

MEALS ON WHEELS OF SARASOTA, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2022

MEALS ON WHEELS OF SARASOTA, INC.
FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Meals on Wheels of Sarasota, Inc.
Sarasota, Florida

Opinion

We have audited the accompanying financial statements of Meals on Wheels of Sarasota, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

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 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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

The financial statements of the Organization as of December 31, 2021 were audited by other auditors whose report dated June 9, 2022 expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Christopher, Smith,
Leonard & Stanell, P.A.*

**CHRISTOPHER, SMITH,
LEONARD & STANELL, P.A.**

Sarasota, Florida
May 2, 2023

MEALS ON WHEELS OF SARASOTA, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022
(with summarized totals for 2021)

	ASSETS			
	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	
Current assets:				
Cash and cash equivalents	\$ 111,493	\$ -	\$ 111,493	\$ 214,413
Inventory	28,395	-	28,395	18,295
Contributions receivable	31,965	-	31,965	-
Other receivables	-	-	-	15,000
Prepaid expenses	3,607	-	3,607	4,278
Total current assets	<u>175,460</u>	<u>-</u>	<u>175,460</u>	<u>251,986</u>
Property and equipment	149,163	-	149,163	174,528
Beneficial interest in assets held by others	343,785	-	343,785	403,336
Beneficial interest in trust	-	261,317	261,317	322,194
Investment, at fair value	1,635,662	-	1,635,662	1,908,962
Total assets	<u>\$ 2,304,070</u>	<u>\$ 261,317</u>	<u>\$ 2,565,387</u>	<u>\$ 3,061,006</u>
	LIABILITIES AND NET ASSETS			
Current liabilities:				
Accounts payable and accrued expenses	\$ 23,343	\$ -	\$ 23,343	\$ 26,150
Line of credit	195,000	-	195,000	-
Unearned revenue	13,700	-	13,700	-
Total current liabilities	<u>232,043</u>	<u>-</u>	<u>232,043</u>	<u>26,150</u>
Net assets:				
Without donor restrictions	2,072,027	-	2,072,027	2,712,662
With donor restrictions	-	261,317	261,317	322,194
Total net assets	<u>2,072,027</u>	<u>261,317</u>	<u>2,333,344</u>	<u>3,034,856</u>
Total liabilities and net assets	<u>\$ 2,304,070</u>	<u>\$ 261,317</u>	<u>\$ 2,565,387</u>	<u>\$ 3,061,006</u>

The accompanying notes are an integral part of these financial statements

MEALS ON WHEELS OF SARASOTA, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022
(with summarized totals for 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	
Support and revenue:				
Contributions and grants	\$ 861,252	\$ -	\$ 861,252	\$ 977,703
Meal payments	143,906	-	143,906	175,506
Investment income (losses)	(225,296)	-	(225,296)	208,012
Change in value of beneficial interest in assets held by others	(59,551)	-	(59,551)	46,944
Change in value of beneficial interest in trust	-	(60,877)	(60,877)	40,072
PPP loan forgiveness	-	-	-	67,439
Other support and revenue	(3,793)	-	(3,793)	7,080
Total support and revenue	<u>716,518</u>	<u>(60,877)</u>	<u>655,641</u>	<u>1,522,756</u>
Expenses:				
Program services	1,079,296	-	1,079,296	1,120,470
General and administrative	210,449	-	210,449	190,110
Fundraising	67,408	-	67,408	29,766
Total expenses	<u>1,357,153</u>	<u>-</u>	<u>1,357,153</u>	<u>1,340,346</u>
Change in net assets	(640,635)	(60,877)	(701,512)	182,410
Net assets – beginning of year	<u>2,712,662</u>	<u>322,194</u>	<u>3,034,856</u>	<u>2,852,446</u>
Net assets – end of year	<u>\$ 2,072,027</u>	<u>\$ 261,317</u>	<u>\$ 2,333,344</u>	<u>\$ 3,034,856</u>

The accompanying notes are an integral part of these financial statements

MEALS ON WHEELS OF SARASOTA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(with summarized totals for 2021)

	2022				2021
	Program Services	General and Administrative	Fundraising	Total Expenses	
Salaries and wages	\$ 461,155	\$ 57,951	\$ -	\$ 519,106	\$ 516,280
Meal operations	497,921	-	-	497,921	531,024
Utilities	17,022	1,745	-	18,767	17,107
Insurance	13,436	5,758	-	19,194	17,951
Fundraising	-	-	67,408	67,408	29,766
Volunteer expense	1,620	-	-	1,620	2,954
Telephone	4,261	473	-	4,734	8,120
Professional fees	1,940	106,642	-	108,582	113,805
Technology	24,262	15,901	-	40,163	25,546
Postage	5,058	170	-	5,228	3,362
Repairs and maintenance	3,769	6,676	-	10,445	12,929
Miscellaneous	13,856	6,518	-	20,374	16,646
Office expense	11,789	1,309	-	13,098	13,510
Interest	-	4,727	-	4,727	-
Total expense before depreciation	1,056,089	207,870	67,408	1,331,367	1,309,000
Depreciation	23,207	2,579	-	25,786	31,346
Total expenses	\$ 1,079,296	\$ 210,449	\$ 67,408	\$ 1,357,153	\$ 1,340,346

The accompanying notes are an integral part of these financial statements

MEALS ON WHEELS OF SARASOTA, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
(with summarized totals for 2021)

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ (701,512)	\$ 182,410
Depreciation	25,786	31,346
Realized and unrealized investment (gains) losses	260,086	(228,635)
Change in value of beneficial interest in assets held by others	59,551	46,944
Change in value of beneficial interest in trust, net of distributions	50,877	(30,006)
(Increase) decrease in:		
Inventory	(10,100)	(8,106)
Contributions receivable	(31,965)	65,052
Other receivables	15,000	(15,000)
Prepaid expenses	671	928
Increase (decrease) in:		
Accounts payable and accrued expenses	(2,807)	13,360
Deferred revenue	13,700	(1,035)
Refundable advance – PPP loan	-	(67,439)
Net cash provided (used) by operating activities	<u>(320,713)</u>	<u>(10,181)</u>
Cash flows from investing activities:		
Reinvested interest and dividends	13,214	(540,703)
Purchase of property and equipment	(421)	(52,581)
Proceeds from the Trust	10,000	-
Net cash provided (used) by investing activities	<u>22,793</u>	<u>(593,284)</u>
Cash flows from financing activities:		
Net proceeds from line of credit	195,000	-
Net cash provided (used) by financing activities	<u>195,000</u>	<u>-</u>
Increase (Decrease) in cash and cash equivalents	(102,920)	(603,465)
Cash and cash equivalents – beginning of year	<u>214,413</u>	<u>817,878</u>
Cash and cash equivalents – end of year	<u>\$ 111,493</u>	<u>\$ 214,413</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	<u>\$ 4,727</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

MEALS ON WHEELS OF SARASOTA, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

Meals on Wheels of Sarasota, Inc. ("the Organization") is a nonprofit, private operation organized in 1971 for the purpose of preparing and delivering hot nutritious meals for individuals and families in the Sarasota community who are unable to afford and/or physically prepare a meal for themselves. The meals are delivered by volunteer drivers six days a week. During 2022, approximately 176,000 total meals were delivered to targeted beneficiaries.

Basis of Accounting

The Organization prepares its financial statements on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP) as prescribed by the Financial Accounting Standards Board (FASB) in the Accounting Standards Codification (ASC).

Financial Statement Presentation

The financial statement presentation follows the provisions of the FASB for Not-for-Profit Entities. The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments that are not included in brokerage accounts and are available for current use with an original maturity of three months or less to be cash equivalents. Money market funds held in brokerage accounts are classified as investments.

Inventory

Purchased food inventory is stated at the lower of cost or net realizable value using the first-in first-out method. Donated food inventory is valued at the approximated average wholesale value of one pound of donated product.

Contribution Receivable

Unconditional contributions receivable are recognized as contribution revenue when the promise is received. Contributions receivable with a donor-imposed condition are recognized when the condition, or barrier, is overcome.

The contribution receivable is recorded at net realizable value. An allowance for doubtful accounts is established based on specific assessment of all amounts that remain unpaid following normal payment periods. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period the determination is made. The entire receivable was collected during 2023. Therefore, at December 31, 2022, the contribution receivable is considered fully collectible and as a result, no allowance has been established.

MEALS ON WHEELS OF SARASOTA, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Property and Equipment

Property and equipment are stated at cost, if purchased, or estimated fair value at the date of receipt if acquired by gift. Expenditures over \$1,000 that significantly add to the productivity or extend the useful lives of property and equipment are capitalized. Other expenditures for maintenance and repairs are expensed to operations in the period the costs are incurred.

Depreciation of property and equipment is provided for using straight-line depreciation over the estimated useful lives of the respective assets. Estimated useful lives of assets range from 30 years for buildings; 5 to 15 years for building improvements; and 5 to 7 years for furniture, equipment and vehicles.

Beneficial Interest in Assets Held by Others

The Organization has transferred assets to the Community Foundation of Sarasota County, Inc. (the Foundation). The beneficial interest is recorded at the fair market value of as reported by the Foundation. Changes in the value are recorded as a change in value of beneficial interest in assets held by others in the statement of activities and changes in net assets.

Beneficial Interest in Trust

The Organization is a beneficiary of a trust which it has the irrevocable right to receive the income earned on the trust assets in perpetuity but never receives the assets held in trust. The beneficial interest in the trust is classified as net assets with donor restrictions at fair value based on the fair value of the underlying assets which is determined by information provided by the trustee of the trust. The change in fair value of the beneficial interest in trust is recognized as support and revenue with donor restrictions.

Investments

The Organization reports its investments at fair market value in accordance with GAAP. Unrealized gains and losses are included in the statements of activities, and reported as either net assets without donor restrictions or net assets with donor restrictions depending on the nature of specified restrictions or lack thereof.

Investment income (loss), net reported in the statement of activities and changes in net assets consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses.

Unearned Revenue

Contributions, fees and other revenue sources collected in advance of special events that are held subsequent to year end are deferred and recognized in the year in which the event occurs.

MEALS ON WHEELS OF SARASOTA, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Net Assets

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. If donor-imposed restrictions are met in the same period as the gift or investment income is received, the amount is reported as without donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Without Donor Restrictions: Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

With Donor Restrictions: Net assets 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, where the donor stipulates that resources be maintained in perpetuity. When a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities and changes in net assets as net assets released from restrictions.

Revenue Recognition from Contracts

The Organization's revenues from contracts with customers result primarily from payments received for the delivery of meals. The Organization records revenue from contracts with customers based on a five-step model: identify the contract, identify performance obligations, determine the transaction price, allocate the contract transaction price to the performance obligations, and recognize the revenue when the control of goods or services is transferred to the customer. Revenues for meals are recorded at the point of time the meal is delivered to the customer.

Contributions

Contributions received are recorded as either changes in net assets without donor restrictions, or depending on the existence and/or nature of any donor restrictions, changes in net assets with donor restrictions. If the restriction is fulfilled in the same time period in which the contribution is received, the Organization records the support as a contribution without donor restrictions.

Bequests are recorded as revenue when the donor is deceased, the estate has been finalized, and the amount to be received can be estimated and is reasonably certain.

Donated Services

During the year, volunteers spent approximately 113,000 hours preparing and delivering meals and also performing office tasks. Volunteer drivers deliver meals Monday through Saturday using their own vehicles. An estimated 348,000 miles in total are driven annually and drivers are not reimbursed for this cost. The value of these services is not reflected in the accompanying financial statements since they do not meet the criteria for recognition.

MEALS ON WHEELS OF SARASOTA, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been detailed in the statements of functional expenses and summarized on a functional basis in the statements of activities. The financial statements report certain categories of expenses that are attributable to either a program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied.

The expenses that are allocated include occupancy costs and depreciation, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, insurance, and other, which are allocated on the basis of estimates of time and effort.

Income Tax Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code except for unrelated business income. The Organization is required to pay income taxes on the excess revenues derived from activities unrelated to the tax exempt purpose of the Organization over the related expenses.

The Organization applies the provision for accounting for uncertainty in income taxes which requires all tax positions that meet a more-likely-than-not recognition threshold to be recognized. Management has reviewed their tax positions and concluded no liability or uncertain tax positions, or any interest or penalties related to uncertain tax positions, should be recognized in the Organization's financial statements. The Organization files income tax returns in the U.S. and the State of Florida, as applicable. The Organization's tax returns are subject to examination by the Internal Revenue Service for the three previous tax years.

Fair Value Measurements

The fair value measurement accounting literature under GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in the active markets for identical assets and have the highest priority. Level 2 inputs consist of observable inputs other than quoted prices for identical assets (Level 1). Level 3 inputs are unobservable and have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments.

When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 inputs are used for investments for which Level 1 inputs were not available. Level 3 inputs would only be used if Level 1 or Level 2 inputs were not available.

