

MIRIAM'S KITCHEN, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

SEPTEMBER 30, 2021 AND 2020

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Independent Auditor's Report

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

We have audited the accompanying financial statements of Miriam's Kitchen, Inc. (a not-for-profit corporation), which comprise the statement of financial position as of September 30, 2021, and the related statement 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

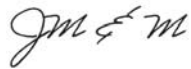
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Miriam's Kitchen, Inc. as of September 30, 2021, and the changes in its net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note B to the financial statements, during the year ended September 30, 2021, Miriam's Kitchen, Inc. adopted new accounting guidance, Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*. Our opinion is not modified with respect to this matter.

Prior Period Financial Statements

The financial statements of Miriam's Kitchen, Inc. as of September 30, 2020, were audited by other auditors whose report dated February 1, 2021, expressed an unmodified opinion on those statements.



Columbia, MD
March 28, 2022

MIRIAM'S KITCHEN, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2021 AND 2020

	2021	2020
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 4,378,484	\$ 3,920,611
Grants receivable	398,905	196,016
Pledges receivable, current portion, net of allowance	262,600	593,814
Prepaid expenses	107,933	61,459
Inventory	1,800	13,200
Total Current Assets	5,149,722	4,785,100
PROPERTY AND EQUIPMENT, NET	376,548	89,908
OTHER ASSETS		
Investments	439,224	369,140
Pledges receivable, net of current portion	15,000	188,900
Deposits	4,300	4,300
Total Other Assets	458,524	562,340
TOTAL ASSETS	\$ 5,984,794	\$ 5,437,348
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 292,353	\$ 65,393
Accrued expenses	472,614	536,115
Refundable advances	2,350	26,850
Deferred rent, current portion	9,668	9,668
Note payable - PPP loan	-	728,200
Total Current Liabilities	776,985	1,366,226
NET ASSETS		
Without donor restrictions	5,197,809	4,016,122
With donor restrictions	10,000	55,000
Total Net Assets	5,207,809	4,071,122
TOTAL LIABILITIES AND NET ASSETS	\$ 5,984,794	\$ 5,437,348

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

MIRIAM'S KITCHEN, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions	\$ 4,666,535	\$ -	\$ 4,666,535
Government grants	2,612,586	-	2,612,586
Forgiveness of PPP loan	728,200	-	728,200
In-kind contributions	180,658	-	180,658
Investment income, net	70,859	-	70,859
Miscellaneous income	6,125	-	6,125
Net assets released from restrictions	45,000	(45,000)	-
Total Revenue And Support	<u>8,309,963</u>	<u>(45,000)</u>	<u>8,264,963</u>
EXPENSES			
Program services:			
Advocacy	548,381	-	548,381
Meals	1,477,699	-	1,477,699
Outreach	1,026,462	-	1,026,462
Permanent Supportive Housing	1,562,041	-	1,562,041
Social Services	1,238,400	-	1,238,400
Total Program Services	<u>5,852,983</u>	<u>-</u>	<u>5,852,983</u>
Supporting services:			
Fundraising	549,622	-	549,622
Management and General	725,671	-	725,671
Total Supporting Services	<u>1,275,293</u>	<u>-</u>	<u>1,275,293</u>
Total Expenses	<u>7,128,276</u>	<u>-</u>	<u>7,128,276</u>
CHANGE IN NET ASSETS	1,181,687	(45,000)	1,136,687
NET ASSETS			
Beginning of year	<u>4,016,122</u>	<u>55,000</u>	<u>4,071,122</u>
End of year	<u>\$ 5,197,809</u>	<u>\$ 10,000</u>	<u>\$ 5,207,809</u>

