

MEALS ON WHEELS – OLDER ADULT ALTERNATIVES
OF FAIRFIELD COUNTY, INC.
FAIRFIELD COUNTY
REGULAR AUDIT
FOR THE YEAR ENDED DECEMBER 30, 2022



Millhuff-Stang, CPA, Inc.
8841 Ohio River Road / Wheelersburg, Ohio 45694 / Phone: 740.876.8548
45 West Second Street, Suite D / Chillicothe, Ohio 45601 / Phone: 740.851.4978
Fax: 888.876.8549
natalie@millhuffstangcpa.com / roush@millhuffstangcpa.com
www.millhuffstangcpa.com

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Board of Directors
Meals on Wheels-Older Adult Alternatives of Fairfield County, Inc.
1515 Cedar Hill Road
Lancaster, Ohio 43130

We have reviewed the *Independent Auditor's Report* of Meals on Wheels-Older Adult Alternatives of Fairfield County, Inc., Fairfield County, prepared by Millhuff-Stang, CPA, Inc., for the audit period January 1, 2022 through December 31, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Meals on Wheels-Older Adult Alternatives of Fairfield County, Inc. is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

November 08, 2023

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Meals on Wheels – Older Adult Alternatives of Fairfield County, Inc.
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Independent Auditor's Report

Board of Directors
Meals on Wheels – Older Adult Alternatives of Fairfield County, Inc.
1515 Cedar Hill Road
Lancaster, Ohio 43130

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Meals on Wheels – Older Adult Alternatives of Fairfield County, Inc., Fairfield County, Ohio (the Organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Meals on Wheels – Older Adult Alternatives of Fairfield County, Inc., Fairfield County, Ohio as of December 31, 2022 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 the Organization, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in note 15 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Organization. We did not modify our opinion regarding this matter.

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 the Organization's ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

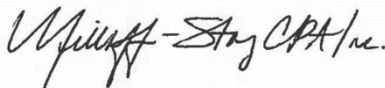
In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- 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 the Organization’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 the Organization’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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 11, 2023, on our consideration of the Organization’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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization’s 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 the Organization’s internal control over financial reporting and compliance.



Millhuff-Stang, CPA, Inc.
Chillicothe, Ohio

July 11, 2023

MEALS ON WHEELS - OLDER ADULT ALTERNATIVES OF FAIRFIELD COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2022

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	1,752,496
Tax levy receivable		48,203
Accounts receivable		55,644
Inventory		64,259
Prepaid expenses		26,656
Other assets		5,833
TOTAL CURRENT ASSETS		1,953,091

PROPERTY AND EQUIPMENT - NET

1,806,792

OTHER ASSETS

Investments		326,424
		<u>326,424</u>

TOTAL ASSETS \$ 4,086,307

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	56,561
Levy accounts payable		47,322
Accrued salaries		32,770
Compensated absences		91,396
TOTAL CURRENT LIABILITIES		228,049

NET ASSETS

Without donor restrictions		3,834,777
With donor restrictions		23,481
TOTAL NET ASSETS		3,858,258

TOTAL LIABILITIES AND NET ASSETS \$ 4,086,307

See accompanying notes to the financial statements.

MEALS ON WHEELS - OLDER ADULT ALTERNATIVES OF FAIRFIELD COUNTY, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES, GAINS, AND OTHER SUPPORT			
Levy revenue	\$ 2,961,540	\$ -	\$ 2,961,540
Grants	41,134	66,862	107,996
Contributions of financial assets	219,882	8,105	227,987
Contract revenue	931,038	-	931,038
Capital campaign	-	6,200	6,200
Miscellaneous	27,194	-	27,194
Contributions of non-financial assets	50,882	-	50,882
Gain/(loss) on investments, net	(48,421)	(2,316)	(50,737)
Interest	16,089	-	16,089
Gain on sale of capital assets	1,000	-	1,000
Support provided by expiring time and purpose restrictions	220,006	(220,006)	-
TOTAL REVENUES, GAINS, AND SUPPORT	<u>4,420,344</u>	<u>(141,155)</u>	<u>4,279,189</u>
EXPENSES			
Program services:			
Nutrition services division	2,779,050	-	2,779,050
Aging services division	902,375	-	902,375
Service provider contracts	91,076	-	91,076
Community outreach	170,000	-	170,000
Total program services	<u>3,942,501</u>	<u>-</u>	<u>3,942,501</u>
Management and general	97,452	-	97,452
Fundraising	21,987	-	21,987
TOTAL EXPENSES	<u>4,061,940</u>	<u>-</u>	<u>4,061,940</u>
LOSSES			
Loss on sale of assets	<u>140,660</u>	<u>-</u>	<u>140,660</u>
TOTAL EXPENSES AND LOSSES	<u>4,202,600</u>	<u>-</u>	<u>4,202,600</u>
CHANGE IN NET ASSETS	217,744	(141,155)	76,589
NET ASSETS, BEGINNING OF YEAR	<u>3,617,033</u>	<u>164,636</u>	<u>3,781,669</u>
NET ASSETS, END OF YEAR	<u>\$ 3,834,777</u>	<u>\$ 23,481</u>	<u>\$ 3,858,258</u>

See accompanying notes to the financial statements.