MEALS ON WHEELS OF SARASOTA, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fair Value Measurements – Continued

The asset 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. There have been no changes in valuation methodologies used for the year ended December 31, 2022.

Risk Concentrations

Financial instruments that potentially subject the Organization to concentrations of credit risk are cash and cash equivalents. The Organization maintains cash and cash equivalent balances at a financial institution and is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Organization has not experienced any losses, and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Estimates

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

Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. There was no effect on previously stated net assets.

Summarized Financial Information

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

Adoption of New Accounting Standard

Effective January 1, 2022, the Organization adopted Accounting Standards Update (ASU) 2016-02 *Leases* (Topic 842), as amended, which in some instances requires lessees to recognize leases on their statement of financial position as lease liabilities with corresponding right-of-use-assets. The lease liability is measured at the present value of unpaid lease payments based on the reasonably certain lease term and corresponding discount rate.

MEALS ON WHEELS OF SARASOTA, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Adoption of New Accounting Standard – Continued

Upon implementation, management determined that there were no material long-term leases that would require recognition on the statement of financial position under Topic 842 as of December 31, 2022.

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment, net of accumulated depreciation is as follows at December 31, 2022:

Building	\$	161,625
Building improvements		147,915
Furniture and fixtures		1,282
Equipment		<u>148,101</u>
Total property and equipment		458,923
Less accumulated depreciation		<u>(309,760)</u>
Net property and equipment	\$	<u><u>149,163</u></u>

Depreciation expense for the year ended December 31, 2022 was \$25,786.

NOTE 3 – BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The beneficial interest in assets held by others are amounts that were transferred to the Community Foundation of Sarasota County, Inc. to establish the Meals on Wheels of Sarasota, Inc. Fund (the Fund). For the year ended December 31, 2022, the fair market value of the Fund was \$343,785 and the change in value was loss of \$59,551.

NOTE 4 – BENEFICIAL INTEREST IN TRUST

During 2007, the Organization became the recipient of a donor restricted endowment fund held in a trust in the amount of \$250,000. The initial donation is required to be held in perpetuity and earnings from the endowment trust may be used for construction, equipment purchases or repairs and maintenance. The beneficial interest is recorded at the fair market value of the trust as reported by the Trustee. Changes in the value of the trust are recorded as a change in value of beneficial interest in trust in the statement of activities and changes in net assets. For the year ended December 31, 2022, the fair market value of the Fund was \$261,317 and the change in value was loss of \$50,877 and distribution of \$10,000.

MEALS ON WHEELS OF SARASOTA, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – INVESTMENTS

Investments are reported at fair value and are as follows at December 31, 2022:

Cash and cash equivalents	\$	39,029
U.S. equities		883,342
International equities		77,418
Taxable fixed income		538,218
Mixed assets		75,538
Other		22,117
Total	\$	<u>1,635,662</u>

Investment income (losses) are as follows for the year ended December 31, 2022:

Dividends and interest	\$	49,200
Realized and unrealized loss		(260,086)
Investment expense		(14,410)
Total	\$	<u>(225,296)</u>

NOTE 6 – LINE OF CREDIT

In 2021, the Organization opened a line of credit with a financial institution. The line is secured by the building and improvements and has a maximum amount available on the line of credit of \$300,000. Interest on the line of credit is 1% above prime with a floor of 3.50%. The prime rate at December 31, 2022 was 7.50%. As of December 31, 2022, the Organization had \$195,000 outstanding on the line of credit.

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions relate to amounts from donors restricted for specific purposes or contributions from trusts for future periods. Net assets with donor restrictions consisted of the following as of December 31, 2022:

Subject to expenditure for specific purpose:		
Building construction or maintenance and equipment purchase, repair or maintenance	\$	11,317
Not subject to spending policy or appropriation:		
Beneficial interest in trust		250,000
Total	\$	<u>261,317</u>

Net assets with donor restrictions in reduced by \$60,877 for the year ended December 31, 2022, which is the change in the beneficial interest in trust during the year.

MEALS ON WHEELS OF SARASOTA, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – FAIR VALUE MEASUREMENTS

The Organization measured the fair value of the following assets using the fair value hierarchy inputs (see Note 1 for definitions) at December 31:

Description	Total at December 31,			
	2022	Level 1	Level 2	Level 3
Cash	\$ 39,029	39,029	-	-
U.S. equities	883,342	883,342	-	-
International equities	77,418	77,418	-	-
Taxable fixed income	538,218	538,218	-	-
Mixed assets	75,538	75,538	-	-
Other	22,117	22,117	-	-
Total investments	<u>1,635,662</u>	<u>1,635,662</u>	<u>-</u>	<u>-</u>
Beneficial interest in assets held by others	343,785	-	-	343,785
Beneficial interest in trust	261,317	-	-	261,317
Total financial assets at fair value	<u>\$ 2,240,764</u>	<u>\$ 1,635,662</u>	<u>\$ -</u>	<u>\$ 605,102</u>

Investments are valued using the closing price reported in actively traded markets. The beneficial interest in assets held by others is valued based on the Foundation's representation as to the distribution of the pooled investments in which the Organization participates using the Foundation's fair value estimates as of December 31, 2022.

The beneficial interest in trust is valued based on the Trustee's representation as to the distribution of the pooled investments in which the Organization participates using the Trust's fair value estimates as of December 31, 2022.

The following table sets forth a summary of the changes in fair value of the Organization's Level 3 assets for the years ended December 31, 2022:

	Beneficial Interest in assets held by others	Beneficial Interest in Trust	Total
Balance at December 31, 2021	\$ 403,336	322,194	725,530
Investment income (loss)	(59,551)	(50,877)	(110,428)
Distributions from fund	-	(10,000)	(10,000)
Balance at December 31, 2022	<u>\$ 343,785</u>	<u>\$ 261,317</u>	<u>\$ 605,102</u>

NOTE 9 – ENDOWMENT

The Organization holds a beneficial interest in trust that is established as an endowment. The Organization is subject to the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) and classifies amounts in its endowment trust as net assets with donor restrictions because those net assets are subjected to donor direction or have donor imposed time restrictions. The assets are held by a third-party Trustee.

MEALS ON WHEELS OF SARASOTA, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 9 – ENDOWMENT – CONTINUED

The Board of Directors of the Organization has interpreted FUPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the endowment trust, absent explicit donor stipulations to the contrary. As a result of this interpretation, when reviewing its endowment, the Organization considers the trust to be underwater if the fair value of the trust is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the trust and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organization has interpreted FUPMIFA to permit spending from the trust if it is underwater in accordance with the prudent measures required under law. The initial donation of \$250,000 to the trust is considered to be restricted in perpetuity.

In accordance with FUPMIFA, the Organization considers the following factors in making a determination to appropriate from the endowment trust:

1. The duration and preservation of the trust assets;
2. The purposes of the Organization and the endowment trust;
3. General economic conditions;
4. The possible effect of inflation and deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of the Organization
7. The investment policies of the Organization.

The Organization and Trustee have adopted investment and spending policies for endowment assets that attempt to protect the principal of the trust and provide consistent long-term income returns. To satisfy long-term rate-of-return objectives, the endowment relies on an investment strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). While the initial donation into the endowment trust must be held in perpetuity, earnings from the endowment trust may be used for construction, equipment purchases or repairs and maintenance.

The endowment net asset composition is as follows at December 31, 2022:

	Without Donor Restriction	With Donor Restriction	Total
Donor restricted endowment fund	\$ -	\$ 261,317	\$ 261,317

The changes in the Organization's endowment net assets are as follows:

	Without Donor Restriction	With Donor Restriction	Total
Balance at December 31, 2021	\$ -	322,194	322,194
Investment income (loss)	-	(50,877)	(50,877)
Distributions	-	(10,000)	(10,000)
Balance at December 31, 2022	\$ -	\$ 261,317	\$ 261,317

MEALS ON WHEELS OF SARASOTA, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 10 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The following table reflects the Organization’s financial assets as of December 31, 2022, reduced by amounts not available for general use within one year. Amounts not available include contractual or donor-imposed restrictions and assets not in spendable form.

Cash and cash equivalents	\$	111,493
Contributions receivable		31,965
Beneficial interest in assets held by others		343,785
Investments		<u>1,635,662</u>
Total	\$	<u>2,122,905</u>

The Organization receives contributions throughout the year that may be subject to donor restriction. Because a donor’s restriction requires resources to be used in a particular manner or for a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year. As part of the Organization’s liquidity measurement, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations that become due within the next year.

The Organization also has a line of credit that may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

NOTE 11 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through May 2, 2023, which is the date the financial statements were available to be issued.