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

MIRIAM'S KITCHEN, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
	<u> </u>	<u> </u>	<u> </u>
REVENUE AND SUPPORT			
Contributions	\$ 6,151,973	\$ 25,000	\$ 6,176,973
Government grants	2,244,304	-	2,244,304
Forgiveness of EIDL loan	10,000	-	10,000
In-kind contributions	297,111	-	297,111
Investment income, net	46,895	-	46,895
Miscellaneous income	10,346	-	10,346
Net assets released from restrictions	5,000	(5,000)	-
Total Revenue And Support	<u>8,765,629</u>	<u>20,000</u>	<u>8,785,629</u>
 EXPENSES			
Program services:			
Advocacy	520,453	-	520,453
Meals	1,505,619	-	1,505,619
Outreach	882,881	-	882,881
Permanent Supportive Housing	1,445,419	-	1,445,419
Social Services	1,258,924	-	1,258,924
Total Program Services	<u>5,613,296</u>	<u>-</u>	<u>5,613,296</u>
Supporting services:			
Fundraising	658,965	-	658,965
Management and General	236,885	-	236,885
Total Supporting Services	<u>895,850</u>	<u>-</u>	<u>895,850</u>
Total Expenses	<u>6,509,146</u>	<u>-</u>	<u>6,509,146</u>
 CHANGE IN NET ASSETS	 2,256,483	 20,000	 2,276,483
 NET ASSETS			
Beginning of year	<u>1,759,639</u>	<u>35,000</u>	<u>1,794,639</u>
End of year	<u>\$ 4,016,122</u>	<u>\$ 55,000</u>	<u>\$ 4,071,122</u>

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

MIRIAM'S KITCHEN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2021

	Program Services					Supporting Services				Total Expenses
	Advocacy	Meals	Outreach	Permanent Supportive Housing	Social Services	Total Program Services	Fundraising	Management and General	Total Supporting Services	
Payroll and related expenses:										
Salaries	\$ 334,626	\$ 554,972	\$ 633,307	\$ 991,962	\$ 580,999	\$ 3,095,866	\$ 276,591	\$ 340,902	\$ 617,493	\$ 3,713,359
Employee benefits	51,423	85,284	97,322	152,437	89,283	475,749	42,504	52,386	94,890	570,639
Payroll taxes	27,710	45,957	52,443	82,143	48,112	256,365	22,904	28,230	51,134	307,499
Pension expense	16,443	27,271	31,120	48,744	28,550	152,128	13,591	16,752	30,343	182,471
Total Payroll And Related Expenses	430,202	713,484	814,192	1,275,286	746,944	3,980,108	355,590	438,270	793,860	4,773,968
Accounting and audit	-	-	-	-	-	-	-	52,924	52,924	52,924
Bad debt expense	-	-	-	-	-	-	-	12,604	12,604	12,604
Bank & merchant fees	-	-	-	-	-	-	-	59,385	59,385	59,385
Cleaning and janitorial	-	99,218	-	-	99,219	198,437	-	-	-	198,437
Communications	-	-	-	-	-	-	-	29,316	29,316	29,316
Depreciation	1,391	3,739	2,611	3,963	3,141	14,845	1,425	1,677	3,102	17,947
Fundraising	-	-	-	-	-	-	145,589	-	145,589	145,589
Insurance	2,380	5,610	5,859	6,708	5,677	26,234	1,828	3,177	5,005	31,239
Meals & kitchen supplies	-	402,773	-	-	-	402,773	-	-	-	402,773
Miscellaneous expense	4,326	9,724	10,569	12,380	10,183	47,182	3,402	8,373	11,775	58,957
Occupancy	18,634	25,256	45,947	53,178	36,813	179,828	15,862	21,945	37,807	217,635
Office supplies & expense	4,502	10,522	13,655	16,694	10,659	56,032	3,411	5,942	9,353	65,385
Program support - direct	-	-	-	32,575	267,629	300,204	-	-	-	300,204
Program support - other	18,438	776	80,806	100,869	812	201,701	-	-	-	201,701
Professional fees	56,610	60,441	23,533	26,852	19,056	186,492	13,375	76,178	89,553	276,045
Repairs and maintenance	-	118,113	-	-	9,889	128,002	-	-	-	128,002
Staff training and development	11,898	28,043	29,290	33,536	28,378	131,145	9,140	15,880	25,020	156,165
Total Expenses	\$ 548,381	\$ 1,477,699	\$ 1,026,462	\$ 1,562,041	\$ 1,238,400	\$ 5,852,983	\$ 549,622	\$ 725,671	\$ 1,275,293	\$ 7,128,276

