



Miriam's Kitchen, Inc.

Financial Statements

Years Ended September 30, 2020 and 2019

Miriam's Kitchen, Inc.

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Independent Auditor's Report

Board of Directors of
Miriam's Kitchen, Inc.
Washington, DC

We have audited the accompanying financial statements of Miriam's Kitchen, Inc. (the Organization), which comprise the statements of financial position as of September 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Miriam's Kitchen, Inc. as of September 30, 2020, 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.

Other Matter – Prior Period Financial Statements

The financial statements of Miriam's Kitchen, Inc. as of and for the year ended September 30, 2019 were audited by Hertzbach & Company, P.A. ("Hertzbach"), whose Arlington, VA partners and professional staff joined BDO USA, LLP as of February 1, 2020. Hertzbach expressed an unmodified opinion on those statements in its report dated March 27, 2020.

BDO USA, LLP

February 1, 2021

Miriam's Kitchen, Inc.

Statements of Financial Position
September 30, 2020 and 2019

	2020	2019
Assets		
Current assets		
Cash and cash equivalents	\$ 3,920,611	\$ 1,356,844
Accounts receivable	196,016	98,923
Pledges receivable, net	593,814	199,969
Prepaid expenses	61,459	83,378
Inventory	13,200	23,402
Total current assets	<u>4,785,100</u>	<u>1,762,516</u>
Property and equipment, net	89,908	114,343
Other assets		
Investments	369,140	334,008
Pledges receivable, net of current portion	188,900	35,000
Deposits	4,300	4,300
Total other assets	<u>562,340</u>	<u>373,308</u>
Total assets	<u>\$ 5,437,348</u>	<u>\$ 2,250,167</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 65,393	\$ 106,051
Accrued expenses	536,115	332,862
Refundable advances	26,850	2,200
Deferred rent, current portion	9,668	4,447
Note payable	728,200	-
Total current liabilities	<u>1,366,226</u>	<u>445,560</u>
Long-term liabilities		
Deferred rent, net of current portion	-	9,968
Total liabilities	<u>1,366,226</u>	<u>455,528</u>
Net assets		
Without donor restrictions	4,016,122	1,759,639
With donor restrictions	55,000	35,000
Total net assets	<u>4,071,122</u>	<u>1,794,639</u>
Total liabilities and net assets	<u>\$ 5,437,348</u>	<u>\$ 2,250,167</u>

See accompanying notes to the financial statements.

Miriam's Kitchen, Inc.

Statements of Activities

Years Ended September 30, 2020 and 2019

	2020	2019
Revenue and support without donor restrictions		
Contributions	\$ 6,161,973	\$ 3,529,372
Government grants	2,244,304	1,385,647
In-kind contributions	297,111	332,220
Dividends and interest	18,289	33,616
Net realized and unrealized gain (loss) on investments	28,606	(5,742)
Miscellaneous income	10,346	5,090
Net assets released from restriction	5,000	43,500
	<u>8,765,629</u>	<u>5,323,703</u>
Expenses		
Program services:		
Meals	1,526,133	1,261,255
Social services	1,285,780	980,029
Permanent supportive housing	1,469,897	1,201,519
Outreach	900,275	736,851
Advocacy	531,885	460,677
	<u>5,713,970</u>	<u>4,640,331</u>
Supporting services:		
Fundraising	680,255	669,216
Management and general	114,921	146,077
	<u>795,176</u>	<u>815,293</u>
Total expenses	<u>6,509,146</u>	<u>5,455,624</u>
Change in net assets without donor restrictions	<u>2,256,483</u>	<u>(131,921)</u>
Net assets with donor restrictions		
Contributions	25,000	15,000
Net assets released from restriction	(5,000)	(43,500)
	<u>20,000</u>	<u>(28,500)</u>
Change in net assets	2,276,483	(160,421)
Net assets, beginning of year	1,794,639	1,955,060
Net assets, end of year	<u>\$ 4,071,122</u>	<u>\$ 1,794,639</u>

See accompanying notes to the financial statements.

Miriam's Kitchen, Inc.

