

Meals on Wheels of Rowan, Inc.
Salisbury, NC

FINANCIAL STATEMENTS

As of and for the Years Ended
December 31, 2024 and 2023

Meals on Wheels of Rowan, Inc.

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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 statements of financial position as of December 31, 2024 and 2023, and the related statements of activities and changes in net assets, 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, 2024, 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 of 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 these 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

Exercise professional judgement 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 things, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

J. Alan Rutherford, CPA, P.A.
J. Alan Rutherford, CPA, P.A.
Salisbury, North Carolina
December 31, 2025

Meals on Wheels of Rowan, Inc.
Statements of Financial Position
As of December 31, 2024 and 2023

ASSETS

	<u>2024</u>	<u>2023</u>
CURRENT ASSETS		
Cash and cash equivalents, Unrestricted	\$ 354,664	\$ 454,838
Accounts receivable	18,446	55,352
Sales tax refund receivable	26,232	86,906
Prepaid expenses	7,567	6,958
Unconditional promises to give, net	301,641	254,230
Investments	953,371	872,933
Total Current Assets	<u>1,661,921</u>	<u>1,731,217</u>
PROPERTY AND EQUIPMENT		
Property and equipment, net	1,133,547	46,914
Construction in progress	-	378,608
Right of use assets	23,821	28,585
Net Property and Equipment	<u>1,157,368</u>	<u>454,107</u>
TOTAL ASSETS	<u><u>\$ 2,819,289</u></u>	<u><u>\$ 2,185,324</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 53,875	\$ 45,684
Wages payable	3,575	-
Payroll taxes payable	12,344	2,861
Deferred event revenue	17,943	18,578
Lease obligation payable	23,743	29,395
Total Current Liabilities	<u>111,480</u>	<u>96,518</u>
Total Liabilities	<u><u>111,480</u></u>	<u><u>96,518</u></u>
NET ASSETS		
Without donor restriction		
Undesignated	2,190,738	726,265
Board designated	109,731	806,407
With donor restrictions	407,340	556,134
Total Net Assets	<u>2,707,809</u>	<u>2,088,806</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,819,289</u></u>	<u><u>\$ 2,185,324</u></u>

See accompanying notes to financial statements
and independent auditor's report.

Meals on Wheels of Rowan, Inc.
Statement of Activities and Changes in Net Assets
For the Year Ending December 31, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT, REVENUE AND GAINS			
Contributions and grants	\$ 1,200,246	\$ 583,098	\$ 1,783,344
Meal payments	155,418	-	155,418
Unrealized investment gains (losses)	(5,465)	-	(5,465)
Realized investment gains (losses)	28,621	-	28,621
Special events (net of expenses)	11,802	-	11,802
Interest and dividends	5,355	-	5,355
Other income	4,113	-	4,113
Net assets released from restrictions:			
Satisfaction of program restriction	<u>731,892</u>	<u>(731,892)</u>	<u>-</u>
Total support, revenue and gains	<u>2,131,982</u>	<u>(148,794)</u>	<u>1,983,188</u>
EXPENSES AND LOSSES			
Program services:			
Meal service	<u>1,034,446</u>	<u>-</u>	<u>1,034,446</u>
Supporting services:			
Support services	<u>191,255</u>	<u>-</u>	<u>191,255</u>
Fundraising	<u>138,485</u>	<u>-</u>	<u>138,485</u>
Total supporting services	<u>329,740</u>	<u>-</u>	<u>329,740</u>
Total expenses	<u>1,364,186</u>	<u>-</u>	<u>1,364,186</u>
Change in net assets	767,796	(148,794)	619,002
Net assets at beginning of year	<u>1,532,673</u>	<u>556,134</u>	<u>2,088,807</u>
Net assets at end of year	<u><u>\$ 2,300,469</u></u>	<u><u>\$ 407,340</u></u>	<u><u>\$ 2,707,810</u></u>

See accompanying notes to financial statements
and independent auditor's report.

Meals on Wheels of Rowan, Inc.
Statement of Activities and Changes in Net Assets
For the Year Ending December 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT, REVENUE AND GAINS			
Contributions and grants	\$ 1,152,345	\$ 934,742	\$ 2,087,087
Meal payments	141,593	-	141,593
Unrealized investment gains (losses)	94,257	-	94,257
Special events (net of expenses)	3,750	-	3,750
Other income	90,949	-	90,949
Net assets released from restrictions:			
Satisfaction of program restriction	<u>378,608</u>	<u>(378,608)</u>	<u>-</u>
Total support, revenue and gains	<u>1,861,501</u>	<u>556,134</u>	<u>2,417,635</u>
EXPENSES AND LOSSES			
Program services:			
Meal service	<u>1,242,558</u>	<u>-</u>	<u>1,242,558</u>
Supporting services:			
Support services	<u>69,257</u>	<u>-</u>	<u>69,257</u>
Fundraising	<u>72,083</u>	<u>-</u>	<u>72,083</u>
Total supporting services	<u>141,340</u>	<u>-</u>	<u>141,340</u>
Total expenses	<u>1,383,898</u>	<u>-</u>	<u>1,383,898</u>
Change in net assets	477,603	556,134	1,033,737
Net assets at beginning of year	<u>1,055,069</u>	<u>-</u>	<u>1,055,069</u>
Net assets at end of year	<u>\$ 1,532,672</u>	<u>\$ 556,134</u>	<u>\$ 2,088,806</u>

See accompanying notes to financial statements
and independent auditor's report.

Meals on Wheels of Rowan, Inc.
Statement of Functional Expenses
For the Year Ending December 31, 2024

	<u>Program Services</u>	<u>Management & General</u>	<u>Fund- Raising</u>	<u>Total Expenses</u>
Salaries	\$ 282,013	\$ 76,025	\$ 109,119	\$ 467,158
Payroll taxes	37,991	6,395	9,179	53,564
Other employee benefits	16,364	-	-	16,364
Total Salaries and related expenses	336,368	82,420	118,298	537,086
Auto	6,415	-	1,137	7,552
Conferences, conventions and meetings	1,684	14,363	-	16,047
General liability insurance	-	12,417	-	12,417
Interest expense	-	4,823	-	4,823
Maintenance and Repairs	4,693	1,969	-	6,663
Meals service & supplies	633,741	-	-	633,741
Office expense	-	14,489	19,051	33,540
Organization dues	-	6,176	-	6,176
Pet food & supplies	414	-	-	414
Postage	-	4,078	-	4,078
Professional fees	-	21,676	-	21,676
Rent	9,181	780	-	9,961
Technology	-	18,571	-	18,571
Telephone	-	3,793	-	3,793
Transaction fees, investments	-	1,758	-	1,758
Utilities	6,263	1,205	-	7,468
Volunteers	5,507	-	-	5,507
Workers compensation insurance	775	-	-	775
Total expenses before depreciation	1,005,042	188,517	138,485	1,332,045
Depreciation and amortization	29,404	2,738	-	32,141
 Total Expenses	 \$ 1,034,446	 \$ 191,255	 \$ 138,485	 \$ 1,364,186

See accompanying notes to financial statements
and independent auditor's report.

Meals on Wheels of Rowan, Inc.
Statement of Functional Expenses
For the Year Ending December 31, 2023

	<u>Program Services</u>	<u>Management & General</u>	<u>Fund- Raising</u>	<u>Total Expenses</u>
Salaries	\$ 380,137	\$ 46,567	\$ 48,467	\$ 475,171
Payroll taxes	31,265	3,830	3,986	39,081
Other employee benefits	15,615	1,913	1,991	19,519
Total Salaries and related expenses	427,017	52,310	54,444	533,771
Auto	9,147	1,121	1,166	11,434
Conferences, conventions and meetings	3,312	406	422	4,140
General liability insurance	9,248	1,133	1,179	11,560
Interest expense	1,518	186	193	1,897
Meals service & supplies	648,315	-	-	648,315
Office expense	25,866	3,168	3,300	32,334
Organization dues	4,944	606	630	6,180
Other programs & projects	4,684	-	-	4,684
Pet food & supplies	24,197	-	-	24,197
Postage	2,814	345	359	3,518
Professional fees	10,260	1,257	1,308	12,825
Rent	11,692	1,432	1,491	14,615
Technology	23,096	2,829	2,945	28,870
Telephone	3,549	435	452	4,436
Transaction fees, investments	4,445	544	567	5,556
Utilities	4,839	593	617	6,049
Volunteers	5,807	711	740	7,258
Workers compensation insurance	738	90	94	922
Total expenses before depreciation	1,225,488	67,166	69,907	1,362,561
Depreciation and amortization	17,070	2,091	2,176	21,337
Total Expenses	\$ 1,242,558	\$ 69,257	\$ 72,083	\$ 1,383,898

See accompanying notes to financial statements
and independent auditor's report.

Meals on Wheels of Rowan, Inc
Statements of Cash Flows
For the Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 619,002	\$ 1,033,737
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	32,141	21,337
Unrealized losses or (gains) on investments	5,465	(93,443)
Realized losses or (gains) on investments	28,621	5,042
Loss on disposal of fixed assets	-	4,085
(Increase) decrease in operating assets:		
Accounts receivable	36,906	(32,286)
Sales tax and misc. receivable	60,674	(45,754)
Prepaid expenses	(609)	3,000
Increase (decrease) in operating liabilities:		
Accounts payable	8,191	(4,439)
Accrued wages and payroll taxes	13,058	(1,705)
Deferred revenue	(635)	(9,172)
Net cash provided (used) by operating activities	<u>802,814</u>	<u>880,402</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(586,986)	(1,816,585)
Proceeds from sale of investments	529,705	1,755,582
Construction in progress	378,608	(378,608)
Purchase of property and equipment	(1,086,633)	-
Net cash provided (used) by investing activities	<u>(765,306)</u>	<u>(439,611)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on lease obligation	(5,652)	(14,322)
New Unconditional Promises to Give	(357,195)	(254,230)
Collection of Promises to Give	225,165	-
Net cash provided (used) by investing activities	<u>(137,682)</u>	<u>(268,552)</u>
Net increase (decrease) in cash and cash equivalents	(100,174)	172,239
Cash and Cash Equivalents at beginning of year	<u>454,838</u>	<u>282,599</u>
Cash and Cash Equivalents at end of year	<u>\$ 354,664</u>	<u>\$ 454,838</u>
Unrestricted Cash	\$ 354,664	\$ 454,838
Restricted Cash	-	-
	<u>\$ 354,664</u>	<u>\$ 454,838</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	<u>\$ 4,823</u>	<u>\$ 1,897</u>

See accompanying notes to the financial statements and independent auditor's report.

Meals on Wheels of Rowan, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

Note 1 – Organization and Nature of Business

Meals on Wheels of Rowan, Inc. (the Organization) is a community based not-for-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 – Significant Accounting Policies

Basis of Presentation – Financial statement presentation follows guidance contained in Financial Accounting Standards Board Accounting Standards Codification (FASB ASC), ASC 958, relating to not-for-profit entities, including the 2018 adoption of ASU 2016-14. Under those standards, net assets and revenues, gains, expenses and losses are classified based on the absence or existence and nature of donor-imposed restrictions as follows:

Net Assets without donor restrictions – Net assets available for use in general operations and are not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource has been restricted has been fulfilled, or both.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of twelve months or less to be cash equivalents.

Investments

Investments are stated at their fair market value based on readily available market values. Donated securities are initially recorded at their fair market value at the date of gift.

Meals on Wheels of Rowan, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

Contributions

The Organization accounts for contributions in accordance with generally accepting accounting principles relating to not-for-profit organizations. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions, and are recognized as revenues in the period received.

Donated Services

Many 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.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Certain indirect and general and administrative costs have been allocated among the programs and supporting services benefited.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization that is not a private foundation under Section 509(a)(1). The Organization does not engage in any activities unrelated to its exempt mission, and therefore has no liability for unrelated business income tax.

Management has evaluated the effect of the guidance provided by ASC 740-10 *Accounting for Uncertainty in Income Taxes*. Management has evaluated all tax positions that could have a significant effect on the financial statements and determined the Organization had no uncertain income tax positions at December 31, 2024.

The Organization files tax returns as prescribed by the tax laws of the jurisdictions in which it operates. In the normal course of business, the Organization is subject to examination by federal, state and local jurisdictions, where applicable. At December 31, 2024, tax years ended December 31, 2023, 2022 and 2021 remained subject to examination under the statute of limitations.

Property and Equipment

All expenditures for property and equipment in excess of \$2,500 are capitalized at cost. Major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance, repairs and minor renewals are charged to expense as incurred. Depreciation and amortization for the years ended December 31, 2024 and 2023 were \$32,141 and \$21,337, respectively.

Meals on Wheels of Rowan, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

Depreciation is computed using the straight-line method over the following estimated useful lives:

Computers & software	5 years
Equipment, furniture & fixtures	7 years
Leasehold improvements	15 to 39 years

Use of Estimates

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

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 the next three year and are recognized at net realizable value. No allowance for uncollectible amounts is necessary, as management believes that all recorded amounts are collectible.

Recent Accounting Guidance

During the year ended December 31, 2018 the Organization implemented ASU 2016-14, *Financial Statements of Not-for-Profit Entities*. Accordingly, naming conventions of restricted net asset categories (temporarily and permanently restricted) have been restated to consolidate all donor restricted net assets into one classification, *with donor restrictions*. The ASU requires additional disclosures in the areas of liquidity and modifies the direct method presentation of the Statement of Cash Flows, requires reclassification of investment expenses which are netted in investment return to include internal investment expenses.

During the year ended December 31, 2022 the Organization implemented Accounting Standards Update (ASU) No. 2016-02, *Leases*, Topic 842, hereinafter Accounting Standards Codification (ASC) ASC 842. The objective of ASC 842 is to increase transparency and comparability in financial reporting by required balance sheet recognition of leases and note disclosures of certain information of lease arrangements.

Meals on Wheels of Rowan, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

Note 3 – Description of Program and Supporting Services

The following are descriptions of the activities of the Organization:

Program Services – Includes the functions necessary to provide food and nutritious meals to Rowan County seniors and individuals who have difficulty leaving their homes and/or challenged to prepare nutritious meals.

Management and General – Includes the functions necessary to provide coordination and articulation of the Organization's program strategy; secure proper administrative functioning of the Board of Directors; and manage the financial and budgetary responsibilities of the Organization.

Fundraising – Provides the structure necessary to encourage and secure private financial support from individuals, corporations, foundations and other grant providers.

Note 4 – Fair Value of Financial Instruments

As of December 31, fair value of investments in marketable securities are summarized as follows:

	<u>2024</u>	<u>2023</u>
Equity Securities, Undesignated	\$ 737,941	\$ 60,028
Equity Securities, Board Designated	109,731	511,001
Equity Securities, Donor Designated	<u>105,699</u>	<u>301,904</u>
	<u><u>\$ 953,371</u></u>	<u><u>\$ 872,933</u></u>

Fair value (ASC 820) is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. That is, fair value is based on an exit price, which may differ from the price paid to acquire the asset or received to assume the liability (i.e., an entry price). If there is a principal market for the asset or liability, fair value represents the price in that market.

As a basis for considering market participant assumptions in fair value measurements, the guidance establishes a fair value hierarchy that is based on the subjectivity of inputs, defined as follows:

Meals on Wheels of Rowan, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

- Level 1 – Inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date;
- Level 2 – Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies, and
- Level 3 – Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following is a description of the valuation methodologies used for instruments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy.

Financial instruments carried at fair value according to the ASC820 hierarchy as of December 31, 2024 are summarized as follows:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Fidelity Investment accounts	953,371	-	-	953,371
Total	\$ 953,371	\$ -	\$ -	\$ 953,371

Note 5 – Prepaid Expenses

Prepaid expenses consist of insurance premium costs incurred in August. Insurance paid during December 31, 2024 and 2023 but applicable to the following year were \$7,567 and \$6,958, respectively.

Meals on Wheels of Rowan, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

Note 6 - Unconditional Promises to Give

Unconditional Promises to Give represent a campaign to raise funds for the renovation of the Grove Street property, and were pledged as collateral for the construction line of credit, and are discounted at 8% for amounts beyond one year. Pledges are summarized as follows for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Total	<u>\$ 351,834</u>	<u>\$ 285,959</u>
Receivable in less than one year	145,334	159,983
Receivable in one to three years	<u>206,500</u>	<u>125,976</u>
	351,834	285,959
Less discounts to present value	<u>(50,193)</u>	<u>(31,729)</u>
	\$ 301,641	\$ 254,230

Note 7 – Property and Equipment

Property and equipment at December 31, 2024 and 2023 are summarized as follows:

	<u>2024</u>	<u>2023</u>
Furniture and equipment	\$ 48,531	\$ 48,532
Vehicles	44,776	44,776
Leasehold improvements	<u>1,120,242</u>	<u>6,232</u>
	1,213,549	99,540
Less accumulated depreciation	<u>(80,002)</u>	<u>(52,624)</u>
Net property and equipment	<u>\$ 1,133,547</u>	<u>\$ 46,916</u>

Note 8 – Right of Use Asset/Lease Obligation Payable

On November 11, 2022, the Organization executed an operating lease for a copier repayable in sixty-three monthly payments of \$650. The present value of the total payments, \$33,348, is recorded as a Right of Use asset and is being reduced by straight-line amortization of \$4,764 per year over the lease period starting in the month the copier was placed in service.

Meals on Wheels of Rowan, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

The present value of the total payments is recorded as a long-term lease obligation reduced by the principal part of the lease payments. The lease obligation amortization is based on a sixty-three-month repayment with interest imputed at 8%.

Future minimum lease payments are summarized as follows:

Year Ending December 31,	
2025	\$ 7,800
2026	7,800
2027	7,800
2028	<u>3,900</u>
Total minimum lease payments	27,300
Less interest included in payments	<u>(3,479)</u>
	<u><u>\$ 23,821</u></u>

Note 9 – Note Payable – F&M Bank

On October 31, 2023, the Organization executed a loan agreement for \$965,000 to finance costs of leasehold improvements at its new location on Grove Street. Repayment terms consist of thirty-six monthly interest payments at 6.35% followed by a balloon payment of all unpaid principal and interest due October 31, 2026. The loan is secured by certain investment accounts and the unconditional promises to give. The loan was repaid early. The outstanding loan balance was zero at December 31, 2023 and 2024.

Note 10 – Net Assets with Donor Restrictions

Net assets with donor restrictions related to the leasehold improvements project consist of the following at December 31:

	<u>2024</u>	<u>2023</u>
Contributions	\$ 105,699	\$ 301,904
Unconditional promises to give	<u>301,641</u>	<u>254,230</u>
	<u><u>\$ 407,340</u></u>	<u><u>\$ 556,134</u></u>

Meals on Wheels of Rowan, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

Note 11 – Concentration of Credit Risk

The Organization maintains cash balances at a financial institution located in Salisbury, NC. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2024 and 2023, cash accounts of the Organization exceeded the FDIC insured limit by \$104,664 and \$204,838, respectively.

Note 12 – Liquidity and Availability

The Organization monitors the level of liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization has various sources and liquidity at its disposal, including several cash accounts and investments in marketable securities.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of grants as well as the conduct of services undertaken to support this activity to be general expenditures

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. Refer to the statement of cash flows which identifies the sources and uses of the Organization's cash and shows positive cash generated by operations for fiscal years 2024 and 2023.

As of December 31, 2024, the total financial assets held by the Organization which are readily available within one year of the balance sheet date to meet general expenditure requirements are cash of \$354,664 and investments of \$847,672.

Note 13 – Subsequent Events

In accordance with ASC 855-10 *Subsequent Events*, the Organization has evaluated subsequent events through December 31, 2025 in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued.