

Meals-On-Wheels Greater San Diego, Inc. dba Meals on Wheels San Diego County

FINANCIAL STATEMENTS

Years Ended September 30, 2024 and 2023



MEALS-ON-WHEELS GREATER SAN DIEGO, INC. DBA MEALS ON WHEELS SAN DIEGO COUNTY
Financial Statements
Years Ended September 30, 2024 and 2023

Table of Contents

	Page
Independent Auditor's Report	1
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	6
Statements of Cash Flows	8
Notes to Financial Statements	9

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
of Meals-on-Wheels Greater San Diego, Inc. dba Meals on Wheels San Diego County

Opinion

We have audited the accompanying financial statements of Meals-on-Wheels Greater San Diego, Inc. dba Meals on Wheels San Diego County (a non-profit organization), which comprise the statements of financial position as of September 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Meals-on-Wheels Greater San Diego, Inc. dba Meals on Wheels San Diego County as of September 30, 2024 and 2023, 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 Meals-on-Wheels Greater San Diego, Inc. dba Meals on Wheels San Diego County and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Meals-on-Wheels Greater San Diego, Inc. dba Meals on Wheels San Diego County'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.

INDEPENDENT AUDITOR'S REPORT, CONTINUED

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

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

Aldrich CPAs + Advisors LLP

San Diego, California
March 10, 2025

MEALS-ON-WHEELS GREATER SAN DIEGO, INC. DBA MEALS ON WHEELS SAN DIEGO COUNTY**Statements of Financial Position**

September 30, 2024 and 2023

	2024	2023
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 327,048	\$ 185,897
Restricted cash	131,367	2,660,112
Short-term investments	2,793,816	8,837,250
Accounts receivable, net of allowance for credit losses	397,282	325,954
Current portion of promises to give	1,030,000	-
Prepaid expenses and other current assets	163,623	67,843
Inventory	31,766	46,475
Total Current Assets	4,874,902	12,123,531
Noncurrent Assets:		
Long-term investments	4,501,056	3,858,364
Beneficial interest in assets held by others - endowment fund	933,359	-
Promises to give, net of current portion and discount	35,632	-
Right-of-use asset - operating leases, net of accumulated amortization	1,610,610	1,733,585
Right-of-use asset - finance leases, net of accumulated amortization	28,687	41,630
Property and equipment, net of accumulated depreciation	18,963,964	11,938,384
Deposits	14,436	14,436
Total Noncurrent Assets	26,087,744	17,586,399
Total Assets	\$ 30,962,646	\$ 29,709,930
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 1,127,449	\$ 372,289
Accrued expenses	441,081	408,304
Current portion of long-term debt	266,165	251,816
Current portion of lease liabilities - operating lease	161,888	140,036
Current portion of lease liabilities - finance leases	15,602	25,160
Total Current Liabilities	2,012,185	1,197,605
Noncurrent Liabilities:		
Long-term debt, net of current portion	11,560,780	11,826,945
Lease liabilities - operating lease, net of current portion	1,497,734	1,626,869
Lease liabilities - finance leases, net of current portion	9,557	14,997
Total Noncurrent Liabilities	13,068,071	13,468,811
Total Liabilities	15,080,256	14,666,416
Net Assets:		
Without Donor Restrictions	8,319,886	10,626,914
With Donor Restrictions	7,562,504	4,416,600
Total Net Assets	15,882,390	15,043,514
Total Liabilities and Net Assets	\$ 30,962,646	\$ 29,709,930

MEALS-ON-WHEELS GREATER SAN DIEGO, INC. DBA MEALS ON WHEELS SAN DIEGO COUNTY**Statement of Activities**

Year Ended September 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support:			
Contributions	\$ 2,285,280	\$ 1,388,489	\$ 3,673,769
Fees for services	2,897,335	-	2,897,335
Bequests	1,052,661	1,401,350	2,454,011
Special events	635,217	-	635,217
Less: Special events expenses	(250,648)	-	(250,648)
	384,569	-	384,569
Government grants	494,556	-	494,556
Contributed nonfinancial assets	102,668	-	102,668
Investment return, net	326,113	923,645	1,249,758
Other income	225,897	-	225,897
Net assets released from restrictions:			
Pursuant to endowment spending-rate	208,053	(208,053)	-
Satisfaction of program restrictions	359,527	(359,527)	-
Total Revenue and Support	8,336,659	3,145,904	11,482,563
Program and Supporting Expenses:			
Program services	9,074,526	-	9,074,526
Supporting services:			
Management and general	743,039	-	743,039
Fundraising	826,122	-	826,122
Total Supporting Services	1,569,161	-	1,569,161
Total Program and Supporting Expenses	10,643,687	-	10,643,687
Change in Net Assets	(2,307,028)	3,145,904	838,876
Net Assets, beginning	10,626,914	4,416,600	15,043,514
Net Assets, ending	\$ 8,319,886	\$ 7,562,504	\$ 15,882,390

MEALS-ON-WHEELS GREATER SAN DIEGO, INC. DBA MEALS ON WHEELS SAN DIEGO COUNTY**Statement of Activities**

