

**MIRIAM'S KITCHEN**  
**FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITOR'S REPORT**  
**SEPTEMBER 30, 2023 AND 2022**

## TABLE OF CONTENTS

	<u>Page No.</u>
<b>INDEPENDENT AUDITOR’S REPORT</b>	1 – 2
<b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position	3
Statement of Activities – Year Ended September 30, 2023	4
Statement of Activities – Year Ended September 30, 2022	5
Statement of Functional Expenses – Year Ended September 30, 2023	6
Statement of Functional Expenses – Year Ended September 30, 2022	7
Statements of Cash Flows	8
Notes to the Financial Statements	9 – 21



CERTIFIED PUBLIC ACCOUNTANTS

10500 Little Patuxent Parkway  
Suite 770  
Columbia, Maryland 21044  
(410) 884-0220  
Fax: (301) 596-5471

## Independent Auditor's Report

To the Board of Directors  
Miriam's Kitchen  
Washington, DC

### **Opinion**

We have audited the accompanying financial statements of Miriam's Kitchen (a nonprofit organization), which comprise the statements of financial position as of September 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Miriam's Kitchen as of September 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Miriam's Kitchen 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 Miriam's Kitchen's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Miriam's Kitchen'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 Miriam's Kitchen'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.



Columbia, MD  
April 15, 2024

**MIRIAM'S KITCHEN**  
**STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2023 AND 2022**

	2023	2022
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,922,365	\$ 3,886,172
Grants receivable	638,789	1,431,422
Pledges receivable, current portion	810,055	389,023
Prepaid expenses	154,717	157,107
Inventory	14,020	3,400
Total Current Assets	3,539,946	5,867,124
<b>PROPERTY AND EQUIPMENT, NET</b>	538,380	563,625
<b>OTHER ASSETS</b>		
Investments	2,930,674	360,600
Pledges receivable, net of current portion, allowance and discount	259,146	39,828
Deposits	8,600	13,600
Operating lease, right-of-use assets, net	499,227	769,462
Total Other Assets	3,697,647	1,183,490
<b>TOTAL ASSETS</b>	\$ 7,775,973	\$ 7,614,239
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 156,972	\$ 179,176
Accrued expenses	583,658	528,318
Refundable advances	-	358,372
Operating lease liabilities, current portion	276,403	275,417
Total Current Liabilities	1,017,033	1,341,283
<b>LONG-TERM LIABILITIES</b>		
Operating lease liabilities, net of current portion	231,532	499,227
Total Long-Term Liabilities	231,532	499,227
<b>TOTAL LIABILITIES</b>	1,248,565	1,840,510
<b>NET ASSETS</b>		
Without donor restrictions - undesignated	5,335,908	5,341,239
Without donor restrictions - board designated	371,000	371,000
Total net assets without donor restrictions	5,706,908	5,712,239
With donor restrictions	820,500	61,490
Total Net Assets	6,527,408	5,773,729
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 7,775,973	\$ 7,614,239

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

**MIRIAM'S KITCHEN**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT</b>			
Contributions	\$ 4,234,714	\$ 1,200,000	\$ 5,434,714
Government grants	4,750,810	-	4,750,810
Special events	725,314	-	725,314
Donated supplies and equipment	405,436	-	405,436
Donated legal services	61,519	-	61,519
Donated auction items	20,778	-	20,778
Investment income, net	218,666	-	218,666
Miscellaneous income	639	-	639
Net assets released from restrictions	440,990	(440,990)	-
Total Revenue And Support	10,858,866	759,010	11,617,876
<b>EXPENSES</b>			
Program services:			
Advocacy	1,619,244	-	1,619,244
Meals	1,279,752	-	1,279,752
Outreach	2,105,375	-	2,105,375
Permanent supportive housing	2,745,800	-	2,745,800
Social services	1,350,043	-	1,350,043
Total Program Services	9,100,214	-	9,100,214
Supporting services:			
Fundraising	915,824	-	915,824
Management and general	848,159	-	848,159
Total Supporting Services	1,763,983	-	1,763,983
Total Expenses	10,864,197	-	10,864,197
<b>CHANGE IN NET ASSETS</b>	(5,331)	759,010	753,679
<b>NET ASSETS</b>			
Beginning of year	5,712,239	61,490	5,773,729
End of year	\$ 5,706,908	\$ 820,500	\$ 6,527,408