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

MIRIAM'S KITCHEN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2020

	Program Services					Supporting Services				Total Expenses
	Advocacy	Meals	Outreach	Permanent Supportive Housing	Social Services	Total Program Services	Fundraising	Management and General	Total Supporting Services	
Payroll and related expenses:										
Salaries	\$ 349,400	\$ 528,800	\$ 554,311	\$ 947,167	\$ 667,328	\$ 3,047,006	\$ 331,266	\$ 77,028	\$ 408,294	\$ 3,455,300
Employee benefits	50,298	76,124	79,796	136,350	96,065	438,633	47,688	11,088	58,776	497,409
Payroll taxes	27,309	41,331	43,325	74,030	52,158	238,153	25,892	6,020	31,912	270,065
Pension expense	16,540	25,127	26,241	44,838	31,592	144,338	15,681	3,529	19,210	163,548
Total Payroll And Related Expenses	443,547	671,382	703,673	1,202,385	847,143	3,868,130	420,527	97,665	518,192	4,386,322
Accounting and audit	-	-	-	-	-	-	-	57,122	57,122	57,122
Bad debt expense	-	-	-	-	-	-	-	10,500	10,500	10,500
Bank & merchant fees	-	-	-	-	-	-	-	56,790	56,790	56,790
Cleaning and janitorial	-	74,821	-	-	74,821	149,642	-	-	-	149,642
Communications	959	1,821	1,438	2,013	2,301	8,532	863	192	1,055	9,587
Depreciation	1,997	5,728	3,380	5,518	4,827	21,450	2,554	431	2,985	24,435
Fundraising	-	-	-	-	-	-	105,529	-	105,529	105,529
Insurance	2,436	4,628	3,654	5,115	5,846	21,679	2,192	487	2,679	24,358
Meals & kitchen supplies	-	527,236	-	-	-	527,236	-	-	-	527,236
Miscellaneous expense	4,430	8,172	6,693	9,397	10,511	39,203	4,084	917	5,001	44,204
Occupancy	23,116	36,364	36,181	51,508	51,805	198,974	23,824	5,619	29,443	228,417
Office supplies & expense	10,517	19,982	15,775	22,086	25,241	93,601	9,465	2,104	11,569	105,170
Program support - direct	-	-	-	29,062	146,312	175,374	-	-	-	175,374
Program support - other	10,270	20	76,680	68,406	25	155,401	-	-	-	155,401
Professional fees	9,745	41,261	15,253	21,714	47,771	135,744	77,835	2,370	80,205	215,949
Repairs and maintenance	-	88,676	-	-	10,075	98,751	-	-	-	98,751
Staff training and development	13,436	25,528	20,154	28,215	32,246	119,579	12,092	2,688	14,780	134,359
Total Expenses	\$ 520,453	\$ 1,505,619	\$ 882,881	\$ 1,445,419	\$ 1,258,924	\$ 5,613,296	\$ 658,965	\$ 236,885	\$ 895,850	\$ 6,509,146

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

MIRIAM'S KITCHEN, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,136,687	\$ 2,276,483
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	17,947	24,435
Bad debt expense	12,604	10,500
Forgiveness of debt	(728,200)	-
Donated securities	(118,617)	(67,414)
Net appreciation in fair value of investments	(62,595)	(28,606)
Decrease (increase) in assets:		
Grants receivable	(202,889)	(97,093)
Pledges receivable, net	492,510	(558,245)
Prepaid expenses	(46,474)	21,919
Inventory	11,400	10,202
Increase (decrease) in liabilities:		
Accounts payable	226,960	(40,658)
Accrued expenses	(63,501)	203,253
Refundable advances	(24,500)	24,650
Deferred rent	-	(4,747)
Net Cash Provided by Operating Activities	651,332	1,774,679
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(304,587)	-
Purchases of investments	(7,663)	(6,526)
Proceeds from sale of investments	118,791	67,414
Net Cash (Used for) Provided by Investing Activities	(193,459)	60,888
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable	-	728,200
Net Cash Provided by Financing Activities	-	728,200
NET INCREASE IN CASH AND CASH EQUIVALENTS	457,873	2,563,767
CASH AND CASH EQUIVALENTS, beginning of year	3,920,611	1,356,844
CASH AND CASH EQUIVALENTS, beginning of year	\$ 4,378,484	\$ 3,920,611

