

MOVEABLE FEAST, INC.

FINANCIAL STATEMENTS

Years Ended December 31, 2020 and 2019
AND
INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Moveable Feast, Inc.

We have audited the accompanying financial statements of Moveable Feast, Inc., which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



Member, American Institute of Certified Public Accountants

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Moveable Feast, Inc. as of December 31, 2020 and 2019, and the changes in its net assets, functional expenses, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2021, on our consideration of Moveable Feast, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of its testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Moveable Feast, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Rubins & Company". The signature is written in a cursive, flowing style.

September 30, 2021
Bethesda, Maryland

MOVEABLE FEAST, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents		
Unrestricted	\$ 1,645,889	\$ 439,175
Restricted - capital campaign	55,323	64,366
Total cash and cash equivalents	<u>1,701,212</u>	<u>503,541</u>
Contracts and grants receivable	223,820	346,401
Inventory - food	71,498	35,533
Prepaid and other	17,203	17,272
Investments	1,397,974	1,597,933
Investments - capital campaign	510,997	510,997
Total investments	<u>1,908,971</u>	<u>2,108,930</u>
Total current assets	3,922,704	3,011,677
Property and equipment, net	1,446,965	1,619,947
Security deposit	9,434	9,434
Total assets	<u>\$ 5,379,103</u>	<u>\$ 4,641,058</u>
LIABILITIES AND NET ASSETS		
Note payable, Paycheck Protection Program	\$ 349,900	\$ -
Accounts payable	111,826	121,068
Accrued expenses	138,321	203,486
Total liabilities	<u>600,047</u>	<u>324,554</u>
Net assets		
Without donor restrictions		
Undesignated	3,815,015	3,258,143
Board designated	269,000	269,000
Total net assets without donor restrictions	4,084,015	3,527,143
With donor restrictions	695,041	789,361
Total net assets	<u>4,779,056</u>	<u>4,316,504</u>
Total liabilities and net assets	<u>\$ 5,379,103</u>	<u>\$ 4,641,058</u>

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

MOVEABLE FEAST, INC.
STATEMENT OF ACTIVITIES
Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Government grants	\$ 1,513,028	\$ 65,000	\$ 1,578,028
Contributions and non-government grants	1,076,358	547,401	1,623,759
In-kind donations	359,512	-	359,512
Special events, net \$113,932 of direct costs	755,684	-	755,684
Contracted services	380,831	-	380,831
Capital Campaign donor restricted gifts	-	4,789	4,789
Other income	5,246	-	5,246
Net assets released from restrictions	711,510	(711,510)	-
Total revenue and support	4,802,169	(94,320)	4,707,849
Expenses			
Program services	3,456,063	-	3,456,063
Supporting services			
General and administrative	633,029	-	633,029
Fundraising	256,965	-	256,965
Total expenses	4,346,057	-	4,346,057
Changes in net assets from operations	456,112	(94,320)	361,792
Non-operating activity			
Investment income	100,760	-	100,760
Changes in net assets	556,872	(94,320)	462,552
Net assets beginning of year	3,527,143	789,361	4,316,504
Net assets end of year	\$ 4,084,015	\$ 695,041	\$ 4,779,056

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

MOVEABLE FEAST, INC.
STATEMENT OF ACTIVITIES
Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Government grants	\$ 1,561,216	\$ -	\$ 1,561,216
Contributions and non-government grants	394,139	271,495	665,634
In-kind donations	1,017,477	-	1,017,477
Special events, net \$212,991 of direct costs	663,714	-	663,714
Contracted services	550,633	-	550,633
Capital Campaign donor restricted gifts	-	25,311	25,311
Other income	11,037	-	11,037
Net assets released from restrictions	693,925	(693,925)	-
Total revenue and support	4,892,141	(397,119)	4,495,022
Expenses			
Program services	4,434,020	-	4,434,020
Supporting services			
General and administrative	545,876	-	545,876
Fundraising	456,655	-	456,655
Total expenses	5,436,551	-	5,436,551
Changes in net assets from operations	(544,410)	(397,119)	(941,529)
Non-operating activity			
Investment income	104,975	-	104,975
Loss on disposal of property and equipment	(13,987)	-	(13,987)
Total non-operating activity	90,988	-	90,988
Changes in net assets	(453,422)	(397,119)	(850,541)
Net assets beginning of year	3,980,565	1,186,480	5,167,045
Net assets end of year	\$ 3,527,143	\$ 789,361	\$ 4,316,504