Statement of Functional Expenses Year Ended September 30, 2020

	Program services					Total program services	Supporting services			Total program and supporting services
	Meals	Social services	Permanent supportive housing	Outreach	Advocacy		Fundraising	Management and general	Total supporting services	
Salaries and benefits	\$ 671,382	\$ 847,143	\$ 1,202,385	\$ 703,673	\$ 443,547	\$ 3,868,130	\$ 420,527	\$ 97,665	\$ 518,192	\$ 4,386,322
Food and kitchen supplies	527,236	-	-	-	-	527,236	-	-	-	527,236
Professional fees	50,987	60,997	34,277	24,129	15,501	185,891	83,500	3,680	87,180	273,071
Occupancy	36,364	51,805	51,508	36,181	23,116	198,974	23,824	5,619	29,443	228,417
Client support	-	146,312	29,062	-	-	175,374	-	-	-	175,374
Program support	18	25	68,395	76,680	10,268	155,386	12	3	15	155,401
Cleaning	74,821	74,821	-	-	-	149,642	-	-	-	149,642
Board and staff development	25,528	32,246	28,215	20,154	13,436	119,579	12,092	2,687	14,779	134,358
Financial solicitation	-	-	-	-	-	-	105,531	-	105,531	105,531
Office supplies and expense	19,982	25,241	22,086	15,775	10,517	93,601	9,465	2,103	11,568	105,169
Miscellaneous	18,962	24,141	21,323	15,211	10,108	89,745	9,195	2,054	11,249	100,994
Repairs and maintenance	88,676	10,075	-	-	-	98,751	-	-	-	98,751
Depreciation	5,728	4,827	5,518	3,380	1,997	21,450	2,554	431	2,985	24,435
Insurance	4,628	5,846	5,115	3,654	2,436	21,679	2,192	487	2,679	24,358
Uncollectible pledges	-	-	-	-	-	-	10,500	-	10,500	10,500
Communications	1,821	2,301	2,013	1,438	959	8,532	863	192	1,055	9,587
Total expenses	\$ 1,526,133	\$ 1,285,780	\$ 1,469,897	\$ 900,275	\$ 531,885	\$ 5,713,970	\$ 680,255	\$ 114,921	\$ 795,176	\$ 6,509,146

See accompanying notes to the financial statements.

Miriam's Kitchen, Inc.

Statement of Functional Expenses Year Ended September 30, 2019

	Program services					Total program services	Supporting services			Total program and supporting services
	Meals	Social services	Permanent supportive housing	Outreach	Advocacy		Fundraising	Management and general	Total supporting services	
Salaries and benefits	\$ 558,245	\$ 703,701	\$ 992,031	\$ 610,118	\$ 393,752	\$ 3,257,847	\$ 359,360	\$ 92,424	\$ 451,784	\$ 3,709,631
Food and kitchen supplies	459,804	-	-	-	-	459,804	-	-	-	459,804
Occupancy	33,630	47,910	47,635	33,461	21,378	184,014	22,033	5,197	27,230	211,244
Professional fees	21,794	36,902	13,338	9,420	6,104	87,558	86,334	33,853	120,187	207,745
Financial solicitation	-	-	-	-	-	-	178,586	-	178,586	178,586
Program support	150	213	61,587	48,454	16,063	126,467	98	23	121	126,588
Cleaning	53,931	53,931	-	-	-	107,862	-	-	-	107,862
Client support	-	70,979	36,205	-	-	107,184	-	-	-	107,184
Repairs and maintenance	86,718	11,171	-	-	-	97,889	-	-	-	97,889
Office supplies and expense	14,935	18,865	16,507	11,791	7,861	69,959	7,074	1,572	8,646	78,605
Board and staff development	9,865	12,461	10,904	7,789	5,192	46,211	4,673	1,039	5,712	51,923
Miscellaneous	8,804	11,176	9,837	7,021	4,671	41,509	4,232	943	5,175	46,684
Depreciation	8,575	6,652	8,166	5,005	3,128	31,526	4,551	995	5,546	37,072
Insurance	2,601	3,285	2,874	2,053	1,369	12,182	1,232	274	1,506	13,688
Communications	2,203	2,783	2,435	1,739	1,159	10,319	1,043	232	1,275	11,594
Uncollectible pledges	-	-	-	-	-	-	-	9,525	9,525	9,525
Total expenses	\$ 1,261,255	\$ 980,029	\$ 1,201,519	\$ 736,851	\$ 460,677	\$ 4,640,331	\$ 669,216	\$ 146,077	\$ 815,293	\$ 5,455,624

See accompanying notes to the financial statements.

Miriam's Kitchen, Inc.