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

**MIRIAM'S KITCHEN**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT</b>			
Contributions	\$ 5,554,468	\$ 98,600	\$ 5,653,068
Government grants	3,755,085	-	3,755,085
Donated supplies and equipment	524,783	-	524,783
Donated legal services	18,864	-	18,864
Donated auction items	15,704	-	15,704
Investment income, net	(49,652)	-	(49,652)
Miscellaneous income	5,005	-	5,005
Net assets released from restrictions	47,110	(47,110)	-
<b>Total Revenue And Support</b>	<b>9,871,367</b>	<b>51,490</b>	<b>9,922,857</b>
<b>EXPENSES</b>			
Program services:			
Advocacy	521,439	-	521,439
Meals	1,954,386	-	1,954,386
Outreach	1,612,503	-	1,612,503
Permanent supportive housing	2,498,616	-	2,498,616
Social services	1,402,260	-	1,402,260
<b>Total Program Services</b>	<b>7,989,204</b>	<b>-</b>	<b>7,989,204</b>
Supporting services:			
Fundraising	659,954	-	659,954
Management and general	707,779	-	707,779
<b>Total Supporting Services</b>	<b>1,367,733</b>	<b>-</b>	<b>1,367,733</b>
<b>Total Expenses</b>	<b>9,356,937</b>	<b>-</b>	<b>9,356,937</b>
<b>CHANGE IN NET ASSETS</b>	<b>514,430</b>	<b>51,490</b>	<b>565,920</b>
<b>NET ASSETS</b>			
Beginning of year	5,197,809	10,000	5,207,809
End of year	<u>\$ 5,712,239</u>	<u>\$ 61,490</u>	<u>\$ 5,773,729</u>

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

**MIRIAM'S KITCHEN**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED SEPTEMBER 30, 2023**

	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	\$ 727,682	\$ 604,376	\$ 1,265,525	\$ 1,715,816	\$ 791,552	\$ 5,104,951	\$ 388,132	\$ 319,956	\$ 708,088	\$ 5,813,039
Employee benefits	108,830	94,926	206,287	271,564	127,943	809,550	62,184	45,362	107,546	917,096
Payroll taxes	59,487	48,059	103,899	138,849	57,565	407,859	31,629	26,521	58,150	466,009
Retirement expense	34,741	29,183	63,491	83,860	36,067	247,342	19,113	34,583	53,696	301,038
Total Payroll And Related Expenses	930,740	776,544	1,639,202	2,210,089	1,013,127	6,569,702	501,058	426,422	927,480	7,497,182
Accounting and audit	299	261	7,765	714	346	9,385	170	69,528	69,698	79,083
Bad debt expense	-	-	-	-	-	-	8,643	-	8,643	8,643
Bank and merchant fees	-	-	-	-	40	40	41,416	44,739	86,155	86,195
Cleaning and janitorial	4,255	52,455	8,582	10,585	4,338	80,215	2,392	19,158	21,550	101,765
Client and program support	37,011	162	107,911	233,175	73,660	451,919	-	-	-	451,919
Communications	48,258	-	-	-	-	48,258	48,556	5,467	54,023	102,281
Depreciation	10,760	8,936	18,712	25,371	11,704	75,483	5,739	3,907	9,646	85,129
Donated legal services	61,519	-	-	-	-	61,519	-	-	-	61,519
Donated supplies and equipment	405,436	-	-	-	-	405,436	20,778	-	20,778	426,214
Financial solicitation	716	-	256	359	15	1,346	177,975	-	177,975	179,321
Information and technology	32,398	14,834	47,945	53,337	34,920	183,434	26,067	652	26,719	210,153
Insurance	9,369	7,839	16,850	22,484	9,442	65,984	5,139	5,731	10,870	76,854
Meals and kitchen supplies	201	250,781	5,649	1,584	613	258,828	-	-	-	258,828
Miscellaneous expense	554	691	30	517	18,122	19,914	393	833	1,226	21,140
Occupancy	34,008	28,335	122,301	128,369	34,796	347,809	18,700	4,108	22,808	370,617
Office supplies and expense	3,488	7,702	9,868	1,793	3,374	26,225	42,496	37,257	79,753	105,978
Professional fees	14,406	8,146	20,384	29,271	130,300	202,507	5,431	138,418	143,849	346,356
Repairs and maintenance	6,083	111,372	9,990	13,268	6,657	147,370	3,135	47,382	50,517	197,887
Staff training and development	6,394	3,074	57,676	4,677	3,441	75,262	3,611	39,882	43,493	118,755
Travel and transportation	13,349	8,620	32,254	10,207	5,148	69,578	4,125	4,675	8,800	78,378
Total Expenses	\$ 1,619,244	\$ 1,279,752	\$ 2,105,375	\$ 2,745,800	\$ 1,350,043	\$ 9,100,214	\$ 915,824	\$ 848,159	\$ 1,763,983	\$ 10,864,197