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

MOVEABLE FEAST, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2020

	Program Services	General and Administrative	Fundraising	Total
Salaries and related benefits	\$ 1,251,182	\$ 271,059	\$ 246,129	\$ 1,768,370
Professional fees and contracted services	189,931	202,352	45,059	437,342
Contract labor	87,280	-	-	87,280
Advertising	-	4,503	1,650	6,153
Community relations expense	15	-	210	225
Staff expense	4,355	7,624	5,127	17,106
Insurance	44,575	14,964	1,802	61,341
Leased equipment	10,676	1,969	2,469	15,114
Meeting costs	72	221	-	293
Permits and licenses	2,250	155	2,265	4,670
Postage and publications	2,898	2,569	4,099	9,566
Marketing and development	1,501	1,091	10,421	13,013
Supplies	21,052	2,202	600	23,854
Computer equipment and software costs	50,244	8,205	35,551	94,000
Telephone and internet costs	14,374	2,563	1,576	18,513
Rent	-	8,400	-	8,400
Lodging and venue costs	-	-	171	171
Utilities	113,760	25,808	5,141	144,709
Kitchen, food and disposables	1,046,877	-	-	1,046,877
Donated services	328,256	31,256	-	359,512
Equipment repairs	27,207	-	-	27,207
Equipment - non capital	5,963	-	-	5,963
Transportation	30,680	165	1,258	32,103
Repair and maintenance	27,361	-	-	27,361
Bank and credit card fees	-	4,520	-	4,520
Depreciation expense	195,502	36,101	7,244	238,847
Miscellaneous	52	120	125	297
Bad debt expense	-	7,182	-	7,182
Sub-total	<u>3,456,063</u>	<u>633,029</u>	<u>370,897</u>	<u>4,459,989</u>
Less: expenses netted against revenues on statement of activities for special event costs	<u>-</u>	<u>-</u>	<u>(113,932)</u>	<u>(113,932)</u>
Total expenses	<u>\$ 3,456,063</u>	<u>\$ 633,029</u>	<u>\$ 256,965</u>	<u>\$ 4,346,057</u>

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

MOVEABLE FEAST, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2019

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and related benefits	\$ 1,523,943	\$ 258,070	\$ 330,277	\$ 2,112,290
Professional fees and contracted services	107,800	104,036	16,856	228,692
Contract labor	75,834	8,039	-	83,873
Advertising	-	15,499	1,400	16,899
Community relations expense	1,321	623	1,951	3,895
Staff expense	6,391	1,036	1,229	8,656
Insurance	39,679	7,262	1,452	48,393
Legal fees	-	3,251	-	3,251
Leased equipment	11,155	1,911	2,397	15,463
Meeting costs	-	3,856	1,005	4,861
Staff development	2,975	1,004	192	4,171
Permits and licenses	983	604	2,786	4,373
Postage and publications	2,868	1,080	5,547	9,495
Marketing and development	6,514	252	52,781	59,547
Supplies	30,088	3,229	764	34,081
Computer equipment and software costs	57,106	2,086	28,603	87,795
Telephone and internet costs	13,166	3,095	2,062	18,323
Rent	-	14,400	-	14,400
Lodging and venue costs	4,095	100	28,862	33,057
Utilities	122,444	22,399	5,050	149,893
Research study	87,083	-	-	87,083
Dues and subscriptions	3,693	4,894	663	9,250
Kitchen, food and disposables	1,186,650	-	-	1,186,650
Stipends	3,001	-	-	3,001
Donated services	802,757	41,959	172,760	1,017,476
Equipment repairs	74,769	620	-	75,389
Equipment - non capital	2,089	321	-	2,410
Transportation	56,343	1,068	5,279	62,690
Bank and credit card fees	-	3,324	-	3,324
Depreciation expense	211,273	38,645	7,730	257,648
Bad debt expense	-	3,213	-	3,213
	<u>4,434,020</u>	<u>545,876</u>	<u>669,646</u>	<u>5,649,542</u>
Sub-total				
Less: expenses netted against revenues on statement of activities for special event costs	<u>-</u>	<u>-</u>	<u>(212,991)</u>	<u>(212,991)</u>
Total expenses	<u>\$ 4,434,020</u>	<u>\$ 545,876</u>	<u>\$ 456,655</u>	<u>\$ 5,436,551</u>

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

MOVEABLE FEAST
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 462,552	\$ (850,541)
Reconciling adjustments:		
Depreciation and amortization	238,846	257,648
Loss on disposal of property and equipment	-	13,987
Allowance and discount of pledges receivable	(3,167)	(25,477)
Net realized and unrealized gains on marketable securi	(83,462)	(81,687)
Receipt of contributed securities and assets	-	(10,077)
Changes in operating assets and liabilities:		
Contracts and grants receivable	122,581	180,020
Contributions receivable	-	430,000
Pledges receivable - capital campaign	3,167	42,756
Inventory - food	(35,965)	(29,640)
Prepaid and other	69	(5,626)
Accounts payable	(9,242)	(25,858)
Accrued expenses	<u>(65,165)</u>	<u>54,454</u>
Net cash provided (used) by operating activities	630,214	(50,041)
Cash flows from investing activities:		
Purchases of investments	(33,254)	(1,725,019)
Sales of investments	316,675	45,416
Acquisition of property and equipment	(65,864)	(125,941)
Sale of property and equipment	-	2,200
Net cash provided (used) by investing activities	<u>217,557</u>	<u>(1,803,344)</u>
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program note payable	<u>349,900</u>	<u>-</u>
Net cash provided by financing activities	<u>349,900</u>	<u>-</u>
Net change in cash and cash equivalents	1,197,671	(1,853,385)
Cash and cash equivalents, beginning of year	<u>503,541</u>	<u>2,356,926</u>
Cash and cash equivalents, end of year	<u>\$ 1,701,212</u>	<u>\$ 503,541</u>

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

MOVEABLE FEAST, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2020 and 2019

1. Organization

Moveable Feast, Inc. (the Organization) is a nonprofit, non-stock corporation founded in 1989 and incorporated under the laws of the State of Maryland. The Organization provides nutritious foods and other services in order to preserve quality of life for people with HIV/AIDS and other life-threatening conditions. Now in its 31st year, the Organization continues to deliver medically tailored, nutritious meals through its Home Delivered meals program to its neighbors in need while significantly and strategically expanding in the following areas:

- Service offerings now include Medical Nutrition Therapy with its registered dietitians; the Community Partners Meal Program which provides nutritious meals to shelters, drop-in centers, senior centers, and other agencies in the Baltimore area; medical transportation to clinical appointments; and the focus of this proposal, the Culinary Apprentice Training Program.
- It has broadened program eligibility beyond HIV/AIDS to include cancers and all other chronic, life-threatening diseases such as renal failure, advanced diabetes, and heart disease.
- The service area has grown substantially, expanding beyond Baltimore City to include the five surrounding counties and the entire nine counties comprising Maryland's Eastern Shore.
- The Organization created the Culinary Apprentice Training Program to provide its struggling neighbors with the skills and experience needed to obtain stable, family-sustaining employment. Now in its 16th year, it is one of Baltimore's longest running and most successful culinary workforce development programs. The program targets individuals who are currently unemployed or severely under-employed, and who may face a variety of challenges including a broken or nonexistent work history, a criminal record, or a history of trauma, homelessness, or substance abuse. For those working to overcome such obstacles, the Culinary Apprentice Training Program offers the opportunity to gain valuable skills and build self-confidence while receiving the support needed to obtain substantive employment.