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

MIRIAM’S KITCHEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE A – NATURE OF THE ORGANIZATION AND PROGRAM SERVICES

Miriam's Kitchen, Inc. (the “Organization”) was founded in 1983 under the laws of the District of Columbia (“DC”) with a mission to end chronic homelessness in Washington, DC. The Organization’s philosophy begins with dignity – connecting its chronically homeless guests with the highest quality, most nutritious meals in the city. It happens through belonging – the Organization’s 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, the Organization advocates for DC's government to make investments in the housing programs that are most proven to end homelessness. Meanwhile, the Organization partners with other service providers and government agencies to change the way homeless services are delivered in DC. 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 need of an individual.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting. Revenue and related assets are recognized when earned, and expenses and related liabilities are recognized as the obligations are incurred.

Financial Statement Presentation

Financial statement presentation follows Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 958, *Not-for-Profit Entities*. In accordance with Topic 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets. Accordingly, the net assets of the Organization and changes therein, are classified and reported as follows

Net Assets without Donor Restrictions – Net assets not subject to donor-imposed restrictions or stipulations.

Net Assets with Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met by either actions of the Organization and/or the passage of time, or that must be maintained in perpetuity by the Organization.

When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions. The Organization treats all contributions in which the restrictions are met in the year pledged as net assets without donor restrictions.

MIRIAM'S KITCHEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Adoption of New Accounting Pronouncement

The Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all revenue recognition guidance for accounting principles generally accepted in the United States of America. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. The Organization has implemented Topic 606 and has adjusted the presentation in these financial statements accordingly. Topic 606 has been applied retrospectively with no effect on net assets.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with original maturities of three months or less, including money market accounts, to be cash equivalents. The Organization has certain bank accounts with financial institutions which, at times, may exceed the Federal Deposit Insurance Corporation’s (“FDIC”) insurance limit of \$250,000. As of September 30, 2021, the Company had cash and cash equivalents that exceeded the FDIC insured limit by approximately \$10,000. However, the Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

Grants Receivable

Grants receivable are stated at the amount management expects to collect from balances outstanding at year end. Annually, management determines if an allowance for doubtful accounts is necessary based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Accounts deemed uncollectible are charged off based on individual credit evaluation and specific circumstances of the parties involved. As of September 30, 2021 and 2020, management has determined that all significant grants receivable are collectible and due within one year; therefore, an allowance for doubtful accounts has not been established.

Pledges Receivable

Unconditional promises to give are recognized in the period received. Conditional promises to give are recognized only when the conditions on which the promises depend are substantially met, in which case, the promises become unconditional. As of September 30, 2020, the balance of the allowance for doubtful promises was \$7,387. As of September 30, 2021, management has determined that all significant pledges receivable are collectible; therefore, an allowance for doubtful pledges has not been established.

MIRIAM'S KITCHEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Investments

Investments in marketable securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Dividends are recorded on the ex-dividend date. Interest is recognized when earned. Purchases and sales of investments are reflected on a trade-date basis. Net appreciation or depreciation in fair value of investments is recognized in the statements of activities in the period in which the changes occur.

Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the same reporting period in which the income and gains are recognized. Donated securities are recorded at fair value on the date of the gift.

Inventory

Inventory is stated at the lower of cost or market, and consists of gift cards for the Organization's clients.

Property and Equipment

Purchased property and equipment are capitalized at cost and are depreciated on the straight-line basis over their estimated useful lives, which range from three to thirty-nine years depending on the type of asset. Donated property and equipment are capitalized at fair value at the date of donation. Expenditures greater than \$500 which increase the asset's useful life are capitalized while repairs and maintenance are generally expensed.