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



**MIRIAM'S KITCHEN**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED SEPTEMBER 30, 2022**

	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	\$ 319,822	\$ 562,272	\$ 940,062	\$ 1,553,224	\$ 756,420	\$ 4,131,800	\$ 263,391	\$ 304,411	\$ 567,802	\$ 4,699,602
Employee benefits	49,508	87,039	145,520	240,436	117,092	639,595	40,772	47,122	87,894	727,489
Payroll taxes	26,617	46,795	78,237	129,267	62,953	343,869	21,921	25,334	47,255	391,124
Retirement expense	15,162	26,656	44,566	73,635	35,860	195,879	12,487	14,432	26,919	222,798
Total Payroll And Related Expenses	411,109	722,762	1,208,385	1,996,562	972,325	5,311,143	338,571	391,299	729,870	6,041,013
Accounting and audit	-	-	-	-	-	-	-	77,689	77,689	77,689
Bad debt expense	-	-	-	-	-	-	-	27,737	27,737	27,737
Bank and merchant fees	-	-	-	-	-	-	-	70,031	70,031	70,031
Cleaning and janitorial	-	39,000	-	-	39,000	78,000	-	-	-	78,000
Communications	2,851	5,013	8,381	13,848	6,744	36,837	2,348	920	3,268	40,105
Depreciation	-	-	-	-	-	-	-	56,750	56,750	56,750
Donated legal services	-	-	-	-	-	-	-	18,864	18,864	18,864
Donated supplies and equipment	-	524,783	-	-	-	524,783	-	-	-	524,783
Fundraising	-	-	-	-	-	-	234,473	-	234,473	234,473
Insurance	4,289	7,541	12,608	20,832	10,145	55,415	3,533	4,083	7,616	63,031
Meals and kitchen supplies	-	400,182	-	-	-	400,182	-	-	-	400,182
Miscellaneous expense	1,141	1,812	3,113	5,066	2,605	13,737	985	842	1,827	15,564
Occupancy	19,696	34,626	57,892	95,652	46,583	254,449	16,220	18,747	34,967	289,416
Office supplies and expense	7,637	13,427	22,449	37,091	18,064	98,668	6,290	7,270	13,560	112,228
Program support - direct	-	-	-	49,085	144,285	193,370	-	-	-	193,370
Program support - other	21,254	1,791	199,069	114,254	2,409	338,777	839	969	1,808	340,585
Professional fees	43,014	61,041	69,896	115,485	125,521	414,957	48,091	22,634	70,725	485,682
Repairs and maintenance	-	124,040	-	-	9,868	133,908	-	-	-	133,908
Staff training and development	10,448	18,368	30,710	50,741	24,711	134,978	8,604	9,944	18,548	153,526
Total Expenses	\$ 521,439	\$ 1,954,386	\$ 1,612,503	\$ 2,498,616	\$ 1,402,260	\$ 7,989,204	\$ 659,954	\$ 707,779	\$ 1,367,733	\$ 9,356,937

