

*Meals on Wheels  
of the  
Greater Lehigh Valley, Inc.*

*June 30, 2021 and 2020*

*Financial Statements and  
Independent Auditor's Report*

**MEALS ON WHEELS OF THE GREATER LEHIGH VALLEY, INC.**  
**JUNE 30, 2021 AND 2020**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Meals on Wheels of the Greater Lehigh Valley, Inc.

**Opinion**

We have audited the accompany financial statements of Meals on Wheels of the Greater Lehigh Valley, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, 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 on Wheels of the Greater Lehigh Valley, Inc. as of June 30, 2021 and 2020, 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 of Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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 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 charge with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control related matters that we identified during the audits.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2021 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

*Concannon, Miller + Co., P.C.*

Bethlehem, PA  
October 28, 2021

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of  
Meals on Wheels of the Greater Lehigh Valley, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Meals on Wheels of the Greater Lehigh Valley, Inc. (the “Organization”), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon October 28, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audits of the financial statements, we considered the Organization’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Concannon, Miller + Co., P.C.*

Bethlehem, PA  
October 28, 2021

**MEALS ON WHEELS OF THE GREATER LEHIGH VALLEY, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2021**  
**(WITH SUMMARIZED TOTALS AS OF JUNE 30, 2020)**

|   | <b>2021</b>                               |  | <b>Totals</b>        |                     |
|---|---|--|----------------------|---------------------|
|   | <b>Without<br/>Donor<br/>Restrictions</b> | <b>With<br/>Donor<br/>Restrictions</b> | <b>2021</b>          | <b>2020</b>         |
|   | <b><u>ASSETS</u></b>                      |  |                      |                     |
| <b>CURRENT ASSETS</b>                                 |   |  |                      |                     |
| Cash and cash equivalents                             | \$ 1,970,823                              | \$ 62,491                              | \$ 2,033,314         | \$ 1,221,515        |
| Service fees receivable                               | 284,664                                   |  | 284,664              | 451,282             |
| Contributions receivable                              |   | 63,683                                 | 63,683               | 20,000              |
| Pledges receivable                                    |   | 127,000                                | 127,000              | 84,700              |
| Prepaid expenses                                      | 2,612                                     |  | 2,612                | 750                 |
| Food stores inventory                                 | 120,439                                   |  | 120,439              | 99,612              |
| Investments, at fair value                            | 2,979,227                                 | 509,812                                | 3,489,039            | 2,809,271           |
| Total Current Assets                                  | <u>5,357,765</u>                          | <u>762,986</u>                         | <u>6,120,751</u>     | <u>4,687,130</u>    |
| <b>PROPERTY AND EQUIPMENT, NET</b>                    | <u>3,635,336</u>                          |  | <u>3,635,336</u>     | <u>1,962,242</u>    |
| <b>OTHER ASSETS</b>                                   |   |  |                      |                     |
| Pledges receivable, net                               |   | 566                                    | 566                  | 57,435              |
| Perpetual trusts held by others                       |   | 921,170                                | 921,170              | 764,962             |
| Cash value of life insurance                          |   | 106,467                                | 106,467              | 104,590             |
| Total Other Assets                                    | <u>0</u>                                  | <u>1,028,203</u>                       | <u>1,028,203</u>     | <u>926,987</u>      |
| Total Assets  | <u>\$ 8,993,101</u>                       | <u>\$ 1,791,189</u>                    | <u>\$ 10,784,290</u> | <u>\$ 7,576,359</u> |
| <b><u>LIABILITIES AND NET ASSETS</u></b>              |   |  |                      |                     |
| <b>CURRENT LIABILITIES</b>                            |   |  |                      |                     |
| Current portion of term debt                          | \$ 0                                      | \$ 0                                   | \$ 0                 | \$ 133,132          |
| Accounts payable                                      | 268,783                                   |  | 268,783              | 67,504              |
| Accrued payroll                                       | 16,131                                    |  | 16,131               | 60,148              |
| Compensated absences                                  | 8,260                                     |  | 8,260                | 57,730              |
| Total Current Liabilities                             | <u>293,174</u>                            | <u>0</u>                               | <u>293,174</u>       | <u>318,514</u>      |
| <b>TERM DEBT, NET OF CURRENT<br/>PORTION</b>          | <u>1,071,408</u>                          |  | <u>1,071,408</u>     | <u>1,239,076</u>    |
| Total Liabilities                                     | <u>1,364,582</u>                          | <u>0</u>                               | <u>1,364,582</u>     | <u>1,557,590</u>    |
| <b>NET ASSETS</b>                                     |   |  |                      |                     |
| Undesignated  | 1,013,956                                 |  | 1,013,956            | (589,404)           |
| Designated for Board endowment                        | 2,979,227                                 |  | 2,979,227            | 2,417,253           |
| Investment in property and equipment                  | 3,635,336                                 |  | 3,635,336            | 1,962,242           |
|   | <u>7,628,519</u>                          | <u>0</u>                               | <u>7,628,519</u>     | <u>3,790,091</u>    |
| Restricted contributions                              |   | 253,741                                | 253,741              | 967,108             |
| Restricted for investments and<br>beneficial interest |   | 1,537,448                              | 1,537,448            | 1,261,570           |
|   | <u>0</u>                                  | <u>1,791,189</u>                       | <u>1,791,189</u>     | <u>2,228,678</u>    |
| Total Net Assets                                      | <u>7,628,519</u>                          | <u>1,791,189</u>                       | <u>9,419,708</u>     | <u>6,018,769</u>    |
| Total Liabilities and Net Assets                      | <u>\$ 8,993,101</u>                       | <u>\$ 1,791,189</u>                    | <u>\$ 10,784,290</u> | <u>\$ 7,576,359</u> |