Revenue Recognition Policies

Contributions

The Organization recognizes grants and contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Contributions received with donor stipulations are recorded as contributions with donor restrictions based on the donor's intent. Unless otherwise stated by the donor, individual donations are recorded as contributions without donor restrictions. Contributions with donor restrictions that are met in the same reporting period as the contribution is received are reported as contributions without donor restrictions support. Cash received in excess of revenue recognized is recorded as deferred revenue on the statement of financial position.

MIRIAM’S KITCHEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Revenue Recognition Policies - continued

Government Grants

Government grant revenue is received primarily from the DC government, including the DC Department of Human Services (“DHS”). These revenues are considered conditional grants with a measurable performance or other barrier and a right of return, and are not recognized until the conditions on which they depend have been substantially met. These grants are also subject to audit by the grantor agencies, which could result in a request for reimbursement by the agency for expenditures disallowed under the terms and conditions of the appropriate grantor. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position.

The Organization’s government grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Consequently, as of September 30, 2021 and 2020, conditional grant revenue approximating \$1,503,543 and \$321,493, respectively, for which no amounts had been received in advance, have not been recognized in the accompanying financial statements.

Refundable Advances

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

In-Kind Contributions – goods

Donated goods are recorded at fair value at the date of receipt. For the years ended September 30, 2021 and 2020, the Organization received donated goods of \$171,735 and \$297,111, respectively.

In-Kind Contributions – services

Many volunteers contribute numerous hours supporting and promoting activities that assist homeless individuals and families. The value of these services has not been reflected in these financial statements unless they meet the criteria for recognition under generally accepted accounting principles, whereby contributed services are recognized as revenue if the services create or enhance non-financial assets or require specialized skills that would typically need to be purchased if not provided. Donated services which meet these criteria are recorded at fair value of the services provided. For the years ended September 30, 2021 and 2020, the Organization received donated legal services of \$8,923 and \$0, respectively.

MIRIAM'S KITCHEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Method Used for Allocation of Expenses Between Functional Categories

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions. Expenses of this nature are allocated on a reasonable basis that is consistently applied. Allocated expenses include payroll and related expenses, as well as occupancy costs, professional fees, depreciation, office expenses and other general organizational costs which are allocated on the basis of time and effort expended.

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 certain reported amounts of revenue and expenses during the reporting periods and reported amounts of assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Reclassifications

Certain amounts in the statement of functional expenses for the year ended September 30, 2020 have been reclassified to conform to the presentation for the year ended September 30, 2021. These reclassifications affected the natural and functional categorization of expenses, and had no effect on net assets.

NOTE C – INCOME TAXES

The Organization is a 501(c)(3) organization exempt from federal and state income taxes under Section 501(a) of the Internal Revenue Code. The Organization is, however, subject to tax on business income unrelated to the respective exempt purposes. The Internal Revenue Service (“IRS”) has determined that the Organization is not a private foundation. Since the Organization is a not-for profit organization, exempt for income tax purposes, no income tax provision is reflected in the financial statements. The Organization files information returns as required.

The Organization believes it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements or that would have an effect on its tax-exempt status. There are no unrecognized tax benefits or liabilities that need to be recorded.

The Organization’s information returns are subject to examination by the IRS for a period of three years from the date they were filed, except under certain circumstances. The Organization’s information returns for the years ended September 30, 2018 through 2020 are open for IRS examination, although no request has been made as of the date of these financial statements.

MIRIAM'S KITCHEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020
(continued)

NOTE D – AVAILABLE RESOURCES AND LIQUIDITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Organization strives to maintain liquid financial assets sufficient to cover at least three months of general expenditures. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization has a committed line of credit in the amount of \$100,000, which it can draw upon if needed. The Organization also operates with a budget plan and anticipates collecting sufficient revenue to cover general expenditures.