Statements of Cash Flows
Years Ended September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Change in net assets	\$ 2,276,483	\$ (160,421)
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:		
Depreciation	24,435	37,072
Donation of stock	(67,414)	(83,541)
Net realized and unrealized (gain) loss on investments	(28,606)	5,742
Change in operating assets:		
Accounts receivable	(97,093)	(33,455)
Pledges receivable, net	(547,745)	54,029
Prepaid expenses	21,919	(16,469)
Inventory	10,202	(14,103)
Deposits	-	(1,500)
Change in operating liabilities:		
Accounts payable	(40,658)	7,023
Accrued expenses	203,253	48,605
Refundable advances	24,650	(45,489)
Deferred rent	(4,747)	9,362
Net cash provided by (used in) operating activities	<u>1,774,679</u>	<u>(193,145)</u>
Cash flows from investing activities		
Proceeds from sale of donated stock	67,414	83,541
Proceeds from sale of investments	-	663,246
Purchases of investments	(6,526)	-
Net cash provided by investing activities	<u>60,888</u>	<u>746,787</u>
Cash flows from financing activity		
Borrowings under note payable	728,200	-
Net cash provided by financing activity	<u>728,200</u>	<u>-</u>
Increase in cash and cash equivalents	2,563,767	553,642
Cash and cash equivalents, beginning of year	<u>1,356,844</u>	<u>803,202</u>
Cash and cash equivalents, end of year	<u>\$ 3,920,611</u>	<u>\$ 1,356,844</u>

See accompanying notes to the financial statements.

Miriam's Kitchen, Inc.

Notes to the Financial Statements

1) Nature of Organization

Miriam's Kitchen, Inc. (the Organization or Miriam's Kitchen) was founded in 1983 under the laws of the District of Columbia (the District) with a mission to end chronic homelessness in Washington, DC. While ending chronic homelessness might sound impossible, the Organization knows that it is not. Its philosophy begins with dignity – connecting its chronically homeless guests with the highest quality, most nutritious meals in the city. It happens through belonging – case managers build a community where each individual feels safe getting the help that they need, when they are ready to receive it. It continues through change – in partnership with people who have experienced homelessness. They advocate for the District's government to make investments in the housing programs that are most proven to end homelessness. Meanwhile, they partner with other service providers and government agencies to change the way homeless services are delivered in the District. It is completed with housing – the most successful intervention for chronic homelessness is permanent supportive housing, which couples permanent housing with supportive services that target the specific needs of an individual.

2) Summary of Significant Accounting Policies

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles accepted in the United States of America (U.S. GAAP).

Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are recorded at the amount management expects to collect from outstanding balances. In reviewing receivables, management considers their knowledge of customers and historical activity in establishing an allowance for doubtful accounts. As of September 30, 2020 and 2019, accounts receivable were deemed fully collectible by management.

Pledges Receivable

Pledges receivable represent unconditional promises to give which are recognized as revenue in the period acknowledged. Unconditional promises to give are carried at fair value less an estimate made for doubtful promises based on a review of all outstanding promises. Management determines the allowance for doubtful promises by using historical experience. As of September 30, 2020 and 2019, the balance of allowance for doubtful promises was \$7,387 and \$6,876, respectively.

Inventories

Inventories are stated at the lower of cost or market.

Property and Equipment

Property and equipment are recorded at cost, or if donated, the assets are capitalized at the estimated fair value at the date of the receipt. Depreciation is computed using the accelerated method over the estimated useful lives of five to 39 years, with no salvage value. The Organization capitalizes all expenditures for property and equipment over \$5,000.

Miriam's Kitchen, Inc.

Notes to the Financial Statements (Continued)

2) Summary of Significant Accounting Policies (Continued)

When assets are sold or otherwise disposed of, the asset and related accumulated depreciation are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Expenditures for maintenance and repairs and minor betterments that do not extend the lives of the assets are charged to expense as incurred. Major expenditures which extend the lives of the assets are capitalized.

Investments

Investments are recorded at fair value based on quoted market prices. Gains and losses on investments resulting from their measurement at fair value are reported in the statements of activities as increases or decreases in net assets without donor restrictions.

Refundable Advances

Refundable advances represent funds received in advance for cost reimbursement grants in advance of the revenue being earned.

Basis of Presentation

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization are classified in the following two classes:

Net assets without donor restrictions represent funds that are available for support of the operations of the Organization, and that are not subject to donor restrictions.

Net assets with donor restrictions consist of contributions that have been restricted by the donor for specific purposes or are time restricted, including contributions that have been restricted by the donor that stipulate the resources be maintained in perpetuity, but permit the Organization to use or expend part or all of the income derived from the donated assets for either specified or unspecified purposes.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor-imposed restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between applicable classes of net assets. The Organization treats all contributions in which the restrictions are met in the year pledged as net assets without donor restrictions.

