



*Meals on Wheels
New Mexico*

Financial Statements and Independent Auditors' Report

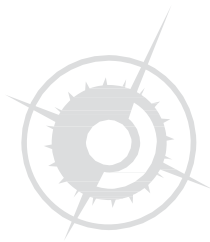
For the Years Ended December 31, 2024 and 2023

Schlenker &
Cantwell, P.A.

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TABLE OF CONTENTS

Independent Auditors' Report	3-5
Statements of Financial Position	6
Statement of Activities and Changes in Net Assets.....	7
Statements of Cash Flows	8
Statement of Functional Expenses	9
Notes to the Financial Statements	10-26



SCHLENKER & CANTWELL, P.A.
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Meals on Wheels New Mexico
Albuquerque, New Mexico

Opinion

We have audited the accompanying financial statements of Meals on Wheels New Mexico (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the year 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 New Mexico as of December 31, 2024, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Meals on Wheels New Mexico and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Meals on Wheels New Mexico's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Meals on Wheels New Mexico'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

We have previously audited Meals on Wheels New Mexico's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 26, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Schlenker & Cantwell, P.A.

SCHLENKER & CANTWELL, P.A.
Certified Public Accountants

May 6, 2025
Albuquerque, New Mexico

MEALS ON WHEELS NEW MEXICO

Statements of Financial Position

December 31, 2024 and 2023

ASSETS

	<u>2024</u>	<u>2023</u>
Current assets		
Cash and cash equivalents	\$ 1,159,094	\$ 1,284,068
Certificate of deposits	54,282	211,250
Accounts receivable	75,582	121,039
Grants receivable	149,177	147,726
Inventory	40,414	47,081
Prepaid expenses	53,359	35,256
	<u>1,531,908</u>	<u>1,846,420</u>
Total current assets	1,531,908	1,846,420
Property and equipment, net	238,757	254,122
Other assets		
Right-of-use asset	24,888	31,255
Investments, board-designated endowment fund	243,956	223,378
Albuquerque Community Foundation Endowment	93,598	88,192
	<u>362,442</u>	<u>342,825</u>
Total other assets	362,442	342,825
Total assets	<u>\$ 2,133,107</u>	<u>\$ 2,443,367</u>

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	\$ 83,540	\$ 68,174
Right-of-use lease liability, short term	6,685	6,367
Accrued liabilities	60,999	95,538
	<u>151,224</u>	<u>170,079</u>
Total current liabilities	151,224	170,079
Right-of-use lease liability, long term	18,203	24,888
	<u>169,427</u>	<u>194,967</u>
Total liabilities	169,427	194,967
Net assets		
Without donor restrictions		
Undesignated	1,472,689	1,834,757
Designated endowment fund	243,956	223,378
Designated - other	4,685	4,685
	<u>1,721,330</u>	<u>2,062,820</u>
Total net assets without donor restrictions	1,721,330	2,062,820
With donor restrictions		
Restricted for purpose	197,667	140,897
Restricted in perpetuity	44,683	44,683
	<u>242,350</u>	<u>185,580</u>
Total net assets with donor restrictions	242,350	185,580
Total net assets	<u>1,963,680</u>	<u>2,248,400</u>
Total liabilities and net assets	<u>\$ 2,133,107</u>	<u>\$ 2,443,367</u>

See independent auditors' report and notes to the financial statements

MEALS ON WHEELS NEW MEXICO
Statement of Activities and Changes in Net Assets
For the year ended December 31, 2024
(With comparative totals for the year ended December 31, 2023)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2024 Total</u>	<u>2023 Total</u>
Revenue and support				
Meal delivery	\$ 1,189,910	\$ -	\$ 1,189,910	\$ 943,887
Contributions	1,205,836	374,759	1,580,595	1,234,929
In-kind contributions	382,060	-	382,060	337,492
Special events and appeals income	366,506	-	366,506	355,936
Deli and catering, net	9,565	-	9,565	-
Interest income	25,573	-	25,573	19,905
Board/Donor-designated endowment income, net	16,111	5,407	21,518	36,447
Perpetual endowment income, net	6,452	-	6,452	6,455
Net assets released from restrictions	323,396	(323,396)	-	-
 Total revenue and support	 3,525,409	 56,770	 3,582,179	 2,935,051
Expenses				
Program services				
Meal delivery	2,772,636	-	2,772,636	2,526,751
Deli and catering	185,963	-	185,963	253,638
Management and general	305,956	-	305,956	142,761
Fundraising	602,344	-	602,344	615,458
 Total expenses	 3,866,899	 -	 3,866,899	 3,538,608
 Changes in net assets	 (341,490)	 56,770	 (284,720)	 (603,557)
Net assets, beginning of year	2,062,820	185,580	2,248,400	2,851,957
Net assets, end of year	<u>\$ 1,721,330</u>	<u>\$ 242,350</u>	<u>\$ 1,963,680</u>	<u>\$ 2,248,400</u>

See independent auditors' report and notes to the financial statements

MEALS ON WHEELS NEW MEXICO
Statements of Cash Flows
For the years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Changes in net assets	\$ (284,720)	\$ (603,557)
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Depreciation	37,903	25,422
Albuquerque Community Foundation earnings	(5,406)	(5,235)
Investment dividends, net	(16,054)	(10,240)
Unrealized (gain) loss on marketable securities	(12,916)	(30,385)
Decrease (increase) in operating assets:		
Certificates of deposit	165,360	(211,250)
Accounts receivable	45,457	155,990
Grants receivable	(1,451)	(30,029)
Inventory	6,667	(10,991)
Prepaid expenses	(18,103)	53,694
Increase in operating liabilities:		
Accounts payable	15,366	2,532
Accrued liabilities	(34,539)	38,186
Net cash used by operating activities	(102,436)	(625,863)
Cash flows from investing activities		
Purchases of property and equipment	(22,538)	(245,182)
Purchases of investments	-	10,269
Net cash used by investing activities	(22,538)	(234,913)
Net decrease increase in cash	(124,974)	(860,776)
Cash and cash equivalents, beginning of year	1,284,068	2,144,844
Cash and cash equivalents, end of year	<u>\$ 1,159,094</u>	<u>\$ 1,284,068</u>
Supplemental cash flow information:		
Acquisition of right-of-use assets via lease obligation	<u>\$ -</u>	<u>\$ 22,492</u>

See independent auditors' report and notes to the financial statements

MEALS ON WHEELS NEW MEXICO
Statement of Functional Expenses
For the year ended December 31, 2024
(With comparative totals for the year ended December 31, 2023)

	<u>Program Services</u>		<u>Management and General</u>	<u>Fundraising</u>	<u>2024</u>	<u>2023</u>
	<u>Meal Delivery</u>	<u>Forage</u>			<u>Total</u>	<u>Total</u>
Personnel expenses						
Salaries	\$ 592,665	\$ 59,576	\$ 37,767	\$ 286,745	\$ 976,753	\$ 917,017
Payroll taxes	76,670	4,956	2,702	21,825	106,153	95,932
Employee benefits	82,159	6,082	3,412	16,399	108,052	105,110
Total personnel expenses	751,494	70,614	43,881	324,969	1,190,958	1,118,059
Direct costs of meal program	1,150,377	42,288	-	-	1,192,665	963,746
Contract and professional fees	72,658	3,558	175,426	67,041	318,683	306,149
Other expenses	103,307	9,658	3,175	154,267	270,407	239,893
Office expenses	171,532	21,512	18,644	31,198	242,886	193,481
Occupancy	117,617	10,795	56,277	-	184,689	171,532
Donated vehicle mileage	148,320	-	-	-	148,320	133,792
Equipment	72,453	11,568	2,119	1,643	87,783	113,483
Volunteer expense	57,790	-	-	1,426	59,216	31,781
Insurance	50,797	-	-	-	50,797	36,629
Bank and service charges	19,445	-	3,465	9,916	32,826	23,675
Advertising	8,541	1,017	-	10,098	19,656	112,614
Professional development	14,408	52	2,969	746	18,175	24,617
Bad debt expense	10,895	-	-	1,040	11,935	43,735
Total expenses before depreciation	2,749,634	171,062	305,956	602,344	3,828,996	3,513,186
Depreciation	23,002	14,901	-	-	37,903	25,422
Total expenses	<u>\$ 2,772,636</u>	<u>\$ 185,963</u>	<u>\$ 305,956</u>	<u>\$ 602,344</u>	<u>\$ 3,866,899</u>	<u>\$ 3,538,608</u>