MEALS ON WHEELS - OLDER ADULT ALTERNATIVES OF FAIRFIELD COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2022

	Nutrition Services Division	Aging Services Division	Service Provider Contracts	Community Outreach	Total Program	Management and General	Fundraising	Total
Payroll	\$ 975,894	\$ 437,867	\$ -	\$ -	\$ 1,413,761	\$ 66,008	\$ 14,947	\$ 1,494,716
Payroll tax expense	91,719	30,573	-	-	122,292	6,436	-	128,728
Professional fees	82,691	27,564	-	-	110,255	5,803	-	116,058
Raw food and related supplies	953,664	-	-	-	953,664	-	5,703	959,367
Office supplies	16,911	5,637	-	-	22,548	1,187	1,219	24,954
Telephone	6,546	2,182	-	-	8,728	459	-	9,187
Occupancy	60,784	20,261	-	-	81,045	4,266	-	85,311
Rental/maintenance equipment	29,678	9,893	-	-	39,571	-	-	39,571
Printing and publications	8,908	2,969	-	-	11,877	625	118	12,620
Vehicle expense	83,460	27,820	-	-	111,280	-	-	111,280
Conference, training and meetings	5,772	1,924	-	-	7,696	405	-	8,101
Insurance	174,753	58,251	-	-	233,004	12,263	-	245,267
Licenses	2,911	970	-	-	3,881	-	-	3,881
In-kind services	38,162	12,721	-	-	50,883	-	-	50,883
Contractual services	-	-	91,076	-	91,076	-	-	91,076
Specific assistance	25,936	189,989	-	-	215,925	-	-	215,925
Grants	-	-	-	170,000	170,000	-	-	170,000
Miscellaneous	15,260	5,087	-	-	20,347	-	-	20,347
County Auditor's levy expense	36,089	12,030	-	-	48,119	-	-	48,119
	<u>2,609,138</u>	<u>845,738</u>	<u>91,076</u>	<u>170,000</u>	<u>3,715,952</u>	<u>97,452</u>	<u>21,987</u>	<u>3,835,391</u>
Depreciation	169,912	56,637	-	-	226,549	-	-	226,549
TOTAL	<u>\$ 2,779,050</u>	<u>\$ 902,375</u>	<u>\$ 91,076</u>	<u>\$ 170,000</u>	<u>\$ 3,942,501</u>	<u>\$ 97,452</u>	<u>\$ 21,987</u>	<u>\$ 4,061,940</u>

See accompanying notes to the financial statements.

MEALS ON WHEELS - OLDER ADULT ALTERNATIVES OF FAIRFIELD COUNTY, INC.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 76,589
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	226,549
(Gain)/loss on sale of capital asset	139,660
Unrealized (gain)/loss on investments	57,143
(Increase) decrease in operating assets	
Tax levy receivable	(33,614)
Accounts receivable	(7,498)
Grants receivable	48,621
Inventory	24,779
Prepaid expenses	1,447
Other assets	84
Increase (decrease) in operating liabilities	
Accounts payable	(39,488)
Levy accounts payable	34,942
Accrued salaries	11,795
Compensated absences	9,398
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>550,407</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property, plant and equipment	(335,792)
Interest reinvested	(3,185)
Investment contributions	(220,778)
Realized gains	(6,406)
NET CASH (USED) BY INVESTING ACTIVITIES	<u>(566,161)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	(15,754)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,768,250</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 1,752,496</u></u>

See accompanying notes to the financial statements.

Meals on Wheels-Older Adults Alternative of Fairfield County, Inc.

*Notes to the Financial Statements
For the Year Ended December 31, 2022*

Note 1 – Description of the Organization

Meals on Wheels – Older Adult Alternatives of Fairfield County, Inc. (the Organization) is a nonprofit organization that provides meals, transportation and other services for the elderly. The Organization’s services are limited to Fairfield County. The Organization is supported primarily through federal and state grants and monies received from the collection of a tax levy for the purposes of providing senior services to Fairfield County Seniors.

Note 2 – Summary of Significant Accounting Policies

The Organization prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit entities. The significant accounting and reporting policies used by the Organization are described subsequently to enhance the usefulness and understandability of the financial statements.

Basis of Accounting

The Organization prepares its financial statements using the accrual basis of accounting and accounting principles generally accepted in the United States of America.

Use of Estimates

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

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net assets without donor restrictions – Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting for the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions – Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor’s instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor’s instructions.

An organization’s unspent contributions are included in this class if the donor limited their use.

When a donor’s restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

Net assets with donor restrictions are further discussed in note 12.

Meals on Wheels-Older Adults Alternative of Fairfield County, Inc.

*Notes to the Financial Statements
For the Year Ended December 31, 2022*

Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions. Net gains on endowment investments increase net assets with donor restrictions, and net losses on endowment investments reduce that net asset class. The Organization had no endowments.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are shown at their net realizable value. Uncollectible accounts are charged to operations during the period in which they are determined to be uncollectible. Management believes that the direct write-off method closely approximates the reserve method of accounting for uncollectible accounts and believes that a reserve for bad debts is not required at December 31, 2022. There was no bad debt expense or write-offs for the year ended December 31, 2022.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond December 31, 2022 are recorded as prepaid expenses using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expense is reported in the fiscal year in which the services are consumed.

Property and Equipment

Property and equipment are recorded at cost and depreciated over their estimated useful lives ranging from 3 to 40 years by the straight-line method. Repairs and maintenance are charged to operations when incurred and additions and improvements are capitalized. The Organization capitalized assets with costs exceeding \$1,000 and useful lives in excess of one year through March 10, 2020. For additions and improvement recognized on or after March 11, 2020, the Organization capitalizes assets with costs exceeding \$5,000 and useful lives in excess of one year.

Contributions

Contributions of cash and other assets, including unconditional promises to give, are recognized as contributions of financial assets when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Donations of real property, services and other non-financial assets are recorded as contributions of non-financial assets and reported at their estimated fair value at the date of the gift. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset for a specific purpose.

Grant Revenue

Grant revenue is recognized when the qualifying costs are incurred for cost-reimbursement grants or contracts or when a unit of service is provided for performance grants. Grant revenue from federal agencies is subject to independent audit under the Office of Management and Budget's audit requirements for federal awards and review by grantor agencies. The review could result in the disallowance of expenditures under the terms of the grant or reductions of

Meals on Wheels-Older Adults Alternative of Fairfield County, Inc.

*Notes to the Financial Statements
For the Year Ended December 31, 2022*

future grant funds. Based on prior experience, the Organization's management believes that costs ultimately disallowed, if any, would not materially affect the financial position of the Organization.

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. The Organization maintains cash and cash equivalents with various financial institutions to limit exposure with any one financial institution. The Organization's receivables present virtually no risk of collection since they are due from government agencies and generally received prior to the date of the accountants' report.

Fair Value of Financial Instruments

The carrying value of the Organization's financial instruments, including cash, cash equivalents, accounts receivable, accounts payable and short-term debt approximates fair value due to their short-term maturities.

Expense Recognition and Allocation

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Salaries and wages, benefits and payroll taxes are allocated based on activity reports prepared by key personnel.
- In-kind contributions, county levy fees, and depreciation are allocated based on allocation percentages prepared by key personnel.
- Other expenses are allocated based on usage, typically by number of clients served.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Income Tax Status

The Organization is a not-for-profit organization classified as an other-than-private foundation and is exempt from income taxes under Internal Revenue Section 501(c)(3). Accordingly, no provision for federal income tax has been made in the accompanying financial statements. The Organization is subject to tax on income from any unrelated business.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain tax position that more likely than not would be sustained upon examination by the Internal Revenue Service. The Organization has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2022, there are no uncertain positions taken or expected to be taken that would require recognition (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to 2018.

Meals on Wheels-Older Adults Alternative of Fairfield County, Inc.

*Notes to the Financial Statements
For the Year Ended December 31, 2022*

Note 3 – Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2022 are:

Financial assets:	
Cash and cash equivalents	\$1,752,496
Tax levy receivable	48,203
Accounts receivable	55,644
Investments	326,424
Total financial assets	<u>2,182,767</u>
Less financial assets held to meet donor-imposed restrictions:	
Purpose-restricted net assets (Note 12)	<u>(23,481)</u>
Amount available for general expenditures within one year	<u>\$2,159,286</u>

The above table reflects donor-restricted funds as unavailable because the Organization must spend these resources in accordance with donor agreements. Note 12 provides more information about those funds.

Note 4 – Tax Levy Receivable

Fairfield County has a senior services tax levy for which services are provided by and through Meals on Wheels. In 2013, the County renewed their tax levy at 0.5 mills for each one dollar of valuation, which is equal to five cents (\$.05) for every \$100 of real property valuation. The levy was renewed in November 2018 with an increase of 0.3 mills for each dollar of valuation. Collections on the new levy began in 2019. The purpose of the levy is to provide services for older adult residents (aged 60 and older), including, but not limited to: home delivered meals, congregate site meals and activities, nutrition education, nutrition counseling, caregiver relief and support services, minor home repairs, transportation, and other senior citizens services.

The Organization recognizes as a receivable the difference between what was appropriated by the County for the levy and what has been released to Meals on Wheels for payment of expenditures.

As of December 31, 2022, the Organization has unappropriated funds at the County in the amount of \$2,606,421.

Note 5 – Fair Value Measurements

The Organization reports fair value measures of its assets and liabilities using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The asset or liability's measurement within the fair value hierarchy is based on the lowest level of input that is significant to the measurement. The three levels of inputs used to measure fair value are as follows:

Level 1 – Quoted prices for identical assets or liabilities in active markets to which the Organization has access at the measurement date.

Level 2 – Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

- quoted prices for similar assets or liabilities in active market;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- observable inputs other than quoted prices for the asset or liability; and
- inputs that are derived principally from, or corroborated by, observable market data by correlation or other means.

Level 3 – Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value if observable inputs are not available.

Meals on Wheels-Older Adults Alternative of Fairfield County, Inc.

*Notes to the Financial Statements
For the Year Ended December 31, 2022*

Note 6 – Investments

In 2017, Meals on Wheels established a fund with the Fairfield County Foundation. The investments are held in a pool of assets held by the Foundation for the benefit of various organizations.

An allocation of types of investments held by the Fairfield County Foundation, percentages held in each type, and approximate dollar amounts invested in each type at December 31, 2022 follows:

	Fair Value	Percentage
Corporate bonds	\$27,224	8.34
Stocks	54,284	16.63
Government Agencies	1,077	.33
Partnerships	1,501	0.46
Certificates of deposit	914	0.28
Mutual funds	214,820	65.81
Money market	26,604	8.15
Total	<u>\$326,424</u>	<u>100.00</u>

All investments are valued using Level 1 inputs.

Note 7 – Inventory

Inventory consists of food, beverages and supplies and is priced at cost on the first-in first-out basis.

Note 8 – Property and Equipment

Property and equipment consist of the following:

	Balance 12/31/21	Additions	Disposals	Balance 12/31/22
Land	\$20,600	\$-	\$-	\$20,600
Construction in process	-	234,038	-	234,038
Office equipment	260,769	-	(4,569)	256,200
Kitchen equipment	434,324	33,635	-	467,959
Vehicles	1,109,446	58,141	(19,391)	1,148,196
Buildings and improvements	1,458,113	-	(154,891)	1,303,222
	<u>3,283,252</u>	<u>325,814</u>	<u>(178,851)</u>	<u>3,430,215</u>
Accumulated Depreciation by Class:				
Office equipment	(167,762)	(15,145)	4,568	(178,339)
Kitchen equipment	(325,034)	(53,687)	-	(378,721)
Vehicles	(807,444)	(107,722)	19,391	(895,775)
Buildings and improvements	(134,825)	(49,995)	14,232	(170,588)
Total Accumulated Depreciation	<u>(1,435,065)</u>	<u>(226,549)</u>	<u>38,191</u>	<u>(1,623,423)</u>
NET PROPERTY AND EQUIPMENT	<u>\$1,848,187</u>	<u>\$99,265</u>	<u>(\$140,660)</u>	<u>\$1,806,792</u>

Meals on Wheels-Older Adults Alternative of Fairfield County, Inc.

*Notes to the Financial Statements
For the Year Ended December 31, 2022*

Note 9 – Compensated Absences

Regular full-time employees and regular part-time employees (regularly working 15 hours or more per week) are eligible to accrue vacation and sick time credit on a bi-weekly basis beginning on the first day of work. The chart below indicates the maximum vacation accruals for employees based on years of service per 80 hours worked. Part-time employees regularly scheduled to work 15 hours or more per week earn vacation time on a pro rata basis according to the number of hours they work and the number of years of service. Sick time accrues at a rate of 4.62 every regular, bi-weekly pay period for hours actually worked and continue to accrue without limit. Upon termination, an employee is paid for accrued but unused vacation credit. Upon resignation or retirement from active service and after at least 5 years of service, an employee may elect to be paid for their accrued sick leave balance up to a maximum of 240 hours of pay. Compensated absences as of December 31, 2022 was \$91,396.

Years of service	Yearly Accrual And Maximum Accrual	Accrued per 80 hours worked
Less than 8 yrs.	96 hours	3.6923
8-19 years	144 hours	5.5390
20+ years	192 hours	7.3850

Note 10– Grants

Grants are made to the Organization by various local organizations and government agencies. Some of these grants are restricted as to use and are therefore reported as donor-restricted revenues.

Note 11– Contributions

Donations are received from recipients of services and the general public. The donations of financial assets received for the year ended December 31, 2022 totaled \$227,987.

The Organization benefits from personal services provided by a substantial number of volunteers. Those volunteers have donated significant amounts of time and services in the Organization’s program operations and in its fundraising campaigns. However, the majority of the contributed services do not meet the criteria for recognition in financial statements. GAAP allow recognition of contributed services only if (a) the services create or enhance nonfinancial assets, or (b) the services would have been purchased if not provided by contribution require specialized skills, and are provided by individuals possessing those skills. Donated salaries and contributions with an estimated fair value of \$50,883 met those criteria and are included in contributions of nonfinancial assets revenue in the statement of activities. The donated services in the amounts of \$38,162 and \$12,721 were utilized during the year by the Nutrition Services Division and the Aging Services Division, respectively. The Organization estimates the fair value of these services utilizing estimates of hourly wages that would be paid for similar services in the United States.

Note 12 – Net Assets With Donor Restrictions

At December 31, 2022, net assets with donor restrictions are available for the following purpose:

Purpose restrictions, available for spending:	
Building Renovation Project	\$14,299
Home Repair Program	750
Pet Program	3,177
Older Adult Network	5,255
Total purpose-restricted net assets	<u>23,481</u>
Total net assets with donor restrictions	<u>\$23,481</u>

Meals on Wheels-Older Adults Alternative of Fairfield County, Inc.

*Notes to the Financial Statements
For the Year Ended December 31, 2022*

Note 13 – Line of Credit and Loan

The Organization has an unsecured line of credit established at the Vinton County National Bank. The maximum limit of credit is \$150,000 with an adjustable interest rate equal to the prevailing national rate as published in the Wall Street Journal. The outstanding balance as of December 31, 2022 was \$-0-

Note 14 – Subsequent Events

The Organization's management has performed an analysis for the activities and transactions subsequent to December 31, 2022 to determine the need for any adjustments or disclosures within the financial statements. Management has performed the analysis through July 11, 2023. The Organization has placed a levy request on the November 7th ballot which will be a replacement of the current 0.8 mill levy that is due to expire in 2023, last collected in 2024, and paid out in 2025.

Note 15 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Organization. The impact on the Organization's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2022, the Organization received \$34,476 of COVID funding all of which was sub-granted from other governments.

Note 16 – Adoption of New Accounting Pronouncements

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, which increases the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. The Organization adopted the new standard and it impacted the presentation of contribution revenue. Contributions that meet the criteria of nonfinancial assets are now shown separately on the financial statements from the contributions of cash and other financial assets. A note has also been added to disclose certain information about the nonfinancial asset contributions.

In February 2016, the FASB issued ASU No. 2016-02, Leases, which supersedes the current lease requirements in ASC 840. The new standard requires the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases based on the provisions of the contract. It establishes a single model for lease accounting based on the foundation principle that leases are financings of the right to use an underlying asset. The Organization adopted the new standard and there was no effect on the financial statements.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

Board of Directors
Meals on Wheels – Older Adult Alternatives of Fairfield County, Inc.
1515 Cedar Hill Road
Lancaster, Ohio 43130

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of Meals on Wheels – Older Adult Alternatives of Fairfield County, Inc., Fairfield County, Ohio (the Organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 11, 2023, wherein we noted that the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Organization.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

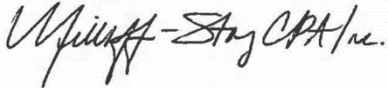
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Millhuff-Stang, CPA, Inc.
Chillicothe, Ohio

July 11, 2023

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OHIO AUDITOR OF STATE KEITH FABER



MEALS ON WHEELS - OLDER ADULT ALTERNATIVES OF FAIRFIELD COUNTY

FAIRFIELD COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 11/21/2023

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov