

MEALS ON WHEELS – OLDER ADULT ALTERNATIVES
OF FAIRFIELD COUNTY, INC.
FAIRFIELD COUNTY
REGULAR AUDIT
FOR THE YEAR ENDED DECEMBER 30, 2020



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OHIO AUDITOR OF STATE
KEITH FABER



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Board of Directors
Meals on Wheels - Older Adult Alternatives
1515 Cedar Hill Rd
Lancaster, OH 43130

We have reviewed the *Independent Auditor's Report* of the Meals on Wheels - Older Adult Alternatives, Fairfield County, prepared by Millhuff-Stang, CPA, Inc., for the audit period January 1, 2020 through December 31, 2020. 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. The Meals on Wheels - Older Adult Alternatives is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

August 27, 2021

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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 Financial Statements

We have audited the accompanying financial statements of the 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, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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.

Opinion

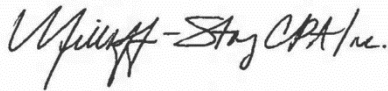
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Meals on Wheels – Older Adult Alternatives of Fairfield County, Inc., Fairfield County, Ohio as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in note 17 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 13, 2021, 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 13, 2021

MEALS ON WHEELS - OLDER ADULT ALTERNATIVES OF FAIRFILED COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2020

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	949,878
Tax levy receivable		27,179
Accounts receivable		397,917
Grants receivable		194,411
Inventory		112,527
Prepaid expenses		23,549
TOTAL CURRENT ASSETS		1,705,461

PROPERTY AND EQUIPMENT - NET

1,805,420

OTHER ASSETS

Investments		17,073
		<u>17,073</u>

TOTAL ASSETS **\$ 3,527,954**

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	55,543
Levy accounts payable		26,279
Accrued salaries		18,012
Compensated absences		66,100
Current portion of loan payable		86,557
TOTAL CURRENT LIABILITIES		252,491

LONG-TERM LIABILITIES

Loan payable		34,828
		<u>34,828</u>

TOTAL LIABILITIES 287,319

NET ASSETS

Without donor restrictions		3,221,294
With donor restrictions		19,341
		<u>19,341</u>

TOTAL NET ASSETS **3,240,635**

TOTAL LIABILITIES AND NET ASSETS **\$ 3,527,954**

See accompanying notes to the financial statements.

MEALS ON WHEELS - OLDER ADULT ALTERNATIVES OF FAIRFILED COUNTY, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Levy revenue	\$ 2,612,535	\$ -	\$ 2,612,535
Grants	242,442	78,160	320,602
Local contributions	360,226	1,544	361,770
Contract revenue	1,141,279	-	1,141,279
Capital campaign	-	13,250	13,250
Miscellaneous	124,940	-	124,940
In-kind revenue	19,708	-	19,708
Gain/(loss) on investments, net	1,045	518	1,563
Interest	712	-	712
Support provided by expiring time and purpose restrictions	87,428	(87,428)	-
TOTAL REVENUES, GAINS, AND SUPPORT	<u>4,590,315</u>	<u>6,044</u>	<u>4,596,359</u>
EXPENSES			
Program services:			
Nutrition services division	2,151,154	-	2,151,154
Aging services division	813,119	-	813,119
Service provider contracts	81,810	-	81,810
Community outreach	142,750	-	142,750
Total program services	<u>3,188,833</u>	<u>-</u>	<u>3,188,833</u>
Management and general	200,589	-	200,589
Fundraising	15,791	-	15,791
TOTAL EXPENSES	<u>3,405,213</u>	<u>-</u>	<u>3,405,213</u>
LOSSES			
Loss on sale of assets	<u>2,133</u>	<u>-</u>	<u>2,133</u>
TOTAL EXPENSES AND LOSSES	<u>3,407,346</u>	<u>-</u>	<u>3,407,346</u>
CHANGE IN NET ASSETS	1,182,969	6,044	1,189,013
NET ASSETS, BEGINNING OF YEAR	<u>2,038,325</u>	<u>13,297</u>	<u>2,051,622</u>
NET ASSETS, END OF YEAR	<u>\$ 3,221,294</u>	<u>\$ 19,341</u>	<u>\$ 3,240,635</u>

See accompanying notes to the financial statements.

MEALS ON WHEELS - OLDER ADULT ALTERNATIVES OF FAIRFILED COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2020

	Nutrition Services Division	Aging Services Division	Service Provider Contracts	Community Outreach	Total Program	Management and General	Fundraising	Total
Payroll	\$ 663,620	\$ 336,749	\$ -	\$ -	\$ 1,000,369	\$ 139,733	\$ 11,516	\$ 1,151,618
Payroll tax expense	67,129	22,376	-	-	89,505	12,205	-	101,710
Professional fees	61,199	20,400	-	-	81,599	11,127	500	93,226
Raw food and related supplies	734,419	-	-	-	734,419	-	2,609	737,028
Office supplies	16,840	5,614	-	-	22,454	3,062	1,166	26,682
Telephone	4,643	1,548	-	-	6,191	844	-	7,035
Occupancy	40,281	13,427	-	-	53,708	7,324	-	61,032
Rental/maintenance equipment	19,041	6,347	-	-	25,388	-	-	25,388
Printing and publications	4,541	1,514	-	-	6,055	826	-	6,881
Vehicle expense	48,418	16,139	-	-	64,557	-	-	64,557
Conference, training and meetings	6,439	2,147	-	-	8,586	1,171	-	9,757
Insurance	133,632	44,544	-	-	178,176	24,297	-	202,473
Licenses	2,074	692	-	-	2,766	-	-	2,766
In-kind facilities and services	14,781	4,927	-	-	19,708	-	-	19,708
Contractual services	-	-	81,810	-	81,810	-	-	81,810
Specific assistance	133,765	269,916	-	-	403,681	-	-	403,681
Grants	-	-	-	142,750	142,750	-	-	142,750
Interest	12,802	4,268	-	-	17,070	-	-	17,070
Miscellaneous	24,271	8,091	-	-	32,362	-	-	32,362
County Auditor's levy expense	34,955	11,652	-	-	46,607	-	-	46,607
	<u>2,022,850</u>	<u>770,351</u>	<u>81,810</u>	<u>142,750</u>	<u>3,017,761</u>	<u>200,589</u>	<u>15,791</u>	<u>3,234,141</u>
Depreciation	<u>128,304</u>	<u>42,768</u>	<u>-</u>	<u>-</u>	<u>171,072</u>	<u>-</u>	<u>-</u>	<u>171,072</u>
TOTAL	<u><u>\$ 2,151,154</u></u>	<u><u>\$ 813,119</u></u>	<u><u>\$ 81,810</u></u>	<u><u>\$ 142,750</u></u>	<u><u>\$ 3,188,833</u></u>	<u><u>\$ 200,589</u></u>	<u><u>\$ 15,791</u></u>	<u><u>\$ 3,405,213</u></u>

See accompanying notes to the financial statements.

MEALS ON WHEELS - OLDER ADULT ALTERNATIVES OF FAIRFILED COUNTY, INC.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 1,189,013
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	171,072
Loss on sale of capital asset	2,133
Unrealized (gain)/loss on investments	(1,383)
(Increase) decrease in operating assets	
Tax levy receivable	15,445
Accounts receivable	(342,612)
Grants receivable	(194,411)
Inventory	(78,002)
Prepaid expenses	22,694
Increase (decrease) in operating liabilities	
Accounts payable	(59,398)
Levy accounts payable	(12,722)
Accrued salaries	(8,626)
Compensated absences	5,575
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>708,778</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property, plant and equipment	(263,317)
Interest reinvested	(211)
Realized gains	(180)
Investment contributions	(5,488)
NET CASH (USED) BY INVESTING ACTIVITIES	<u>(269,196)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments on loan	(245,751)
Payments on capital lease	(11,453)
NET CASH (USED) BY FINANCING ACTIVITIES	<u>(257,204)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	182,378
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>767,500</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 949,878</u></u>
SUPPLEMENTAL DISCLOSURES	
Cash paid during the year for interest	<u><u>\$ 17,070</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, 2020*

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 14.

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

*Notes to the Financial Statements
For the Year Ended December 31, 2020*

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, 2020. There was no bad debt expense or write-offs for the year ended December 31, 2020.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond December 31, 2020 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. As of March 11, 2020, the Organization capitalizes assets with costs exceeding \$5,000 and useful lives in excess of one year.

Contributions

Contributions, including unconditional promises to give, are recognized 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.

In-Kind Contributions

The Organization receives contributions in a form other than cash or investments. Most are donated supplies, which are recorded as contributions at the date of gift and as expenses when the donated items are placed into service or distributed. If the Organization receives a contribution of land, buildings, or equipment, the contributed asset is recognized as an asset at its estimated fair value at the date of gift, provided that the value of the asset and its estimated useful life meets the Organization's capitalization policy.

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

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

*Notes to the Financial Statements
For the Year Ended December 31, 2020*

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 \$19,708 met those criteria and are included in in-kind contributions in the statement of activities. Those services were primarily unpaid volunteers assisting the organization in the preparation and delivery of meals. See Note 12 for more details.

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 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, 2020, there are no uncertain positions taken or expected to be taken that would require recognition (or asset) or disclosure in the financial

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

*Notes to the Financial Statements
For the Year Ended December 31, 2020*

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 2017.

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, 2020 are:

Financial assets:	
Cash and cash equivalents	\$949,878
Tax levy receivable	27,179
Accounts receivable	397,917
Grants receivable	194,411
Investments	17,073
Total financial assets	<u>1,586,458</u>
Less financial assets held to meet donor-imposed restrictions:	
Purpose-restricted net assets (Note 14)	<u>(19,341)</u>
Amount available for general expenditures within one year	<u>\$1,567,117</u>

The above table reflects donor-restricted funds as unavailable because the Organization must spend these resources in accordance with donor agreements. Note 14 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, 2020, the Organization has unappropriated funds at the County in the amount of \$2,127,781.

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;

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

*Notes to the Financial Statements
For the Year Ended December 31, 2020*

- 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.

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, 2020 follows:

	Fair Value	Percentage
Corporate bonds	\$1,086	6.36
Stocks	3,035	17.78
Partnerships	72	0.42
Certificates of deposit	3	0.02
Mutual funds	12,047	70.56
Money market	830	4.86
Total	\$17,073	100.00

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 12/31/19	Additions	Disposals	Balance 12/31/20
Office equipment	\$213,556	\$61,621	(\$10,772)	\$264,405
Kitchen equipment	344,920	47,500	-	392,420
Vehicles	836,123	73,789	-	909,912
Buildings and improvements	1,337,990	120,123	-	1,458,113
Land	20,600	-	-	20,600
Construction in Progress	39,716	44,408	(84,124)	-
	<u>2,792,905</u>	<u>347,441</u>	<u>(94,896)</u>	<u>3,045,450</u>
Accumulated Depreciation by Class:				
Office equipment	(133,525)	(29,559)	8,640	(154,444)
Kitchen equipment	(244,014)	(29,427)	-	(273,441)
Vehicles	(665,306)	(63,001)	-	(728,307)
Buildings and improvements	(34,753)	(49,085)	-	(83,838)
	<u>(1,077,598)</u>	<u>(171,072)</u>	<u>8,640</u>	<u>(1,240,030)</u>
NET PROPERTY AND EQUIPMENT	<u><u>\$1,715,307</u></u>	<u><u>\$176,369</u></u>	<u><u>(\$86,256)</u></u>	<u><u>\$1,805,420</u></u>

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

*Notes to the Financial Statements
For the Year Ended December 31, 2020*

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, 2020 was \$66,100.

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– Donations

Donations are received from recipients of services and the general public. The donations received for the year ended December 31, 2020 totaled \$361,770.

Note 12– In-Kind Facilities and Services

For the year ended December 31, 2020, in-kind revenue and expenses consisted of \$19,708 for services.

Note 13– Capital Lease

Capitalized lease obligation for purchase of a new copier in 2015 provides for monthly payments of \$1,468 including imputed interest at approximately 2.58% a year through 2020. The lease payment includes equipment, maintenance services, and taxes. Total payments of \$11,453 were made in 2020 which included the final lease payment.

The copier was capitalized for \$82,557. As of December 31, 2020, the copier was fully depreciated.

Note 14 – Net Assets With Donor Restrictions

At December 31, 2020, net assets with donor restrictions are available for the following purpose:

Purpose restrictions, available for spending:	
Building Renovation Project	\$13,657
Pet Program	5,684
Total purpose-restricted net assets	<u>19,341</u>
Total net assets with donor restrictions	<u><u>\$19,341</u></u>

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

*Notes to the Financial Statements
For the Year Ended December 31, 2020*

Note 15 – 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, 2020 was \$-0-.

On May 11, 2018, the Organization obtained a \$650,000 construction loan from Vinton County National Bank for the purpose of providing funds for the renovation of the Organization’s Cedar Heights property. This loan carries a fixed interest rate of 3.625 percent and has a maturity date of April 11, 2024. This note is secured by the property being renovated. As of December 31, 2020, the outstanding balance of the loan was \$121,385. Monthly payments are \$8,000.

Annual payments, including interest, are required as follows:

<u>Year</u>	<u>Total</u>
2021	\$ 96,000
2022	37,526
	<u>\$ 133,526</u>

Note 16 – Subsequent Events

The Organization paid its construction loan from Vinton County National Bank in full on February 4, 2021.

The Organization’s management has performed an analysis for the activities and transactions subsequent to December 31, 2020 to determine the need for any adjustments or disclosures within the financial statements. Management has performed the analysis through July 13, 2021.

Note 17 – 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. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Organization. The Organization’s investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the District’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Organization received \$224,324 of CARES Act funding all of which was sub-granted from other governments.

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, the financial statements of the 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, 2020, 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 13, 2021, wherein we noted that the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Organization.

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 Organization'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.

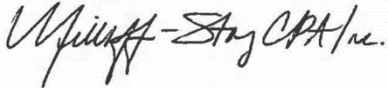
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

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 13, 2021

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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 9/9/2021

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