
Accounts payable	\$ 74,757	\$ 105,560
Accrued expenses	140,081	139,647
Current portion of mortgage payable	70,366	67,122
Line of credit	-	-
Security deposit	2,000	2,000
Total current liabilities	<u>287,204</u>	<u>314,329</u>
 Mortgage payable	 <u>1,074,564</u>	 <u>1,144,929</u>
 Total liabilities	 <u>1,361,768</u>	 <u>1,459,258</u>
 Net Assets		
Without donor restrictions		
Operating fund	614,737	675,519
Net investment in building	336,211	329,606
Net investment in equipment	299,339	408,672
Board designated - endowment	80,511	106,049
	<u>1,330,798</u>	<u>1,519,846</u>
With donor restrictions		
Restricted by purpose or time - Senior Centers	<u>5,777</u>	<u>9,323</u>
 Total net assets	 <u>1,336,575</u>	 <u>1,529,169</u>
 Total liabilities and net assets	 <u><u>\$ 2,698,343</u></u>	 <u><u>\$ 2,988,427</u></u>

See notes to financial statements.

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.

Statement of Activities

Year Ended December 31, 2019

	Without Donor Restrictions			With Donor Restrictions	2019 Total
	Undesignated	Board Designated	Total		
REVENUES					
Fees and grants from governmental agencies	\$ 1,855,096	\$ -	\$ 1,855,096	\$ -	\$ 1,855,096
Fees and grants - non-governmental agencies	110,451	-	110,451	-	110,451
Program service fees	831,664	-	831,664	-	831,664
Contributions through United Way	16,982	-	16,982	-	16,982
Contributions received from participants	113,648	-	113,648	-	113,648
Special events revenue	199,851	-	199,851	-	199,851
Special events expense	(73,373)	-	(73,373)	-	(73,373)
Contributions - general	203,740	-	203,740	-	203,740
Contributions - senior centers	-	-	-	20,272	20,272
Contributions - in-kind	364,207	-	364,207	-	364,207
Contributions - vehicles from governmental agency	-	-	-	-	-
Other income	103,449	-	103,449	-	103,449
Interest income	32	462	494	-	494
Realized gain (loss) on disposal of vehicle	1,579	-	1,579	-	1,579
Net assets released from restrictions	49,818	(26,000)	23,818	(23,818)	-
Total revenues	3,777,144	(25,538)	3,751,606	(3,546)	3,748,060
EXPENSES					
Program services					
Senior centers	1,215,171	-	1,215,171	-	1,215,171
Homebound	1,363,745	-	1,363,745	-	1,363,745
Adult day care	401,387	-	401,387	-	401,387
Other programs	405,339	-	405,339	-	405,339
Total program expenses	3,385,642	-	3,385,642	-	3,385,642
General and administrative	435,372	-	435,372	-	435,372
Fundraising	119,640	-	119,640	-	119,640
Total expenses	3,940,654	-	3,940,654	-	3,940,654
Change in net assets	(163,510)	(25,538)	(189,048)	(3,546)	(192,594)
Net assets, beginning	1,413,797	106,049	1,519,846	9,323	1,529,169
Net assets, ending	\$ 1,250,287	\$ 80,511	\$ 1,330,798	\$ 5,777	\$ 1,336,575

See notes to financial statements.

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.

Statement of Activities

Year Ended December 31, 2018

	Without Donor Restrictions			With Donor Restrictions	2018 Total
	Undesignated	Board Designated	Total		
REVENUES					
Fees and grants from governmental agencies	\$ 1,943,707	\$ -	\$ 1,943,707	\$ -	\$ 1,943,707
Fees and grants - non-governmental agencies	118,401	-	118,401	-	118,401
Program service fees	802,619	-	802,619	-	802,619
Contributions through United Way	20,855	-	20,855	-	20,855
Contributions received from participants	117,139	-	117,139	-	117,139
Special events revenue	201,849	-	201,849	-	201,849
Special events expense	(79,474)	-	(79,474)	-	(79,474)
Contributions - general	280,276	-	280,276	-	280,276
Contributions - senior centers	-	-	-	24,901	24,901
Contributions - in-kind	432,592	-	432,592	-	432,592
Contributions - vehicles from governmental agency	196,023	-	196,023	-	196,023
Other income	9,994	-	9,994	-	9,994
Interest income	1,047	497	1,544	-	1,544
Realized gain (loss) on disposal of vehicle	375	-	375	-	375
Net assets released from restrictions	63,215	(39,884)	23,331	(23,331)	-
Total revenues	4,108,618	(39,387)	4,069,231	1,570	4,070,801
EXPENSES					
Program services					
Senior centers	1,231,857	-	1,231,857	-	1,231,857
Homebound	1,441,599	-	1,441,599	-	1,441,599
Adult day care	429,286	-	429,286	-	429,286
Other programs	330,088	-	330,088	-	330,088
Total program expenses	3,432,830	-	3,432,830	-	3,432,830
General and administrative	254,058	-	254,058	-	254,058
Fundraising	121,831	-	121,831	-	121,831
Total expenses	3,808,719	-	3,808,719	-	3,808,719
Change in net assets	299,899	(39,387)	260,512	1,570	262,082
Net assets, beginning	1,113,898	145,436	1,259,334	7,753	1,267,087
Net assets, ending	\$ 1,413,797	\$ 106,049	\$ 1,519,846	\$ 9,323	\$ 1,529,169

See notes to financial statements.

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.

Statement of Functional Expenses

Year Ended December 31, 2019

	Senior Centers	Homebound	Adult Day Care	Adult Learning	Total Programs	General & Admin.	Fund Raising	Total Non-Program	2019 Total Expenses
Salaries	\$ 612,904	\$ 546,785	\$ 185,004	\$ 127,583	\$ 1,472,276	\$ 221,454	\$ 91,930	\$ 313,384	\$ 1,785,660
Payroll taxes	52,859	45,293	15,156	9,660	122,968	21,330	7,609	28,939	151,907
Employee benefits	55,182	36,250	13,158	8,821	113,411	19,039	6,698	25,737	139,148
Total salaries and related costs	720,945	628,328	213,318	146,064	1,708,655	261,823	106,237	368,060	2,076,715
Food	45,237	271,383	9,050	126,644	452,314	-	-	-	452,314
Supplies	12,944	59,562	6,577	26,735	105,818	3,770	149	3,919	109,737
Professional fees	37,378	2,101	12,761	21,712	73,952	17,275	469	17,744	91,696
Occupancy	52,648	25,469	23,930	13,820	115,867	4,255	2,210	6,465	122,332
Vehicle operation	78,704	23,310	38,806	5,792	146,612	-	-	-	146,612
Conferences and meetings	1,731	2,234	2,520	1,266	7,751	3,465	118	3,583	11,334
Travel	3,574	1,255	424	422	5,675	101	216	317	5,992
Advertising	2,117	2,639	2,553	1,356	8,665	2,183	1,099	3,282	11,947
Postage	296	3,051	963	144	4,454	407	946	1,353	5,807
Repairs and maintenance	20,396	30,194	27,238	12,861	90,689	25,132	997	26,129	116,818
Cleaning and extermination	10,341	16,460	7,761	8,856	43,418	1,498	488	1,986	45,404
Telephone	10,484	1,915	3,076	817	16,292	1,433	57	1,490	17,782
Insurance	6,556	6,895	4,192	3,299	20,942	4,737	871	5,608	26,550
Printing costs	-	-	-	-	-	-	3,799	3,799	3,799
Dues and subscriptions	6,159	4,210	4,787	1,548	16,704	4,378	175	4,553	21,257
Equipment	1,075	980	813	434	3,302	438	18	456	3,758
Bad debts expense	-	-	-	-	-	37,067	-	37,067	37,067
Interest bank charge expense	10,231	12,530	14,691	5,081	42,533	20,988	575	21,563	64,096
Depreciation and amortization	87,866	33,150	21,710	15,383	158,109	20,425	816	21,241	179,350
Senior center event	23,818	-	-	-	23,818	-	-	-	23,818
Miscellaneous	189	1,484	181	2	1,856	6	400	406	2,262
Total before in-kind expenses	1,132,689	1,127,150	395,351	392,236	3,047,426	409,381	119,640	529,021	3,576,447
In-kind salaries	44,864	162,939	5,736	13,103	226,642	25,991	-	25,991	252,633
In-kind food	8,500	73,656	-	-	82,156	-	-	-	82,156
In-kind supplies	5,118	-	300	-	5,418	-	-	-	5,418
In-kind professional fees	-	-	-	-	-	-	-	-	-
In-kind rent	24,000	-	-	-	24,000	-	-	-	24,000
Total in-kind expenses	82,482	236,595	6,036	13,103	338,216	25,991	-	25,991	364,207
Total Expenses	\$ 1,215,171	\$ 1,363,745	\$ 401,387	\$ 405,339	\$ 3,385,642	\$ 435,372	\$ 119,640	\$ 555,012	\$ 3,940,654

See notes to financial statements.

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.

Statement of Functional Expenses

Year Ended December 31, 2018

	Senior		Adult	Adult	Total	General	Fund	Total	2018
	Centers	Homebound	Day Care	Learning	Programs	& Admin.	Raising	Non-Program	Total
									Expenses
Salaries	\$ 654,389	\$ 573,155	\$ 203,769	\$ 115,564	\$ 1,546,877	\$ 126,726	\$ 92,639	\$ 219,365	\$ 1,766,242
Payroll taxes	62,424	48,802	19,487	9,754	140,467	11,940	8,225	20,165	160,632
Employee benefits	64,578	27,492	17,475	5,726	115,271	-	6,398	6,398	121,669
Total salaries and related costs	781,391	649,449	240,731	131,044	1,802,615	138,666	107,262	245,928	2,048,543
Food	50,777	270,584	8,452	92,966	422,779	-	-	-	422,779
Supplies	15,475	66,639	5,438	21,707	109,259	2,652	387	3,039	112,298
Professional fees	33,859	6,174	27,816	21,481	89,330	4,257	598	4,855	94,185
Occupancy	53,217	27,079	24,002	11,863	116,161	5,847	2,238	8,085	124,246
Vehicle operation	67,983	25,084	22,461	4,357	119,885	5	-	5	119,890
Conferences and meetings	335	694	1,063	173	2,265	474	18	492	2,757
Travel	3,252	1,145	672	-	5,069	-	230	230	5,299
Advertising	2,610	2,688	18,638	773	24,709	1,496	355	1,851	26,560
Postage	348	3,352	1,059	231	4,990	464	895	1,359	6,349
Repairs and maintenance	6,579	14,127	6,527	4,661	31,894	5,519	352	5,871	37,765
Cleaning and extermination	10,418	16,811	7,574	7,060	41,863	1,449	486	1,935	43,798
Telephone	9,644	2,188	2,877	712	15,421	1,835	54	1,889	17,310
Insurance	6,538	7,191	3,777	2,870	20,376	3,597	854	4,451	24,827
Printing costs	-	-	-	-	-	-	6,404	6,404	6,404
Dues and subscriptions	5,866	3,729	4,630	1,169	15,394	4,178	172	4,350	19,744
Equipment	183	524	16	181	904	-	-	-	904
Bad debts expense	-	-	-	-	-	8,762	-	8,762	8,762
Interest bank charge expense	12,462	15,557	17,349	4,858	50,226	21,781	679	22,460	72,686
Depreciation and amortization	61,939	31,482	27,540	11,219	132,180	20,989	840	21,829	154,009
Senior center event	23,331	-	-	-	23,331	-	-	-	23,331
Miscellaneous	324	2,668	315	97	3,404	270	7	277	3,681
Total before in-kind expenses	1,146,531	1,147,165	420,937	317,422	3,032,055	222,241	121,831	344,072	3,376,127
In-kind salaries	49,429	235,168	7,909	12,666	305,172	31,067	-	31,067	336,239
In-kind food	5,920	59,266	-	-	65,186	-	-	-	65,186
In-kind supplies	5,977	-	440	-	6,417	-	-	-	6,417
In-kind professional fees	-	-	-	-	-	750	-	750	750
In-kind rent	24,000	-	-	-	24,000	-	-	-	24,000
Total in-kind expenses	85,326	294,434	8,349	12,666	400,775	31,817	-	31,817	432,592
Total Expenses	\$ 1,231,857	\$ 1,441,599	\$ 429,286	\$ 330,088	\$ 3,432,830	\$ 254,058	\$ 121,831	\$ 375,889	\$ 3,808,719

See notes to financial statements.

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.