Year Ended September 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support:			
Contributions	\$ 2,886,330	\$ 467,328	\$ 3,353,658
Fees for services	2,508,323	-	2,508,323
Bequests	2,042,388	-	2,042,388
Special events	482,023	-	482,023
Less: Special events expenses	(161,436)	-	(161,436)
	320,587	-	320,587
Government grants	120,213	-	120,213
Contributed nonfinancial assets	105,601	-	105,601
Investment return, net	327,168	366,332	693,500
Gain on sale of property and equipment	27,998	-	27,998
Other income	43,840	-	43,840
Net assets released from restrictions:			
Pursuant to endowment spending-rate	103,250	(103,250)	-
Satisfaction of program restrictions	109,455	(109,455)	-
Total Revenue and Support	8,595,153	620,955	9,216,108
Program and Supporting Expenses:			
Program services	7,392,800	-	7,392,800
Supporting services:			
Management and general	669,912	-	669,912
Fundraising	821,109	-	821,109
Total Supporting Services	1,491,021	-	1,491,021
Total Program and Supporting Expenses	8,883,821	-	8,883,821
Change in Net Assets	(288,668)	620,955	332,287
Net Assets, beginning	10,915,582	3,795,645	14,711,227
Net Assets, ending	\$ 10,626,914	\$ 4,416,600	\$ 15,043,514

MEALS-ON-WHEELS GREATER SAN DIEGO, INC. DBA MEALS ON WHEELS SAN DIEGO COUNTY

Statement of Functional Expenses

Year Ended September 30, 2024

		Supporting Services			
	Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries	\$ 4,236,046	\$ 346,172	\$ 371,202	\$ 717,374	\$ 4,953,420
Meal purchases	2,062,816	-	-	-	2,062,816
Depreciation	388,168	18,572	18,572	37,144	425,312
Occupancy	389,854	19,989	8,188	28,177	418,031
Payroll taxes	329,809	23,831	26,858	50,689	380,498
Employee benefits	298,328	39,603	28,932	68,535	366,863
Fee for services (non-employee)	136,923	154,686	8,172	162,858	299,781
Contracts and leases	171,512	45,724	51,341	97,065	268,577
Repairs and maintenance	160,778	15,173	4,735	19,908	180,686
Travel	126,154	9,542	3,307	12,849	139,003
Packaging supplies	137,722	-	-	-	137,722
Advertising and marketing	14,375	774	113,966	114,740	129,115
Other	91,525	6,117	26,658	32,775	124,300
General insurance	77,933	19,475	9,034	28,509	106,442
Contributed nonfinancial assets	102,668	-	-	-	102,668
Printing and materials	6,171	1,674	87,463	89,137	95,308
Telecommunications	71,510	7,801	4,788	12,589	84,099
Supplies	65,885	6,858	7,441	14,299	80,184
Credit loss	73,430	-	-	-	73,430
Workers compensation	64,694	4,557	1,410	5,967	70,661
Postage	6,067	6,406	42,725	49,131	55,198
Interest	42,145	3,471	3,967	7,438	49,583
Staff and board development	20,013	12,614	7,363	19,977	39,990
Total Program and Supporting Expenses	9,074,526	743,039	826,122	1,569,161	10,643,687
Special Events	-	-	250,648	250,648	250,648
Total Expenses	<u>\$ 9,074,526</u>	<u>\$ 743,039</u>	<u>\$ 1,076,770</u>	<u>\$ 1,819,809</u>	<u>\$ 10,894,335</u>

MEALS-ON-WHEELS GREATER SAN DIEGO, INC. DBA MEALS ON WHEELS SAN DIEGO COUNTY**Statement of Functional Expenses**

Year Ended September 30, 2023

	Supporting Services			Total Supporting Services	Total
	Program Services	Management and General	Fundraising		
Salaries	\$ 3,273,009	\$ 357,782	\$ 312,998	\$ 670,780	\$ 3,943,789
Meal purchases	1,854,756	-	-	-	1,854,756
Occupancy	373,665	12,046	5,897	17,943	391,608
Fee for services (non-employee)	183,223	114,631	79,718	194,349	377,572
Employee benefits	268,805	37,832	22,633	60,465	329,270
Payroll taxes	257,130	22,744	22,895	45,639	302,769
Depreciation	238,641	14,587	14,478	29,065	267,706
Printing and materials	11,245	2,309	192,336	194,645	205,890
Contracts and leases	125,716	30,577	39,581	70,158	195,874
Travel	121,956	12,754	6,022	18,776	140,732
Other	92,879	9,033	26,572	35,605	128,484
Repairs and maintenance	112,808	11,140	4,200	15,340	128,148
Packaging supplies	111,127	-	-	-	111,127
Contributed nonfinancial assets	105,601	-	-	-	105,601
General insurance	72,986	9,772	9,695	19,467	92,453
Telecommunications	57,317	5,402	3,504	8,906	66,223
Postage	3,974	5,665	49,973	55,638	59,612
Supplies	47,770	8,103	3,196	11,299	59,069
Staff and board development	24,125	14,733	3,068	17,801	41,926
Advertising and marketing	9,834	406	23,894	24,300	34,134
Workers compensation	29,467	396	449	845	30,312
Credit loss	16,766	-	-	-	16,766
Total Program and Supporting Expenses	7,392,800	669,912	821,109	1,491,021	8,883,821
Special Events	-	-	161,436	161,436	161,436
Total Expenses	<u>\$ 7,392,800</u>	<u>\$ 669,912</u>	<u>\$ 982,545</u>	<u>\$ 1,652,457</u>	<u>\$ 9,045,257</u>