Government Grants

Government grant revenue is recognized when the qualifying costs are incurred for cost reimbursement grants or when a unit of service is provided for performance grants. Expenditures under local awards are subject to review by the grantor, which may result in disallowance of expenditures under the terms of the grant or reductions of future grant funds. Based on prior experience, the Organization's management believes that costs ultimately disallowed, if any, would not materially affect the financial position of the Organization.

At September 30, 2020, the Organization had remaining available award balances on D.C. government grants and contracts of \$321,493. These award balances are not recognized as assets and will be recognized as revenue as the projects progress and conditions are met, generally as expenses are incurred.

Miriam's Kitchen, Inc.

Notes to the Financial Statements (Continued)

2) Summary of Significant Accounting Policies (Continued)

In-Kind Contributions

Contributed goods are recorded at their fair value at the date of receipt. For the years ended September 30, 2020 and 2019, the Organization received contributed goods of \$297,111 and \$332,220, respectively.

Functional Expense Allocation

The costs of providing the various programs have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated between the programs and supporting services benefited on the basis of estimate of time spent by staff in different program areas, which forms the basis for allocating other costs such as space use, volunteer support and transportation. Indirect costs are allocated based upon total cost prior to indirect costs.

Use of Estimates

The preparation of the financial statements in conformity with U.S. GAAP 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Organization is exempt from the payment of taxes on income other than net unrelated business income under Section 501(c)(3) of the Internal Revenue Code (IRC). No provision for income taxes is recorded for the years ended September 30, 2020 and 2019, as the unrelated business income was immaterial to the financial statements as a whole.

The Organization files information and income tax returns in the U.S. federal jurisdiction and in various states. Under ASC 740-10, *Accounting for Uncertainty in Income Taxes*, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more-likely than not that the position will be sustained. Management believes it has no material uncertain tax positions nor any penalties and interest to be accrued for the years ended September 30, 2020 and 2019, and, accordingly, there is no liability for unrecognized tax benefits. The Organization is still open to examination by taxing authorities from fiscal year 2017 forward.

Accounting Pronouncement Adopted

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958) - Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU clarifies and improves current guidance by providing criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred which, depending on the outcome, determines whether the organization follows contribution guidance or exchange transaction guidance in the revenue recognition and other applicable standards. The ASU also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. The ASU is effective for transactions in which the Organization serves as the resource recipient to annual periods beginning after December 15, 2018 and is effective for transactions in which the Organization serves as a resource provider for annual periods after December 15, 2019. The Organization adopted this update effective October 1, 2019, including transactions in which the Organization serves as a resource provider under the modified prospective basis. The adoption of this update did not materially impact revenue and support in the financial statements.

Miriam's Kitchen, Inc.

Notes to the Financial Statements (Continued)

3) Concentrations of Credit Risk

The Organization maintains its cash balances at various financial institutions and at times these balances may exceed the federal insured limits. The Organization has not experienced any losses with respect to its cash balances in excess of government provided insurance and management believes that there is no significant concentration of credit risk as a result of maintaining these accounts. Investments consist of diversified mutual funds whose performance is monitored by management and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Board of Directors believe that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

4) Pledges Receivable

As of September 30, 2020 and 2019, pledges receivable were as follows:

	2020	2019
Receivables in less than one year	\$ 601,201	\$ 206,845
Receivables in one to five years	188,900	35,000
	<u>790,101</u>	<u>241,845</u>
Less: allowance for uncollectible pledges	(7,387)	(6,876)
Total pledges receivable, net	<u>\$ 782,714</u>	<u>\$ 234,969</u>

Contributions due in more than one year are not reflected at the present value of the estimated future cash flows as the adjusting discount is considered by management to be immaterial to the financial statements.

5) Property and Equipment

The Organization held the following property and equipment at September 30, 2020 and 2019:

	2020	2019
Dining room renovations	\$ 90,781	\$ 90,781
Kitchen equipment	79,719	79,719
Kitchen renovations	86,697	86,697
Office equipment	48,112	48,112
Vehicle	22,454	22,454
	<u>327,763</u>	<u>327,763</u>
Less: accumulated depreciation	(237,855)	(213,420)
Property and equipment, net	<u>\$ 89,908</u>	<u>\$ 114,343</u>

Depreciation expense for the years ending September 30, 2020 and 2019, was \$24,435 and \$37,072, respectively.

Miriam's Kitchen, Inc.