Statements of Cash Flows

Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (192,594)	\$ 262,082
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	179,350	154,009
Gain on disposal of vehicle	(1,579)	-
Changes in operating assets and liabilities:		
Security and equipment deposits	(26,198)	5,679
Accounts receivable	(18,440)	(1,067)
Contracts receivable	6,500	45,041
Inventory	962	(4,554)
Prepaid expenses and other	2,417	285
Accounts payable	(30,803)	20,195
Accrued expenses	434	7,085
Cash provided (used) by operating activities	<u>(79,951)</u>	<u>488,755</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on sale of vehicles	1,579	-
Purchase of property and equipment	<u>(9,500)</u>	<u>(265,906)</u>
Cash provided (used) by investing activities	<u>(7,921)</u>	<u>(265,906)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on mortgage payable	(67,121)	(82,908)
Borrowings from line of credit	(1,012,500)	(1,012,500)
Payments on line of credit	<u>1,012,500</u>	<u>987,500</u>
Cash provided (used) by financing activities	<u>(67,121)</u>	<u>(107,908)</u>
Increase (decrease) in cash, cash equivalents, and restricted cash	(154,993)	114,941
Cash equivalents and restricted cash, beginning of year	<u>405,374</u>	<u>290,433</u>
Cash equivalents and restricted cash, ending of year	<u><u>\$ 250,381</u></u>	<u><u>\$ 405,374</u></u>
 Supplemental Information:		
Interest	\$ 64,096	\$ 72,686
Income taxes	n/a	n/a
 Non-cash items:		
Donated revenue / expenses	\$ 364,207	\$ 432,592

See notes to financial statements.

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.

Notes to Financial Statements

December 31, 2019 and 2018

NOTE 1 - ORGANIZATION AND PURPOSE

Meals on Wheels Programs and Services of Rockland, Inc. (the "Organization") was initially formed under the Not-For-Profit Corporation Law of New York as Meals on Wheels of Rockland County, Inc. Its mission is to provide a wide range of services and programs to homebound and senior citizens of Rockland County, New York. The agency receives 49% of its support from government agencies and 22% from program service fees.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Basis of Presentation

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

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

Cash and Cash Equivalents

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

Accounts Receivable

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

Inventory

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

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.

Notes to Financial Statements

December 31, 2019 and 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Property and Equipment

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

Grant Revenue

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

Government Grants

A significant portion of the Organization's revenues consists of government grants from various Federal, New York State and Rockland County governmental source. Thus, its funding is vulnerable to changes in the legislative priorities of federal, state, and local governments. Meals on Wheels Programs and Services of Rockland, Inc. recognizes revenue from these sources when the contractual obligations are met. There are occasions when funding source reimbursements for prior years are adjusted in the current year. Such adjustments may be due to funding source audit findings, additional monies available over and above original contractual amounts, etc. The amount of such adjustments was not material in 2019 and 2018.

Revenue and Revenue Recognition

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

Revenue With and Without Donor Restrictions

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

Donated Services, Space and Goods

During the year ended December 31, 2019 and 2018, many individuals volunteer their time and perform a variety of tasks that assist the organizations. In 2019 and 2018, estimated contributed services were \$251,433 and \$336,239, respectively, which were recorded as In-kind salaries. The agency has estimated it received over 33,993 volunteer hours in 2019 and 30,539 in 2018.

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.

Notes to Financial Statements

December 31, 2019 and 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

For the years ended December 31, 2019 and 2018 the agency received \$24,000 and \$24,000 of rent without charge which was recorded as In-Kind Rent. For the years ended December 31, 2019 and 2018 the agency received \$82,156 and \$65,186 of food donations which were recorded as In-Kind Food. For the years ended December 31, 2019 and 2018 the agency received \$5,418 and \$6,417 of supplies which were recorded as In-Kind Supplies. For the years ended December 31, 2019 and 2018 the agency received \$0 and \$750 of legal services which were recorded as In-Kind Professional Services.

Allocation of Expenses

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

Advertising Expenses

Advertising expenses are expensed as incurred. The expense incurred for advertising were \$11,947 and \$26,560 for 2019 and 2018, respectively.

Estimates

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

Reclassifications

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

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deductions under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Organization recognizes the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not the position will be sustained upon examination by a taxing authority. The Organization does not believe they have taken any material uncertain tax positions and, accordingly they have not recorded any liability for unrecognized tax benefits. The Organization has filed for and received income tax exemptions in the jurisdictions where required to do so.

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.

Notes to Financial Statements

December 31, 2019 and 2018

NOTE 3 - PROGRAMS

Homebound Program

Offers a variety of prepared and packaged home delivered meals that are delivered every weekday (including holidays) and provide meals for up to seven days a week to Rockland County residents who are homebound due to illness, advancing age or physical handicap and who are unable to shop or prepare meals for themselves. A variety of funding options are available. In 2019, the Agency delivered 119,511 meals through this program.

Rockland Senior Centers Program

Five multipurpose Senior Centers strategically located across Rockland open five days a week to residents 60 and older. The Centers offer a variety of support services including transportation, recreation, health screening, advocacy, information and referral and a hot meal. Participants contribute toward the costs of the meals. During 2019, the programs provided 27,751 days of service to seniors at all of our centers.

Adult Day Care Programs

A fee for service program, Bobbi Lewis is designed for functionally or cognitively impaired, frail, isolated and dependent older adults. The program is structured to help maintain or improve the client's level of physical, social and emotional functioning. Transportation, meals and snacks are provided. During 2019, the adult day programs provided 4,518 days of service to participants.

The Adult Learning Center

The Adult Learning Center is a state of the art educational learning center which affords older adults the opportunity to learn how to use computers and communication technology. Courses run for an average of four to six weeks; meeting weekly for two hours a session. This is a free program which is open to older adults living in Rockland County. This program served 46 clients during 2019 and was taught by 15 volunteers.

NOTE 4 - PROPERTY AND EQUIPMENT

Building and equipment consisted of the following at December 31, 2019 and 2018:

<u>Account</u>	<u>2019</u>	<u>2018</u>
Building	\$ 2,500,000	\$ 2,500,000
Closing Costs	58,868	58,868
Vehicles	857,755	929,063
Kitchen Equipment	223,170	223,170
Furniture and Office Equipment	213,177	213,177
Leasehold Improvements	455,771	446,271
Accumulated Depreciation	(2,469,393)	(2,361,351)
Net Building and Equipment	<u>\$ 1,839,348</u>	<u>\$ 2,009,198</u>

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

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.

Notes to Financial Statements

December 31, 2019 and 2018

NOTE 4 - PROPERTY AND EQUIPMENT - Continued

During 2018, Meals on Wheels received a box truck as part of a contract with Rockland County Solid Waste Authority.

In 2019, Meals on Wheels and Services of Rockland, Inc wrote off \$71,308 of vehicles that were fully depreciated. These vehicles were sold for \$1,579.

Depreciation expense for 2019 and 2018 was \$179,350 and \$154,009 respectively.

NOTE 5 - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk are principally cash and cash equivalent accounts on deposit with financial institution, which at times may exceed federally, insured limits. At December 31, 2019, the Organization held cash accounts at six financial institutions for which the balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Management believes this institution is a reputable bank and does not believe there is any risk of loss. For the year ended December 31, 2019 the Organization did not exceed FDIC limits. For the year ended December 31, 2018, the balances did not exceed the insured limits.

At December 31, 2019, the Organization held \$19 in a money market fund which is not insured by the FDIC.

NOTE 6 – DEFINED CONTRIBUTION PLAN

The Organization maintains a 403(b) plan for any employee employed after 30 days. Employee contributions are allowed up to IRS regulations. The Organization matches employee contributions up to 2% of their salary. This match begins once an employee has worked one year and 1,000 hours. Employees are vested immediately in employee contributions and in employer contributions after three years. During 2019 and 2018, the 403(b) contributions were \$11,106 and \$14,465, respectively. The agency also has a Section 125 Plan (medical premiums only) for employees employed after three (3) months.

NOTE 7 – NOTES AND LOANS PAYABLE

Line of Credit

The Organization has a \$600,000 bank line of credit with TD Bank. Interest on any outstanding balance under this agreement is charged at the bank's prime rate and is payable monthly. The Collateral for the line of credit is the property and equipment of the Organization. Under the terms of the bank line of credit, on an annual basis, Meals On Wheels is required to pay down the line of credit to \$100,000 or less for 30 consecutive days. At December 31, 2019 and 2018, the balance outstanding on the line of credit was \$0 for both years. The organization is in compliance in both 2019 and 2018 for this covenant.

Interest expense related to this line of credit for the years then ended December 31, 2019 and 2018 was \$3,690 and \$10,217 respectively.

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.

Notes to Financial Statements

December 31, 2019 and 2018

NOTE 7 – NOTES AND LOANS PAYABLE – Continued

Mortgage Loan Payable

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

Lender: TD Bank

Original Amount: \$1,585,000

Terms: 20 years fully amortizing with monthly payments coming due May 1, 2032.