MEALS-ON-WHEELS GREATER SAN DIEGO, INC. DBA MEALS ON WHEELS SAN DIEGO COUNTY

Statements of Cash Flows

Years Ended September 30, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities:		
Change in net assets	\$ 838,876	\$ 332,287
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	438,255	280,651
Gain on sale of property and equipment	-	(27,998)
Net realized and unrealized gains on investments	(734,669)	(234,232)
Change in value of beneficial interest in assets held by others - endowment	(72,900)	-
Non-cash operating lease expense	15,692	33,320
Endowment contributions	(1,401,350)	-
Changes in operating assets and liabilities:		
Accounts receivable, net	(71,328)	(59,854)
Promises to give, net	(1,065,632)	-
Prepaid expenses and other current assets	(95,780)	594
Inventory	14,709	21,234
Accounts payable	755,160	217,265
Accrued expenses	32,777	183,983
Net Cash Flows Provided (Used) by Operating Activities	(1,346,190)	747,250
Cash Flows from Investing Activities:		
Proceeds from sale of investments	6,558,374	1,473,440
Purchases of investments	(422,963)	(932,025)
Contributions to beneficial interests in assets held by others - endowment	(860,459)	-
Proceeds from the sale of property and equipment	-	40,500
Purchases of property and equipment	(7,450,892)	(10,682,916)
Net Cash Flows Used by Investing Activities	(2,175,940)	(10,101,001)
Cash Flows from Financing Activities:		
Proceeds from long-term debt	-	12,100,000
Payments on long-term debt	(251,816)	(21,239)
Payments on finance lease obligations	(14,998)	(14,416)
Endowment contributions	1,401,350	-
Net Cash Flows Provided by Financing Activities	1,134,536	12,064,345
Net Change in Cash and Cash Equivalents and Restricted Cash	(2,387,594)	2,710,594
Cash and Cash Equivalents and Restricted Cash, beginning	2,846,009	135,415
Cash and Cash Equivalents and Restricted Cash, ending	\$ 458,415	\$ 2,846,009
Cash and Cash Equivalents and Restricted Cash Consist of the following:		
Cash and cash equivalents	\$ 327,048	\$ 185,897
Restricted cash	131,367	2,660,112
	\$ 458,415	\$ 2,846,009
Supplemental Disclosures of Cash Flow Information:		
Interest paid during the year, net of capitalized interest of \$541,530 in 2024	\$ 49,582	\$ -
Supplemental Disclosures Non-Cash Investing and Financing Activities:		
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 41,712	\$ 1,891,341
Right-of-use assets obtained in exchange for new finance lease liabilities	\$ -	\$ 54,573

MEALS-ON-WHEELS GREATER SAN DIEGO, INC. DBA MEALS ON WHEELS SAN DIEGO COUNTY

Notes to Financial Statements

Years Ended September 30, 2024 and 2023

Note 1 - Organization and Summary of Significant Accounting Policies

Nature of Activities

Meals-on-Wheels Greater San Diego, Inc. dba Meals on Wheels San Diego County (the Organization) is a California nonprofit corporation formed in May of 1970. The Organization's purpose is to provide a variety of services throughout San Diego County to help senior adults remain independent. The Organization's primary program is meal delivery to senior adults throughout San Diego County. The Organization became active in January 1971, as the successor Organization to "Senior Adult Services," an unincorporated association.

New Accounting Pronouncement

Effective October 1, 2023, the Organization adopted Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This update requires the use of a forward-looking expected credit loss model for instruments within its scope, including accounts receivables, and replaces the previous incurred loss impairment model. The expected credit loss model requires management to estimate current expected credit losses over the lifetime of the assets by considering all reasonable and supportable information, including historical experience, current conditions, and reasonable and supportable forecasts affecting collectability.

Management has analyzed the provisions contained in Topic 326 and determined that there is no impact on net assets as of October 1, 2023, due to the adoption of the new policy.

Financial Statement Presentation

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

- Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.
- Net assets with donor restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Use of Estimates

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

Cash and Cash Equivalents and Restricted Cash

Cash equivalents are highly liquid debt instruments with original maturities of three months or less. Temporary cash accounts are included with investment brokerage accounts. Restricted cash is limited in use for donor restricted purposes as well as for payment of building improvements and is held in a separate bank account as required.

MEALS-ON-WHEELS GREATER SAN DIEGO, INC. DBA MEALS ON WHEELS SAN DIEGO COUNTY

Notes to Financial Statements

Years Ended September 30, 2024 and 2023

Note 1 - Organization and Summary of Significant Accounting Policies, continued

Investments

The Organization carries investments in marketable securities with readily determinable fair values and investments in debt securities at fair values in the statements of financial position. Investments acquired by gift are recorded at their fair market value at the date of the gift. Alternative investments, for which quoted market prices are not readily available, are valued at fair value by the investment manager based on factors deemed relevant by the manager including, but not limited to, market conditions, purchase price, estimated liquidation value, restrictions on transfer and meaningful third-party transactions in the private market.