See independent auditors' report and notes to the financial statements

MEALS ON WHEELS NEW MEXICO

Notes to the Financial Statements

December 31, 2024 and 2023

NOTE 1 - NATURE OF ORGANIZATION

Meals on Wheels New Mexico (the Organization), is a New Mexico nonprofit organization that was formed in 1972. Its mission is to nourish bodies and spirits with balanced meals and friendship. The Organization prepares and delivers nutritious meals to homebound disabled and elderly members of the community to ensure their dietary health and other needs are met. There are no restrictions on age or disability, and clients may or may not be homebound while receiving services. The Organization is currently the only home-delivered meal program in the Greater Albuquerque Area preparing special medical diets.

The Organization's programs include Low Income Food Enrichment (LIFE), which provides meals to homebound clients at no charge, or at a reduced charge. These meals are subsidized by grants and donations, and clients' eligibility for this program is based on household income requirements. The mission of the Organization is largely accomplished by the volunteers who deliver meals each day and care for those on their routes. Currently, the Organization serves over 122,000 meals annually.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies applied in the preparation of the accompanying financial statements are as follows:

Basis of Presentation

The Organization's financial statements are presented in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 2016-14, *Not-for-Profit Entities, Presenting Financial Statements*. Under ASC 2016-14, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. In addition, the Organization is required to present a statement of cash flows and a statement of functional expenses.

Basis of Accounting

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

MEALS ON WHEELS NEW MEXICO

Notes to the Financial Statements

December 31, 2024 and 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions. Major estimates of the Organization include depreciable lives and estimated residual value of property and equipment.

Concentrations of Credit Risk

The Organization maintains its cash balances in various financial institutions located in Albuquerque, New Mexico. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times the Organization's cash balances have exceeded federally insured limits. As of December 31, 2024, and 2023, there were \$198,790 and \$98,889 of uninsured balances, respectively. Management does not consider there to be significant risk from uninsured balances.

Financial Instruments

The carrying amounts of cash, receivables, payables, accrued expenses, and other liabilities approximate fair value due to the short maturity periods of these instruments.

Contributed Nonfinancial Assets

In September 2020, FASB issued amended guidance for contributed nonfinancial assets with ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958). The guidance requires the presentation of contributed nonfinancial assets as a separate line item in the statement of activities, disclosure of the disaggregated amount by type, and disclosure of qualitative information about whether the contributed nonfinancial assets were monetized or utilized during the reporting period as well as a description of the programs or other activities in which the assets were used. The guidance also requires disclosure of any donor-imposed restrictions and a description of valuation techniques. Total in-kind professional services were \$382,060 and \$337,492 for the years ended December 31, 2024, and 2023, respectively.

MEALS ON WHEELS NEW MEXICO

Notes to the Financial Statements

December 31, 2024 and 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

The Organization's financial states are presented in accordance with FASB Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*. Under ASC 2014-09, the Organization is required to recognize revenue to transfer of goods or services to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services.

Revenue recognition for the Organization is as follows:

Contributions and Grants

Unconditional promises to give are recognized as revenue in the period the promise was made. Contributions, grants, and bequests are recognized as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

Conditional grants and contract funds are recorded as revenue when earned. Revenue is earned when eligible expenditures or deliverables, as defined in each contract, are met. Funds received but not yet earned are shown as Deferred Revenue. Expenditures under contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Organization will record such disallowance at the time the final assessment is made.

Contributions Received and Contributions Made

The Organization adopted FASB ASU No. 2018-08 – *Not for Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This update provides a more robust framework for determining whether a transaction should be accounted for as a contribution or an exchange transaction. To accomplish this, the ASU clarifies how a not-for-profit organization determines whether a resource provider is receiving value in return for the resources transferred based on the following criteria:

- A resource provider (including a private foundation, a government agency, or other) is not synonymous with the general public. Indirect benefit received by the public as a result of the assets transferred is not equivalent to commensurate value received by the resource provider.

MEALS ON WHEELS NEW MEXICO

Notes to the Financial Statements

December 31, 2024 and 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions Received and Contributions Made (continued)

- Execution of a resource provider's mission or the positive sentiment from acting as a donor would not constitute commensurate value received by a resource provider for purposes of determining whether a transfer of assets is a contribution or an exchange.

In addition, this ASU also requires an organization to determine whether a contribution is conditional based on whether the agreement includes a barrier that must be overcome or whether a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

Meal Delivery

Meal delivery revenues are recognized when the service is provided.

Functional Expense Allocation

Expenses and support services that can be identified with a specific program are allocated directly according to their natural expenditure classification. Common costs are allocated among the classifications benefited based upon estimated usage.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with original maturity dates of three months or less. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Accounts Receivable

Accounts receivable consist of amounts due from customers for services rendered. Management reviews the collectability of its receivables and records a reserve for its estimate of uncollectible accounts. Historical bad debts and current facts and circumstances are the primary bases for this estimate.

The Organization had bad debt expense of \$11,935 and \$43,735 for the years ended December 31, 2024, and 2023, respectively. An allowance in the amount of zero has been recorded as of December 31, 2024, and 2023.

MEALS ON WHEELS NEW MEXICO

Notes to the Financial Statements

December 31, 2024 and 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventory

Inventory is stated at the lower of cost or market determined by the first-in, first-out method.

Leases

The Organization adopted FASB Accounting Standards Update 2016-02, *Leases* (ASC 842). The Organization determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (“ROU”) assets – operating and lease liability – operating, and finance leases are included in right-of-use (“ROU”) assets – financing and lease liability – financing in the statements of financial position.

ROU assets represent the Organization’s right to use an underlying asset for the lease term and lease liabilities represent the Organization’s obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as an expense as incurred and these leases are not included as lease liabilities or right-of-use assets on the statements of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Organization has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

Property and Equipment

Purchased property and equipment is recorded at cost. Donated property is recorded at the estimated fair value at the date of donation. Assets are capitalized that have a cost in excess of \$1,500 and an estimated useful life in excess of two years. Maintenance, repairs, and renewals, which neither materially add to the value nor appreciably prolong its life, are expensed. Depreciation is computed using primarily the straight-line method over the estimated useful life of the assets ranging from five to seven years.

Investments

Investments in equity securities with readily-determinable fair values and all investments in debt securities are measured at fair values in the statements of financial position. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the statement of activities and changes in net assets as increases or decreases in net assets without

MEALS ON WHEELS NEW MEXICO

Notes to the Financial Statements

December 31, 2024 and 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments (continued)

donor restrictions unless the income or loss is restricted by donor or law. If restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized, the investment income is reported as without donor restrictions.

Income Taxes

The Organization has received tax-exempt status under Code Section 501(c)(3) of the Internal Revenue Code. The Organization has adopted accounting principles generally accepted in the United States of America as they relate to uncertain tax positions for the year ended December 31, 2024, and has evaluated its tax positions taken for all open tax years. Management believes that the activities of the Organization are within their tax-exempt purpose and that there are no uncertain tax positions.

Unconditional and Conditional Promises to Give

Contributions received, including unconditional promises to give, are recognized at fair value as revenues in the period received. Additionally, contributions received are recorded as with or without donor restrictions, depending on the existence and nature of any donor restrictions. Conditional promises to give are not included as support until the conditions are substantially met.

Advertising

The costs of advertising are expensed as incurred. Advertising expenses incurred for the years ended December 31, 2024, and 2023 were \$19,656 and \$112,614, respectively.

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

MEALS ON WHEELS NEW MEXICO

Notes to the Financial Statements

December 31, 2024 and 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets (continued)

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. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

NOTE 3- PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31:

	<u>2024</u>	<u>2023</u>
Equipment and furnishings	\$ 358,786	\$ 336,248
Vehicles	49,181	49,181
Total property and equipment	407,967	385,429
Accumulated depreciation	<u>(169,210)</u>	<u>(131,307)</u>
Property and equipment, net	<u>\$ 238,757</u>	<u>\$ 254,122</u>

Depreciation expense totaled \$37,903 and \$25,422 for the years ended December 31, 2024, and 2023, respectively.

NOTE 4 - INVESTMENTS, BOARD-DESIGNATED ENDOWMENT FUND

The cost, fair value, and unrealized depreciation of investments as of December 31, 2024, are as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation</u>
Cash equivalents	\$ 3,765	\$ 3,765	\$ -
Mutual funds	210,722	240,191	29,469
Total investments	<u>\$ 214,487</u>	<u>\$ 243,956</u>	<u>\$ 29,469</u>

MEALS ON WHEELS NEW MEXICO

Notes to the Financial Statements

December 31, 2024 and 2023

NOTE 4 - INVESTMENTS, BOARD-DESIGNATED ENDOWMENT FUND (continued)

Investment income consists of the following for the year ended December 31, 2024:

Dividends and interest income	\$	18,414
Unrealized gain		<u>7,908</u>
Total investment gain		26,322
Investment fees		<u>(4,804)</u>
Net investment income	\$	<u><u>21,518</u></u>

The cost, fair value, and unrealized depreciation of investments as of December 31, 2023, are as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation</u>
Cash equivalents	\$ 3,199	\$ 3,199	\$ -
Mutual funds	<u>206,537</u>	<u>220,179</u>	<u>13,642</u>
Total investments	<u>\$ 209,736</u>	<u>\$ 223,378</u>	<u>\$ 13,642</u>

Investment income consists of the following for the year ended December 31, 2023:

Dividends and interest income	\$	9,389
Unrealized gain		<u>30,385</u>
Total investment loss		39,774
Investment fees		<u>(3,327)</u>
Net investment income	\$	<u><u>36,447</u></u>

MEALS ON WHEELS NEW MEXICO

Notes to the Financial Statements

December 31, 2024 and 2023

NOTE 5 – BOARD-DESIGNATED NET ASSETS

Net assets without donor restrictions have been designated for the following as of December 31:

	<u>2024</u>	<u>2023</u>
UNA Funds	\$ 1,792	\$ 1,792
UNA Estate	2,893	2,893
Endowment Fund	243,956	223,378
Total designated net assets	<u>\$ 248,641</u>	<u>\$ 228,063</u>

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes as of December 31:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for specified purpose		
LIFE	\$ 15,218	\$ 20,492
Long Leash on Life	32,638	47,173
Technology & Improvement Project	100,896	-
Donor restricted endowment	48,915	43,509
Collaboration Program Grant	-	29,723
Restricted in perpetuity	44,683	44,683
Total net assets with donor restrictions	<u>\$ 242,350</u>	<u>\$ 185,580</u>

NOTE 7 - NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets released from donor restrictions consist of the following as of December 31:

	<u>2024</u>	<u>2023</u>
LIFE	\$ 249,334	\$ 313,854
Love on a Leash	40,235	8,466
Colaboration Program Grant	29,723	-
Kitchen	-	150,000
Other	4,104	-
Total net assets released from donor restrictions	<u>\$ 323,396</u>	<u>\$ 472,320</u>

MEALS ON WHEELS NEW MEXICO

Notes to the Financial Statements

December 31, 2024 and 2023

NOTE 8 - ENDOWMENTS

The Organization's endowment funds include both donor-restricted and Board-designated assets. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Net assets without donor restrictions include monies designated for endowment purposes pursuant to the Board of Director's resolution and monies that have been appropriated for expenditures but are retained in the investment portfolio to earn better returns.

Endowment Net Assets composition by type of fund as of December 31, 2024:

	Board Designated	Restricted for Time or Purpose	Restricted in Perpetuity	Total
Donor-restricted endowment funds	\$ -	\$ 48,915	\$ 44,683	\$ 93,598
Board-designated endowment funds	243,956	-	-	243,956
Total	\$ 243,956	\$ 48,915	\$ 44,683	\$ 337,554

Changes in Endowment Net Assets for the fiscal year ended December 31, 2024:

	Board Designated	Restricted for Time or Purpose	Restricted in Perpetuity	Total
Endowment net assets, beginning of year	\$ 223,378	\$ 43,509	\$ 44,683	\$ 311,570
Investment return:				
Dividends and interest income	4,042	2,544	-	6,586
Net appreciation (realized and unrealized)	16,536	2,862	-	19,398
Total investment return	20,578	5,406	-	25,984
Appropriation of endowment assets for expenditure	-	-	-	-
Endowment net assets, end of year	\$ 243,956	\$ 48,915	\$ 44,683	\$ 337,554

MEALS ON WHEELS NEW MEXICO

Notes to the Financial Statements

December 31, 2024 and 2023

NOTE 8 - ENDOWMENTS (continued)

Endowment Net Assets composition by type of fund as of December 31, 2023:

	Board Designated	Restricted for Purpose	Restricted in Perpetuity	Total
Donor-restricted endowment funds	\$ -	\$ 43,509	\$ 44,683	\$ 88,192
Board-designated endowment funds	223,378	-	-	223,378
Total	\$ 223,378	\$ 43,509	\$ 44,683	\$ 311,570

Changes in Endowment Net Assets for the fiscal year ended December 31, 2023:

	Board Designated	Restricted for Time or Purpose	Restricted in Perpetuity	Total
Endowment net assets, beginning of year	\$ 193,363	\$ 37,933	\$ 44,683	\$ 275,979
Investment return:				
Dividends and interest income	3,249	1,509	-	4,758
Net depreciation (realized and unrealized)	26,766	4,788	-	31,554
Total investment return	30,015	6,297	-	36,312
Appropriation of endowment assets for expenditure	-	(721)	-	(721)
Endowment net assets, end of year	\$ 223,378	\$ 43,509	\$ 44,683	\$ 311,570

Interpretation of Relevant Law

The Organization complies with the New Mexico Uniform Prudent Management of Institutional Funds Act (UPMIFA) and has adopted its statement of investment policy in accordance with UPMIFA. The Organization classifies as net assets restricted in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent 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 classified in net assets restricted in perpetuity is classified as net assets restricted for time or purpose until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence.

MEALS ON WHEELS NEW MEXICO

Notes to the Financial Statements

December 31, 2024 and 2023

NOTE 8 - ENDOWMENTS (continued)

The Organization considers the following factors in making the determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the funds, (2) the purposes of the donor restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation/depreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

Endowment assets include Board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the consumer price index (CPI) plus 4%, net of expenses, while assuming a moderate level of investment risk. The Organization recognizes the need to accept the inherent risks of various investments, including the diminution of principal during periodic market fluctuations. The Organization will assess the portfolio as a whole in measuring risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation to achieve long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for programs supported by its endowments while seeking to maintain the purchasing power of the endowments. In determining the prudent amount to distribute in a given year, the Organization considers the donor's intent that the fund continues in perpetuity, the purpose of the fund as stated in the fund agreement, and relevant economic factors. The Organization's current spending policy is to distribute an amount as determined each year by the Board of Directors.

MEALS ON WHEELS NEW MEXICO

Notes to the Financial Statements

December 31, 2024 and 2023

NOTE 8 - ENDOWMENTS (continued)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund in perpetuity. In accordance with accounting principles generally accepted in the United States of America, the deficiencies are reported as unrestricted net assets. There were no such deficiencies as of December 31, 2024, and 2023.

NOTE 9 - FAIR VALUE MEASUREMENT

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

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

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

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

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. Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used on December 31, 2024, and 2023.

MEALS ON WHEELS NEW MEXICO

Notes to the Financial Statements

December 31, 2024 and 2023

NOTE 9 - FAIR VALUE MEASUREMENT (continued)

Although not required, the table below includes cash restricted for long-term purposes to reconcile the tables to the statements of financial position.

Money Market Funds: Valued at the net asset value for shares held by the Organization as of year-end as determined by quoted market prices.

Mutual funds and equity securities: Valued at the net asset value for shares held by the Organization as of year-end as determined by quoted market prices.

Albuquerque Community Foundation (ACF) funds: Valued at the net realizable value for shares held by the Organization as of year-end as determined by quoted market prices.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2024:

Description	Level 1	Level 2	Level 3	Total
Money market funds	\$ 3,765	\$ -	\$ -	\$ 3,765
Mutual funds	240,191	-	-	240,191
ACF funds	-	93,598	-	93,598
Total fair market value	<u>\$ 243,956</u>	<u>\$ 93,598</u>	<u>\$ -</u>	<u>\$ 337,554</u>

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2023:

Description	Level 1	Level 2	Level 3	Total
Money market funds	\$ 44,822	\$ -	\$ -	\$ 44,822
Mutual funds	178,556	-	-	178,556
ACF funds	-	88,192	-	88,192
Total fair market value	<u>\$ 223,378</u>	<u>\$ 88,192</u>	<u>\$ -</u>	<u>\$ 311,570</u>

MEALS ON WHEELS NEW MEXICO

Notes to the Financial Statements

December 31, 2024 and 2023

NOTE 10 - SUPPLEMENTAL DISCLOSURE OF CASH FLOWS

The Organization was not under obligation to pay interest or income taxes for the years ended December 31, 2024, and 2023. The Organization did not have any non-cash transaction activity for the years ended December 31, 2024, and 2023.

NOTE 11 – RIGHT-OF-USE ASSETS AND LIABILITIES

The Organization leases copiers that expire in 2028. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases.

The following table provides quantitative information concerning the Organization's leases accounted for under FASC ASC 842:

Lease Costs:	
Operating lease cost	<u>\$ 7,748</u>
Total lease cost	<u><u>\$ 7,748</u></u>
Right-of-Use Assets obtained in exchange for new operating lease liabilities	<u><u>\$ 33,138</u></u>
Weighted-average remaining lease term:	
Operating lease	54 months
Weighted-average discount rate:	
Operating lease	5.44%

Future maturities as of December 31 are as follows:

2025	\$ 6,685
2026	7,017
2027	7,366
2028	<u>3,820</u>
Total lease payments	<u><u>\$ 24,888</u></u>

MEALS ON WHEELS NEW MEXICO

Notes to the Financial Statements

December 31, 2024 and 2023

NOTE 12 - LIQUIDITY AND AVAILABILITY

The Organization receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund programs. In addition, the Organization receives support without donor restrictions, which represented approximately 89% and 95% of annual program funding in 2024 and 2023, with the remainder funded by investment income without donor restrictions and appropriated earnings from gifts with donor restrictions.

The Organization considers investment income without donor restrictions, appropriated earnings from donor-restricted and board-designated (quasi) endowments, contributions without donor restrictions, and contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include management and general expenses, fundraising expenses, and grant commitments expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the Organization's fiscal year.

As part of the Organization's liquidity management, it ensures its financial assets are available as its general expenditures, liabilities, and other obligations come due. As of December 31, 2024, and 2023, the Organization had working capital of approximately \$1,380,684 and \$1,676,341 and average days cash on hand of 109 days and 132 days, respectively.

The Organization manages its cash available to meet general expenditures following two guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that obligations and commitments that support mission fulfillment will continue to be met, ensuring the sustainability of the Organization.

MEALS ON WHEELS NEW MEXICO

Notes to the Financial Statements

December 31, 2024 and 2023

NOTE 12 - LIQUIDITY AND AVAILABILITY (continued)

Financial assets available for general expenditures within one year as of December 31 are as follows:

	<u>2024</u>	<u>2023</u>
Financial assets as of year end:		
Cash and cash equivalents	\$ 1,159,094	\$ 1,284,068
Certificates of deposit	54,282	211,250
Accounts receivable	75,582	121,039
Grants receivable	149,177	147,726
Investments, board-designated endowment fund	243,956	223,378
Albuquerque Community Foundation endowment	93,598	88,192
Total financial assets	1,775,689	2,075,653
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(242,350)	(185,580)
Plus net assets with purpose restrictions expected to be met within one year	<u>120,000</u>	<u>130,000</u>
Total financial assets available for general expenditures within one year	<u>\$ 1,653,339</u>	<u>\$ 2,020,073</u>

NOTE 13 - RETIREMENT PLAN

The Organization formed a 403(b) plan in 2004 for its employees. Employees are eligible to participate at their date of hire. The plan does not match any of the employee's contributions.

NOTE 14 - SUBSEQUENT EVENTS

The Organization evaluated subsequent events after the balance sheet date of December 31, 2024, through May 6, 2025, which was the date the financial statements were available to be issued, to determine whether such events should be recorded or disclosed in the financial statements for the year ended December 31, 2024.