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

**MIRIAM'S KITCHEN**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 753,679	\$ 565,920
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	85,129	56,750
Operating lease, right-of-use assets	-	(760,411)
Amortization of operating lease, right-of-use assets	270,235	-
Loss on disposal of fixed assets	824	-
Bad debt expense	8,643	27,737
Donated securities	(74,164)	(84,906)
Operating lease obligations	-	755,925
Net (appreciation) depreciation in fair value of investments	(41,974)	87,743
Decrease (increase) in assets:		
Grants receivable	792,633	(1,032,517)
Pledges receivable, net	(648,993)	(178,988)
Prepaid expenses	2,390	(49,174)
Inventory	(10,620)	(1,600)
Deposits	5,000	(9,300)
Increase (decrease) in liabilities:		
Accounts payable	(22,204)	(113,177)
Accrued expenses	55,340	55,704
Refundable advances	(358,372)	(2,350)
Deferred grant revenue	-	358,372
Operating lease liabilities	(266,709)	-
Net Cash Provided by (Used for) Provided by Operating Activities	550,837	(324,272)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(60,708)	(243,827)
Purchases of investments	(2,528,445)	(9,167)
Proceeds from sale of investments	74,509	84,954
Net Cash Provided by (Used for) Investing Activities	(2,514,644)	(168,040)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(1,963,807)	(492,312)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	3,886,172	4,378,484
<b>CASH AND CASH EQUIVALENTS, end of year</b>	\$ 1,922,365	\$ 3,886,172

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

**MIRIAM'S KITCHEN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

**NOTE A – NATURE OF THE ORGANIZATION AND PROGRAM SERVICES**

Miriam's Kitchen (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**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**  
(continued)

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

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. 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, 2023 and 2022, management has determined that all significant grants receivable are collectible; therefore, no allowance for doubtful accounts was established. As of the beginning of the year ended September 30, 2022, grants receivable totaled \$398,905.

Pledges Receivable

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 pledges depend are substantially met, in which case, the pledges become unconditional. As of September 30, 2023 and 2022, the balances of the allowance for doubtful pledges were \$14,068 and \$12,325, respectively. As of September 30, 2023 and 2022, the balances of the discounts on long-term pledges were \$56,452 and \$12,347, respectively. As of the beginning of the year ended September 30, 2022, pledges receivable totaled \$277,600.

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.

**MIRIAM'S KITCHEN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**  
(continued)

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

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.

Right-of-Use ("ROU") Assets (Operating Lease)

Right-of-Use ("ROU") assets are measured at the commencement date at the amount of the initially measured liability plus any lease payments made to the lessor before or after commencement date, minus any lease incentives received, plus any initial direct costs.

Unless impaired, ROU assets are subsequently measured throughout the lease term at the amount of the lease liability (that is the present value of the remaining lease payments), plus unamortized initial direct costs, and the addition or subtraction of any prepaid lease payments (accrued lease payments, less the unamortized balance of lease incentives received). Operating lease payments are recognized on a straight-line basis over the lease term.

Operating Lease Liability

The Organization accounts for leases in accordance with FASB ASC Topic 842. The Organization is a lessee in operating leases for spaces to house the Organization's operations and for copier equipment. Lease liabilities are increased by interest and reduced by payments each period, and the right-of-use assets are amortized over the lease term. For operating leases, interest on the lease liability and the amortization of the right-of-use asset result in straight-line occupancy expense over the lease term. Short-term leases having initial terms of 12 months or less are recognized when incurred. Variable lease expenses, if any, are recognized when incurred.