The following table reflects the Organization's financial assets as of September 30, 2021 and 2020 that are available to meet general expenditures within one year of the statement of the financial position date:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 4,378,484	\$ 3,920,611
Grants receivable	398,905	196,016
Pledges receivable, current portion, net of allowance	262,600	593,814
Investments	<u>439,224</u>	<u>369,140</u>
 Total Financial Assets	 5,479,213	 5,079,581
Less those unavailable for general expenditure within one year due to donor restrictions	<u>(10,000)</u>	<u>(55,000)</u>
Total Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	<u>\$ 5,469,213</u>	<u>\$ 5,024,581</u>

NOTE E – PLEDGES RECEIVABLE

As of September 30, 2021 and 2020, pledges receivable were as follows:

	<u>2021</u>	<u>2020</u>
Receivables in less than one year	\$ 262,600	\$ 601,201
Receivables in one to five years	<u>15,000</u>	<u>188,900</u>
 Total pledges receivable, gross	 277,600	 790,101
Less: allowance for uncollectible pledges	<u>-</u>	<u>(7,387)</u>
 Total pledges receivable, net	 <u>\$ 277,600</u>	 <u>\$ 782,714</u>

Pledges due in more than one year are not reflected at the present value of the estimated future cash flows.

MIRIAM'S KITCHEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
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NOTE F – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of September 30, 2021 and 2020:

	2021	2020
Dining room renovations	\$ 353,840	\$ 90,781
Kitchen renovations	86,697	86,697
Kitchen equipment	77,859	79,719
Vehicles	63,982	22,454
Office equipment	38,971	48,112
Subtotal	621,349	327,763
Less: accumulated depreciation	(244,801)	(237,855)
Property And Equipment, Net	\$ 376,548	\$ 89,908

During the year ended September 30, 2021, the Organization disposed of fully depreciated property and equipment with a cost of \$11,000. Depreciation expense for the years ended September 30, 2021 and 2020 was \$17,947 and \$24,435, respectively.

NOTE G – INVESTMENTS AND FAIR VALUE MEASUREMENTS

FASB ASC Topic 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value hierarchy. 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). Level 1 of the fair value hierarchy under FASB ASC Topic 820 is described as inputs to the valuation methodology that are unadjusted quoted prices for identical assets or liabilities in active market that the Organization has the ability to access.

Level 1 – Inputs are based on unadjusted quoted prices for identical assets traded in an active market that the Organization has the ability to access.

Level 2 – Inputs are based on quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, or model based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data.

Level 3 – Inputs are unobservable and significant to the overall fair value measurement.

MIRIAM'S KITCHEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020
(continued)

NOTE G – INVESTMENTS AND FAIR VALUE MEASUREMENTS – continued

All of the Organization's investments for the years ended September 30, 2021 and 2020 are in mutual funds. The Organization's investments in mutual funds are based on observable market quotations and are considered Level 1 items.

The preceding valuation methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization's management believes its valuation methods are 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.

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

NOTE H – NOTES PAYABLE

PPP Loan

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") was signed into law. The CARES Act, among other things, appropriated funds for the Small Business Administration's Paycheck Protection Program ("PPP") loans that are forgivable in certain situations to promote continued employment.

On April 15, 2020, the Organization secured \$728,200 with PNC Bank (the "Lender") under the PPP loan program that authorized forgivable loans to small businesses. The loan can be used to cover certain expenses during the COVID-19 crisis. The loan amounts will be forgiven as long as the loan proceeds are used to cover payroll costs, rent, certain mortgage interest and utility costs over a period specified in the loan document after the loan is made. If not used for the described purpose, the loan is due on April 16, 2022, along with interest calculated at a rate of 1% per annum. As of September 30, 2020, the PPP loan outstanding balance totaled \$728,200. On February 11, 2021, the Organization was notified that the loan had been formally fully forgiven, and therefore, the related loan forgiveness is reflected as revenue in the accompanying statements of activities for the year ended September 30, 2021.

EIDL Loan

On April 29, 2020, the Organization received \$10,000 through the SBA as part of the Economic Injury Disaster Loan Advance program ("EIDL Advance") in response to the COVID-19 crisis. As required under the EIDL Advance program, the funds were used to cover payroll and other operating expenses. For the years ended September 30, 2021 and 2020, there were no unexpended funds due back to granting authorities.

MIRIAM'S KITCHEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
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(continued)

NOTE H – NOTES PAYABLE – continued

Line of Credit

On June 12, 2012, the Organization entered into a line of credit agreement with PNC Bank (“PNC”), which allows the Organization to draw a maximum of \$100,000. The line of credit originally expired one year from the commencement date or a later date as designated by PNC. In April 2018, the line of credit was amended to remove the expiration date. The line of credit will not expire until it is either converted into a loan by PNC, or terminated by the Organization or PNC. The line of credit bears interest at 5.5% per annum. For the years ended September 30, 2021 and 2020, the Organization did not draw on the line of credit.

NOTE I – NET ASSETS WITH DONOR RESTRICTIONS

Net assets were designated by donors for the following purposes as of September 30, 2021:

Description	Beginning Balance	Additions	Releases from restriction	Ending Balance
Time restrictions:				
Permanent supportive housing	\$ 25,000	\$ -	\$ (25,000)	\$ -
General operating support	30,000	-	(20,000)	10,000
Total Net Assets with Donor Restrictions	<u>\$ 55,000</u>	<u>\$ -</u>	<u>\$ (45,000)</u>	<u>\$ 10,000</u>

Net assets were designated by donors for the following purposes as of September 30, 2020:

Description	Beginning Balance	Additions	Releases from restriction	Ending Balance
Time restrictions:				
Permanent supportive housing	\$ -	\$ 25,000	\$ -	\$ 25,000
General operating support	35,000	-	(5,000)	30,000
Total Net Assets with Donor Restrictions	<u>\$ 35,000</u>	<u>\$ 25,000</u>	<u>\$ (5,000)</u>	<u>\$ 55,000</u>

MIRIAM’S KITCHEN, INC.
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NOTE J – LEASES

The Organization entered into a lease agreement with Western Presbyterian Church (the “Church”) to provide the use of space to house the Organization’s operations. The agreement begins June 21, 2018 and expires June 21, 2021, with a right to extend for three successive additional periods of one year each. The Organization exercised its option to extend the lease to June 21, 2022. Monthly payments under the lease are \$7,500 and increase 2% annually. In addition, the Organization 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.

The Organization entered into a lease agreement with Columbia Plaza, an unrelated entity, for office space. The lease expires on December 31, 2024. Monthly payments under the lease agreement are \$6,280 through December 31, 2021, and \$6,782 thereafter until lease termination.

Future minimum lease payments due under the leases are as follows for the years ended September 30:

2022	\$	152,942
2023		81,384
2024		81,384
2025		<u>20,346</u>
Total	\$	<u>336,056</u>

For the years ended September 30, 2021 and 2020, rent expense under these agreements was \$217,635 and \$228,417, respectively.

NOTE K – RELATED PARTY TRANSACTIONS

During the years ended September 30, 2021 and 2020, the Organization received \$97,874 and \$89,818, respectively, from its Board members and staff.

NOTE L – RETIREMENT PLAN

In January 2017, the Board of Directors authorized the establishment of the Miriam’s Kitchen 403(b) Plan (the “Plan”). The Organization sponsors the Plan, and all permanent employees who work over 20 hours per week are eligible to make elective deferrals. In addition, employees are eligible to receive employer matching contributions equal to a discretionary portion of their salaries after six months of consecutive service. The Organization is permitted, but is not required, to make discretionary matching contributions to the Plan. Total employer matching contributions to the Plan for the years ended September 30, 2021 and 2020, totaled \$182,471 and \$163,548, respectively.

MIRIAM'S KITCHEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020
(continued)

NOTE M – CONCENTRATIONS

The Organization receives significant support from the DC government. For the years ended September 30, 2021 and 2020, approximately 32% and 26% of total revenue, respectively, was provided through grants received from the DC government.

NOTE N – SUBSEQUENT EVENTS

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through March 28, 2022, the date the financial statements were available to be issued. There were no additional events or transactions that were discovered during the evaluation that required further disclosure or recognition.