

Meals on Wheels – Older Adult Alternatives
of Fairfield County, Inc.
Fairfield County
Regular Audit
For the Year Ended December 31, 2017



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Dave Yost • Auditor of State

Board of Directors
Meals on Wheels - Older Adult Alternatives of Fairfield County, Inc.
253 Boving 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, 2017 through December 31, 2017. 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 "Dave Yost".

Dave Yost
Auditor of State

October 5, 2018

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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.
253 Boving 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, 2017, 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.

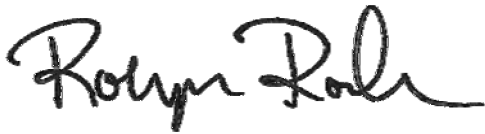
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2017, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2018 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.



Robyn Roush, CPA, CITP
Vice-President/Owner
Millhuff-Stang, CPA, Inc.
Chillicothe, Ohio

August 28, 2018

MEALS ON WHEELS - OLDER ADULT ALTERNATIVES OF FAIRFILED COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2017

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	627,461
Cash and cash equivalents - restricted		235,001
Tax levy receivable		200,622
Accounts receivable		57,594
Inventory		47,482
Prepaid expenses		16,790
TOTAL CURRENT ASSETS		1,184,950

PROPERTY AND EQUIPMENT - NET

308,827

OTHER ASSETS

Investments		2,435
		<u>2,435</u>

TOTAL ASSETS \$ 1,496,212

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	43,667
Levy accounts payable		32,417
Accrued salaries		35,402
Compensated absences		20,917
Current portion of capital lease payable		16,647
TOTAL CURRENT LIABILITIES		149,050

LONG-TERM LIABILITIES

Capital lease payable		28,535
		<u>28,535</u>

TOTAL LIABILITIES 177,585

NET ASSETS

Unrestricted		1,083,626
Temporarily Restricted		235,001
TOTAL NET ASSETS		1,318,627

TOTAL LIABILITIES AND NET ASSETS \$ 1,496,212

See accompanying notes to the financial statements

MEALS ON WHEELS - OLDER ADULT ALTERNATIVES OF FAIRFILED COUNTY, INC.
STATEMENT OF ACTIVITIES
Year Ended December 31, 2017

UNRESTRICTED NET ASSETS

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Levy revenue	\$ 1,641,990	\$ -	\$ 1,641,990
Grants - federal/state/local	453,002	-	453,002
Local contributions	250,096	-	250,096
Contract revenue	293,131	-	293,131
Capital campaign	-	235,001	235,001
Miscellaneous	31,968	-	31,968
In-kind revenue	44,412	-	44,412
Gain on investments, net	3	-	3
Interest	1,514	-	1,514
TOTAL SUPPORT AND REVENUE	<u>2,716,116</u>	<u>235,001</u>	<u>2,951,117</u>
 EXPENSES			
Program expenses	2,376,343	-	2,376,343
Management and general	149,730	-	149,730
Fundraising	6,335	-	6,335
TOTAL EXPENSES	<u>2,532,408</u>	<u>-</u>	<u>2,532,408</u>
CHANGE IN NET ASSETS	183,708	235,001	418,709
 NET ASSETS, BEGINNING OF YEAR	<u>899,918</u>	<u>-</u>	<u>899,918</u>
NET ASSETS, END OF YEAR	<u>\$ 1,083,626</u>	<u>\$ 235,001</u>	<u>\$ 1,318,627</u>

See accompanying notes to the financial statements

MEALS ON WHEELS - OLDER ADULT ALTERNATIVES OF FAIRFILED COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2017

	Nutrition Services Division	Aging Services Division	Service Provider Contracts	Community Outreach	Total Program	Management and General	Fundraising	Total
Payroll	\$ 514,930	\$ 278,387	\$ -	\$ -	\$ 793,317	\$ 108,402	\$ 1,663	\$ 903,382
Payroll tax expense	53,467	29,079	-	-	82,546	11,256	-	93,802
Professional fees	49,801	16,600	-	-	66,401	7,378	50	73,829
Raw food and related supplies	520,709	-	-	-	520,709	-	4,556	525,265
Office supplies	11,421	3,807	-	-	15,228	1,692	-	16,920
Telephone	4,804	1,601	-	-	6,405	712	-	7,117
Occupancy	32,240	10,747	-	-	42,987	4,776	-	47,763
Rental/maintenance equipment	12,158	4,052	-	-	16,210	-	-	16,210
Printing and publications	6,262	2,087	-	-	8,349	928	66	9,343
Vehicle expense	51,101	17,033	-	-	68,134	-	-	68,134
Conference, training and meetings	2,763	921	-	-	3,684	409	-	4,093
Insurance	95,696	31,899	-	-	127,595	14,177	-	141,772
Licenses	1,870	623	-	-	2,493	-	-	2,493
In-kind facilities and services	33,309	11,103	-	-	44,412	-	-	44,412
Contractual services	-	-	39,276	-	39,276	-	-	39,276
Specific assistance	115,732	174,103	-	-	289,835	-	-	289,835
Grants	-	-	-	115,000	115,000	-	-	115,000
Miscellaneous	15,737	5,245	-	-	20,982	-	-	20,982
County Auditor's levy expense	21,822	7,274	-	-	29,096	-	-	29,096
	<u>1,543,822</u>	<u>594,561</u>	<u>39,276</u>	<u>115,000</u>	<u>2,292,659</u>	<u>149,730</u>	<u>6,335</u>	<u>2,448,724</u>
Depreciation	62,763	20,921	-	-	83,684	-	-	83,684
TOTAL	<u>\$ 1,606,585</u>	<u>\$ 615,482</u>	<u>\$ 39,276</u>	<u>\$ 115,000</u>	<u>\$ 2,376,343</u>	<u>\$ 149,730</u>	<u>\$ 6,335</u>	<u>\$ 2,532,408</u>

See accompanying notes to the financial statements

MEALS ON WHEELS - OLDER ADULT ALTERNATIVES OF FAIRFILED COUNTY, INC.
STATEMENT OF CASH FLOWS
Year Ended December 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 418,709
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	83,684
Unrealized loss on investments	8
(Increase) decrease in operating assets	
Tax levy receivable	5,996
Accounts receivable	(83)
Inventory	3,234
Prepaid expenses	(2,506)
Increase (decrease) in operating liabilities	
Accounts payable	(49,787)
Levy accounts payable	2,826
Accrued salaries	555
Compensated absences	1,654
	464,290
NET CASH PROVIDED BY OPERATING ACTIVITIES	
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of equipment	(95,214)
Interest reinvested	(10)
Realized gains	(11)
Investment contributions	(2,422)
	(97,657)
NET CASH (USED) BY INVESTING ACTIVITIES	
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments on capital lease	(16,224)
	350,409
CHANGE IN CASH AND CASH EQUIVALENTS	
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	512,053
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 862,462
SUPPLEMENTAL DISCLOSURES	
Cash paid during the year for interest	\$ 1,393

See accompanying notes to the financial statements

MEALS ON WHEELS - OLDER ADULT ALTERNATIVES OF FAIRFIELD COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization Description

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.

Method of Accounting

The accounting records are maintained on the accrual basis for financial statement purposes.

Basis of Presentation

Under the Statement of Financial Accounting Standards Board (FASB ASC 958-205-05-06), Financial Statements of Not-for-Profit Organizations, the organization is required to report information regarding its financial position and activities according to three classes of net assets based upon the existence or absence of donor-imposed restriction. *Unrestricted net assets* are not subject to donor-imposed stipulations. *Temporarily restricted net assets* are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. *Permanently restricted net assets* are subject to donor-imposed stipulations that may be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

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.

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, 2017. There was no bad debt expense or write-offs for the year ended December 31, 2017.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. There are no permanently restricted net assets at December 31, 2017. There are temporarily restricted net assets as of December 31, 2017, which relate to the Organization’s capital campaign initiated in 2017.

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 capitalizes assets with costs exceeding \$1,000 and useful lives in excess of one year.

MEALS ON WHEELS - OLDER ADULT ALTERNATIVES OF FAIRFIELD COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

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.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services receiving the benefit of these costs.

Federal Income Taxes

The Organization has been classified as an other-than private foundation and is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. 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, 2017, 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 2014.

Contributed Services

The Organization receives donated services from a variety of unpaid volunteers assisting the organization in the preparation and delivery of meals. See Note 11 for details.

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents - unrestricted in the amount of \$627,461 and cash and cash equivalents – restricted in the amount of \$235,001 consist of the following:

Cash in bank	\$ 233,497
Cash in bank - ICS sweeps account	628,965
	<u>\$ 862,462</u>

3. 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 will be able to be renewed in 5 years. 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, 2017, the Organization has unappropriated funds at the County in the amount of \$2,157,663.

MEALS ON WHEELS - OLDER ADULT ALTERNATIVES OF FAIRFIELD COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2017

4. ENDOWMENT FUND

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

Balance at December 31, 2016	\$	-
Contributions		2,422
Interest and dividends		10
Unrealized losses		(8)
Realized gains		11
Balance at December 31, 2017	\$	<u>2,435</u>

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, 2017 follows:

Government agencies	\$ 34	1.39%
Corporate bonds	300	12.32%
Stocks	428	17.57%
Certificates of deposit	-	0.02%
Mutual funds	1,544	63.42%
Money market	129	5.28%
	<u>\$ 2,435</u>	<u>100.00%</u>

5. FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets on accounting basis.

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets on a continuing basis;
- quoted prices for identical or similar assets or liabilities in inactive markets on a continuing basis;
- 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.

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

The asset 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.

MEALS ON WHEELS - OLDER ADULT ALTERNATIVES OF FAIRFIELD COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2017

5. FAIR VALUE MEASUREMENT - CONTINUED

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at December 31, 2017 are as follows:

Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Money market/savings	\$ 129	\$ -	\$ -
Available for sale securities	2,006	-	-
Corporate bonds	300	-	-
	<u>\$ 2,435</u>	<u>\$ -</u>	<u>\$ -</u>

6. INVENTORY

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

7. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	Balance 12/31/2016	Additions	Disposals	Balance 12/31/2017
Office equipment	\$147,552	\$4,569	(\$1,741)	\$150,380
Kitchen equipment	222,607	26,971	-	249,578
Vehicles	630,222	63,674	-	693,896
Buildings	108,434	-	-	108,434
	<u>1,108,815</u>	<u>95,214</u>	<u>(1,741)</u>	<u>1,202,288</u>
Accumulated Depreciation by Class:				
Office equipment	(73,098)	(21,153)	1,741	(92,510)
Kitchen equipment	(204,479)	(11,261)	-	(215,740)
Vehicles	(525,295)	(48,706)	-	(574,001)
Buildings	(8,646)	(2,564)	-	(11,210)
Total Accumulated Depreciation	<u>(811,518)</u>	<u>(83,684)</u>	<u>1,741</u>	<u>(893,461)</u>
NET PROPERTY AND EQUIPMENT	<u>\$297,297</u>	<u>\$11,530</u>	<u>\$-</u>	<u>\$308,827</u>

8. COMPENSATED ABSENCES

Regular full-time employees and regular part-time employees (regularly working 15 hours or more per week) are eligible to accrue vacation 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. Compensated absences for the year ended December 31, 2017 was \$20,917.

MEALS ON WHEELS - OLDER ADULT ALTERNATIVES OF FAIRFIELD COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2017

8. COMPENSATED ABSENCES - CONTINUED

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

9. FEDERAL AND STATE GRANTS

Grants are made to the Organization by the U.S. Departments of Agriculture and Health, and Ohio Department of Job and Family Services and administered by the Central Ohio Area Agency on Aging. Federal and State Grant III B is for transportation of the elderly and provides home repair and supportive services. Federal and State Grant III C provides the congregate meals and home delivery meals to the elderly and the transportation to deliver the meals to those who are home bound and Grant III E is for the caregiver support program.

10. DONATIONS

Donations are received from recipients of services. The donations received for the year ended December 31, 2017 totaled \$126,481.

11. IN-KIND FACILITIES AND SERVICES

The Organization has a lease with Lancaster Parks and Recreation Department for space occupied. The lease was renewed on December 31, 2015 for two years that expired on December 31, 2017. The lease was renewed on December 31, 2017 for one year, expiring December 31, 2018. There is no rent paid to Lancaster Parks and Recreation, however the Organization reimburses Lancaster Parks and Recreation for a portion of utilities on the basis of area occupied and telephone usage. For the year ended December 31, 2017, in-kind revenue and expenses consisted of \$18,000 for facilities, \$26,412 for services for a total of \$44,412 in-kind contributions.

12. CAPITAL LEASE OBLIGATION

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.

Future minimum lease payments under the capital lease as of December 31 are:

2018	\$	17,617
2019		17,617
2020		11,563
Total minimum lease payments		<u>46,797</u>
Less: amounts representing interest		<u>1,615</u>
Present value of net minimum lease payments		45,182
Less: current portion of capital lease		<u>16,647</u>
Long-term portion of capital lease	\$	<u>28,535</u>

The copier was capitalized for \$82,557. As of December 31, 2017, the copier had accumulated depreciation of \$37,159, with a net book value of \$45,398.

MEALS ON WHEELS - OLDER ADULT ALTERNATIVES OF FAIRFIELD COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2017

13. TEMPORARILY RESTRICTED NET ASSETS

The temporarily restricted net assets balance is the capital campaign revenue designated for the new building. As of December 31, 2017, the balance in temporarily restricted net assets was \$235,001.

14. LINE OF CREDIT

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 balance due as of December 31, 2017 was \$-0-.

15. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through August 28, 2018, the date the financial statements were available to be issued.

On May 9, 2018, the Organization approved a contract with Gorsuch Construction, Inc. for \$1,180,363 for the renovation of the Organization's Cedar Heights property.

On May 11, 2018, the Organization obtained a \$650,000 note 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 variable interest rate starting at 3.875 percent and has a maturity date of May 11, 2039. This note will be secured by the property being renovated.

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.
253 Boving 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, 2017, 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 August 28, 2018.

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) to determine 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.

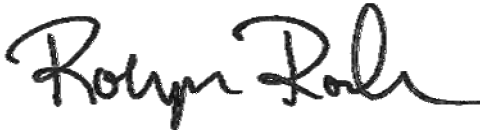
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 determination of financial statement amounts. 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.



Robyn Roush, CPA, CITP
Vice-President/Owner
Millhuff-Stang, CPA, Inc.
Chillicothe, Ohio

August 28, 2018



Dave Yost • Auditor of State

MEALS ON WHEELS – OLDER ADULT ALTERNATIVES OF FAIRFIELD COUNTY

FAIRFIELD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 18, 2018**