A lease liability is measured based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or rate and are measured using the index or rate at the commencement date. Lease payments, including variable payments made based on an index rate, are remeasured when any of the following occur: (1) the lease is modified (and the modification is not accounted for as a separate contract), (2) certain contingencies related to variable lease payments are resolved, or (3) there is a reassessment of any of the following the lease term, purchase options or amounts that are probable of being owed under a residual value guarantee.

**MIRIAM'S KITCHEN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**  
(continued)

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

Operating Lease Liability (continued)

The discount rate is the rate implicit in the lease if it is readily determinable. The implicit rate of the Organization's lease was not readily determinable, therefore, the Organization has elected to use the incremental borrowing rate of 7.75% as of October 1, 2021, the date upon which ASC Topic 842 was adopted by the Organization.

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.

*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 barriers 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 conditional upon certain performance requirements and the incurrence of allowable qualifying expenses. Consequently, as of September 30, 2023 and 2022, conditional grant revenue approximating \$234,347 and \$750,000, respectively, for which no amounts had been received in advance, have not been recognized in the accompanying financial statements.

**MIRIAM'S KITCHEN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**  
(continued)

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

Donated Supplies and Equipment; Donated Legal Services; Donated Auction Items

The Organization recognizes in-kind contributions that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated auction items represent items to be sold at an auction event held by the Organization, and are recognized as revenue based on the amount contributed to the Organization when the item is auctioned. In-kind legal services are recognized as revenue based on the number of hours donated multiplied by an hourly rate provided by the attorney. Donated supplies and equipment primarily represent food items donated to the Organization, and are recognized as revenue based on the estimated fair value of the items determined by either a donor statement or from publicly available sources.

Refundable Advances

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

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.

**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.

**MIRIAM'S KITCHEN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**  
(continued)

**NOTE C – INCOME TAXES – continued**

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, 2020 through 2022, are open for IRS examination, although no request has been made as of the date of these financial statements.

**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, 2023 and 2022, that are available to meet general expenditures within one year of the statement of the financial position date:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,922,365	\$ 3,886,172
Grants receivable	638,789	1,431,422
Pledges receivable, current portion	810,055	389,023
Investments	2,930,674	360,600
Total Financial Assets	<u>6,301,883</u>	<u>6,067,217</u>
Less: board designated net assets	(371,000)	(371,000)
Less: net assets with donor restrictions	(820,500)	(61,490)
Total Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	<u><u>\$ 5,110,383</u></u>	<u><u>\$ 5,634,727</u></u>



**MIRIAM'S KITCHEN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**  
(continued)

**NOTE E – PLEDGES RECEIVABLE**

As of September 30, 2023 and 2022, pledges receivable were as follows:

	<u>2023</u>	<u>2022</u>
Receivables in less than one year	\$ 810,055	\$ 389,023
Receivables in one to five years	329,666	64,500
Total pledges receivable, gross	1,139,721	453,523
Less: discount for long-term pledges receivable	(56,452)	(12,347)
Less: allowance for uncollectible pledges	(14,068)	(12,325)
Total pledges receivable, net	<u>\$ 1,069,201</u>	<u>\$ 428,851</u>

Pledges due in more than one year are reflected at the present value of the estimated future cash flows. The annual discount rate for long-term pledges receivables was 9.75% for the years ended September 30, 2023 and 2022.

**NOTE F – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following as of September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Leasehold improvements	544,253	587,609
Kitchen equipment	33,613	83,732
Vehicles	41,278	41,278
Office equipment	152,090	130,094
Subtotal	771,234	842,713
Less: accumulated depreciation	(232,854)	(279,088)
Property And Equipment, Net	<u>\$ 538,380</u>	<u>\$ 563,625</u>

During the years ended September 30, 2023 and 2022, the Organization disposed of fully depreciated property and equipment with a cost of \$34,163 and \$22,463, respectively. During the year ended September 30, 2023, the Organization disposed of office equipment with a cost of \$5,556 and accumulated depreciation of \$4,732. Loss from disposal of fixed assets totaled \$824 for the year ended September 30, 2023. Depreciation expense for the years ended September 30, 2023 and 2022, was \$85,129 and \$56,750, respectively.