Because of the inherent uncertainty of valuations, the estimated fair values may differ significantly from the values that would have been used had a ready market for such investments existed or had such investments been liquidated, and those differences could be material. Realized and unrealized gains and losses are included in the changes in net assets in the statement of activities.

Investment return on restricted assets is reported as an increase in net assets without donor restrictions if the asset restriction expires in the reporting period in which the income is recognized. All other restricted investment return is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. Investments with a maturity period one year or less are considered short-term investments with all other investments classified as long-term investments.

Beneficial Interest in Assets Held by Others

The Organization established an endowment fund that is perpetual in nature and consists of amounts held and invested by the Rancho Santa Fe Foundation (RSFF) under an agency endowment fund agreement. The beneficial interest is reported at the fair market value of the fund as determined by the RSFF in the statements of financial position. Investment income of the fund, net of expenses, and any net realized and unrealized gains and losses, are included in investment income, net, in the statements of activities.

The Organization is the beneficiary under the agreement with the RSFF. The Organization does not exercise any control over the principal of the funds; however, certain amounts of these funds are made available quarterly to be expended by the Organization. Investment and spending policies for these endowment funds are determined solely by the RSFF. Variance power has been granted to the RSFF for the assets in the endowment funds. If the Organization ceases to exist or no longer performs its functions under the provisions of the agreement, the RSFF shall continue to administer and disburse fund assets in a manner deemed appropriate.

Accounts Receivable

The accounts receivable arise in the normal course of operations. It is the policy of management to establish an allowance for credit losses based on the review of outstanding accounts receivable at year end, the length of time the receivable has been outstanding, historical trends, as well as current and past experience with clients. Management determined that an allowance for credit losses of \$68,118 and \$10,660 was necessary at September 30, 2024 and 2023, respectively.

Promises to Give

When a donor has unconditionally promised to contribute funds to the Organization in future periods, the Organization recognizes an unconditional promise to give. Promises to give expected to be collected within one year are recorded as support and a receivable at net realizable value. Promises to give expected to be collected in future years are recorded as support and a receivable at the present value of expected future cash flows. Discounts on those amounts are computed using interest rates applicable to the years in which the promises are received. Amortization of discounts is included in contribution revenue.

An allowance for uncollectible promises to give is provided based upon management's judgment, including such factors as prior collection history, type of contribution and nature of fundraising activity. At September 30, 2024 and 2023, management determined that promises to give were fully collectible; therefore, no allowance was recorded.

MEALS-ON-WHEELS GREATER SAN DIEGO, INC. DBA MEALS ON WHEELS SAN DIEGO COUNTY

Notes to Financial Statements

Years Ended September 30, 2024 and 2023

Note 1 - Organization and Summary of Significant Accounting Policies, continued

Inventory

Inventory consists primarily of food and packing supplies used in food preparation and is valued at the lower of cost (first-in, first-out method) or net realizable value.

Property and Equipment

The Organization capitalizes all expenditures for property and equipment in excess of \$1,000. Equipment and improvements are recorded at cost or at estimated fair value at date of gift if donated. Interest is capitalized in connection with the construction of major facilities until such time as the facilities become operational. The capitalized interest is recorded as part of the asset to which it relates and is amortized over the asset's estimated useful life. Expenditures for maintenance and repairs are charged against operations. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets of three to 40 years.

Revenue and Support

Revenues primarily consist of fee-for-service contracts, contributions and bequests. The Organization recognizes revenue in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services.

Fees from services revenue is from the delivery of meals based on a fixed price contract. Revenue is recognized as performance obligations are met, which is typically when services are performed.

Contributions and bequests received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Government grants received are recognized in the period in which the related work is performed or when qualified expenses are incurred in accordance with the terms of the grant or contract.

Contributed Materials and Services

Contributed materials are recorded at their fair market value where an objective basis is available to measure their value. Such items are capitalized or charged to expense as appropriate. Many individuals volunteer their time and perform a variety of tasks that assist the Organization with various programs. The services do not meet the criteria for recognition as a contribution and are not reflected in the financial statements. The fair market value of contributed professional services is reported as support and expense in the period in which the services are performed.

Donated materials and equipment, with significant determinable values, are reflected as contributions in the accompanying financial statements at their estimated fair values at date of receipt. Such items are capitalized or charged to operations as appropriate. The Organization receives donated services from unpaid volunteers who assist in fundraising and program services. No amounts have been recognized in the statements of activities for these services because the criteria for recognition as contributions of such volunteer efforts have not been satisfied. The fair market values of contributed professional services are reported as support and expense in the period in which the services are performed.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries and related expenses (benefits, payroll taxes, etc.) and professional fees are allocated based on time and effort. All other expenses are broken out by accounts and are charged to the program or service based on direct usage or using full time equivalents as an allocation method.

MEALS-ON-WHEELS GREATER SAN DIEGO, INC. DBA MEALS ON WHEELS SAN DIEGO COUNTY

Notes to Financial Statements

Years Ended September 30, 2024 and 2023

Note 1 - Organization and Summary of Significant Accounting Policies, continued

Income Tax Status

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. The Organization may be subject to tax on income which is not related to its exempt purpose. For the years ended September 30, 2024 and 2023, no such unrelated business income was reported and, therefore, no provision for income taxes has been made.

The Organization follows the provisions of uncertain tax positions as addressed in the Financial Accounting Standards Board (FASB) Accounting Standards Codification. The Organization recognizes accrued interest and penalties associated with uncertain tax positions as part of the income tax provision, when applicable. There are no amounts accrued in the financial statements related to uncertain tax positions for the years ended September 30, 2024 and 2023.

Fair Value Measurements

The Organization defines fair value as the exchange price that would be received for an asset or paid for a liability in the principal or most advantageous market. The Organization applies fair value measurements to assets and liabilities that are required to be recorded at fair value under US GAAP. Fair value measurement techniques maximize the use of observable inputs and minimize the use of unobservable inputs and are categorized in a fair value hierarchy based on the transparency of inputs.

The three levels are defined as follows:

Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument.

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

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

As a practical expedient, certain financial instruments may be valued using net asset value (NAV) per share. NAV is the amount of net assets attributable to each share of outstanding capital stock at the end of the period.

The carrying value of cash, receivables, other current assets, and payables approximate fair values as of September 30, 2024 and 2023 due to the relative short maturities of these instruments.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2024 and 2023.

Money market funds: Valued at the closing price reported on the active market on which the securities are traded.

Mutual funds: Valued at the closing price reported on the active market on which the securities are traded.

Beneficial interest in assets held by others – Endowment Fund: Valued at fair value based on the fair value of the underlying assets.

MEALS-ON-WHEELS GREATER SAN DIEGO, INC. DBA MEALS ON WHEELS SAN DIEGO COUNTY

Notes to Financial Statements

Years Ended September 30, 2024 and 2023

Note 1 - Organization and Summary of Significant Accounting Policies, continued

Advertising

The Organization follows the policy of charging the cost of advertising to expense as incurred.

Subsequent Events

The Organization has evaluated subsequent events through March 10, 2025, which is the date the financial statements were available to be issued.

Note 2 - Liquidity and Availability

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual obligations within one year of the statement of financial position date.

	2024	2023
Cash and cash equivalents	\$ 327,048	\$ 185,897
Restricted cash	131,367	2,660,112
Investments	7,294,872	12,695,614
Promises to give, net of discount	1,065,632	-
Accounts receivable, net of allowance for credit losses	397,282	325,954
Total Financial Assets	9,216,201	15,867,577
Less amounts not available for general expenditures within one year:		
Restricted cash	(131,367)	(2,660,112)
Restricted by donor - time or purpose restrictions	(1,587,198)	(558,236)
Restricted by donor - endowment	(4,501,056)	(3,858,364)
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,996,580	\$ 8,790,865

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of available funds. The Organization is substantially supported by donor-restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization has an endowment of \$4,501,056 and \$3,858,364 at September 30, 2024 and 2023, respectively. The Organization does not intend to spend from its endowment other than amounts appropriated for general expenditures as part of its annual appropriation process. Additionally, the Organization has an endowment fund held and managed by RSFF of \$933,359 and \$0 at September 30, 2024 and 2023, respectively. In accordance with the endowment gift terms, the Organization intends to use the interest to supplement funding for the North County operations.

Note 3 - Concentration of Credit Risk

Cash and Cash Equivalents

The Organization maintains its cash at various financial institutions. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. The Organization's account balances may, at times, exceed the limits.

MEALS-ON-WHEELS GREATER SAN DIEGO, INC. DBA MEALS ON WHEELS SAN DIEGO COUNTY

Notes to Financial Statements

Years Ended September 30, 2024 and 2023

Note 3 - Concentration of Credit Risk, continued

Accounts Receivable

During the years ended September 30, 2024 and 2023, the Organization had two and one donors that comprised 43% and 17% of accounts receivable, respectively.

Promises to Give

During the years ended September 30, 2024 and 2023, the Organization had one and zero donors that comprised 93% and 0% of promises to give, respectively.

Contribution Revenue

During the years ended September 30, 2024 and 2023, the Organization had one and two donors that comprised 27% and 27% of contribution revenue, respectively.

Bequests

During the years ended September 30, 2024 and 2023, the Organization had four and two donors that comprised 95% and 84% of bequests, respectively.

Note 4 - Promises to Give

Promises to give consist of the following on the statements of financial position at September 30:

	<u>2024</u>	<u>2023</u>
Current portion	\$ 1,030,000	\$ -
Noncurrent portion, net of discount	<u>35,632</u>	<u>-</u>
	<u>\$ 1,065,632</u>	<u>\$ -</u>

Promises to give consist of the following at September 30:

	<u>2024</u>	<u>2023</u>
Due within one year	\$ 1,030,000	\$ -
Due in one to five years	<u>40,060</u>	<u>-</u>
Total gross promises to give	1,070,060	-
Less discount to net present value (4.86%)	<u>(4,428)</u>	<u>-</u>
Promises to give, net	<u>\$ 1,065,632</u>	<u>\$ -</u>

Note 5 - Investments and Fair Value Measurement

Investments consist of the following at September 30:

	<u>2024</u>	<u>2023</u>
Short-term investments	\$ 2,793,816	\$ 8,837,250
Long-term investments	<u>4,501,056</u>	<u>3,858,364</u>
	<u>\$ 7,294,872</u>	<u>\$ 12,695,614</u>

MEALS-ON-WHEELS GREATER SAN DIEGO, INC. DBA MEALS ON WHEELS SAN DIEGO COUNTY**Notes to Financial Statements**

Years Ended September 30, 2024 and 2023

Note 5 - Investments and Fair Value Measurement, continued

The following is a schedule of investments and beneficial interest in assets held by others at fair value, by level within the fair value hierarchy at September 30, 2024:

	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 2,823,048	\$ -	\$ -	\$ 2,823,048
Mutual Funds:				
Fixed income taxable	1,534,623	-	-	1,534,623
Domestic large-cap blend	692,184	-	-	692,184
Domestic mid-cap growth	666,824	-	-	666,824
Foreign large-cap blend	527,572	-	-	527,572
Domestic small-cap blend	449,513	-	-	449,513
Real estate	316,116	-	-	316,116
Diversified emerging markets	236,858	-	-	236,858
Commodities	37,380	-	-	37,380
Financial	10,754	-	-	10,754
Total Investments	7,294,872	-	-	7,294,872
Beneficial interest in assets held by others:				
Permanent endowment fund:				
Rancho Santa Fe Foundation	-	-	933,359	933,359
Total Fair Value Measurement	\$ 7,294,872	\$ -	\$ 933,359	\$ 8,228,231

The following is a summary of changes in the fair value of level 3 beneficial interest in assets held by others at September 30, 2024:

Fair value, beginning	\$ -
Contributions	860,459
Investment return, net	72,900
Fair value, ending	\$ 933,359

The following is a schedule of investments, by level within the fair value hierarchy at September 30, 2023:

	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 8,899,830	\$ -	\$ -	\$ 8,899,830
Mutual Funds:				
Fixed income taxable	1,330,149	-	-	1,330,149
Domestic mid-cap growth	588,466	-	-	588,466
Domestic large-cap blend	556,112	-	-	556,112
Foreign large-cap blend	436,763	-	-	436,763
Domestic small-cap blend	393,266	-	-	393,266
Real estate	264,712	-	-	264,712
Diversified emerging markets	186,248	-	-	186,248
Commodities	40,068	-	-	40,068
Total Fair Value Measurement	\$ 12,695,614	\$ -	\$ -	\$ 12,695,614

MEALS-ON-WHEELS GREATER SAN DIEGO, INC. DBA MEALS ON WHEELS SAN DIEGO COUNTY**Notes to Financial Statements**

Years Ended September 30, 2024 and 2023

Note 6 - Property and Equipment

Property and equipment consist of the following at September 30:

	<u>2024</u>	<u>2023</u>
Building	\$ 11,290,790	\$ 5,146,731
Land	6,662,036	6,662,036
Kitchen equipment and supplies	1,082,169	600,164
Vehicles	977,134	766,430
Furniture and equipment	799,693	222,609
Computers	<u>305,075</u>	<u>268,035</u>
	21,116,897	13,666,005
Less accumulated depreciation	<u>(2,152,933)</u>	<u>(1,727,621)</u>
	<u>\$ 18,963,964</u>	<u>\$ 11,938,384</u>

Note 7 - Long-Term Debt

Long-term debt consists of the following at September 30:

	<u>2024</u>	<u>2023</u>
Note payable to a financial institution, due in aggregate monthly payments starting at \$21,240, including interest at 4.86%, matures August 2048.	\$ 11,826,945	\$ 12,078,761
Less current portion of long-term debt	<u>(266,165)</u>	<u>(251,816)</u>
	<u>\$ 11,560,780</u>	<u>\$ 11,826,945</u>

Future principal payments of long-term debt at September 30, 2024 are as follows:

<u>Year Ending September 30,</u>	
2025	\$ 266,165
2026	279,581
2027	293,673
2028	306,971
2029	323,947
Thereafter	<u>10,356,608</u>
	<u>\$ 11,826,945</u>

Note 8 - Contributed Nonfinancial Assets

The Organization recognized contributed nonfinancial assets within revenue, including event tickets, event auction items, food, gift cards, senior client care packages, and other miscellaneous items. Contributed nonfinancial assets are valued and reported at the estimated fair value in the financial statements based on current rates for similar products. Contributed nonfinancial assets solicited for use at special events, such as the auction held in conjunction with the annual gala, are monetized.

MEALS-ON-WHEELS GREATER SAN DIEGO, INC. DBA MEALS ON WHEELS SAN DIEGO COUNTY

Notes to Financial Statements

Years Ended September 30, 2024 and 2023

Note 8 - Contributed Nonfinancial Assets, continued

Many individuals donate their time in performing a variety of tasks to assist the Organization's operations. In addition to the amounts recognized in the statements of activities, management estimates the Organization received approximately 211,070 volunteer hours with an estimated value of \$3,799,260 valued at \$18 per hour for the year ended September 30, 2024 and 119,370 volunteer hours with an estimated value of \$2,148,660 valued at \$18 per hour for the year ended September 30, 2023.

Note 9 - Restrictions on Net Assets

Net assets with donor restrictions consist of the following at September 30:

	2024	2023
Time and Purpose Restrictions:		
Capital campaign - Kitchen & Senior Innovation Hub	\$ 1,127,827	\$ -
Food and packaging	154,172	353,983
Board leadership	97,876	94,031
Volunteers	67,793	52,885
Electric vehicles	50,000	-
Staff travel and compensation	41,748	30,998
Senior and veteran clients	26,961	20,142
Occupancy/Facility	14,624	-
Meal scholarship	4,737	4,737
Other	1,460	1,460
	<u>1,587,198</u>	<u>558,236</u>
Endowments:		
Subject to spending policy and appropriation when a specified event occurs:		
Earnings on endowment funds - general use	1,456,996	814,304
Beneficial interest in assets held by others - endowment fund	72,900	-
	<u>1,529,896</u>	<u>814,304</u>
Perpetual in nature:		
General Use	3,044,060	3,044,060
Beneficial interest in assets held by others - endowment fund	860,459	-
Restricted cash designated for endowment	540,891	-
	<u>4,445,410</u>	<u>3,044,060</u>
	<u>\$ 7,562,504</u>	<u>\$ 4,416,600</u>

MEALS-ON-WHEELS GREATER SAN DIEGO, INC. DBA MEALS ON WHEELS SAN DIEGO COUNTY

Notes to Financial Statements

Years Ended September 30, 2024 and 2023

Note 9 - Restrictions on Net Assets, continued

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended September 30:

	2024	2023
Satisfaction of time and purpose restrictions		
Food and packaging	\$ 338,837	\$ 47,221
Senior and veteran clients	14,640	-
Volunteers	6,050	40,775
Delivery van fuel	-	9,886
Other	-	9,844
Meal scholarship	-	1,729
	359,527	109,455
Distribution from endowment earnings	208,053	103,250
	<u>\$ 567,580</u>	<u>\$ 212,705</u>

Note 10 - Leasing Arrangements

The Organization has operating and finance leases of office buildings, copiers, and printers under agreements with contractual periods ranging from 1 to 5 years. Certain lease agreements contain scheduled rent escalation clauses and others include rental payments adjusted periodically depending on an index or rate. Some of the leases contain one or more options to extend. The exercise of lease renewal options is generally at the Organization's sole discretion. Options that are reasonably certain to be exercised, considering all relevant economic and financial factors, are included in the lease term. Leases with an initial term of 12 months or less are not recorded on the statement of financial position. Lease expense is recognized for these leases on a straight-line basis over the lease term. The lease agreements do not contain any material residual value guarantees.

The Organization has elected the practical expedient to account for the lease and non-lease components as a single lease component (e.g., maintenance and operating services). Therefore, for those leases, the lease payments used to measure the lease liability include all of the fixed consideration in the contract. All variable payments not based on a market rate, or an index are expensed as incurred.

The Organization determines if an arrangement is or contains a lease at contract inception. The Organization recognizes a right-of-use asset and a lease liability at the lease commencement date. The lease liability is initially measured at the present value of the unpaid lease payments at the lease commencement date. Key estimates and judgments include how the Organization determines the discount rate, the lease term, and the lease payments.

When the discount rate implicit in a lease is not readily determinable, the Organization calculates the lease liability using the risk-free rate.

MEALS-ON-WHEELS GREATER SAN DIEGO, INC. DBA MEALS ON WHEELS SAN DIEGO COUNTY

Notes to Financial Statements

Years Ended September 30, 2024 and 2023

Note 10 - Leasing Arrangements, continued

The following summarizes operating and finance leases as of September 30:

	2024	2023
<u>Operating Leases</u>		
Operating lease right-of-use-assets	\$ 1,610,610	\$ 1,733,585
Current portion of operating lease liabilities	\$ 161,888	\$ 140,036
Operating lease liabilities, net of current portion	1,497,734	1,626,869
	\$ 1,659,622	\$ 1,766,905
<u>Finance Leases</u>		
Property and equipment	\$ 54,573	\$ 54,573
Accumulated amortization	(25,886)	(12,943)
	\$ 28,687	\$ 41,630
Current portion of finance lease liabilities	\$ 15,602	\$ 25,160
Finance lease liabilities, net of current portion	9,557	14,997
	\$ 25,159	\$ 40,157

The amounts contractually due on lease liabilities as of September 30, 2024 were as follows:

Year Ending September 30,	Operating	Finance
2025	\$ 219,574	\$ 16,275
2026	225,919	9,697
2027	216,982	-
2028	207,152	-
2029	213,366	-
Thereafter	858,049	-
Total lease payments	1,941,042	25,972
Less amount representing imputed interest	(281,420)	(813)
Present value of lease liabilities	\$ 1,659,622	\$ 25,159

The following summarizes the line items in the statement of activity which include the components of lease expense for the year ended September 30:

	2024	2023
Operating leases:		
Operating lease expense, included in occupancy	\$ 239,773	\$ 224,692
Finance leases:		
Amortization of lease assets, included in contracts and leases	12,943	12,943
Interest on lease liabilities, included in contracts and leases	1,277	1,859
Total lease cost	\$ 253,993	\$ 239,494

MEALS-ON-WHEELS GREATER SAN DIEGO, INC. DBA MEALS ON WHEELS SAN DIEGO COUNTY

Notes to Financial Statements

Years Ended September 30, 2024 and 2023

Note 10 - Leasing Arrangements, continued

Supplemental cash flow information related to leases were as follows at September 30:

	2024	2023
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash flows from finance leases	\$ 1,327	\$ 1,728
Financing cash flows from finance leases	\$ 14,948	\$ 14,547
Operating cash flows from operating leases	\$ 212,464	\$ 191,372
Right-of-use assets obtained in exchange for new lease liabilities:		
Operating leases	\$ -	\$ 1,891,341
Finance leases	\$ 41,712	\$ 54,573

Supplemental statement of financial position information related to leases were as follows at September 30:

	2024	2023
Weighted average remaining lease term - Operating leases	2.59	3.51
Weighted average remaining lease term - Finance leases	8.48	9.55
Weighted average discount rate - Operating leases	3.94%	3.95%
Weighted average discount rate - Finance leases	3.68%	3.68%

Note 11 - Pension Plan

The Organization has a 401(k) Profit Sharing Plan covering all full-time employees that are at least 21 years old, have completed one year of service, and worked 1,000 hours during the calendar year. A qualified employee is fully vested after four years. Funding of the plan is made at the discretion of management. Total pension expense was \$78,986 and \$63,846 for the years ended September 30, 2024 and 2023.

Note 12 - Endowments

The Organization's endowment consists of donor-restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the Organization has interpreted Uniform Prudent Management of Constitution Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

MEALS-ON-WHEELS GREATER SAN DIEGO, INC. DBA MEALS ON WHEELS SAN DIEGO COUNTY**Notes to Financial Statements**Years Ended September 30, 2024 and 2023

Note 12 - Endowments, continued

The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity is subject to appropriation for expenditure by the Organization in a manner that is consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the Organization and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the Organization
- 7) The investment policies of the Organization

At September 30, 2024, the endowment net assets composition by type of fund consists of the following:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor designated funds:			
Original donor-restricted gift amount required to be maintained in perpetuity by donor:			
Endowments	\$ -	\$ 3,584,951	\$ 3,584,951
Beneficial interests in assets held by RSFF	-	860,459	860,459
Accumulated investment gains:			
Endowments	-	1,456,996	1,456,996
Beneficial interests in assets held by RSFF	-	72,900	72,900
	<u>\$ -</u>	<u>\$ 5,975,306</u>	<u>\$ 5,975,306</u>

At September 30, 2023, the endowment net assets composition by type of fund consists of the following:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor designated funds:			
Original donor-restricted gift amount required to be maintained in perpetuity by donor:			
Endowments	\$ -	\$ 3,044,060	\$ 3,044,060
Accumulated investment gains:			
Endowments	-	814,304	814,304
	<u>\$ -</u>	<u>\$ 3,858,364</u>	<u>\$ 3,858,364</u>

MEALS-ON-WHEELS GREATER SAN DIEGO, INC. DBA MEALS ON WHEELS SAN DIEGO COUNTY

Notes to Financial Statements

Years Ended September 30, 2024 and 2023

Note 12 - Endowments, continued

Changes in endowment net assets for the year ended September 30, 2024, consist of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 3,858,364	\$ 3,858,364
Contributions	-	1,401,350	1,401,350
Appropriated expenditures	-	(208,053)	(208,053)
Investment return, net	-	923,645	923,645
Endowment net assets, end of year	\$ -	\$ 5,975,306	\$ 5,975,306

Changes in endowment net assets for the year ended September 30, 2023, consist of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 3,595,280	\$ 3,595,280
Appropriated expenditures	-	(103,250)	(103,250)
Investment return, net	-	366,334	366,334
Endowment net assets, end of year	\$ -	\$ 3,858,364	\$ 3,858,364

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide funding for the operating expenses of programs supported by its endowments and increase the value of the original contributed capital by an amount not less than the annual increase in the Consumer Price Index (CPI). In order to meet this objective, the endowment asset portfolio is structured to achieve a compounded annual return, net of investment management expenses, of 6% plus the annual rate of inflation (Target Return) over ten years. In achieving the Target Return, the Organization seeks to maintain a level of portfolio risk, as measured by the annualized monthly standard deviation, commensurate with the portfolio's market-related index. The market-related index is made up of selected market indices that are representative of the asset classes in which the portfolio is invested and which is weighted in the same percentages as the asset classes in which the portfolio is invested.

Investment Strategy

The investment strategy of the Organization is to develop a diversified portfolio of investments. For equity investments, the selection of such holdings is based on the merits of long-term ownership without the intent of short-term trading. To achieve the Target Return, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Spending Policy

The Organization has a policy of appropriating for distribution each year an amount equal to 5% of the average balance of the assets associated with the endowments for the previous twelve quarters. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long-term, the Organization expects the current spending policy to allow its endowment to grow at the average annual rate of inflation over ten years. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return. The spending rate policy is reviewed annually by the Finance Committee.