Notes to the Financial Statements (Continued)

6) Investments and Fair Value Measurements

FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosure*. The framework establishes 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 measurements involving significant unobservable inputs (Level 3 measurements).

The three levels of fair value hierarchy under FASB ASC 820 are described as follows:

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

Level 2 Inputs to the valuation methodology include the following:

- 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 correction or other means.

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

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

The asset or liability's fair value measurement level with the fair value hierarchy is based on the lowest level of any inputs 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.

A description of the valuation methodology used for assets measured at fair value is noted below. There have been no changes in the methodology used at September 30, 2020 and 2019.

Mutual Funds

Valued at quoted market prices in an exchange and active market.

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

Miriam's Kitchen, Inc.

Notes to the Financial Statements (Continued)

6) Investments and Fair Value Measurements (Continued)

The following table sets forth by level, within the fair value hierarchy, Miriam's Kitchen assets at fair value as of September 30, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	<u>\$ 369,140</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 369,140</u>

The following table sets forth by level, within the fair value hierarchy, Miriam's Kitchen assets at fair value as of September 30, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	<u>\$ 334,008</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 334,008</u>

7) Related-Party Transactions

During the years ended September 30, 2020 and 2019, the Organization received contributions of \$89,818 and \$112,253, respectively, from board and staff members of the Organization.

8) Retirement Plan

In January 2017, the Board of Directors authorized the establishment of a defined contribution 403(b) Plan. All permanent employees who work over 20 hours a week are eligible to make elective deferrals. In addition, employees are eligible and to receive employer matching contributions equal to a discretionary portion of their salaries after six months of consecutive service. Total employer contributions for the year ended September 30, 2020 and 2019, were \$163,548 and \$144,590, respectively.

9) Debt

Line-of-Credit

On June 12, 2012, the Organization entered into a line-of-credit agreement with PNC Bank which allows the Organization to draw a maximum of \$100,000. The term of the loan was one year from the commencement date or a later date as designated by the bank. In April 2018, the Organization amended the line-of-credit no longer requiring renewal each year. The line-of-credit will not expire until it is either converted to a loan term by PNC Bank, or terminated by the Organization or by PNC Bank. The line-of-credit has an annual interest rate of 6.5%. The Organization did not draw on the line-of-credit during the years ended September 30, 2020 and 2019.

Paycheck Protection Program (PPP) Loan

On April 15, 2020, the Organization received funds under the PPP totaling \$728,200. PPP is an Small Business Administration 7(a) loan to cover eligible expenses such as payroll, mortgage interest payments, rent, and utilities. This loan is for entities with fewer than 500 employees, has a 1% interest rate, and may be forgiven, if certain criteria are met. The Organization submitted a PPP application to assist with some of the economic damages due to the COVID-19 pandemic (See Note 11). The application for these funds requires the Organization to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Organization. The forgiveness of the loan is dependent on the Organization's adherence to the forgiveness criteria.

Miriam's Kitchen, Inc.

Notes to the Financial Statements (Continued)

10) Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following at September 30, 2020:

Description	Beginning balance	Additions	Released from restriction	Ending balance
Purpose restrictions:				
Advocacy	\$ -	\$ -	\$ -	\$ -
Outreach	-	-	-	-
Time restrictions:				
Permanent supportive housing	-	25,000	-	25,000
Operating	35,000	-	(5,000)	30,000
	<u>\$ 35,000</u>	<u>\$ 25,000</u>	<u>\$ (5,000)</u>	<u>\$ 55,000</u>

Net assets with donor restrictions consisted of the following at September 30, 2019:

Description	Beginning balance	Additions	Released from restriction	Ending balance
Purpose restrictions:				
Advocacy	\$ 25,000	\$ -	\$ (25,000)	\$ -
Outreach	18,500	-	(18,500)	-
Time restrictions:				
Operating	20,000	15,000	-	35,000
	<u>\$ 63,500</u>	<u>\$ 15,000</u>	<u>\$ (43,500)</u>	<u>\$ 35,000</u>

11) Risks and Uncertainties

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization’s financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity.

On March 27, 2020 the President of the United States signed into law the “Coronavirus Aid, Relief and Economic Security (CARES) Act” to provide certain relief as a result of the COVID-19 outbreak. As described in Note 9, the Organization has applied for, and received, funds under the Paycheck Protection Program.

Miriam's Kitchen, Inc.

Notes to the Financial Statements (Continued)

12) Government Grants

Permanent Supportive Housing Program

Miriam's Kitchen has an agreement with the District's Department of Human Services (DC-DHS) to provide case management services to participants in the District's Permanent Supportive Housing program. Under the agreement, Miriam's Kitchen provides case management supportive services to individuals, with funds available to provide utility and emergency funds to participating clients. Miriam's Kitchen is paid monthly by DC-DHS based on the number of clients served. The agreement has four one-year extension options and the Organization has exercised the fourth one-year option, as modified, through July 31, 2019. During the year ended September 30, 2019, Miriam's Kitchen received a three-month extension through September 30, 2019. An agreement was entered into under this program for the period from June 1, 2019 through May 31, 2020. Additionally, a new agreement was entered into for the period June from 1,2020 through September 30, 2020. During the years ended September 31, 2020 and 2019, Miriam's Kitchen recognized revenue of \$1,259,025 and \$994,052, respectively.

Outreach Program

In 2016, Miriam's Kitchen entered into an agreement with the D.C. Department of Behavioral Health (DBH) to provide support to the most vulnerable and hard-to-reach people experiencing homelessness through the District's Outreach Program for the period March 15, 2016 through February 18, 2019 for up to \$415,677 per year. Miriam's Kitchen received advanced payments every three months, of which 80% was to be expended before receipt of the next installment. If Miriam's Kitchen did not expend the entire 80% of funds, DBH would deduct any unspent funds from the final advance payment. During the year ended September 30, 2020, the grant period was revised to provide additional funding of \$1,127,345 through October 31, 2020. During the years ended September 30, 2020 and 2019, Miriam's Kitchen recognized revenue of \$865,924 and \$295,445, respectively.

SOAR Program

In 2018, Miriam's Kitchen entered into an agreement with DBH to increase access to the supplemental security income / social security disability income benefit programs provided to individuals within the District for the period September 20, 2018 through September 27, 2019 for up to \$98,350 per year. During the year ended September 30, 2019 the period of performance for the agreement was extended through March 31, 2020. During the year ended September 30, 2020 and 2019, Miriam's Kitchen recognized revenue of \$25,350 and \$96,150, respectively.

The Organization also received other grants from various D.C. agencies and recognized revenue of \$94,005 and \$0 for the years ended September 30, 2020 and 2019, respectively.

13) Commitments and Contingencies

Western Presbyterian Church (the "Church") provides the use of space to house the Organization's operations. The agreement expires June 21, 2021, with a right to extend for three successive additional periods of one year each. Monthly payments under the lease agreement are \$7,500 and increase 2% annually. In addition, Miriam's Kitchen is to pay an annual capital reserve fee of \$11,200, which increases by \$11,200 in year two and three of the agreement. The Organization also reimburses the Church for certain operating costs.

Additionally, Miriam's Kitchen entered into a lease agreement to lease a housing unit to use as office space. The lease commenced January 1, 2018 and was terminated May 31, 2020. Monthly payments under the lease agreements are \$4,000 and increased to \$4,300 on January 1, 2019.

Miriam's Kitchen, Inc.

Notes to the Financial Statements (Continued)

13) Commitments and Contingencies (Continued)

Finally, Miriam's Kitchen entered into a lease agreement to lease a housing unit to use as office space. The lease commenced on June 1, 2020 and ends May 31, 2021. Monthly payments under the lease agreement are \$6,280.

Future minimum occupancy payments as of September 30, 2020 total \$158,567 for the year ended September 30, 2021.

14) Liquidity Analysis

The following reflects the Organization's financial assets as of September 30, 2020 and 2019.

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 3,920,611	\$ 1,356,844
Accounts receivable, net	196,016	98,923
Pledges receivable	593,814	199,969
Investments	<u>369,140</u>	<u>334,008</u>
Total financial assets	5,079,581	1,989,744
Less those unavailable for general expenditure within one year due to:		
Time restricted net assets in excess of one year	<u>(15,000)</u>	<u>(15,000)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 5,064,581</u>	<u>\$ 1,974,744</u>

As part of the Organization's liquidity management, the Organization has a policy to structure its financial assets to be available as its general expenditures and other obligations come due. To assist with unanticipated liquidity needs, the Organization has a committed line-of-credit in the amount of \$100,000, which it could draw upon if needed. The Organization typically pays obligations using cash. As of September 30, 2020, the Organization has financial assets equal to approximately eight months of operating expenses.

15) Subsequent events

Management has evaluated subsequent events and transactions subsequent to the financial position date for potential recognition or disclosure through February 1, 2021, the date the financial statements were available to be issued. There were no events that required recognition or disclosure in the financial statements.