**MIRIAM'S KITCHEN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**  
(continued)

**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.

The Organization's investments for the year ended September 30, 2023, are in certificates of deposit and mutual funds. All of the Organization's investments for the year ended September 30, 2022, are in mutual funds. The Organization's investments in mutual funds are based on observable market quotations and are considered Level 1 items. The fair value of certificates of deposit has been provided by the Organization and the custodian bank, who use a variety of pricing sources to determine market valuations, including indexes for each sector of the market.

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.

**MIRIAM'S KITCHEN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**  
(continued)

**NOTE G – INVESTMENTS AND FAIR VALUE MEASUREMENTS – continued**

The following table presents the Organization’s fair value hierarchy for investments measured on a recurring basis as of September 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	\$ -	\$ 2,522,046	\$ -	\$ 2,522,046
Mutual funds:				
Equities	282,860	-	-	282,860
Fixed income	125,768	-	-	125,768
Total Investments	<u>\$ 408,628</u>	<u>\$ 2,522,046</u>	<u>\$ -</u>	<u>\$ 2,930,674</u>

The following table presents the Organization’s fair value hierarchy for investments measured on a recurring basis as of September 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds:				
Equities	236,165	-	-	236,165
Fixed income	124,435	-	-	124,435
Total Investments	<u>\$ 360,600</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 360,600</u>

**NOTE H – 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, 2023 and 2022, the Organization did not draw on the line of credit, and the line of credit did not have an outstanding balance.

**NOTE I – IN-KIND CONTRIBUTIONS**

During the year ended September 30, 2022, the Organization adopted new accounting guidance, Accounting Standards Update 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*.

**MIRIAM'S KITCHEN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**  
(continued)

**NOTE I – IN-KIND CONTRIBUTIONS – continued**

The Organization received donated supplies and equipment, mainly food items, in the amount of \$405,436 and \$524,783, for the years ended September 30, 2023 and 2022, respectively. Donated supplies and equipment are based on the estimated fair value of the items determined by either a donor statement or from publicly available sources, and were used by and allocated to program expenses – meals and fundraising on the statements of functional expenses.

The Organization received donated legal services in the amount of \$61,519 and \$18,864, for the years ended September 30, 2023 and 2022, respectively. Donated legal services are based on an estimated fair value of the hourly market rates for lawyers in the geographical region of the Organization, and were used by and allocated to management and general on the statements of functional expenses.

The Organization received donated auction items to be sold at an auction event held by the Organization in the amount of \$20,778 and \$15,704, for the years ended September 30, 2023 and 2022, respectively. Donated auction items are recognized as revenue based on the fair value of the item contributed to the Organization when the item is received, and were used by and allocated to fundraising.

There were no donor-imposed restrictions on the donated goods or services noted above.

**NOTE J – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets were restricted by donors for the following purposes as of September 30, 2023:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Releases from restriction</u>	<u>Ending Balance</u>
<b>Time restrictions:</b>				
General operating support	\$ -	\$ 1,000,000	\$ (292,000)	\$ 708,000
<b>Purpose restrictions:</b>				
Programs for older adults	37,500	50,000	(50,000)	37,500
Meals - direct expenses	23,990	150,000	(98,990)	75,000
Total Net Assets with Donor Restrictions	<u>\$ 61,490</u>	<u>\$ 1,200,000</u>	<u>\$ (440,990)</u>	<u>\$ 820,500</u>

**MIRIAM'S KITCHEN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**  
(continued)

**NOTE J – NET ASSETS WITH DONOR RESTRICTIONS** – continued

Net assets were restricted by donors for the following purposes as of September 30, 2022:

Description	Beginning Balance	Additions	Releases from restriction	Ending Balance
<b>Time restrictions:</b>				
General operating support	\$ 10,000	\$ -	\$ (10,000)	\$ -
<b>Purpose restrictions:</b>				
Programs for older adults	-	50,000	(12,500)	37,500
Meals - direct expenses	-	48,600	(24,610)	23,990
Total Net Assets with Donor Restrictions	<u>\$ 10,000</u>	<u>\$ 98,600</u>	<u>\$ (47,110)</u>	<u>\$ 61,490</u>

**NOTE K – BOARD-DESIGNATED NET ASSETS**

For the years ended September 30, 2023 and 2022, the Organization's Board of Directors has restricted \$371,000 and \$371,000, respectively, to fund budgeted expenses from reserves.