Interest Rate: Floating at LIBOR Plus 2.25%

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

December 31, 2019 balance: \$1,144,930

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

2020	\$	70,366
2021		73,784
2022		77,224
2023		80,804
2024		84,453
Thereafter		<u>758,299</u>
		<u>\$ 1,144,930</u>

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

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

January 1, 2019 balances	\$	9,323
Senior Center Contributions		20,272
Activity Expenses		<u>(23,818)</u>
December 31, 2019 Ending balances		<u>\$ 5,777</u>

NOTE 9 – ENDOWMENT FUNDS

The Board of Directors has established the Aaron and Thelma Sandler Endowment Fund to administer the gifts, tributes, bequests and/or other donations received by the Board and designated for the Endowment Fund. As of December 31, 2019 and 2018, \$80,511 and \$106,049 have been set aside in a separate account.

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.

Notes to Financial Statements

December 31, 2019 and 2018

NOTE 9 – ENDOWMENT FUNDS– Continued

Interpretation of Relevant Law

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

Return Objectives and Risk Parameters

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

Spending Policy and How the Investment Objectives Related to Spending Policy

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

Endowment Net Asset Composition by Type of Fund as of December 31, 2019:

	Beginning <u>Balance</u>	<u>Revenues</u>	Net Assets <u>Released</u>	Ending <u>Balance</u>
Board Designated	\$ 106,049	\$ 462	\$ (26,000)	\$ 80,511
Total	\$ 106,049	\$ 462	\$ (26,000)	\$ 80,511

NOTE 10 – LIQUIDITY AND FUNDS AVAILABLE

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

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.

Notes to Financial Statements

December 31, 2019 and 2018

NOTE 10 – LIQUIDITY AND FUNDS AVAILABLE– Continued

The following table reflects the Organization’s financial assets as of December 31, 2019, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, or because the Board has set aside the funds for specific reserve or long-term investments as Board designated. Board designations could be drawn upon if the Board approves that action.

<u>Financial Assets:</u>	
Cash	\$ 164,093
Cash - Endowment	80,511
Cash - Restricted	5,777
Investments	19
Receivables	<u>542,185</u>
Financial assets, available at year end	792,585
Less those unavailable for general expenditure withing one year due to:	
Donor Restricted	<u>(5,777)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 786,808</u>

Meals on Wheels Program and Services of Rockland can draw upon a line of credit of \$600,000, as noted in Note 7, that can be drawn upon should additional funds be required.

NOTE 11 – SUBSEQUENT EVENTS

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic. The Governor of New York State subsequently closed all non-essential businesses and instituted rules for social distancing. Many of Meals on Wheels Programs and Services of Rockland, Inc. services are considered essential.

As of March 13, 2020 all of the senior centers and the adult day care programs operated by Meals on Wheels were closed as a result of the outbreak of COVID-19. The senior centers and adult day centers continue to remain closed. Since the outbreak of the pandemic, the home delivered meal program has increased substantially with over 169,000 meals served from April 1, 2020 to October 31, 2020 compared to 95,000 meals for the same time period in 2019. The organization has provided other services to the older adult population in Rockland County including telephone reassurance calls, grocery delivery and virtual senior centers.

Management is currently evaluating the impact of the COVID-19 pandemic and has reasonably concluded that while it is reasonably possible that the virus could have a negative effect on the Company’s financial position, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.

Notes to Financial Statements

December 31, 2019 and 2018

NOTE 11 – SUBSEQUENT EVENTS – Continued

Paycheck Protection Program

On April 29, 2020, Meals on Wheels Programs and Services of Rockland, Inc. received loan proceeds of \$363,322 under the Paycheck Protection Program (“PPP”). The PPP which was established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times certain average monthly payroll expenses and other qualifying business. The loan and accrued interest, or a portion thereof, may be forgiven so long as the borrower uses the loan proceeds for eligible purposes. Meals on Wheels Programs and Services of Rockland, Inc. intends to use the proceeds for purposes consistent with the PPP, however there can be no assurances that the Organization will ultimately meet the conditions for forgiveness of the loan or that it will not take actions that could cause the Organization to be ineligible for forgiveness of the loan, in whole or in part.

The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In January 2020, a suit was brought against the Organization due to a bus accident. As of the date of this report, the outcome is unable to be determined.

Management has evaluated subsequent events after the balance sheet date through October 7, 2020, the date the financial statements are available to be issued.