



STATE OF INDIANA
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October 21, 2021

Board of Directors
Meals on Wheels, Inc.
P.O. Box 40969
Indianapolis, IN 46240

We have reviewed the audit report of Meals on Wheels, Inc. d/b/a Partners in Nutrition Indiana, which was opined upon by Capin Crouse, LLP, Independent Public Accountants, for the period July 1, 2018 to June 30, 2019. Per the *Independent Auditors' Report*, due to inadequacy of accounting records for the period ending June 30, 2019, Capin Crouse, LLP, was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion of Meals on Wheels, Inc. d/b/a Partners in Nutrition Indiana and accordingly did not express an opinion on the financial statements. Please refer to the Basis for Disclaimer of Opinion paragraph of the *Independent Auditors' Report* on Page 2 for further detail.

In our opinion, Capin Crouse, LLP prepared the audit report in accordance with the guidelines established by the State Board of Accounts.

The audit report is filed with this letter in our office as a matter of public record.


Paul D. Joyce, CPA
State Examiner

MEALS ON WHEELS OF
CENTRAL INDIANA, INC.

Financial Statements
With Independent Auditors' Report

June 30, 2019

MEALS ON WHEELS OF CENTRAL INDIANA, INC.

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Meals on Wheels of Central Indiana, Inc.
Indianapolis, Indiana

We were engaged to audit the accompanying financial statements of Meals on Wheels of Central Indiana, Inc., which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, cash flows and functional expenses 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We were engaged to conduct our audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

Complete detailed records and supporting data have not been maintained and were not available for our audit. We were also not able to test eligibility of participants and allowable program costs under the HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B). Therefore, we were not able to obtain sufficient appropriate audit evidence about the amounts at which accounts receivable and deferred revenue are recorded in the accompanying statement of financial position at June 30, 2019, (stated at \$586,335 and \$840,643, respectively) and the amounts of contributions and grants and program fees and reimbursements (stated at \$183,643 and \$2,698,424, respectively) and operating expenses (stated at \$3,205,013) for the year then ended.

Board of Directors
Meals on Wheels of Central Indiana, Inc.
Indianapolis, Indiana

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Organization has adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. This has had a material effect on the presentation of the June 30, 2019, financial statements. Our opinion is not modified with respect to this matter.

Capin Crouse LLP

Indianapolis, Indiana
September 28, 2021

MEALS ON WHEELS OF CENTRAL INDIANA, INC.

Statement of Financial Position

June 30, 2019

ASSETS:

Cash and cash equivalents	\$	306,891
Investments		351,644
Receivables:		
Accounts receivable, net		17,095
Grants receivable, net		<u>569,240</u>
Prepaid expenses and other assets		6,721
Property and equipment - net		<u>1,286,067</u>
Total Assets	\$	<u><u>2,537,658</u></u>

LIABILITIES AND NET ASSETS:

Accounts payable	\$	297,907
Accrued expenses		84,628
Debt		330,692
Deferred revenue		<u>840,643</u>
Total liabilities		<u>1,553,870</u>
Net assets:		
Without donor restrictions		983,788
With donor restrictions		<u>-</u>
Total net assets		<u>983,788</u>
Total Liabilities and Net Assets	\$	<u><u>2,537,658</u></u>

See notes to financial statements

MEALS ON WHEELS OF CENTRAL INDIANA, INC.

Statement of Activities

Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING ACTIVITIES:			
Operating support:			
Contributions and grants	\$ 183,643	\$ -	\$ 183,643
Special event income-net	57,502	-	57,502
	241,145	-	241,145
Operating revenue:			
Program fees and reimbursements	2,698,424	-	2,698,424
Investment income	16,877	-	16,877
Rental income	84,193	-	84,193
Miscellaneous income	16,293	-	16,293
	2,815,787	-	2,815,787
 Total Operating Support and Revenue	 3,056,932	 -	 3,056,932
 RECLASSIFICATIONS:			
Satisfaction of purpose restrictions	15,000	(15,000)	-
 OPERATING EXPENSES:			
Program services	2,863,403	-	2,863,403
Supporting activities:			
General and administrative	218,934	-	218,934
Fundraising	122,676	-	122,676
	341,610	-	341,610
 Total Operating Expenses	 3,205,013	 -	 3,205,013
 Change in Net Assets	 (133,081)	 (15,000)	 (148,081)
 Net Assets, Beginning of Year	 1,116,869	 15,000	 1,131,869
 Net Assets, End of Year	 \$ 983,788	 \$ -	 \$ 983,788

See notes to financial statements

MEALS ON WHEELS OF CENTRAL INDIANA, INC.

Statement of Cash Flows

Year Ended June 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ (148,081)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	47,479
Unrealized and realized gain on investments	(16,877)
Changes in:	
Receivables, net	(235,612)
Prepaid expenses and other assets	(1,141)
Accounts payable	(172,118)
Accrued expenses	59,288
Deferred revenue	840,643
Net Cash Provided by Operating Activities	<u>373,581</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of investments	(82,237)
Proceeds from sale of investments	79,320
Purchase of property and equipment	(83,882)
Net Cash Used by Investing Activities	<u>(86,799)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from line of credit	76,000
Payments on line of credit	(76,000)
Payments on debt	(13,169)
Net Cash Used by Financing Activities	<u>(13,169)</u>

Change in Cash and Cash Equivalents 273,613

Cash and Cash Equivalents, Beginning of Year 33,278

Cash and Cash Equivalents, End of Year \$ 306,891

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid for interest \$ 18,107

See notes to financial statements

MEALS ON WHEELS OF CENTRAL INDIANA, INC.

Statement of Functional Expenses

Year Ended June 30, 2019

	Program Services	General and Administrative	Fundraising	Costs of Direct Benefit to Donors	Total
Meal costs	\$ 1,501,341	\$ -	\$ -	\$ -	\$ 1,501,341
Salaries and benefits	1,004,538	104,534	73,174	-	1,182,246
Building, depreciation and auto	201,455	24,504	14,661	-	240,620
Professional fees	-	44,317	11,079	-	55,396
Other costs for special events	-	-	17,787	10,025	27,812
Other	156,069	45,579	5,975	-	207,623
	2,863,403	218,934	122,676	10,025	3,215,038
Less costs of direct benefit to donors netted against support on the statement of activities	-	-	-	(10,025)	(10,025)
Total expenses on the statement of activities	\$ 2,863,403	\$ 218,934	\$ 122,676	\$ -	\$ 3,205,013

See notes to financial statements

MEALS ON WHEELS OF CENTRAL INDIANA, INC.

Notes to the Financial Statements

June 30, 2019

1. NATURE OF ORGANIZATION:

Meals on Wheels of Central Indiana, Inc. (Organization) incorporated November 17, 1970, delivers meals to the homebound and the elderly in the Indianapolis area, using predominantly volunteer drivers who donate their time and vehicles. The Organization is supported primarily through donor contributions, grants, and allocations from the United Way.

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (Code) as a charitable organization whereby only unrelated business income, as defined by Section 512(a)(1) of the Code, is subject to federal income tax. The Organization currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded.

2. SIGNIFICANT ACCOUNTING POLICIES:

The accompanying financial statements have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader. The preparation of the 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 and disclosures at the date of the financial statements. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS AND CREDIT RISK

For purposes of the statement of financial position and statement of cash flows, the Organization considers cash on hand, cash in checking accounts, money market accounts, certificates of deposit, and other investments with original maturities of three months or less to be cash and cash equivalents. From time to time, these accounts may exceed federally insured limits. However, the Organization has not experienced any losses on these accounts and does not believe it is exposed to any significant risk. As of June 30, 2019, the Organization held \$55,881 which was not covered by FDIC.

INVESTMENTS

Investments in mutual funds, certificates of deposit and beneficial interest in known pool of assets are stated at fair value. The cost assigned to investments received by gift is the fair value at the date the gift is received. The net realized and unrealized gains (losses) and interest and dividends are reflected in the statement of activities as investment income.

RECEIVABLES

The Organization carries its accounts receivable and grants receivable at invoiced amounts, less an allowance for financial assistance. Grants receivable consist of government grants for services performed and not yet reimbursed. On a periodic basis, the Organization evaluates its accounts receivable and establishes an allowance for financial assistance, based on history of past assistance, collections, and current credit conditions. Management has established an allowance for financial assistance of \$50,000 for the year ended June 30, 2019. The Organization's policy is not to accrue interest on past due trade receivables.

MEALS ON WHEELS OF CENTRAL INDIANA, INC.

Notes to the Financial Statements

June 30, 2019

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

PROPERTY AND EQUIPMENT

Property and equipment greater than \$500 are recorded at cost. Donated assets are capitalized at the estimated fair market value at date of receipt. Any donated assets are reported as without donor restrictions support 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 assets 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 as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Depreciation is computed using the straight-line method.

NET ASSETS

The financial statements have been prepared in accordance with the *Presentation of Financial Statements* topic of the Financial Accounting Standard Board (FASB) Accounting Standards Codification (ASC) which requires, among other things, that the financial statements report the changes in and total of each of the net asset classes, based upon donor restrictions, as applicable.

Net assets without donor restrictions represent amounts available for the use of the Organization under the direction of management and the board.

Net assets with donor restrictions represent amounts contributed with donor stipulations for specific operating purposes or programs.

PUBLIC SUPPORT, REVENUE, AND RECLASSIFICATIONS

Revenue is reported when earned. Support is reported when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of other assets is transferred to the Organization.

Donated marketable securities, property, equipment, and other non-cash assets are recorded as contributions at their estimated fair values at the date of donation.

EXPENSES, ALLOCATION OF EXPENSES, AND JOINT COSTS

Expenses are reported when incurred and on a functional basis on the statement of activities and the statement of functional expenses. Accordingly, certain costs, such as salaries and benefits, and depreciation have been allocated among the program services and supporting activities benefited. For the year ended June 30, 2019 expenses were allocated among the functional categories on the basis of specific identification and estimates of time spent and benefits derived. The Organization incurred no joint costs for the year ended June 30, 2019.

MEALS ON WHEELS OF CENTRAL INDIANA, INC.

Notes to the Financial Statements

June 30, 2019

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

ADVERTISING

Advertising costs are expensed as incurred, and include promotional materials and activities. Advertising expenses are reported as part of fundraising expenses on the statement of functional expenses. The total amount expensed as incurred for the year ended June 30, 2019, was \$1,197.

RECENTLY ADOPTED ACCOUNTING STANDARDS

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The Organization adopted the provisions of this new standard during the year ended June 30, 2019. In addition to changes in terminology used to describe the categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and the availability of resources (Note 3), and disclosures related to functional allocation of expenses were expanded.

3. AVAILABILITY OF FINANCIAL ASSETS:

The following reflects the Organization's financial assets, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of June 30, 2019:

Financial assets:	
Cash and cash equivalents	\$ 306,891
Investments	351,644
Receivables, net	586,335
Financial assets, end of year	<u>1,244,870</u>
Less those unavailable for general expenditures within one year, due to:	
Board designated quasi-endowment fund	<u>(39,212)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,205,658</u>

The Organization is substantially supported by contributions. As part of its liquidity management, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization maintains a revolving line of credit in the amount of \$50,000. The Organization does not intend to spend from its quasi-endowment beyond the amounts appropriated for general expenditures of its annual budget approval for appropriation. However, amounts from the quasi-endowment could be made available within the next twelve months, if needed. As of June 30, 2019, these board designated funds remained in investments and the board does not anticipate a need for the funds.

MEALS ON WHEELS OF CENTRAL INDIANA, INC.

Notes to the Financial Statements

June 30, 2019

4. INVESTMENTS:

Investments consist of the following at June 30, 2019:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Fair Value
Mutual funds	\$ 215,842	\$ -	\$ 215,842
Certificates of deposit	-	81,948	81,948
Beneficial interest in known pool of assets	-	39,212	39,212
	215,842	121,160	337,002
Investments other than at fair value:			
Cash equivalents			14,642
	\$ 215,842	\$ 121,160	\$ 351,644

Reconciliation to the statement of activities:

Investment gains	\$ 17,886
Investment fees	(1,009)
	\$ 16,877

The Organization uses appropriate valuation techniques to determine fair value based on inputs available. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

MEALS ON WHEELS OF CENTRAL INDIANA, INC.

Notes to the Financial Statements

June 30, 2019

4. INVESTMENTS, continued:

Level 1 Fair Value Measurements

The fair values of mutual funds are based on quoted market prices.

Level 2 Fair Value Measurements

The fair values of the certificates of deposit are based on yields for securities of comparable maturity, quality, and type as obtained from market makers.

Beneficial interest in known pool of assets - The Organization owns units in a pool of assets and the holding entity owns the underlying assets consisting of mutual funds, fixed income funds, alternative investments, and cash and cash equivalents. The beneficial interest has no redemption limitations, and therefore is recorded at Level 2 in the fair value table.

Level 3 Fair Value Measurements

Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. There were no Level 3 investments at June 30, 2019.

5. PROPERTY AND EQUIPMENT-NET:

Property and equipment-net, consists of the following at June 30, 2019:

Building	\$ 1,425,059
Delivery vehicles and equipment	133,486
Computer equipment	76,829
Furniture and fixtures	42,600
	<hr/>
	1,677,974
Less accumulated depreciation	(391,907)
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	\$ 1,286,067
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MEALS ON WHEELS OF CENTRAL INDIANA, INC.

Notes to the Financial Statements

June 30, 2019

6. DEBT:

Debt consists of the following at June 30, 2019

Long-term note, with an interest rate of 3.75% and a maturity date of March 9, 2029, and monthly payments of \$2,742.	<u>\$ 330,692</u>
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Annual maturities are as follows:

<u>Year Ending</u> 2020	<u>\$ 330,692</u>
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For the year ended June 30, 2019, the Organization was not in compliance with all long-term note covenants. Therefore, the long-term note is shown as current.

7. LINE OF CREDIT:

The Organization entered into a revolving line of credit agreement with a borrowing limit of \$50,000 with an interest rate of 3.75%. Payments of interest only are due monthly and all outstanding principal plus accrued unpaid interest is due on March 18, 2021. Interest expense totaled \$196 for the year ended June 30, 2019. There was no outstanding balance at June 30, 2019.

8. NET ASSETS WITHOUT DONOR RESTRICTIONS:

Net assets without donor restrictions consist of the following at June 30, 2019:

Undesignated	\$ 944,576
Board designated endowment	<u>39,212</u>
	<u>\$ 983,788</u>

9. SIMPLE RETIREMENT PLAN:

The Organization has a Simple Retirement Plan for those employees who meet the eligibility requirements of the plan. The Organization is required to contribute 3% of annual compensation for employees eligible to participate. The contributions amounted to \$8,084 for the year ended June 30, 2019.

MEALS ON WHEELS OF CENTRAL INDIANA, INC.

Notes to the Financial Statements

June 30, 2019

10. OPERATING LEASES:

The Organization's office equipment is under a non-cancellable operating lease. Total rent expense for the year ended June 30, 2019, was \$3,559. Future minimum lease payments under non-cancellable operating leases are as follows:

<u>Year Ending June 30,</u>	
2020	\$ 5,530
2021	5,530
2022	5,530
2023	5,010
2024	2,410
Thereafter	<u>3,213</u>
	<u>\$ 27,223</u>

11. RELATED PARTY TRANSACTIONS:

The Organization uses consulting services from a firm that is owned by a member of the Board of Directors. During the year ended June 30, 2019, the Organization paid \$9,200 to this consulting firm.

12. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through September 28, 2021, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

Subsequent to June 30, 2019, the COVID-19 (coronavirus) outbreak in the United States has caused disruption through mandated and voluntary closings and/or transitions to remote work for numerous businesses, including the Organization. While the disruptions are currently expected to be temporary, there is considerable uncertainty around the duration of these disruptions. Therefore, the Organization expects that this could have a negative effect on its operations, including the potential cancelation of events that may have significant exit costs involved. Further, the Organization expects a negative impact on contributions as well. However, the extent to which the COVID-19 outbreak will financially impact the Organization's operations or financial results cannot be reasonably estimated at this time. Further, in an effort to continue its outreach, effective April 14, 2020, the Organization received approximately \$310,000 as a Paycheck Protection Program loan (PPP) through the Small Business Administration. On May 3, 2021, the Organization received formal forgiveness stating that the PPP loan was fully forgiven.

Beginning in 2020, the Organization came under investigation by the Inspector General of the state of Indiana in regards to misappropriation of Ryan White grant funds. Depending on the results of the investigation, the Organization may need to reimburse the state for grant funds. The amount of potential reimbursement is unknown until the completion of the investigation.