**NOTE L – OPERATING LEASES**

During the year ended September 30, 2022, the Organization adopted new accounting guidance, Accounting Standards Update 2016-02, *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 began June 21, 2018, and was set to expire on 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 were \$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 lease was terminated by mutual agreement on December 31, 2021.

On January 1, 2022, the Organization entered into a lease agreement with the Church for the same premises as above. The agreement expires on December 31, 2025, with a right to extend for three successive additional periods of one year each. Monthly payments under the lease are as follows:

- \$7,667 for operation of the leased premises, increasing 2% annually,
- \$3,833 for ongoing service and maintenance contracts, increasing 2% annually, and
- \$2,917 for capital improvements and major systems replacements at the lease premises, increasing 5% annually.

**MIRIAM'S KITCHEN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**  
(continued)

**NOTE L – OPERATING LEASES – continued**

The Organization entered into a lease agreement with Columbia Plaza, an unrelated entity, for office space. The lease was set to expire on December 31, 2021. On December 10, 2021, the Organization amended the lease agreement to extend the lease to December 31, 2024. Monthly payments under the lease agreement are \$6,280 through December 31, 2021, and \$6,782 thereafter until lease termination.

The Organization entered into a second lease agreement with Columbia Plaza for office space. The lease expires on December 31, 2024. Monthly payments under the lease agreement are \$4,300 throughout the lease term.

On June 1, 2022, the Organization entered into a lease agreement with LEAF Capital Funding, LLC, for copier equipment. The lease expires on May 31, 2025. Monthly payments under the lease agreement are \$79 throughout the lease term.

The present value of the lease payments is calculated using the Organization's incremental borrowing rate, which was determined based on the rate of interest that it would have to pay to borrow an amount equal to the lease payments on a collateralized basis over a similar term. The weighted average remaining lease term is 1.5 years, and the weighted average discount rate is 7.75% as of September 30, 2023.

At October 1, 2021, the application date of ASC 842, the Organization measured the lease liability at the present value of the remaining lease payments using a discount rate of 7.75%, and calculated a lease liability of \$755,925. The Organization recognized a right-of-use asset equal to the value of the calculated lease liability of \$760,411, adjusted for the carrying amount of the deferred rent liability of \$9,668.

A reconciliation of the undiscounted cash flows due on the Company's lease liability to the operating lease liability recognized in the balance sheet as of September 30, 2023, is as follows:

	2024		\$	314,936
	2025			219,643
	2026			46,741
		Total undiscounted lease payments		581,320
		Less: discount		(73,385)
		Lease Liabilities, Net	\$	507,935

For the years ended September 30, 2023 and 2022, rent expense under these agreements was \$370,617 and \$289,416, respectively.

**MIRIAM'S KITCHEN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**  
(continued)

**NOTE M – RELATED PARTY TRANSACTIONS**

During the years ended September 30, 2023 and 2022, the Organization received \$510,715 and \$118,937, respectively, from its Board members and staff.

**NOTE N – 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. The employer matching contribution is discretionary and is determined by the employer each year based on compensation. 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, 2023 and 2022, totaled \$301,038 and \$222,798, respectively.

**NOTE O – CONCENTRATIONS**

The Organization receives significant support from the DC government. For the years ended September 30, 2023 and 2022, approximately 41% and 38% of total revenue, respectively, was provided through grants received from the DC government.

**NOTE P – SUBSEQUENT EVENTS**

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through April 15, 2024, 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.