

MEALS ON WHEELS OF ROWAN, INC.

FINANCIAL STATEMENTS

December 31, 2021 and 2020

MEALS ON WHEELS OF ROWAN, INC.

CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4-5
Statements of Cash Flows	6
Notes to Financial Statements	7-12

EDDIE CARRICK, CPA, PC
Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Meals on Wheels of Rowan, Inc.
Salisbury, North Carolina

Opinion

We have audited the accompanying financial statements of Meals on Wheels of Rowan, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Meals on Wheels of Rowan, Inc. as of December 31, 2021 and 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Meals on Wheels of Rowan, Inc. 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Meals on Wheels of Rowan, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 generally accepted auditing standards, we:

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



Eddie Carrick, CPA, PC
Lexington, North Carolina
February 9, 2022

MEALS ON WHEELS OF ROWAN, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

	2021	2020
ASSETS		
Cash	\$ 319,160	\$ 192,973
Cash - restricted	12,746	16,337
Marketable equity securities	841,899	722,920
Accounts receivable	16,531	45,590
Sales tax refund receivable	21,178	9,084
Prepaid expenses	15,561	22,846
Property & equipment, net	39,280	44,186
Total assets	\$ 1,266,355	\$ 1,053,936
 LIABILITIES		
Accounts payable	\$ 41,755	\$ 26,843
Wages payable	1,527	1,846
Payroll taxes payable	517	366
Deferred event revenue	51,550	19,000
Lease obligation payable	19,941	29,513
Total liabilities	115,290	77,568
 NET ASSETS		
Without donor restriction		
Undesignated	303,129	242,606
Designated by the Board for endowment purposes	835,190	717,425
With donor restrictions	12,746	16,337
Total net assets	1,151,065	976,368
Total liabilities and net assets	\$ 1,266,355	\$ 1,053,936

See accompanying notes to financial statements.

MEALS ON WHEELS OF ROWAN, INC.
STATEMENTS OF ACTIVITIES
For Years Ended December 31, 2021 and 2020

	2021	2020
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Support and revenue		
Contributions & grants	\$ 952,451	\$ 1,078,059
Meal payments	106,223	122,796
Unrealized investments gains (losses)	45,718	10,900
Realized investments gains (losses)	69,218	9,532
Special events (net of expenses)	(12,625)	(4,907)
PPP loan forgiveness	-	41,645
Interest & dividends	8,176	1,901
Total support and revenue without donor restrictions	1,169,161	1,259,926
 Net assets released from restriction:		
Satisfaction of donor restrictions	3,591	2,663
Total net assets released from restrictions	3,591	2,663
 Total support and revenue without donor restrictions	1,172,752	1,262,589
 Expenses		
Program services	875,923	710,172
Supporting services		
General administration	59,271	52,940
Fundraising	59,271	56,920
Total expenses	994,464	820,032
 Increase (Decrease) in net assets without donor restrictions	178,288	442,557
 CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions	\$ -	\$ 19,000
Net assets released from restrictions	(3,591)	(2,663)
Increase (decrease) in net assets with donor restrictions	(3,591)	16,337
 Increase (decrease) in net assets	174,697	458,894
 Net assets at beginning of year	976,368	517,474
 Net assets at end of year	\$ 1,151,065	\$ 976,368

See accompanying notes to financial statements.

MEALS ON WHEELS OF ROWAN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For Year Ended December 31, 2021

	Program Services	Supporting Services		Total
	Meal Service	Management and General	Fundraising	2021
Salaries	\$ 242,934	\$ 38,358	\$ 38,358	\$ 319,650
Payroll taxes	20,530	3,242	3,242	27,013
Other employee benefits	3,207	506	506	4,220
Total salaries and related expenses	<u>266,671</u>	<u>42,106</u>	<u>42,106</u>	<u>350,883</u>
Auto	3,555	561	561	4,677
Board projects	2,880	455	455	3,790
Conferences, conventions, and meetings	2,278	360	360	2,998
Contract meal preparation	379,555	-	-	379,555
General liability insurance	5,914	934	934	7,781
Office expense	28,692	4,530	4,530	37,752
Organization dues	1,855	293	293	2,441
Other programs	120,988	-	-	120,988
Postage	3,036	479	479	3,995
Professional fees	8,360	1,320	1,320	11,000
Rent	10,716	1,692	1,692	14,100
Technology	12,469	1,969	1,969	16,406
Telephone	4,631	731	731	6,094
Transaction fees on investments	5,330	842	842	7,013
Utilities	3,805	601	601	5,007
Volunteers	4,819	761	761	6,341
Workers compensation insurance	334	53	53	440
Total expenses before depreciation	<u>865,889</u>	<u>57,686</u>	<u>57,686</u>	<u>981,261</u>
Depreciation on office equipment	<u>10,034</u>	<u>1,584</u>	<u>1,584</u>	<u>13,203</u>
	<u>\$ 875,923</u>	<u>\$ 59,271</u>	<u>\$ 59,271</u>	<u>\$ 994,464</u>

See accompanying notes to financial statements.

MEALS ON WHEELS OF ROWAN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For Year Ended December 31, 2020

	Program Services	Supporting Services		Total
	Meal Service	Management and General	Fundraising	2020
Salaries	\$ 184,522	\$ 33,897	\$ 36,446	\$ 254,864
Payroll taxes	14,604	2,683	2,884	20,171
Other employee benefits	2,590	476	512	3,577
Total salaries and related expenses	<u>201,715</u>	<u>37,055</u>	<u>39,842</u>	<u>278,612</u>
Auto	3,225	593	637	4,455
Board projects	-	-	-	-
Conferences, conventions, and meetings	2,227	409	440	3,076
Contract meal preparation	338,681	-	-	338,681
General liability insurance	3,214	590	635	4,439
Office expense	23,618	4,339	4,665	32,621
Organization dues	1,992	366	394	2,752
Other programs	83,309	-	-	83,309
Postage	2,438	448	482	3,368
Professional fees	5,792	1,064	1,144	8,000
Rent	9,557	1,756	1,888	13,200
Technology	13,394	2,461	2,646	18,500
Telephone	6,515	1,197	1,287	8,998
Transaction fees on investments	1,442	265	285	1,992
Utilities	3,418	628	675	4,721
Volunteers	996	183	197	1,375
Workers compensation insurance	702	129	139	969
Total expenses before depreciation	<u>702,234</u>	<u>51,481</u>	<u>55,352</u>	<u>809,068</u>
Depreciation on office equipment	<u>7,938</u>	<u>1,458</u>	<u>1,568</u>	<u>10,964</u>
	<u>\$ 710,172</u>	<u>\$ 52,940</u>	<u>\$ 56,920</u>	<u>\$ 820,032</u>

See accompanying notes to financial statements.

MEALS ON WHEELS OF ROWAN, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 174,697	\$ 458,894
Non-cash items included in change in net assets:		
Depreciation	13,203	10,964
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Unrealized losses or (gains) on investments	(45,718)	(10,900)
Realized losses or (gains) on investments	(69,218)	(9,532)
(Increase) decrease in operating assets:		
Accounts receivable	29,059	(24,584)
Sales tax receivable	(12,094)	11,303
Prepaid expenses	7,285	(73)
Increase (decrease) in operating liabilities:		
Accounts payable	14,912	9,639
Wages payable	(319)	(67)
Accrued payroll taxes	151	120
Deferred event revenue	32,550	5,500
Net cash provided (used) by operating activities	144,508	451,264
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(8,297)	(11,567)
Purchase of investments	(1,079,353)	(1,323,334)
Proceeds from sale of investments	1,075,310	879,054
Net cash provided (used) by investing activities	(12,340)	(455,847)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on capital lease obligation	(9,572)	(9,571)
Net cash provided (used) by financing activities	(9,572)	(9,571)
Net increase (decrease) in cash	122,596	(14,154)
Beginning cash	209,310	223,464
Ending cash	\$ 331,906	\$ 209,310

See accompanying notes to financial statements

MEALS ON WHEELS OF ROWAN, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

Note 1 - Nature of Organization

Meals on Wheels of Rowan, Inc. (the Organization) is a community based non-profit organization whose mission is to deliver food and nutritious meals to Rowan County seniors and individuals who have difficulty leaving their homes and/or are challenged to prepare nutritious meals. Volunteers and staff build relationships, provide referrals and work to mitigate social isolation. Many participants are unable to pay for meals and/or groceries so the organization continually raises funds to subsidize or pay the total amount for meals and associated program expenses. Support for the Organization comes from individuals, grants, businesses, churches and civic groups.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation and Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Codification of Financial Accounting Standards ASC 958, as amended by ASU 2016-14. Under ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

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, unless the investments are held for meeting restrictions for purchases of property and equipment, payment of long-term debt, or endowment.

Contributions

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 2 – Summary of Significant Accounting Policies (Continued)

Donated Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Council reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Donated Services

A large number of people have contributed significant amounts of time to the activities of the Organization without compensation. No amounts have been reflected in the financial statements for donated services. Under ASC 958, contributions of services are not recognized unless the services require specialized skills, are provided by individuals possessing these skills, and would typically need to be purchased if not provided by donation.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Expense Allocation

The costs of operating the Organization's program and related supporting costs have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated between program and supporting services.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Council qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in the statement of activities as increases and decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 2 – Summary of Significant Accounting Policies (Continued)

Property, Equipment and Depreciation

Property and equipment are stated at their original cost. Expenditures for maintenance, repairs and minor renewals are charged to expense as incurred. Major renewals, betterments, and acquisitions in excess of \$1,000 are capitalized. Depreciation is provided on the straight-line method over the estimated useful lives of the assets. Depreciation for the year ended December 31, 2021 and 2020 was \$13,203 and \$10,964 respectively.

Unconditional Promises to Give

Unconditional promises to give are recognized as support in the period they are pledged. They are expected to be collected within one year and are recognized at net realizable value. No allowance for uncollectible amounts is necessary, as management believes that all recorded amounts are collectible.

Note 3 – Cash in Bank

As of December 31, 2021 and 2020, the Organization's cash deposits were held at one bank and exceeded the FDIC insurance limit by \$72,592 and \$0, respectively.

Note 4 - Investments

Investments consists of equity securities and are carried at fair market value. Investments as of December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Equity securities - costs	\$ 751,733	\$ 689,171
Unrealized gains (losses)	90,166	33,749
Fair Market Value	<u>\$ 841,899</u>	<u>\$ 722,920</u>

Note 5 – Prepaid Expenses

Prepaid expense consists of software license costs. The software license cost \$8,995 and is being amortized at \$150 per month for 60 months. Amortized software license expense for the year ended December 31, 2021 and 2020 was \$1,800 and \$1,800 respectively.

Prepaid expense consists of leased equipment maintenance costs. The leased equipment maintenance cost \$21,566 and is being amortized at \$342 per month for 63 months. Amortized equipment maintenance expense for the year ended December 31, 2021 and 2020 totaled \$4,104 and \$4,104 respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 5 – Prepaid Expenses (continued)

Prepaid expense consists of nine months of liability insurance costs totaling \$4,596.

Note 6 - Property and Equipment

At December 31, 2021 and 2020, property and equipment consist of the following:

	2021	2020
Furniture and equipment	\$ 38,843	\$ 32,340
Toshiba copier	28,587	28,587
Vehicles	15,200	15,200
Leasehold improvements	6,232	4,438
	88,862	80,565
Less accumulated depreciation	(49,582)	(36,379)
	\$ 39,280	\$ 44,186

Note 7 – Capital Lease

On September 27, 2018 the Organization executed a copier lease from Toshiba Business Solutions. The duration of the lease is such that it covers a substantial portion of the asset's useful life. As such the economic substance of the lease is that the Organization is financing the acquisition of the asset through the lease, and, accordingly, it is recorded in the Organization's assets and liabilities. The leased equipment has a cost of \$28,587, accumulated depreciation of \$17,697 and a net book value of \$10,890 as of December 31, 2021. The lease consists of 63 payments of \$797.64 beginning in November, 2018. For financial reporting purposes, minimum lease payments relating to the lease have been capitalized.

Future annual minimum lease payments are:

Year Ending December 31:	
2022	\$ 9,572
2023	9,572
2024	797
	19,941
Total minimum lease payments	19,941
Less interest included in payments	-
	\$ 19,941

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 8 – Net Assets with Donor Restrictions

Net assets with donor restrictions consist of contributions with the following restrictions as of December 31:

	2021	2020
Food & other relief programs	\$ 12,746	\$ 16,337
	\$ 12,746	\$ 16,337

Note 9 – Building Lease

On April 15, 2017 the Organization executed a month-to-month lease for \$1,100 per month. The location provides office space and facilities for the Organization's programs. Rent expense was \$13,200 and \$13,200 for the years ended December 31, 2021 and 2020, respectively.

Note 10 – Availability of Financial Assets

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Financial assets, at year-end	\$ 1,227,075
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions on:	
Restricted by donor with purpose restrictions	(12,746)
Financial assets available to meet cash needs for general expenditures within one year.	\$ 1,214,329

A portion of the Organization's support comes from restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In the event of an unanticipated liquidity need, the Organization relies on its ability to finance liquidity needs through financing of local banks.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 11 – Subsequent Events

Subsequent events occurring after the balance sheet date have been evaluated through February 9, 2022, which is the date the financial statements were available to be issued. No subsequent events were noted.

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a “Public Health Emergency of International Concern”, which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. The outbreak presents uncertainty and risk with respect to the Organization and its ability to carry out its activities which could impact its financial results.