All services are provided at no cost to those the Organization serves and specifically cater to the severely ill, the extremely poor, and those facing barriers to employment. Focused on creating healthier and more hopeful communities, the Organization ensures that the men, women, and children serviced are armed with the ammunition they need to best fight their illnesses or the training they need to succeed.

The Organization also prepares and delivers healthy, nutritional meals to various Drop-In Centers in Baltimore City. These centers provide services to persons living in Baltimore who are experiencing homelessness and infected and affected by HIV/AIDS.

MOVEABLE FEAST, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2020 and 2019

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles, which requires 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. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

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.

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.

Basis of Accounting

The accompanying financial statements are presented in accordance with the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing services. Non-operating activities are limited to resources that are considered to be of a more unusual or nonrecurring nature.

MOVEABLE FEAST, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash includes interest and noninterest bearing operating accounts with insured financial institutions. Deposits often exceed federally insured limits. Management, however, does not consider this a significant concentration of credit risk. Cash equivalents at December 31, 2020 and 2019, include money market accounts. Cash and cash equivalents exclude such amounts included with the investment pool as those funds are part of the investment strategy and portfolio.

Investments

Investments purchased are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair market value in the statements of financial position. Net investment return (loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses.

Contracts and Grants Receivable

Accounts receivable consist primarily of noninterest-bearing amounts due for contracted services and are carried at original invoice amount less an estimate of doubtful accounts based on a review of all outstanding amounts. The Organization determines the allowance for uncollectible accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible. Accounts receivable are deemed to be fully collectible; therefore, no allowance for doubtful accounts is recorded as of December 31, 2020 and 2019.

Pledges and Contributions Receivable

Pledges and contributions receivable represent unconditional promises to give from various contributors. The pledges and contributions are collectible in a year as of December 31, 2020 and 2019. Moveable Feast, Inc. records an allowance for doubtful accounts equal to estimated losses that will be incurred in the collection of receivables. The estimated losses are based on historical collection experience and the review of the current status of existing receivables. For the years ended December 31, 2020 and 2019, the allowance for doubtful accounts was \$110,186 and \$113,974, respectively.

Inventory

Inventory consists of food and other kitchen supplies and is stated at cost. Cost is determined using the weighted-average method.

MOVEABLE FEAST, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

Property and Equipment

The Organization records property and equipment additions over \$1,000 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from three to thirty years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are currently expensed.

Revenue Recognition

Contributions

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a 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 have been met.

Contributions 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-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of 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.

Contract and Grant Revenue

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. At December 31, 2020 and 2019, all cost-reimbursable grants have been recognized because the qualifying expenditures have been incurred.

MOVEABLE FEAST, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

Non-federal grants that are with or without donor restrictions are recorded as grant revenue in the year notification is received from the donor. Grants with donor restrictions are recognized as support without restriction only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

Contracted Services

A portion of the Organization's revenue is derived from contracted meal services with state and non-federal entities, which are conditioned upon certain performance obligations. Revenue is recognized once services have been performed. Due to the nature and timing of the performance of services, there was not deferred revenue under contracted services for the years ended December 31, 2020 and 2019.

Special Events

Special event fees and sponsorships are directly related to fundraising and are recorded as revenue when the events occur. Expenses related to the direct donor benefit portion of the special events are reported as decreases to special event fees and sponsorships on the statements of activities.

Capital Campaign Contributions

During the year ended December 31, 2014, the Organization initiated the Capital Campaign to raise \$2.5 million for capital improvements and renovations. Contributions for the Capital Campaign are maintained in restricted cash and investment accounts as reported on the statement of financial position. There were no pledges outstanding for the Capital Campaign for the years ended December 31, 2020 and 2019. (Note 5).

Donated Services and In-Kind Contributions

Donated Services are recognized as contributions if the services (a) create or enhance a nonfinancial asset or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization received donated services for professional legal services and from a variety of unpaid volunteers assisting in preparing and delivering meals. During 2020 and 2019, volunteers donated to the Organization, approximately 9,300 and 33,000 hours, respectively.

Donated services meeting the requirements for recordation in the financial statements have been recorded at the respective fair values of the services received. Contributed goods are recorded at fair value at the date of donation (Note 11).

MOVEABLE FEAST, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

Concentrations

The Organization currently receives a substantial amount of its support from the federal government in the form of grants. A significant reduction in the level of this support, if this were to occur, may have a significant effect on the Organization's programs and activities.

Advertising Costs

Advertising costs are expensed as incurred, and approximated \$6,153 and \$16,899 for the years ended December 31, 2020 and 2019, respectively.

Functional Expense Allocations

The costs of providing various programs and other activities of the Organization have been summarized on a functional basis in the statement of activities. Expenses are allocated among the programs and supporting services based upon the functions they directly benefit and management's estimates of overhead and other indirect expenses applicable to each function, using primarily direct labor costs.

Tax Status

Moveable Feast, Inc. is a publicly supported organization, exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except as to income from unrelated business activities, if any. Tax years ended December 31, 2017 through 2019, remain open to examination by the taxing jurisdictions to which the Organization is subject, and they have not been extended beyond the applicable statute of limitations.

Uncertainty in Income Taxes

Moveable Feast, Inc. has a process in place to ensure the maintenance of its exempt-status; to identify and report unrelated business income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

MOVEABLE FEAST, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

Fair Value Measurements

The Organization reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by generally accepted accounting principles, gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The fair value hierarchy is as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities that the Organization can access.
- Level 2: Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

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

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported as of the end of the reporting period. For the years ended December 31, 2020 and 2019, there was no significant transfers in or out of levels 1, 2 or 3.

MOVEABLE FEAST, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

The following is a description of the valuation methodologies used for assets measured at fair value:

- Investments in *money market funds* are valued at the net asset value (generally \$1) of shares held by the Organization at year-end reported in the listing of the applicable major exchanges. Such securities are classified within Level 1 of the valuation hierarchy.
- Investments in *mutual funds* are valued at net asset value, reported daily in the active exchanges, of shares held by the Organization at year-end. Such securities are classified within Level 1 of the valuation hierarchy.
- Investments in *fixed annuities* are valued at cost, plus fixed account guaranteed interest specified in the annuity contract. Such securities are classified within Level 2 of the valuation hierarchy.

Reclassifications

Certain amounts in prior periods have been reclassified to conform with current period presentation.

Pending accounting pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for the Organization for the year beginning January 1, 2022. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Organization is currently evaluating the impact of the adoption of this guidance on the financial statements.

Subsequent Events

Management has evaluated subsequent events through September 30, 2021, the date the financial statements were available to be issued.

MOVEABLE FEAST, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2020 and 2019

3. Availability and Liquidity

The following reflects the Organization's financial assets at December 31, 2020 and 2019, reduced by amounts not available for general use within one year of the statement of financial position date because of donor imposed restrictions and internal board designations. Amounts not available include amounts set aside for long-term investing in the board designated reserves that could be drawn upon if the governing board approves that action.

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents		
Unrestricted	\$ 1,645,889	\$ 439,175
Restricted - capital campaign	<u>55,323</u>	<u>64,366</u>
Total cash and cash equivalents	1,701,212	503,541
Grants, contracts and contributions receivable, net	223,820	346,401
Investments	<u>1,908,971</u>	<u>2,108,930</u>
Total financial assets	<u>3,834,003</u>	<u>2,958,872</u>
Net asset restrictions:		
With donor restrictions	(695,041)	(789,361)
Board designations:	<u>(269,000)</u>	<u>(269,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,869,962</u>	<u>\$ 1,900,511</u>

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit.

MOVEABLE FEAST, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2020 and 2019

4. Investments

Investments at fair value consist of the following at December 31, 2020 and 2019:

	Fair Value Levels (Note 2)	<u>2020</u>	<u>2019</u>
Cash and money market funds	1	\$ 820,363	\$ 370,784
Mutual funds	1	940,562	849,178
Fixed annuities	2	<u>148,046</u>	<u>888,968</u>
Total investments		<u>\$ 1,908,971</u>	<u>\$ 2,108,930</u>

Investments are reported at fair values at year-end. See Note 2 for a discussion of fair value measurements. The investments are subject to market risks, and their values fluctuate daily. Due to the level of risk associated with investment securities, changes in the values of investment securities will occur in the near term, and such changes could materially affect the Organization's financial position.

5. Pledges Receivable – Capital Campaign

During the year ended December 31, 2014, the Organization initiated the Capital Campaign to raise \$2.5 million for capital improvements and renovations. Pledges receivable for the Capital Campaign (Note 2) as of December 31, 2020 and 2019, included the following unconditional promises to give:

	<u>2020</u>	<u>2019</u>
Amount due within one year	\$ 110,807	\$ 114,595
Amounts due in one to five years	<u>-</u>	<u>-</u>
	110,807	114,595
Less: discount to net present value	(621)	(621)
Less: allowance for uncollectible promises to give	<u>(110,186)</u>	<u>(113,974)</u>
Pledges receivable, net	<u>\$ -</u>	<u>\$ -</u>

MOVEABLE FEAST, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2020 and 2019

6. Property and Equipment

Property and equipment consist of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Buildings and improvements	\$ 1,897,483	\$ 1,896,033
Kitchen equipment	511,843	484,007
Transportation equipment	425,083	425,083
Furniture and fixtures	<u>291,128</u>	<u>333,851</u>
	3,125,537	3,138,974
Less: accumulated depreciation and amortization	<u>(1,678,572)</u>	<u>(1,519,027)</u>
Property and equipment, net	<u>\$ 1,446,965</u>	<u>\$ 1,619,947</u>

Depreciation expense totaled \$238,846 and \$257,648 for the years ended December 31, 2020 and 2019, respectively.

7. Line of Credit

The Organization has a line of credit up to \$100,000 as of December 31, 2020 and 2019. There was no outstanding balance on the line of credit as of December 31, 2020 and 2019. The interest rate on the line of credit is variable, based on the prime rate. As of December 31, 2020 and 2019, the interest rate was 5.75%.

MOVEABLE FEAST, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2020 and 2019

8. Leases

Moveable Feast, Inc. leased its kitchen facilities and office facilities through a seven-year lease beginning in December 2007. The base rent was \$55,404, with a 3% escalation clause each year. During the year ended December 31, 2014, the lease expired which resulted in a month-to-month lease with CAM (common area maintenance) charges only until new terms are negotiated. CAM charges totaled approximately \$126,000 for both 2020 and 2019 and were included with utilities expense.

In addition, the Organization has a month-to-month lease agreement with an unrelated entity. Rent expense for the years ended December 31, 2020 and 2019, totaled \$8,400 and \$14,400, respectively.

9. Net Assets with Donor Restrictions

Net asset with donor restrictions were designated by donors for the following purposes as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Capital Campaign (Note 2)	\$ 562,718	\$ 575,364
Foundation grants	<u>132,323</u>	<u>213,997</u>
	<u>\$ 695,041</u>	<u>\$ 789,361</u>

Net assets with donor restrictions were released from restrictions as follows during the year ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Capital Campaign (Note 2)	\$ 27,836	\$ 87,749
Foundation grants	<u>683,674</u>	<u>606,176</u>
Total donor restricted net assets released	<u>\$ 711,510</u>	<u>\$ 693,925</u>

10. Board-Designated Net Assets without Donor Restrictions

The Board of Directors of Moveable Feast, Inc. designated \$269,000 for the Capital Campaign (Note 2) in support of renovations and improvements for the years ended December 31, 2020 and 2019.

MOVEABLE FEAST, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2020 and 2019

11. Donated Services and In-Kind Contributions

Moveable Feast, Inc. received donated professional services and materials as follows during the years ended December 31, 2020 and 2019:

<u>2020</u>	Program Services	Management and General	Fundraising and Development	Total
Kitchen services	\$ 240,152	\$ -	\$ -	\$ 240,152
Special event services	-	-	33,199	33,199
Legal services	-	31,256	-	31,256
Supplies	54,905	-	-	54,905
	<u>\$ 295,058</u>	<u>\$ 31,256</u>	<u>\$ 33,199</u>	<u>\$ 359,512</u>
<u>2019</u>				
Kitchen services	\$ 775,756	\$ -	\$ -	\$ 775,756
Special event services	-	-	172,760	172,760
Advocacy	25,000	-	-	25,000
Legal services	16,960	-	-	16,960
Food	11,198	-	-	11,198
Supplies	15,803	-	-	15,803
	<u>\$ 844,717</u>	<u>\$ -</u>	<u>\$ 172,760</u>	<u>\$ 1,017,477</u>

12. Retirement Plan

The Organization sponsors a tax-deferred annuity plan (the Plan) qualified under Section 403(b) of the Internal Revenue Code covering substantially all full-time employees. The Plan provides that employees may voluntarily contribute their earnings to the Plan, up to the maximum contribution allowed by the IRS. Employer contributions are discretionary and are determined and authorized by the Board of Directors each plan year. During both years ended December 31, 2020 and 2019, the Organization matched employee voluntary contributions up to 3% of eligible compensation. Total contributions were \$29,852 and \$35,486 for the years ended December 31, 2020 and 2019, respectively.

MOVEABLE FEAST, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2020 and 2019

13. Paycheck Protection Program

On May 11, 2020, Moveable Feast received a loan for \$349,900 through the Paycheck Protection Program (PPP), as established by the CARES Act, which allows qualifying businesses to obtain federal funding for amounts not to exceed two and a half times average monthly payroll expenses.

Under the provisions of the CARES Act, the PPP proceeds must be used for eligible expenses, which includes payroll, benefits, rent and utilities. The eligible expenses may be forgiven if such expenses are incurred during the 24-week period after receipt of the PPP funding and if Moveable Feast maintains its pre-pandemic staffing levels. Moveable Feast has used the proceeds for expenses consistent with the PPP provisions. Management believes that the use of the loan proceeds meet the conditions for forgiveness.

For amounts received, but not forgiven, the excess proceeds will convert to a note payable, with a maturity date in May 2022 and accruing interest at 1.00% per annum. Under the provisions of the CARES Act, payments are deferred for six months and there is no collateral or guarantee requirements.

Moveable Feast has determined those expenses which are expected to meet the forgiveness conditions under the provisions of the CARES Act. The total proceeds of \$349,900 are reported as a note payable on the statement of financial position at December 31, 2020. On May 17, 2021, Moveable Feast received notification of approval of the PPP loan forgiveness application. Moveable Feast will record forgiveness in 2021, the year the Organization was legally released from the loan obligation.

14. COVID-19 Financial Statements Impacts

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. Moveable Feast is closely monitoring its cash position and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on Moveable Feast's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on Moveable Feast's donors, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact Moveable Feast's financial position and changes in net assets is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.