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

**MEALS ON WHEELS OF THE GREATER LEHIGH VALLEY, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2020**

|   | <b>Without<br/>Donor<br/>Restrictions</b> | <b>With<br/>Donor<br/>Restrictions</b> | <b>Total</b>        |
|---|---|--|---------------------|
| <b><u>ASSETS</u></b>                                  |   |  |                     |
| <b>CURRENT ASSETS</b>                                 |   |  |                     |
| Cash and cash equivalents                             | \$ 416,541                                | \$ 804,974                             | \$ 1,221,515        |
| Service fees receivable                               | 451,282                                   |  | 451,282             |
| Contributions receivable                              |   | 20,000                                 | 20,000              |
| Pledges receivable                                    |   | 84,700                                 | 84,700              |
| Prepaid expenses                                      | 750                                       |  | 750                 |
| Food stores inventory                                 | 99,612                                    |  | 99,612              |
| Investments, at fair value                            | 2,417,254                                 | 392,017                                | 2,809,271           |
| Total Current Assets                                  | <u>3,385,439</u>                          | <u>1,301,691</u>                       | <u>4,687,130</u>    |
| <b>PROPERTY AND EQUIPMENT, NET</b>                    | <u>1,962,242</u>                          |  | <u>1,962,242</u>    |
| <b>OTHER ASSETS</b>                                   |   |  |                     |
| Pledges receivable, net                               |   | 57,435                                 | 57,435              |
| Perpetual trusts held by others                       |   | 764,962                                | 764,962             |
| Cash value of life insurance                          |   | 104,590                                | 104,590             |
| Total Other Assets                                    | <u>0</u>                                  | <u>926,987</u>                         | <u>926,987</u>      |
| Total Assets  | <u>\$ 5,347,681</u>                       | <u>\$ 2,228,678</u>                    | <u>\$ 7,576,359</u> |
| <b><u>LIABILITIES AND NET ASSETS</u></b>              |   |  |                     |
| <b>CURRENT LIABILITIES</b>                            |   |  |                     |
| Current portion of term debt                          | \$ 133,132                                | \$ 0                                   | \$ 133,132          |
| Accounts payable                                      | 67,504                                    |  | 67,504              |
| Accrued payroll                                       | 60,148                                    |  | 60,148              |
| Compensated absences                                  | 57,730                                    |  | 57,730              |
| Total Current Liabilities                             | <u>318,514</u>                            | <u>0</u>                               | <u>318,514</u>      |
| <b>TERM DEBT, NET OF CURRENT PORTION</b>              | <u>1,239,076</u>                          |  | <u>1,239,076</u>    |
| Total Liabilities                                     | <u>1,557,590</u>                          | <u>0</u>                               | <u>1,557,590</u>    |
| <b>NET ASSETS</b>                                     |   |  |                     |
| Undesignated  | (589,404)                                 |  | (589,404)           |
| Designated for Board endowment                        | 2,417,253                                 |  | 2,417,253           |
| Investment in property and equipment                  | 1,962,242                                 |  | 1,962,242           |
|   | <u>3,790,091</u>                          | <u>0</u>                               | <u>3,790,091</u>    |
| Restricted contributions                              |   | 967,108                                | 967,108             |
| Restricted for investments and<br>beneficial interest |   | 1,261,570                              | 1,261,570           |
|   | <u>0</u>                                  | <u>2,228,678</u>                       | <u>2,228,678</u>    |
| Total Net Assets                                      | <u>3,790,091</u>                          | <u>2,228,678</u>                       | <u>6,018,769</u>    |
| Total Liabilities and Net Assets                      | <u>\$ 5,347,681</u>                       | <u>\$ 2,228,678</u>                    | <u>\$ 7,576,359</u> |

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



**MEALS ON WHEELS OF THE GREATER LEHIGH VALLEY, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2021**  
**(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2020)**

|   | 2021                                  |                               | Totals              |                     |
|---|---------------------------------------|-------------------------------|---------------------|---------------------|
|   | Without<br>Donor<br>Restrictions      | With<br>Donor<br>Restrictions | 2021                | 2020                |
|   | <b>OPERATING REVENUES AND SUPPORT</b> |                               |                     |                     |
| <b>SERVICE FEE REVENUE</b>  |                                       |                               |                     |                     |
| Governmental service fees   | \$ 1,561,010                          | \$ 0                          | \$ 1,561,010        | \$ 1,434,784        |
| Food service fees   | 93,760                                |                               | 93,760              | 100,281             |
| Client service fees   | 605,326                               |                               | 605,326             | 548,516             |
| Total Service Fee Revenue   | <u>2,260,096</u>                      | <u>0</u>                      | <u>2,260,096</u>    | <u>2,083,581</u>    |
| <b>PROGRAM SUPPORT</b>  |                                       |                               |                     |                     |
| Contributions   | 2,965,963                             | 74,683                        | 3,040,646           | 1,313,468           |
| United Way  | 202,966                               |                               | 202,966             | 201,571             |
| Fundraising events, net of direct expenses<br>of \$0 and \$22,827, respectively |                                       |                               | 0                   | 24,555              |
| Total Program Support   | <u>3,168,929</u>                      | <u>74,683</u>                 | <u>3,243,612</u>    | <u>1,539,594</u>    |
| <b>NET ASSETS RELEASED FROM RESTRICTIONS</b>                                    | <u>787,050</u>                        | <u>(787,050)</u>              | <u>0</u>            | <u>0</u>            |
| Total Operating Revenues and Support  | <u>6,216,075</u>                      | <u>(712,367)</u>              | <u>5,503,708</u>    | <u>3,623,175</u>    |
| <b>OPERATING EXPENSES</b>   |                                       |                               |                     |                     |
| Program services  | 2,574,162                             |                               | 2,574,162           | 2,790,696           |
| General and administrative  | 399,452                               |                               | 399,452             | 436,031             |
| Fund-raising  | 269,571                               |                               | 269,571             | 266,150             |
| Total Expenses  | <u>3,243,185</u>                      | <u>0</u>                      | <u>3,243,185</u>    | <u>3,492,877</u>    |
| <b>CHANGE IN NET ASSETS FROM OPERATIONS</b>                                     | <u>2,972,890</u>                      | <u>(712,367)</u>              | <u>2,260,523</u>    | <u>130,298</u>      |
| <b>NON-OPERATING CHANGE IN NET ASSETS</b>                                       |                                       |                               |                     |                     |
| Investment income, net of fees  | 561,474                               | 116,793                       | 678,267             | 84,056              |
| Change in outside perpetual trust   |                                       | 156,208                       | 156,208             | 4,794               |
| Forgiveness of debt income - Paycheck Protection Program                        | 300,800                               |                               | 300,800             | 0                   |
| Other income  | 3,264                                 | 1,877                         | 5,141               | 13,188              |
| Gain on disposal of assets  |                                       |                               | 0                   | 7,834               |
| <b>CHANGE IN NET ASSETS FROM NON-OPERATING<br/>ACTIVITIES</b>                   | <u>865,538</u>                        | <u>274,878</u>                | <u>1,140,416</u>    | <u>109,872</u>      |
| <b>CHANGE IN NET ASSETS</b>   | <u>3,838,428</u>                      | <u>(437,489)</u>              | <u>3,400,939</u>    | <u>240,170</u>      |
| <b>NET ASSETS, JULY 1</b>   | <u>3,790,091</u>                      | <u>2,228,678</u>              | <u>6,018,769</u>    | <u>5,778,599</u>    |
| <b>NET ASSETS, JUNE 30</b>  | <u>\$ 7,628,519</u>                   | <u>\$ 1,791,189</u>           | <u>\$ 9,419,708</u> | <u>\$ 6,018,769</u> |

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

**MEALS ON WHEELS OF THE GREATER LEHIGH VALLEY, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2020**

|   | <b><u>Without<br/>Donor<br/>Restrictions</u></b> | <b><u>With<br/>Donor<br/>Restrictions</u></b> | <b><u>Total</u></b> |
|---|--|---|---------------------|
| <b>OPERATING REVENUES AND SUPPORT</b>                         |  |   |                     |
| <b>SERVICE FEE REVENUE</b>                                    |  |   |                     |
| Governmental service fees                                     | \$ 1,434,784                                     | \$ 0  | \$ 1,434,784        |
| Food service fees   | 100,281  |   | 100,281             |
| Client service fees   | 548,516  |   | 548,516             |
| Total Service Fee Revenue                                     | <u>2,083,581</u>                                 | <u>0</u>                                      | <u>2,083,581</u>    |
| <b>PROGRAM SUPPORT</b>  |  |   |                     |
| Contributions   | 1,088,689  | 224,779                                       | 1,313,468           |
| United Way  | 201,571  |   | 201,571             |
| Fundraising events, net of direct expenses of \$22,827        | 24,555   |   | 24,555              |
| Total Program Support   | <u>1,314,815</u>                                 | <u>224,779</u>                                | <u>1,539,594</u>    |
| <b>NET ASSETS RELEASED FROM RESTRICTIONS</b>                  | <u>194,738</u>                                   | <u>(194,738)</u>                              | <u>0</u>            |
| Total Operating Revenues and Support                          | <u>3,593,134</u>                                 | <u>30,041</u>                                 | <u>3,623,175</u>    |
| <b>OPERATING EXPENSES</b>                                     |  |   |                     |
| Program services  | 2,790,696  |   | 2,790,696           |
| General and administrative                                    | 436,031  |   | 436,031             |
| Fund-raising  | 266,150  |   | 266,150             |
| Total Expenses  | <u>3,492,877</u>                                 | <u>0</u>                                      | <u>3,492,877</u>    |
| <b>CHANGE IN NET ASSETS FROM OPERATIONS</b>                   | <u>100,257</u>                                   | <u>30,041</u>                                 | <u>130,298</u>      |
| <b>NON-OPERATING CHANGE IN NET ASSETS</b>                     |  |   |                     |
| Investment income, net of fees                                | 77,691   | 6,365   | 84,056              |
| Change in outside perpetual trust                             |  | 4,794   | 4,794               |
| Other income  | 1,440  | 11,748  | 13,188              |
| Gain on disposal of assets                                    | 7,834  |   | 7,834               |
| <b>CHANGE IN NET ASSETS FROM NON-OPERATING<br/>ACTIVITIES</b> | <u>86,965</u>                                    | <u>22,907</u>                                 | <u>109,872</u>      |
| <b>CHANGE IN NET ASSETS</b>                                   | 187,222  | 52,948  | 240,170             |
| <b>NET ASSETS, JULY 1</b>                                     | <u>3,602,869</u>                                 | <u>2,175,730</u>                              | <u>5,778,599</u>    |
| <b>NET ASSETS, JUNE 30</b>                                    | <u>\$ 3,790,091</u>                              | <u>\$ 2,228,678</u>                           | <u>\$ 6,018,769</u> |

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

**MEALS ON WHEELS OF THE GREATER LEHIGH VALLEY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2021**  
**(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2020)**

|                                 | <u>Program Services</u> |                           |                      |                     | <u>Total Program Services</u> | <u>General and Administrative</u> |                     | <u>Total Expenses</u> |  |
|---------------------------------|-------------------------|---------------------------|----------------------|---------------------|-------------------------------|-----------------------------------|---------------------|-----------------------|--|
|                                 | <u>Client Services</u>  | <u>Volunteer Services</u> | <u>Food Services</u> |                     |                               | <u>Fund-Raising</u>               | <u>2021</u>         | <u>2020</u>           |  |
| Salaries and wages              | \$ 379,948              | \$ 104,314                | \$ 487,902           | \$ 972,164          | \$ 226,631                    | \$ 141,619                        | \$ 1,340,414        | \$ 1,484,739          |  |
| Employee benefits               | 72,913                  | 23,659                    | 124,272              | 220,844             | 54,370                        | 24,500                            | 299,714             | 321,904               |  |
| Payroll taxes                   | 31,350                  | 8,246                     | 40,557               | 80,153              | 21,353                        | 11,158                            | 112,664             | 116,812               |  |
| Food and kitchen                | 14,288                  |                           | 880,869              | 895,157             |                               |                                   | 895,157             | 1,002,824             |  |
| Supplies                        | 12,545                  | 7,695                     | 1,516                | 21,756              | 8,426                         | 2,594                             | 32,776              | 49,983                |  |
| Telephone                       | 6,179                   | 1,117                     | 2,248                | 9,544               | 4,021                         | 1,503                             | 15,068              | 20,450                |  |
| Postage                         | 2,200                   | 3,135                     |                      | 5,335               | 2,422                         | 13,414                            | 21,171              | 11,156                |  |
| Utilities                       | 2,970                   | 6,690                     | 24,262               | 33,922              | 2,304                         | 1,332                             | 37,558              | 50,661                |  |
| Insurance                       | 3,647                   | 7,466                     | 31,131               | 42,244              | 2,953                         | 1,761                             | 46,958              | 37,571                |  |
| Repairs and maintenance         | 4,088                   | 7,424                     | 50,430               | 61,942              | 9,883                         | 3,436                             | 75,261              | 61,659                |  |
| Travel and delivery             | 1,840                   | 88                        | 28,734               | 30,662              | 486                           | 470                               | 31,618              | 40,378                |  |
| Professional fees               | 17,600                  | 3,375                     | 3,070                | 24,045              | 43,699                        | 5,809                             | 73,553              | 52,696                |  |
| Conferences and training        | 495                     |                           | 82                   | 577                 |                               |                                   | 577                 | 6,199                 |  |
| Dues                            | 495                     |                           |                      | 495                 | 3,579                         | 1,323                             | 5,397               | 3,702                 |  |
| Advertising                     | 340                     |                           | 882                  | 1,222               | 1,413                         | 47,734                            | 50,369              | 10,614                |  |
| Development and appeals         |                         |                           |                      | 0                   |                               | 2,505                             | 2,505               | 8,485                 |  |
| Volunteer training and benefits |                         | 27,903                    |                      | 27,903              |                               |                                   | 27,903              | 22,525                |  |
| Depreciation                    | 24,438                  |                           | 92,161               | 116,599             | 9,871                         | 7,051                             | 133,521             | 152,624               |  |
| Computer services               | 17,884                  | 3,040                     | 3,206                | 24,130              | 8,041                         | 3,362                             | 35,533              | 34,139                |  |
| Bad debt                        | 5,468                   |                           |                      | 5,468               |                               |                                   | 5,468               | 0                     |  |
|                                 | <u>\$ 598,688</u>       | <u>\$ 204,152</u>         | <u>\$ 1,771,322</u>  | <u>\$ 2,574,162</u> | <u>\$ 399,452</u>             | <u>\$ 269,571</u>                 | <u>\$ 3,243,185</u> | <u>\$ 3,492,877</u>   |  |

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

**MEALS ON WHEELS OF THE GREATER LEHIGH VALLEY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2020**

|                                 | <u>Program Services</u> |                           |                      | <u>Total Program Services</u> | <u>General and Administrative</u> | <u>Fund-Raising</u> | <u>Total</u>        |
|---------------------------------|-------------------------|---------------------------|----------------------|-------------------------------|-----------------------------------|---------------------|---------------------|
|                                 | <u>Client Services</u>  | <u>Volunteer Services</u> | <u>Food Services</u> |                               |                                   |                     |                     |
| Salaries and wages              | \$ 442,071              | \$ 112,436                | \$ 524,580           | \$ 1,079,087                  | \$ 242,488                        | \$ 163,164          | \$ 1,484,739        |
| Employee benefits               | 87,869                  | 27,023                    | 133,578              | 248,470                       | 48,141                            | 25,293              | 321,904             |
| Payroll taxes                   | 34,027                  | 8,354                     | 42,121               | 84,502                        | 20,396                            | 11,914              | 116,812             |
| Food and kitchen                |                         |                           | 1,002,824            | 1,002,824                     |                                   |                     | 1,002,824           |
| Supplies                        | 11,963                  | 2,156                     | 15,292               | 29,411                        | 17,989                            | 2,583               | 49,983              |
| Telephone                       | 6,575                   | 4,765                     | 3,170                | 14,510                        | 2,770                             | 3,170               | 20,450              |
| Postage                         | 4,312                   |                           |                      | 4,312                         | 3,270                             | 3,574               | 11,156              |
| Utilities                       | 6,133                   | 5,909                     | 25,766               | 37,808                        | 7,357                             | 5,496               | 50,661              |
| Insurance                       | 8,105                   |                           | 15,201               | 23,306                        | 13,023                            | 1,242               | 37,571              |
| Repairs and maintenance         | 6,963                   | 1,645                     | 39,588               | 48,196                        | 11,995                            | 1,468               | 61,659              |
| Travel and delivery             | 18,696                  |                           | 21,011               | 39,707                        | 671                               |                     | 40,378              |
| Professional fees               |                         |                           |                      | 0                             | 40,068                            | 12,628              | 52,696              |
| Conferences and training        | 1,912                   |                           | 354                  | 2,266                         | 2,395                             | 1,538               | 6,199               |
| Dues                            |                         |                           |                      | 0                             | 3,702                             |                     | 3,702               |
| Advertising                     |                         |                           |                      | 0                             | 444                               | 10,170              | 10,614              |
| Development and appeals         |                         |                           |                      | 0                             |                                   | 8,485               | 8,485               |
| Volunteer training and benefits |                         | 22,291                    |                      | 22,291                        |                                   | 234                 | 22,525              |
| Depreciation                    | 25,946                  |                           | 108,363              | 134,309                       | 10,684                            | 7,631               | 152,624             |
| Computer services               | 12,176                  | 7,052                     | 469                  | 19,697                        | 6,882                             | 7,560               | 34,139              |
| Bad debt                        |                         |                           |                      |                               |                                   |                     | 0                   |
|                                 | <u>\$ 666,748</u>       | <u>\$ 191,631</u>         | <u>\$ 1,932,317</u>  | <u>\$ 2,790,696</u>           | <u>\$ 436,031</u>                 | <u>\$ 266,150</u>   | <u>\$ 3,492,877</u> |

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

**MEALS ON WHEELS OF THE GREATER LEHIGH VALLEY, INC.****STATEMENTS OF CASH FLOWS**

|  | Years Ended         |                     |
|--|---------------------|---------------------|
|  | June 30,            |                     |
|  | 2021                | 2020                |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>          |                     |                     |
| Cash received from governmental contracts            | \$ 1,682,836        | \$ 1,297,539        |
| Cash received from food service fees                 | 136,030             | 79,299              |
| Cash received from client service fees               | 607,848             | 559,735             |
| Cash received from program support                   | 3,314,816           | 1,735,124           |
| Cash paid for employees                              | (1,846,279)         | (1,905,276)         |
| Cash paid to vendors and purchased services          | (1,172,814)         | (1,448,867)         |
| Net Cash Provided by Operating Activities            | <u>2,722,437</u>    | <u>317,554</u>      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>          |                     |                     |
| Proceeds on sale of capital assets                   | 0                   | 9,000               |
| Purchase of capital assets                           | (1,806,615)         | (1,190,788)         |
| Purchases of investments, net of proceeds from sales | (104,023)           | 153,031             |
| Net Cash Used in Investing Activities                | <u>(1,910,638)</u>  | <u>(1,028,757)</u>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>          |                     |                     |
| Proceeds from term debt                              | 0                   | 1,372,208           |
| Proceeds from line of credit                         | 0                   | 125,000             |
| Payments on line of credit                           | 0                   | (125,000)           |
| Net Cash Provided by Financing Activities            | <u>0</u>            | <u>1,372,208</u>    |
| <b>NET INCREASE IN CASH</b>                          | 811,799             | 661,005             |
| <b>CASH AND CASH EQUIVALENTS, JULY 1</b>             | <u>1,221,515</u>    | <u>560,510</u>      |
| <b>CASH AND CASH EQUIVALENTS, JUNE 30</b>            | <u>\$ 2,033,314</u> | <u>\$ 1,221,515</u> |

**RECONCILIATION OF CHANGES IN NET ASSETS  
TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

|   |                     |                   |
|---|---------------------|-------------------|
| <b>CHANGE IN NET ASSETS</b>   | \$ 3,400,939        | \$ 240,170        |
| <b>ADJUSTMENTS TO RECONCILE CHANGE IN NET<br/>ASSETS TO NET CASH PROVIDED BY OPERATING<br/>ACTIVITIES</b> |                     |                   |
| Depreciation  | 133,521             | 152,624           |
| Gain on disposal of assets  | 0                   | (7,834)           |
| Realized (gain) loss on investments   | (348,433)           | 153,818           |
| Unrealized gain on investments  | (227,312)           | (169,598)         |
| Change in outside perpetual trust   | (156,208)           | (4,794)           |
| Cash value of life insurance  | (1,877)             | (11,748)          |
| Forgiveness of debt income - Paycheck Protection Program  | (300,800)           | 0                 |
| Bad debt expense  | 5,468               | 0                 |
| Changes in operating assets and liabilities   |                     |                   |
| Service fees receivable   | 161,150             | (147,008)         |
| Contributions receivable  | (43,683)            | 14,507            |
| Pledges receivable  | 14,569              | 186,677           |
| Prepaid expenses  | (1,862)             | 3,164             |
| Food stores inventory   | (20,827)            | (45,295)          |
| Cash overdraft  | 0                   | (70,976)          |
| Accounts payable  | 201,279             | 5,668             |
| Accrued payroll   | (44,017)            | (5,892)           |
| Compensated absences  | (49,470)            | 24,071            |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>  | <u>\$ 2,722,437</u> | <u>\$ 317,554</u> |

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

|  |                  |                  |
|--|------------------|------------------|
| In-kind contribution of goods and services | <u>\$ 1,050</u>  | <u>\$ 13,078</u> |
| Cash paid for interest                     | <u>\$ 41,344</u> | <u>\$ 33,660</u> |

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

**MEALS ON WHEELS OF THE GREATER LEHIGH VALLEY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 1 Nature and Purpose of the Organization**

Meals on Wheels of the Greater Lehigh Valley, Inc. (“Organization”) is a private, not-for-profit charitable organization tax exempt under Section 501(c)(3) of the Internal Revenue Code and incorporated under the laws of the Commonwealth of Pennsylvania to assist in the providing for nutritional needs of the expanding population of elderly, disabled and homebound persons of all ages.

**NOTE 2 Summary of Significant Accounting Policies**

**Basis of Accounting**

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with FASB ASC 958, *Not-for-Profit Entities*.

**Basis of Presentation**

The Organization’s net assets and changes therein are classified and reported as follows:

**Net Assets Without Donor Restrictions** – Net assets that are not subject to donor-imposed restrictions or law.

**Net Assets 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.

**Cash and Cash Equivalents**

Cash consists solely of the Organization’s checking and savings accounts held at one financial institution.

**Service Fees Receivable**

The balance in service fees receivable represent program service fees charged to the respective County, third party agency or individual for meals provided in the previous months. The Organization reviews the composition of these balances in consideration of any allowance for credit losses.

Management considers the following factors when determining the collectability of specific service fees receivable: historical collection experience, a review of the current status of receivables, receipts subsequent to year end and judgement. Based on management’s assessment, all of the contributions are considered to be realizable at the amounts stated in the accompanying statements of financial position and no allowance for credit losses was considered necessary as of June 30, 2021 and 2020.

**MEALS ON WHEELS OF THE GREATER LEHIGH VALLEY, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2021 AND 2020**

**NOTE 2      Summary of Significant Accounting Policies (Continued)**

**Pledges Receivable**

Pledges receivable are unconditional promises to give from private foundations, organizations and individuals and are recognized as contributions when the promise is received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using a risk-free interest rate applicable to the years in which the promises are received, ranging from .22% to 2.73%. Amortization of the discounts is included in contribution revenue.

Conditional promises to give are not included as support until the conditions on which they depend are substantially met.

The Organization uses the allowance method to determine uncollectible contributions. Under this method, the Organization prepares an allowance based on prior experience and management's analysis of individual accounts. In the opinion of management, all of the contributions are considered to be realizable at the amounts stated in the accompanying statements of financial position and no allowance for credit losses was considered necessary as of June 30, 2021 and 2020.

**Bequests**

Bequests are not recognized or recorded as support until all of the following conditions are met: the demise of testator, the amount of the bequest is known, the Organization is certain that, based on the estate's net assets, the amount bequeathed is realizable, and the probate court has declared the will valid.

**Inventory**

Inventory consists of food stores and is stated at the lower of cost or market, valued on a first-in, first-out basis.

**Valuation of Investments in Securities at Fair Value**

The Organization complies with the provisions of FASB ASC 820, *Fair Value Measurement and Disclosures*. Under ASC 820, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

ASC 820 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

**MEALS ON WHEELS OF THE GREATER LEHIGH VALLEY, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2021 AND 2020**

**NOTE 2      Summary of Significant Accounting Policies (Continued)**

**Valuation of Investments in Securities at Fair Value**

The fair value hierarchy is categorized into three levels based on the inputs as follows:

**Level 1** – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

**Level 2** – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

**Level 3** – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

**Invested with Lehigh Valley Community Foundation** – Measured at the reported value by the Foundation, which approximates fair value. The Organization does not have discretion over the investment composition of funds held with the Foundation.

**Outside Perpetual Trusts** – Measured based on the Organization's pro-rata share of the Trust assets, which approximates fair value.

**Perpetual Trusts Held by Others**

Perpetual trusts held by others are funds held by outside trusts for the benefit of the Organization in accordance with the terms of the irrevocable trusts. These funds are neither in the possession, nor under the control, of the Organization. Such terms provide that the Organization is to receive a portion of the income earned by the funds that are held in trust. The Organization's portion of the fair value of the trusts are recognized as assets and gift income at the dates the trusts are established. Distributions from the trusts are recorded as investment income and the carrying value of the assets is adjusted for changes in the estimates of future receipts.

**Property and Equipment**

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

Property and equipment are carried at cost, less accumulated depreciation. Maintenance and repairs which neither materially add to the value of property nor appreciably prolong its life are charged to expense. The cost of assets retired or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts in the year of disposal. Related gains or losses from such transactions are credited or charged to income.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from three to forty years.



**MEALS ON WHEELS OF THE GREATER LEHIGH VALLEY, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2021 AND 2020**

**NOTE 2      Summary of Significant Accounting Policies (Continued)**

**Revenue Recognition**

**Service Fee Revenue**

In accordance with ASC 606, *Revenue from Contracts with Customers*, revenue from the Organization's various programs are recognized at the time that the performance obligation under the contract has been fulfilled. The significant majority of the Organization's activities comprise of preparation and sale of fresh and frozen meals to clients throughout the greater Lehigh Valley. Revenue is recognized based on a retrospective count of the actual meals provided in a given month and based on the contracted rates with the respective agency or individual.

The portion of ticket sales for special events that relates to the commensurate value the attendee receives in return is recognized when the related events are held and performance obligations are met. In-kind contributions are recognized as income when the donated assets are physically received.

As of June 30, 2021 and 2020, the Organization held no contract assets or liabilities.

**Public Support**

In accordance with ASC 958, public support is comprised primarily of contributions which are recorded as revenue when an unconditional promise to give has been made. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction.

When a restriction expires (that is, 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 reported in the statements of activities as net assets released from restrictions.

**Donated Services**

The Organization receives a substantial amount of donated services from unpaid volunteers who assist in fund-raising activities. However, these donated services are not reflected in the financial statements since these services are not professional in nature, and, as such, do not meet the criteria for recognition as contributed services.

Contributed professional services are recognized at fair market value if the services received require specialized skills that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Any amounts reflected in the accompanying financial statements as contributions in-kind are offset by like amounts included in expenses.

**MEALS ON WHEELS OF THE GREATER LEHIGH VALLEY, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2021 AND 2020**

**NOTE 2      Summary of Significant Accounting Policies (Continued)**

**Advertising**

Advertising costs are charged to operations when incurred. Total advertising costs for the years ended June 30, 2021 and 2020 were \$50,369 and \$10,614, respectively.

**Functional Allocation of Expenses**

The costs of providing the Organization's various programs and supporting activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that can be identified with a specific program, fundraising or support service are allocated directly according to their natural classification. Other expenses that are common to several functions are allocated based on estimates made for time spent by key personnel between functions, space occupied by function, and other objective bases.

**Income Taxes**

No provision for income taxes has been made in the financial statements since the Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provisions. However, income from activities not directly related to the Organization's tax-exempt purpose, if any, would be subject to taxation as unrelated business income.

The Organization complies with the guidance for uncertainty in income taxes using the provisions of FASB ASC 740, *Income Taxes*. Using that guidance tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the position will be sustained upon examination by tax authorities.

As of June 30, 2021 and 2020, the Organization had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

**Estimates**

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

**NOTE 3      Liquidity and Availability**

The Organization's cash flows and liquidity are primarily driven by the monthly receipt on the service fees charged on a monthly basis in exchange for the food services provided throughout the year and based on the terms of the respective contracts with state agencies or directly with clients. In addition, the Organization receives significant contributions, grants and pledges that are restricted in use by the donors.

**MEALS ON WHEELS OF THE GREATER LEHIGH VALLEY, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2021 AND 2020**

**NOTE 3      Liquidity and Availability (Continued)**

The Organization considers and treats these gifts as restricted in accordance with the directions of the donors and such funds remain unavailable for general expenditures. Unrestricted contributions, grants and pledges are considered for use with respect to ongoing, major programs, central to its annual operations and such unrestricted gifts are available to meet cash requirements for general expenditures. The Organization manages its liquidity in accordance with two guiding principles: (1) controlling its operations within a prudent range of financial soundness and stability and, (2) maintaining adequate liquid assets to fund near – term operating requirements.

Financial assets available for general expenditure within one year of the statement of financial position date, comprise the following:

|  |                     |
|--|---------------------|
| Cash and cash equivalents without donor restrictions | \$ 1,970,823        |
| Investments available for operations                 | 2,979,227           |
| Service fees receivable                              | 284,664             |
| Contributions receivable                             | 63,683              |
| Pledges receivable within twelve months              | 127,000             |
|  | <u>\$ 5,425,897</u> |

The investments held and included above comprise entirely of board designated endowments. As such, the funds are available for operations at the discretion of the board of directors and related appropriation of such funds.

In addition to the sources included in the table above, the Organization also maintains three lines of credit (Note 10) with maximum borrowings of \$850,000 which could be drawn upon if the need arose.

**NOTE 4      Concentration of Credit Risk**

The Organization may be subject to credit risk on its cash balances, which are placed at one commercial bank. The amounts are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to a maximum of \$250,000. The risk is managed by maintaining all deposits in a high quality financial institution. From time to time, the Organization may have amounts on deposit in excess of the FDIC limits. The Organization had an at-risk balance of approximately \$2,018,000 at June 30, 2021.

The Organization relies on various contracts with government agencies and local businesses to support its programs. During the years ended June 30, 2021 and 2020, the Organization received 8% and 15%, respectively, of its total revenue and support from one such contract. To mitigate such risk, the Organization is regularly looking for new grantors and contributors to reduce the concentration of revenue.

**MEALS ON WHEELS OF THE GREATER LEHIGH VALLEY, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2021 AND 2020**

**NOTE 5 Pledges Receivable**

|  | <b>June 30,</b>   |                   |
|--|-------------------|-------------------|
|  | <b>2021</b>       | <b>2020</b>       |
| Time restricted sponsorships and contributions | \$ 129,500        | \$ 146,700        |
| Less unamortized discount                      | 1,934             | 4,565             |
|  | <b>\$ 127,566</b> | <b>\$ 142,135</b> |
| Less than one year                             | \$ 127,000        | \$ 84,700         |
| One to five years                              | 566               | 57,435            |
|  | <b>\$ 127,566</b> | <b>\$ 142,135</b> |

At June 30, 2021 and 2020, approximately 73% and 68% respectively, of the unconditional promises to give are from three donors and one donor, respectively.

**NOTE 6 Property and Equipment**

|                                  | <b>June 30,</b>     |                     |
|----------------------------------|---------------------|---------------------|
|                                  | <b>2021</b>         | <b>2020</b>         |
| Land, buildings and improvements | \$ 1,561,080        | \$ 1,561,080        |
| Construction in progress         | 2,990,271           | 1,205,918           |
| Equipment                        | 1,277,490           | 1,255,228           |
| Vehicles                         | 252,026             | 252,026             |
|                                  | 6,080,866           | 4,274,252           |
| Less accumulated depreciation    | 2,445,531           | 2,312,010           |
|                                  | <b>\$ 3,635,336</b> | <b>\$ 1,962,242</b> |

Depreciation expense was \$133,521 and \$152,624 for the years ended June 30, 2021 and 2020, respectively. In addition, during the years ended June 30, 2021 and 2020, the Organization capitalized interest costs of \$41,344 and \$33,660, respectively, into construction in progress as it continues to renovate a new site for regular operations which will be placed into service in August 2021.

**NOTE 7 Investments**

The Organization's investments are recorded at fair value and have been categorized based upon a fair value hierarchy, in accordance with ASC 820 (see Note 2). The investments are comprised of the following:

**MEALS ON WHEELS OF THE GREATER LEHIGH VALLEY, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2021 AND 2020**

**NOTE 7 Investments (Continued)**

|  | <b>Investments at Fair Value as of June 30, 2021</b> |                |                |              |
|--|--|----------------|----------------|--------------|
|  | <b>Level 1</b>                                       | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b> |
| <i><b>Without Donor Restrictions:</b></i>                  |  |                |                |              |
| Money market funds   | \$ 45,651  | \$ 0           | \$ 0           | \$ 45,651    |
| Mutual funds   |  |                |                |              |
| Equities   | 880,587  |                |                | 880,587      |
| Fixed income   | 587,888  |                |                | 587,888      |
| Alternatives   |  |                |                |              |
| Equities   | 1,465,101  | _____          | _____          | 1,465,101    |
|  | 2,979,227  | _____          | _____          | 2,979,227    |
| <i><b>With Donor Restrictions:</b></i>                     |  |                |                |              |
| Money market funds   | 1,580  | 0              | 0              | 1,580        |
| Mutual funds   |  |                |                |              |
| Equities   | 435,613  |                |                | 435,613      |
| Invested with Lehigh Valley<br>Community Foundation        |  | 72,619         |                | 72,619       |
|  | 437,193  | 72,619         | 0              | 509,812      |
| Total Investments  | \$ 3,416,420   | \$ 72,619      | \$ 0           | \$ 3,489,039 |
| Beneficial Interest in Outside<br>Perpetual Trust (Note 8) | \$ 0   | \$ 921,170     | \$ 0           | \$ 921,170   |

|  | <b>Investments at Fair Value as of June 30, 2020</b> |                |                |              |
|--|--|----------------|----------------|--------------|
|  | <b>Level 1</b>                                       | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b> |
| <i><b>Without Donor Restrictions:</b></i>                  |  |                |                |              |
| Money market funds   | \$ 305,101   | \$ 0           | \$ 0           | \$ 305,101   |
| Mutual funds   |  |                |                |              |
| Equities   | 512,838  |                |                | 512,838      |
| Fixed income   | 481,876  |                |                | 481,876      |
| Alternatives   | 31,592   |                |                | 31,592       |
| Equities   | 1,085,847  | _____          | _____          | 1,085,847    |
|  | 2,417,254  | _____          | _____          | 2,417,254    |
| <i><b>With Donor Restrictions:</b></i>                     |  |                |                |              |
| Money market funds   | 1,579  | 0              | 0              | 1,579        |
| Mutual funds   |  |                |                |              |
| Equities   | 337,642  |                |                | 337,642      |
| Invested with Lehigh Valley<br>Community Foundation        |  | 52,796         |                | 52,796       |
|  | 339,221  | 52,796         | 0              | 392,017      |
| Total Investments  | \$ 2,756,475   | \$ 52,796      | \$ 0           | \$ 2,809,271 |
| Beneficial Interest in Outside<br>Perpetual Trust (Note 8) | \$ 0   | \$ 764,962     | \$ 0           | \$ 764,962   |

**MEALS ON WHEELS OF THE GREATER LEHIGH VALLEY, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2021 AND 2020**

**NOTE 7      Investments (Continued)**

Generally, for all mutual funds, fair value is determined by reference to quoted market prices and other relevant information generated by market transactions.

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 value of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

**NOTE 8      Beneficial Interest in Outside Perpetual Trusts**

The Organization is named as a beneficiary of two perpetual trusts held by corporate trustees. The amounts recorded as an asset represent the pro-rata share of the fair value of the trusts' assets that provides for distribution of income to the Organization as beneficiary. Income is disbursed annually as a percentage of the value of the investment at its valuation date. The Organization is a 5% beneficiary in the first trust and the share of the assets was \$205,083 and \$167,132 as of June 30, 2021 and 2020, respectively. Income distribution received from the first trust was \$18,872 and \$4,718 for the years ended June 30, 2021 and 2020, respectively. The Organization is a one-sixth beneficiary in the second trust and the share of assets was \$716,087 and \$597,890 as of June 30, 2021 and 2020, respectively. Income distribution received for the second trust was \$8,903 and \$5,013 for the years ended June 30, 2021 and 2020, respectively.

**NOTE 9      Term Debt**

During the year ended June 30, 2020, the Organization executed a note payable with a bank on which \$1,071,408 was borrowed and used to purchase a building. The note required monthly interest payments, at a fixed rate of 3.9%, and all principal and unpaid interest is due upon maturity in August 2022. In March 2021, the note was amended to reduce the fixed rate of interest down to 3.5%. The Organization expects to repay the loan with the proceeds from the sale of its existing building upon the completion of renovations and movement of all operations to the new site.

Subsequent to June 30, 2021, the Organization completed its move to the new building and completed the sale of the prior one for a gross sales price of \$1,100,000. The Organization expects to use these proceeds to payoff the above debt by December 31, 2021.

**NOTE 10     Lines of Credit**

The Organization holds three lines of credit with maximum borrowings of \$850,000. As of as of June 30, 2021 and 2020, there were no borrowings on any of the related agreements. Terms and conditions of each line of credit are as follows:

**MEALS ON WHEELS OF THE GREATER LEHIGH VALLEY, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2021 AND 2020**

**NOTE 10      Lines of Credit (Continued)**

The Organization executed a line of credit intended to support working capital needs. At inception, the maximum borrowings permitted on this line of credit were \$150,000 and would require monthly payments of interest only at the banks prime rate, with a floor of 3.9%. In March 2021, the maximum borrowings under this line of credit were increased to \$250,000 and the interest rate floor was reduced to 3.5%. This line of credit is collateralized by all assets of the Organization and expires in June 2022.

The Organization executed a second line of credit intended to support capital purchases. The maximum amount permitted on this line of credit is \$100,000 and interest will be charged at a fixed rate, determined at the time of any draws taken. This line is collateralized by the underlying equipment purchased and expires in June 2022.

The Organization executed a third line of credit to support all operating needs of the Organization. The maximum amount permitted on this line is \$500,000 and interest will be charged at the US prime rate. This line of credit is secured by a portion of the Organization's investment accounts, is due on demand and has no specific termination date.

**NOTE 11      Paycheck Protection Program Loan**

During the year ended June 30, 2020, the Organization received loan proceeds in the amount of \$300,800 under the Paycheck Protection Program ("PPP"). Established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), the PPP provides for loans to qualifying business in amounts up to 2.5 times the business's average monthly payroll expenses.

PPP loans and accrued interest are forgivable after a "Covered period" (eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of the PPP loan is payable over two or five years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period. At June 30, 2020, the loan of \$300,800 was included in term debt based on the original terms above.

The Organization met the PPP's loan forgiveness requirements during the year ended June 30, 2021, and therefore, applied for and received forgiveness in November 2020. As such, the Organization recognized forgiveness of debt income of \$300,800 during the year ended June 30, 2021.

**NOTE 12      Endowment**

Since 2001, the Organization has held an open campaign to create an endowment for the future benefit of the Organization ("True Endowment"). The Organization also has created a separate endowment from the support of a single donor with the intent to support the clients of the Organization in their homes ("Compassionate Care" endowment).

**MEALS ON WHEELS OF THE GREATER LEHIGH VALLEY, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2021 AND 2020**

**NOTE 12      Endowment (Continued)**

The Organization has another endowment which was funded by a bequest and which is held and invested with the Lehigh Valley Community Foundation.

Contributions provided for any of these endowments require the Organization to maintain the principal in perpetuity. The True Endowment restricts the use of all gains, losses, interest and dividends for current operating expenses. The Compassionate Care endowment restricts the use of all gains, losses, interest and dividends for the direct assistance of the Organization's clients.

The endowment held by the Lehigh Valley Community Foundation is restricted to support the ongoing operations of the Organization. Therefore, gains, losses, interest and dividends are reported as net assets with donor restrictions until expended.

In addition, the Organization maintains a portion of its net assets as a quasi-endowment to support future operations. The amounts designated were \$2,979,227 and \$2,417,253 at June 30, 2021 and 2020. These funds are held in two separate accounts, respectively, at June 30, 2021 and 2020.

**Endowment Return Objectives, Risk Parameters and Strategies**

The Organization has adopted investment and spending policies, approved by the Board of Directors, which govern the Organization's endowments. The primary objective of these policies is to produce a total return which will permit the maximum support for the general operating fund of the Organization to the extent that it is consistent with (a) prudent management of investments, (b) preservation of principal and (c) potential for long-term asset growth.

**Interpretation of Relevant Law**

The Organization follows Commonwealth of Pennsylvania law and its own governing documents with respect to the management of endowment funds. In the absence of donor restrictions, the net appreciation on a donor-restricted endowment fund is spendable.

As a result of this interpretation, the Organization classified as net assets with donor restrictions (a) the original value of gifts donated to the endowment; (b) the original value of subsequent gifts to the endowment; and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not to be maintained in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization.

**Spending Policy**

The Organization follows "Total Return Policy" guidelines as established under Pennsylvania Act 141 and as adopted by the Board of Directors. The Organization's policy will be to distribute annually between two and seven percent (allowable "Total Return Policy" range) of the trailing three fiscal year average of the endowment's total asset value. The Board of Directors, with input from the finance committee, will establish annually the percentage to be adopted for distribution.



**MEALS ON WHEELS OF THE GREATER LEHIGH VALLEY, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2021 AND 2020**

**NOTE 12      Endowment (Continued)**

For the year ended June 30, 2021, the Organization did not formally adopt a total return percentage and withdrew no funds from either Endowment. For the year ended June 30, 2020, the Organization did not formally adopt a total return percentage but did disburse \$20,000 from the True Endowment and \$199 from the Compassionate Care Endowment.

The activity and net asset classification of these endowments for the years ended June 30, 2021 and 2020 is as follows:

|  | <b><u>Without<br/>Donor<br/>Restrictions</u></b> | <b><u>With<br/>Donor<br/>Restrictions</u></b> | <b><u>Total</u></b> |
|--|--|---|---------------------|
| Endowment net assets at                              |  |   |                     |
| July 1, 2019   | \$ 2,318,079                                     | \$ 492,133                                    | \$ 2,810,212        |
| Contributions  | <u>235,000</u>                                   | <u>0</u>                                      | <u>235,000</u>      |
| Appropriation of endowment<br>assets for expenditure | <u>(200,000)</u>                                 | <u>(13,638)</u>                               | <u>(213,638)</u>    |
| Investment income                                    |  |   |                     |
| Interest and dividends, net of fees                  | 50,546   | 7,864   | 58,410              |
| Unrealized gains                                     | <u>13,628</u>                                    | <u>10,249</u>                                 | <u>23,877</u>       |
| Total investment income                              | <u>64,174</u>                                    | <u>18,113</u>                                 | <u>82,287</u>       |
| Endowment net assets at                              |  |   |                     |
| June 30, 2020  | <u>2,417,253</u>                                 | <u>496,608</u>                                | <u>2,913,861</u>    |
| Contributions  | <u>500</u>                                       | <u>1,000</u>                                  | <u>1,500</u>        |
| Investment income                                    |  |   |                     |
| Interest and dividends, net of fees                  | 89,392   | 13,131  | 102,523             |
| Realized and unrealized gains, net                   | <u>472,082</u>                                   | <u>105,539</u>                                | <u>575,744</u>      |
| Total investment income                              | <u>561,474</u>                                   | <u>118,670</u>                                | <u>678,267</u>      |
| Endowment net assets at                              |  |   |                     |
| June 30, 2021  | <u>\$ 2,979,227</u>                              | <u>\$ 616,278</u>                             | <u>\$ 3,593,628</u> |

**NOTE 13      Governmental Fees**

Revenue from governmental fees consisted of the following:

|                                 | <b><u>June 30,</u></b> |                     |
|---------------------------------|------------------------|---------------------|
|                                 | <b><u>2021</u></b>     | <b><u>2020</u></b>  |
| <b>County of Northampton</b>    |                        |                     |
| Area Agency on Aging            | \$ 458,145             | \$ 549,836          |
| Human Services Development Fund | 66,325                 | 94,635              |
| <b>County of Lehigh</b>         |                        |                     |
| Area Agency on Aging            | 449,843                | 337,303             |
| Human Services Development Fund | 33,096                 | 50,596              |
| <b>State of Pennsylvania</b>    |                        |                     |
| Waiver program                  | 553,601                | 402,414             |
|                                 | <u>\$ 1,561,010</u>    | <u>\$ 1,434,784</u> |

**MEALS ON WHEELS OF THE GREATER LEHIGH VALLEY, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2021 AND 2020**

**NOTE 13 Governmental Fees (Continued)**

Beginning in the year ended June 30, 2020, the waiver program was decentralized and the Organization has worked with three separate providers to deliver meals to the respective clients.

**NOTE 14 Retirement Plans**

The Organization has a defined contribution simplified employee retirement plan covering substantially all of its employees. The Organization's contribution is computed at a rate of 10% of the participating employees' salaries. The Organization's contribution expense for the years ended June 30, 2021 and 2020 were \$127,291 and \$132,977, respectively.

The Organization also provides a 403(b) plan where employees may elect to defer a portion of their earnings up to limits determined by the Internal Revenue Code. The Organization is currently not contributing nor matching employee contributions to the plan.

**NOTE 15 Net Assets with Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes:

|   | <b>June 30,</b>     |                     |
|---|---------------------|---------------------|
|   | <b>2021</b>         | <b>2020</b>         |
| <b>Subject to expenditure for specific purpose:</b>                             |                     |                     |
| Capital campaign  | \$ 127,566          | \$ 840,863          |
| Time or use restrictions on contributions                                       | 126,175             | 126,245             |
| <br><b>Subject to the Organization's appropriation:</b>                         |                     |                     |
| Original donor-restricted gift required to be maintained in perpetuity by donor | 381,427             | 378,550             |
| Outside perpetual trust   | 921,170             | 764,962             |
| Accumulated gain  | 234,851             | 118,058             |
|   | <b>\$ 1,791,189</b> | <b>\$ 2,228,678</b> |

**NOTE 16 Net Assets Released from Donor Restrictions**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose specified by donors as follows:

|  | <b>June 30,</b>   |                   |
|--|-------------------|-------------------|
|  | <b>2021</b>       | <b>2020</b>       |
| <b>Purpose restrictions accomplished:</b>                        |                   |                   |
| Planning and development costs of the building expansion project | 711,363           | \$ 95,505         |
| Specific projects covered by donor gifts                         | 75,687            | 85,595            |
| Appropriation of endowment                                       | 0                 | 13,638            |
|  | <b>\$ 787,050</b> | <b>\$ 194,738</b> |

**MEALS ON WHEELS OF THE GREATER LEHIGH VALLEY, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2021 AND 2020**

**NOTE 17      Related Party Contributions**

The Organization receives contributions from its various board members. Contributions received from these related parties during the years ended June 30, 2021 and 2020 totaled \$16,221 and \$15,271, respectively.

**NOTE 18      Economic Disruption**

In March 2020, a global pandemic of the COVID-19 virus steered the Organization in a different direction as it was quickly discovered that the organizations services were considered “essential”. While other organizations were forced to close the Organization was continuing to prepare and deliver daily meals. In addition, the Organization began to receive numerous requests for additional services such as shelf stable meals, emergency frozen meals and various shelters that were closed looking to the Organization to feed their clients. These requests quickly escalated our costs as well as the need for additional staff. During what was a financial strain for most organizations, the Organization was provided the opportunity for various funding allowing the Organization to remain operational during this difficult time.

**NOTE 19      Subsequent Events**

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through October 28, 2021, the date the financials were available to be issued. Except as disclosed in Note 9, no events or transactions occurred that would require recognition or disclosure in the financial statements.

**NOTE 20      Recent Accounting Pronouncements**

**Leases**

In February 2016, the FASB issued amended guidance for the treatment of leases. The guidance requires lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and finance leases with lease terms greater than one year. The guidance also requires both qualitative and quantitative disclosures regarding the nature of the Organization’s leasing activities. The guidance will initially be applied using a modified retrospective approach. The amendments in the guidance will be effective for the fiscal year ending June 30, 2023. Early adoption is permitted. Management is evaluating the impact of the amended lease guidance on the Organization’s financial statements.

**INDEPENDENT AUDITOR'S REPORT**  
**ON SUPPLEMENTARY INFORMATION**

To the Board of Directors of  
Meals on Wheels of the Greater Lehigh Valley, Inc.

We have audited the statements of financial position of Meals on Wheels of the Greater Lehigh Valley, Inc. as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and have issued our report thereon dated October 28, 2021, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Government Contracts is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Concannon, Miller + Co., P.C.*

Bethlehem, PA  
October 28, 2021

**MEALS ON WHEELS OF THE GREATER LEHIGH VALLEY, INC.**  
**SCHEDULE OF GOVERNMENT CONTRACTS**  
**YEAR ENDED JUNE 30, 2021**

|                                 | <b><u>Contract<br/>Maximum</u></b> | <b><u>Billings</u></b> | <b><u>Units of Service<br/>(Meals)</u></b> |
|---------------------------------|------------------------------------|------------------------|--|
| <b>County of Northampton</b>    |                                    |                        |  |
| Area Agency on Aging            | \$ 580,000                         | \$ 458,145             | 83,755                                     |
| Human Services Development Fund | 85,000                             | 66,325                 | 12,006                                     |
| <b>County of Lehigh</b>         |                                    |                        |  |
| Area Agency on Aging            | 446,500                            | 193,367                | 31,250                                     |
| Area Agency on Aging - COVID    | n/a                                | 256,476                | 41,163                                     |
| Human Services Development Fund | 51,425                             | 33,096                 | 4,582                                      |
| <b>State of Pennsylvania</b>    |                                    |                        |  |
| Waiver program                  | Unlimited                          | 553,601                | 60,484                                     |